



## Local Economies Stand to Lose More than \$13 Billion Due to Early Cancellation of Enhanced Unemployment Benefits

As evidenced by the most recent Employment Situation report from the Bureau of Labor Statistics (BLS), millions of Americans have yet to return to work, despite growing numbers of job openings. Unemployment Insurance (UI) has played an important role in the recovery by [stabilizing consumption](#) and keeping jobseekers from dropping out of the labor force entirely. Studies have documented that, [following a job loss, food or nondurable consumption declines between 6 and 9 percent](#). Once UI benefits are exhausted, similar consumption can drop by up to 12% on average. By ensuring that, even after a job loss, covered workers can continue to fulfill their basic subsistence needs (e.g. rent, food, medications, etc.), UI provides liquidity-constrained displaced workers with the breathing room they need to find a [better-paying](#) job that matches their skills, experience and family demands.

Despite UI's measurable role in stabilizing consumption and supporting struggling households, some are claiming – without sufficient evidence – that UI benefits are suppressing reemployment. [Claims of worker scarcity are largely anecdotal](#) and not supported by [national data](#). If a widespread labor shortage were holding back job recovery, employment data would show large payroll gains and accelerating wage growth. This pattern is [not](#) showing up across sectors. JP Morgan recently weighed in, stating that [early cancellation of enhanced unemployment benefits is “tied to politics, not economics.”](#) Even proponents of the claim that UI is driving labor shortages admit that there is [insufficient evidence to support such claims](#). [Jobs growth likely continues to be held back](#) by concerns about the virus.

Despite the lack of evidence that the enhanced UI benefits are holding back employment, 25 states have made plans to end the emergency UI provisions in the CARES Act (Federal Pandemic Unemployment Compensation – FPUC, Pandemic Unemployment Assistance – PUA and Pandemic Emergency Unemployment Compensation – PEUC) more than seven weeks before the September 5 statutory expiration of the program. Twenty-one states will end all three programs (FPUC, PUA and PEUC) while four (Alaska, Arizona, Florida and Ohio) will only end the \$300/week, federally-funded boost to unemployment compensation (FPUC). Early cancellation of FPUC alone will impact more than 2.7 million claims on average *every week* until September 5.

We estimate that, weekly, the premature termination of FPUC alone will take over \$816 million from UI beneficiaries and their families on average (see table for complete state-by-state breakdown). These numbers, while rough estimates, nonetheless probably understate the extent of the economic loss caused by this decision. By ending these programs early, states are refusing billions of already appropriated federal dollars that could be spent in local groceries, restaurants, and retail shops.

*Local Economies Stand to Lose \$13 Billion Due to Early Cancellation of FPUC Benefits*

Dollars to Local Economies GOP Governors Are Refusing by Ending FPUC Benefits Early						
States Ending FPUC Early	FPUC End Date	Weeks Left Before FPUC Ends	Total Claims (as of May 13, 2021 Release)	Claims as a Share of the Labor Force in April 2021 (Ages 16+)	USD to Individuals Lost from Early FPUC Cancellation	USD Lost to Local Economies from Early FPUC Cancellation
Alabama	June 19, 2021	3	82,426	3.7%	\$200,154,429	\$322,248,630
Alaska	June 12, 2021	2	37,631	10.7%	\$102,954,857	\$165,757,320
Arizona	July 10, 2021	6	233,363	6.5%	\$364,499,246	\$586,843,786
Arkansas	June 26, 2021	4	82,844	6.1%	\$175,507,714	\$282,567,420
Florida	June 26, 2021	4	121,032	1.2%	\$274,969,929	\$442,701,585
Georgia	June 26, 2021	4	247,837	4.8%	\$512,858,143	\$825,701,610
Idaho	June 19, 2021	3	19,031	2.1%	\$55,788,574	\$89,819,605
Indiana	June 19, 2021	3	254,143	7.6%	\$579,341,683	\$932,740,109
Iowa	June 12, 2021	2	65,324	4.0%	\$197,130,446	\$317,380,018
Maryland	July 3, 2021	5	301,812	9.7%	\$544,802,914	\$877,132,692
Mississippi	June 12, 2021	2	78,735	6.1%	\$201,230,331	\$323,980,834
Missouri	June 12, 2021	2	146,654	4.8%	\$391,833,566	\$630,852,041
Montana	June 27, 2021	4	29,380	5.5%	\$69,972,857	\$112,656,300
Nebraska	June 19, 2021	4	15,118	1.5%	\$39,989,400	\$64,382,934
New Hampshire	June 19, 2021	4	34,853	4.6%	\$80,737,140	\$129,986,795
North Dakota	June 19, 2021	3	14,278	3.5%	\$39,294,703	\$63,264,472
Ohio	June 26, 2021	4	571,312	9.9%	\$1,185,673,500	\$1,908,934,335
Oklahoma	June 26, 2021	4	83,261	4.5%	\$181,437,643	\$292,114,605
South Carolina	June 30, 2021	4	158,291	6.6%	\$325,335,857	\$523,790,730
South Dakota	June 26, 2021	4	4,387	0.9%	\$12,039,214	\$19,383,135
Tennessee	July 3, 2021	5	164,312	4.9%	\$301,757,169	\$485,829,041
Texas	June 26, 2021	4	1,052,396	7.5%	\$2,182,336,929	\$3,513,562,455
Utah	June 26, 2021	4	26,689	1.6%	\$65,925,214	\$106,139,595
West Virginia	June 19, 2021	3	45,741	5.7%	\$119,325,266	\$192,113,678
Wyoming	June 19, 2021	3	10,092	3.4%	\$26,519,554	\$42,696,482
<b>US Total</b>					<b>\$8,231,416,277</b>	<b>\$13,252,580,206</b>
<b>US Weekly Avg.</b>			<b>2,721,335</b>		<b>\$816,400,414</b>	<b>\$1,314,404,667</b>

Source: JEC Democratic staff calculations, U.S. Department of Labor Unemployment Insurance Weekly Claims Release (May 13, 2021), U.S. Bureau of Labor Statistics, Alan Blinder and Mark Zandi ("The Financial Crisis: Lessons for the Next One," 2015) and UnemploymentPUA.com

Notes: The estimates in this table do not include the economic impact of ending PUA and PEUC, which will impact 20 out of 24 states. Row highlighting is for aesthetic purposes only. Total Claims are calculated as the sum of continuing claims by state for regular unemployment compensation (UC), extended benefits (EB), Pandemic Unemployment Assistance (PUA) and Pandemic Emergency Unemployment Compensation (PEUC), as reported in the May 13, 2021 DOL release. "USD to Individuals Lost from Early FPUC Cancellation" is calculated using a JEC projection of claims assuming that claims return to pre-pandemic rates by the end of December 2021. "USD Lost to Local Economies from Canceling FPUC Early" is calculated using an assumed multiplier of 1.61 on federal spending at the state level from Blinder and Zandi (2015). For more information on the methods used to create this table, please email Carly\_Eckstrom@jec.senate.gov.

The earlier that states prematurely cut off FPUC, the more money their local economies stand to lose. [Estimates](#) of the multiplier effect of UI find every \$1 in UI generates \$1.61 in local spending. Based on this multiplier, localities around the country will miss out on more than \$13 billion flowing back into their economies from FPUC-related spending from June 19 to September 5. This estimate does not include the amounts lost to early cancellation of PUA/PEUC, underscoring that the loss to local economies as a result of early termination will far exceed the \$13 billion estimate.

Cutting benefits early in order to push people into jobs that don't work for them (e.g. pay too little, endanger their health, are not geographically proximate, etc.) risks reducing demand in local economies, foregoing the potential for future better earnings and ultimately constricting the economic recovery from the coronavirus recession.

*Local Economies Stand to Lose \$13 Billion Due to Early Cancellation of FPUC Benefits*

*Complete table on PEUC/PUA share of claims*

Rows are labeled based on which programs are ending early. Rows highlighted red show states where all three pandemic UI programs (FPUC, PEUC and PUA) will end early. Rows highlighted in yellow designate states where only FPUC will end early. White rows denote the states where all three pandemic UI programs will continue until their statutory expiration on September 5, 2021.

GOP Governors Are Taking Away UI Benefits from a Large Share of the Claims Their States Are Receiving						
States	FPUC End Date	Weeks Left Before FPUC Ends	Weeks Left Before PEUC/PUA End	PEUC as Share of Total Claims in One Week (May 22 Release)	PUA as Share of Total Claims in One Week (May 22 Release)	Combined Share of PEUC and PUA for One Week of Claims
<b>Key</b>	<b>Ending FPUC, PEUC and PUA Early</b>					
	<b>Ending Only FPUC Early</b>					
	<b>No Early Cancellation of Emergency UI</b>					
Alabama	June 19, 2021	3	3	54.9%	16.2%	71.1%
Alaska	June 12, 2021	2	14	40.1%	21.5%	61.6%
Arizona	July 10, 2021	6	14	18.0%	56.6%	74.7%
Arkansas	June 26, 2021	4	4	24.2%	49.5%	73.7%
California	September 5, 2021	14	14	32.5%	38.1%	70.6%
Colorado	September 5, 2021	14	14	38.8%	24.3%	63.1%
Connecticut	September 5, 2021	14	14	44.3%	18.0%	62.3%
Delaware	September 5, 2021	14	14	41.4%	15.3%	56.7%
District of Columbia	September 5, 2021	14	14	12.7%	33.3%	46.0%
Florida	June 26, 2021	4	14	0.0%	2.3%	2.3%
Georgia	June 26, 2021	4	4	0.0%	44.8%	44.8%
Hawaii	September 5, 2021	14	14	38.2%	40.9%	79.1%
Idaho	June 19, 2021	3	3	28.9%	21.1%	49.9%
Illinois	September 5, 2021	14	14	37.8%	30.5%	68.3%
Indiana	June 19, 2021	3	3	27.0%	47.0%	74.0%
Iowa	June 12, 2021	2	2	35.5%	17.8%	53.4%
Kansas	September 5, 2021	14	14	37.4%	31.1%	68.5%
Kentucky	September 5, 2021	14	14	39.9%	20.7%	60.5%
Louisiana	September 5, 2021	14	14	30.1%	45.2%	75.3%
Maine	September 5, 2021	14	14	39.3%	30.2%	69.5%
Maryland	July 3, 2021	5	5	26.8%	56.2%	83.0%
Massachusetts	September 5, 2021	14	14	39.9%	42.6%	82.5%
Michigan	September 5, 2021	14	14	28.0%	55.9%	83.9%
Minnesota	September 5, 2021	14	14	61.5%	12.5%	74.0%
Mississippi	June 12, 2021	2	2	28.3%	33.9%	62.3%
Missouri	June 12, 2021	2	2	33.8%	24.4%	58.2%
Montana	June 27, 2021	4	4	24.1%	42.6%	66.8%
Nebraska	June 19, 2021	3	3	31.0%	16.3%	47.2%
Nevada	September 5, 2021	14	15	41.7%	20.9%	62.6%
New Hampshire	June 19, 2021	3	3	19.4%	25.6%	45.0%
New Jersey	September 5, 2021	14	14	34.9%	45.1%	80.0%
New Mexico	September 5, 2021	14	14	35.9%	35.9%	71.8%
New York	September 5, 2021	14	14	31.8%	47.2%	79.0%
North Carolina	September 5, 2021	14	14	53.7%	28.1%	81.8%
North Dakota	June 19, 2021	3	3	33.3%	27.4%	60.7%
Ohio	June 26, 2021	4	14	22.1%	55.3%	77.4%
Oklahoma	June 26, 2021	4	4	37.8%	29.6%	67.4%
Oregon	September 5, 2021	14	14	35.7%	35.3%	71.0%
Pennsylvania	September 5, 2021	14	14	28.6%	48.8%	77.4%
Rhode Island	September 5, 2021	14	14	21.1%	45.3%	66.4%
South Carolina	June 30, 2021	4	4	44.1%	29.8%	73.8%
South Dakota	June 26, 2021	4	4	29.5%	6.6%	36.1%
Tennessee	July 3, 2021	5	5	31.3%	33.1%	64.4%
Texas	June 26, 2021	4	4	42.2%	32.5%	74.7%
Utah	June 26, 2021	4	4	38.7%	6.8%	45.5%
Vermont	September 5, 2021	14	14	33.9%	29.5%	63.4%
Virginia	September 5, 2021	14	14	6.4%	57.4%	63.8%
Washington	September 5, 2021	14	14	1.4%	51.7%	53.0%
West Virginia	June 19, 2021	3	3	34.2%	17.2%	51.3%
Wisconsin	September 5, 2021	14	14	24.0%	16.4%	40.3%
Wyoming	June 19, 2021	3	3	48.6%	7.1%	55.7%

Source: JEC Democratic staff calculations, U.S. Department of Labor Unemployment Insurance Weekly Claims Release (May 22, 2021) and UnemploymentPUA.com

Notes: Shares of claims are calculated across initial and continuing claims by state for regular unemployment compensation (UC), extended benefits (EB), Pandemic Unemployment Assistance (PUA) and Pandemic Emergency Unemployment Compensation (PEUC), as reported in the May 22, 2021 DOL release.

## Local Economies Stand to Lose \$13 Billion Due to Early Cancellation of FPUC Benefits

### Complete table on losses from FPUC early cancellation

Dollars to Local Economies GOP Governors Are Refusing by Ending FPUC Benefits Early						
States	FPUC End Date	Weeks Left Before FPUC Ends	Total Claims (as of May 13, 2021 Release)	Claims as a Share of the Labor Force in April 2021 (16+)	USD to Individuals Lost from Early FPUC Cancellation	USD Lost to the Local Economy from Early FPUC Cancellation
Alabama	June 19, 2021	3	82,426	3.7%	\$200,154,429	\$322,248,630
Alaska	June 12, 2021	2	37,631	10.7%	\$102,954,857	\$165,757,320
Arizona	July 10, 2021	6	233,363	6.5%	\$364,499,246	\$586,843,786
Arkansas	June 26, 2021	4	82,844	6.1%	\$175,507,714	\$282,567,420
California	September 5, 2021	14	3,593,108	19.0%	\$0	\$0
Colorado	September 5, 2021	14	169,383	5.3%	\$0	\$0
Connecticut	September 5, 2021	14	198,597	11.4%	\$0	\$0
Delaware	September 5, 2021	14	16,802	3.4%	\$0	\$0
District of Columbia	September 5, 2021	14	37,861	9.3%	\$0	\$0
Florida	June 26, 2021	4	121,032	1.2%	\$274,969,929	\$442,701,585
Georgia	June 26, 2021	4	247,837	4.8%	\$512,858,143	\$825,701,610
Hawaii	September 5, 2021	14	64,424	9.9%	\$0	\$0
Idaho	June 19, 2021	3	19,031	2.1%	\$55,788,574	\$89,819,605
Illinois	September 5, 2021	14	721,257	11.7%	\$0	\$0
Indiana	June 19, 2021	3	254,143	7.6%	\$579,341,683	\$932,740,109
Iowa	June 12, 2021	2	65,324	4.0%	\$197,130,446	\$317,380,018
Kansas	September 5, 2021	14	31,963	2.1%	\$0	\$0
Kentucky	September 5, 2021	14	63,731	3.2%	\$0	\$0
Louisiana	September 5, 2021	14	227,277	11.0%	\$0	\$0
Maine	September 5, 2021	14	42,407	6.3%	\$0	\$0
Maryland	July 3, 2021	5	301,812	9.7%	\$544,802,914	\$877,132,692
Massachusetts	September 5, 2021	14	564,255	15.1%	\$0	\$0
Michigan	September 5, 2021	14	899,401	19.1%	\$0	\$0
Minnesota	September 5, 2021	14	302,186	10.0%	\$0	\$0
Mississippi	June 12, 2021	2	78,735	6.1%	\$201,230,331	\$323,980,834
Missouri	June 12, 2021	2	146,654	4.8%	\$391,833,566	\$630,852,041
Montana	June 27, 2021	4	29,380	5.5%	\$69,972,857	\$112,656,300
Nebraska	June 19, 2021	3	15,118	1.5%	\$39,989,400	\$64,382,934
Nevada	September 5, 2021	14	231,880	14.9%	\$0	\$0
New Hampshire	June 19, 2021	3	34,853	4.6%	\$80,737,140	\$129,986,795
New Jersey	September 5, 2021	14	663,212	15.0%	\$0	\$0
New Mexico	September 5, 2021	14	100,274	10.5%	\$0	\$0
New York	September 5, 2021	14	2,284,380	24.0%	\$0	\$0
North Carolina	September 5, 2021	14	295,957	5.9%	\$0	\$0
North Dakota	June 19, 2021	3	14,278	3.5%	\$39,294,703	\$63,264,472
Ohio	June 26, 2021	4	571,312	9.9%	\$1,185,673,500	\$1,908,934,335
Oklahoma	June 26, 2021	4	83,261	4.5%	\$181,437,643	\$292,114,605
Oregon	September 5, 2021	14	224,676	10.4%	\$0	\$0
Pennsylvania	September 5, 2021	14	1,030,424	16.3%	\$0	\$0
Rhode Island	September 5, 2021	14	75,841	14.1%	\$0	\$0
South Carolina	June 30, 2021	4	158,291	6.6%	\$325,335,857	\$523,790,730
South Dakota	June 26, 2021	4	4,387	0.9%	\$12,039,214	\$19,383,135
Tennessee	July 3, 2021	5	164,312	4.9%	\$301,757,169	\$485,829,041
Texas	June 26, 2021	4	1,052,396	7.5%	\$2,182,336,929	\$3,513,562,455
Utah	June 26, 2021	4	26,689	1.6%	\$65,925,214	\$106,139,595
Vermont	September 5, 2021	14	33,840	10.8%	\$0	\$0
Virginia	September 5, 2021	14	233,822	5.5%	\$0	\$0
Washington	September 5, 2021	14	187,940	4.9%	\$0	\$0
West Virginia	June 19, 2021	3	45,741	5.7%	\$119,325,266	\$192,113,678
Wisconsin	September 5, 2021	14	134,679	4.4%	\$0	\$0
Wyoming	June 19, 2021	3	10,092	3.4%	\$26,519,554	\$42,696,482

Source: JEC Democratic staff calculations, U.S. Department of Labor Unemployment Insurance Weekly Claims Release (May 13, 2021), U.S. Bureau of Labor Statistics, Alan Blinder and Mark Zandi ("The Financial Crisis: Lessons for the Next One," 2015) and UnemploymentPUA.com

Notes: The estimates in this table do not include the economic impact of ending PUA and PEUC, which will impact 20 out of 24 states. Rows are highlighted if FPUC benefits are ending before the statutory expiration (yellow - less than 14 weeks, white - 14 weeks, or at the statutory expiration). Total Claims are calculated as the sum of continuing claims by state for regular unemployment compensation (UC), extended benefits (EB), Pandemic Unemployment Assistance (PUA) and Pandemic Emergency Unemployment Compensation (PEUC), as reported in the May 13, 2021 DOL release. "USD to Individuals Lost from Early FPUC Cancellation" is calculated using a JEC projection of claims assuming that claims return to pre-pandemic rates by the end of December 2021. "USD Lost to Local Economies from Canceling FPUC Early" is calculated using an assumed multiplier of 1.61 on federal spending at the state level from Blinder and Zandi (2015). For more information on the methods used to create this table, please email Carly\_Eckstrom@jec.senate.gov.