



Local Economies Stand to Lose More than \$12 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, 24 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 6 statutory expiration of the program. Twenty states will end all three programs (FPUC, PUA and PEUC) while four will only end the \$300/week, federally-funded boost to unemployment compensation (FPUC). Early cancellation of FPUC alone will impact more than 2.5 million claims on average *every week* until September 5.

We estimate that, weekly, the premature termination of FPUC alone will take over \$755 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.

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| 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 | 5 | 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 |
| 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 |
| US Total | | | | | \$7,660,093,809 | \$12,332,751,032 |
| US Weekly Avg. | | | 2,519,556 | | \$755,866,757 | \$1,216,945,479 |

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 \$12 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 \$12 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 \$12 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 Sept. 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 |
| Key | Ending FPUC, PEUC and PUA Early | | | | | |
| | Ending Only FPUC Early | | | | | |
| | No Early Cancellation of Emergency UI | | | | | |
| 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 | September 5, 2021 | 14 | 14 | 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 \$12 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 | September 5, 2021 | 14 | 301,812 | 9.7% | \$0 | \$0 |
| 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.