

Unemployment Assistance in a Time of COVID-19

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The Unemployment Insurance (UI) system is a state-federal partnership that provides cash assistance to people who lose their job or cannot find work for reasons out of their control. The Commonwealth has responded to the COVID-19 pandemic and its economic consequences by implementing several bold, new federal policies that are also supported with federal funds. These policies help protect the economy from spiraling downwards, by supporting families and individuals, including people of color who often are hit hardest during economic downturns.

Unemployment assistance has been a one of the most important sources of public support for workers during the pandemic, but many displaced workers are excluded from these benefits and key programs are scheduled to expire soon. Massachusetts workers without Social Security Numbers are denied access to our unemployment insurance system, which they have historically paid into. If new federal policies that have strengthened unemployment assistance in response to the pandemic expire later this year and the economy has not fully recovered, many Massachusetts workers will be cut off from support and the state's economy will suffer.

A Tidal Wave of Job Loss

Before the COVID-19 crisis shut down business activity, Massachusetts' unemployment stood at an historic low. In the 10 weeks since the middle of March, an unprecedented number of workers have been cut off from their income as businesses had to close or greatly scale back activity. In the Commonwealth, over 1.4 million claims were filed for unemployment assistance – including 903,000 for traditional Unemployment Insurance (UI), 519,000 for the new Pandemic Unemployment Assistance for people traditionally not eligible for UI, and 8,000 for a “WorkShare” program that provides federally-supported relief to workers where job losses take the form of partially reduced hours among multiple employees.¹

The volume of unemployment claims has been completely out of scale with any recent periods of high jobless claims, including during the Great Recession, as illustrated in the chart. Standard UI claims had never exceeded their previous peak at the start of the 2001 recession of nearly 30,000 in a single week.²

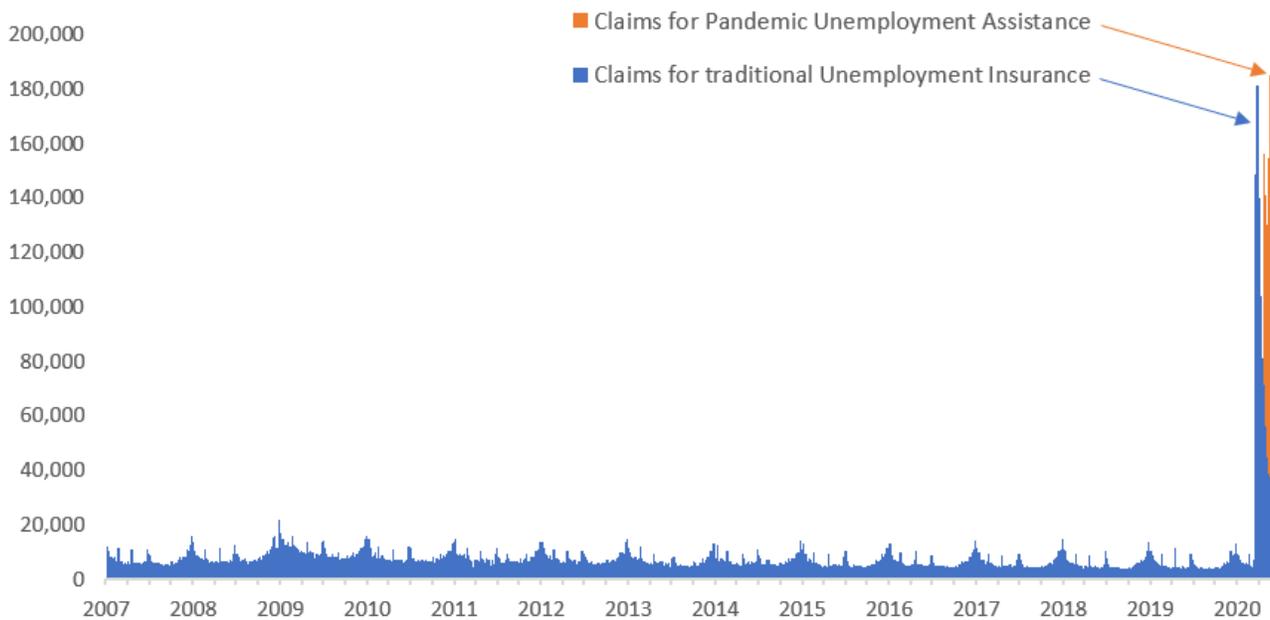
Snapshot of Findings

- Traditional unemployment insurance and new federal programs have been crucial for Massachusetts workers who have lost income due to the pandemic.
- New federal support for workers who are not traditionally eligible for benefits has become the biggest source of relief since it began in late April.
- Without additional federal legislation, enhancements to unemployment insurance are set to expire at the end of July and December, even if the economy has not recovered.
- Immigrants without Social Security Numbers paid \$366 million for unemployment insurance over the past decade but can't access benefits.

Since the pandemic in mid-March, standard UI claims have exceeded that amount every week. They have tailed downwards from their peak of 181,000 at the end of March. It took until April 20th for the Commonwealth to develop systems and software to process Pandemic Unemployment Assistance (PUA) claims,³ which did not exist before the new federal law. Since then, the volume of PUA claims has grown each week and exceeded standard unemployment claims each of those weeks.⁴

Tidal Wave of Unemployment in MA

New Weekly Claims for Unemployment Insurance and Pandemic Unemployment Assistance, 2000 to May 23, 2020



Race data on Massachusetts recipients of unemployment insurance is only available for the traditional UI program. New claimants, by race, for standard unemployment in the week with most recently available data (ending May 16th) were 81 percent White, 11 percent Black, and 8 percent Asian or Pacific Islander. When asked their ethnicity, 16 percent of all claimants responded that they were Hispanic or Latino.⁵

Women were 53 percent of standard UI claimants during the week of May 16th, the most recent week for which gender data is available. Women represent about 45 percent of full-time wage and salary workers in Massachusetts.⁶

While data is not available on the level of education of those claiming unemployment, survey data show that unemployment rates increased sharply for all levels of education, but more than twice as much for those without a college education compared to those with a bachelors’ degree or higher.⁷

Monthly data for April show that a majority of standard unemployment claims have come from people previously working in accommodation and food services (18 percent of total), retail trade (13 percent),

or health care and social assistance (13 percent).⁸ A majority of claims continued to come from these same industries in late May as well.⁹ This data is not available for PUA claims.

How the Federal-State Partnership for Unemployment Benefits Works but Doesn't Work for Everyone

As a state-federal partnership, the federal government supports and sets parameters for state governments to provide unemployment benefits to protect eligible workers. In times of economic insecurity, like the ones we are facing today, the federal government typically steps in to provide more support to states, including full federal funding for additional unemployment benefits during recessions and allowing states to borrow money from the federal government to stay afloat. This enables states to provide greater access to benefits, for larger amounts and longer durations. Each state sets its own eligibility and benefit rules within federal guidelines.

Ordinarily, workers and employers contribute a portion of wages through payroll taxes to a statewide fund. That way, if an eligible employee loses their job involuntarily, the UI program will provide them an average of [about half](#) of their wages, up to a maximum of \$823 per week. As of March 2020, the average unemployment benefit in Massachusetts was \$557 per week.¹⁰ Only about half of the Massachusetts workforce is eligible for traditional UI. Benefits normally last for a maximum of 26 weeks, though legislation signed in late May extended the duration to 30 weeks when unemployment is high (for any week in which claims exceed 100,000).

Unfortunately, immigrants who have been living and working in Massachusetts but lack a Social Security Number cannot receive UI (green card holders and others who are authorized to work by the federal government are generally eligible for UI under federal law). The hardest-hit industries, such as restaurants and hotels, employ many immigrants in Massachusetts. Meanwhile, a recent [report](#) by the New York Fiscal Policy Institute shows that undocumented workers in Massachusetts have paid more than \$366 million in unemployment insurance contributions over the past decade, but without Social Security Numbers they remain currently unable to collect a penny of benefits through either the traditional UI system or the short-term PUA program.¹¹

In normal times, in order to receive benefits, claimants for unemployment insurance must be “able, available, and actively searching for new work.” Ordinarily, requirements to demonstrate active search for work can disqualify many job seekers from receiving UI benefits. In order to ensure that people remain safe during the pandemic, the state has made clear that workers seeking benefits will not be disqualified as unavailable or not seeking work if they are quarantined, due to an order by a civil authority or medical professional, or are unemployed because of “reasonable risk of exposure or infection or to care for a family member.” A worker doesn't need to provide medical documentation to receive UI under these circumstances.

New federal programs provide crucial help but are slated to expire

As part of the Coronavirus Aid, Relief, and Economic Security (CARES) Act, enacted by Congress on March 27th, UI was expanded through three major programs that make benefits more adequate, extend them for additional weeks, and expand eligibility to more workers:

- (1) [Federal Pandemic Unemployment Compensation \(FPUC\)](#) provides an additional \$600 per week for all recipients of unemployment benefits, including those receiving PUA benefits only through July 31. Funding for these additional benefits is provided by the federal government.
- (2) [Pandemic Emergency Unemployment Compensation \(PEUC\)](#) – As in past recessions, the federal government has provided additional weeks of federally-funded benefits for recipients who exhaust state benefits. The CARES Act provides these additional weeks of benefits until December 31, 2020. Recipients in Massachusetts can receive up to 13 federally-funded weeks of benefits through PEUC, after they have exhausted the state’s standard 26 weeks of benefits, before using any Extended Benefits, which are provided when the three-month average unemployment rate is high. In this case, people who have exhausted their benefits can receive Extended Benefits, which are federally-funded through the end of 2020, at which point costs for the program would be split between the state and federal governments.
- (3) [Pandemic Unemployment Assistance \(PUA\)](#) is available for unemployed workers who exhaust their regular and extended benefits, as well as for many others who are not normally eligible for state UI, such as independent contractors and gig workers. The program also provides assistance for those unable to work due to COVID-19 who previously wouldn’t have qualified for UI due to reasons such as a short work history or self-employment. PUA is also available to people who are otherwise available for work but cannot, for a variety of pandemic-related causes. These include COVID-related circumstances in which people: are experiencing symptoms or awaiting a diagnosis; must stay home to care for a child; can’t reach their workplace because of quarantine; have been professionally advised to self-quarantine; have quit as a direct result of COVID-19; or the health emergency has severely limited their usual work activities. Unless extended by new federal legislation, the program expires December 31, 2020.

Congress also helped states promote and improve a little-known program called Short-Time Compensation, also known as “[WorkShare](#)” The policy enables the shared reduction of paid work time within a company – enabling companies to avoid layoffs and retain workers in place for a future recovery and workers to remain connected to their jobs with health and retirement benefits. Workers get to collect (reduced) unemployment benefits for the partial work reduction. Use of this federally-supported work sharing arrangement has increased since the pandemic from an average of only about a dozen claimants each week to an average of over 900 per week since April.

The Road Ahead

Unemployment insurance payments from the federal and state governments have been crucial to cushioning the severe economic damage brought about by the COVID-19 pandemic. The CARES Act took bold steps to protect people and the economy and the expiration of its unemployment provisions at or before the end of this year will be a difficult blow to Massachusetts’ economy in the likelihood that employment has not fully recovered. And the loss of these benefits will make it harder for struggling families and individuals to pay off months of unpaid rent and mortgages that many will face.

The U.S. House has passed the [HEROES Act](#), which would extend federal enhancements to unemployment benefits, but it appears unlikely to pass the U.S. Senate. Unless the federal government commits to providing assistance through a potentially protracted period of economic recovery, the shortcomings of unemployment policy are likely to prolong a difficult recession.

The State Employment and Unemployment data for May 2020 are scheduled to be released on June 19.

¹ Data from U.S. Dept of Labor, Employment & Training Administration, Unemployment Insurance Weekly Claims Data at <https://oui.doleta.gov/unemploy/claims.asp>; and Massachusetts Executive Office of Workforce and Labor Development, May 28, 2020 press release at <https://www.mass.gov/news/massachusetts-weekly-initial-unemployment-claimant-data-05-28-20>. For claims on week ending 5-23-2020, see <https://www.dol.gov/ui/data.pdf>, p. 5. Note that the Commonwealth reports slightly lower standard UI rates because it does not include a proxy from short-time compensation claims. The short-time compensation (or “WorkShare”) program has existed in Massachusetts since 1988. For its claim amounts, see Federal Reserve Bank of Atlanta, Center for Workforce Opportunity, Unemployment Claims Monitor at <https://www.frbatlanta.org/cweo/data-tools/unemployment-claims-monitor>. Note that for Pandemic Unemployment Assistance, the Commonwealth reports for the period ending May 9th that since April 20th, 2550,000 PUA claims were filed. According to the Commonwealth <https://www.mass.gov/news/massachusetts-weekly-initial-unemployment-claimant-data-05-21-20> which indicates 255,250 claims distributed across the three previous weeks. No information about the distribution of those claims among those weeks was provided. The chart above distributes these claims equally across the three weeks (85,083 per week).

² U.S. Department of Labor, Employment & Training Administration, Unemployment Weekly Claims Data, at <https://oui.doleta.gov/unemploy/claims.asp>. The state data series goes back to 1987.

³ Commonwealth of Massachusetts, press release, “Baker-Polito Administration Announces Implementation Of CARES Act Unemployment Benefits For Self-Employed, Gig Economy And Other Workers” (April 20, 2020) at <https://www.mass.gov/news/baker-polito-administration-announces-implementation-of-cares-act-unemployment-benefits-for>

⁴ Unless otherwise noted, this data does not include Short-Time Compensation (“worksharing”) claims. Nor does the data include the very small number of claims for Unemployment Compensation program for Federal Employees (UCFE) and the Unemployment Compensation for Ex-servicemembers. Together, 103 applications were made in the most recent week (ending May 23rd) for these last two categories of claims.

⁵ Commonwealth of Massachusetts, <https://www.mass.gov/news/massachusetts-weekly-initial-unemployment-claimant-data-05-28-20>

⁶ Bureau of Labor Statistics data for 2017 at https://www.bls.gov/regions/new-england/news-release/womensearnings_massachusetts.htm

⁷ Bureau of Labor Statistics reports that unemployment rates for those for age 25 and higher rose 5.9 percentage points for those with at least a B.A., 14.4 percentage for those with less than high school degree, and 12.9 percent points for high school graduates with no college. See Summary Table A at https://www.bls.gov/news.release/archives/empsit_05082020.htm

⁸ Federal Reserve Bank of Atlanta, Center for Workforce Opportunity, Unemployment Claims Monitor, at <https://www.frbatlanta.org/cweo/data-tools/unemployment-claims-monitor>

⁹ The most recently available data at the time of writing was the week ending May 23rd. See <https://www.mass.gov/news/massachusetts-weekly-initial-unemployment-claimant-data-05-28-20>.

¹⁰ Center on Budget and Policy Priorities, “Policy Basics: Unemployment Insurance,” (May 2020) at <https://www.cbpp.org/research/economy/policy-basics-unemployment-insurance>

¹¹ Note that receipt of unemployment insurance does not count as public charge for establishing immigration status. See https://www.massbudget.org/report_window.php?loc=A-Chilly-Reception-Proposed-Immigration-Rule.html