



HOUSE COMMITTEE ON THE BUDGET

Chairman John Yarmuth

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Enhanced UI Saves Lives, Livelihoods, and the Economy

Republicans' refusal to extend the CARES Act's \$600 weekly unemployment insurance (UI) supplement beyond its expiration last week will needlessly hurt the [30 million](#) Americans – nearly one in every 5 workers – whose livelihoods depend on this crucial support. It also threatens to deliver a severe, self-inflicted blow to an economy already under siege from a relentless virus. Congress must act immediately to stem the damage by restoring and extending the enhanced UI benefit [until](#) economic conditions significantly improve.

The coronavirus is still raging — The \$600 supplement was intended to support family incomes until the public health crisis receded and it was safe to reopen businesses and return to work. But in the absence of competent national leadership, all the sacrifices Americans made to contain the virus over the last few months have been squandered. COVID-19 cases have [spiked](#) since the middle of June, forcing states and localities across the country to reverse or slow their reopening plans. With the seven-day average number of new reported cases *five times* [higher](#) than at the time the CARES Act was enacted, there is even *more* reason – and need – to continue the enhanced UI benefit today. “The path of the economy,” Fed Chair Jay Powell [stressed](#), “is going to depend to a very high extent on the course of the virus, and on the measures that we take to keep it in check.” The enhanced UI benefit goes a long way toward ensuring workers do not have to choose between their health or their paycheck, supporting containment efforts.

Enhanced UI keeps households and the economy afloat — The economy shrank by an unprecedented [9.5 percent](#) in the second quarter of this year, wiping out nearly five years of economic growth in just three months. Despite this painful contraction, fiscal support bolstered real incomes – protecting family pocketbooks, reducing [hardship](#), and cushioning the economic blow. In fact, the \$600 supplement alone largely [offset](#) the decline in private-sector wages and salaries between the first and second quarters of the year. This economic lifeline prevented surges in [poverty](#) and [evictions](#) even amidst the worst downturn since the Great Depression.

Enhanced UI has not slowed employment — While the \$600 supplement clearly boosted the economy, a [growing body of research fails to](#) find any evidence so far to support Republicans' claim that it has depressed employment or slowed rehiring overall. The reality is that with unemployment still at record [highs](#), a growing number of job losses becoming [permanent](#), and only [one](#) job opening for every four unemployed workers, there are simply not enough jobs – and, critically, not nearly enough *safe* jobs – today. A raging virus that takes lives, threatens workers' health, closes businesses and schools, keeps children home and in need of care, and

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depresses economic activity across the globe is what is preventing Americans from returning to work, not “overgenerous” UI.

High Unemployment Today is Driven by Too Few Jobs, Not Unwillingness to Work



Source: Bureau of Labor Statistics

Our economy is hanging by a thread — While the last few months brought promising signs that a recovery was underway, [real-time indicators](#) suggest the recovery has stalled, or potentially reversed course, as infection rates have surged. The expiration of the \$600 supplement throws our economic recovery into greater danger just as the economy has become more vulnerable. As one [analysis](#) shows, eliminating the \$600 benefit will *lower GDP* in the second half of this year by 2.5 percent – more than a typical year’s worth of economic growth – and *reduce employment* by an average of 2 million jobs over 2021. The fall in consumer spending, moreover, would be [greater](#) than the entire decline over the Great Recession. Given the highly [disproportionate](#) impacts of the pandemic and its economic fallout, eliminating the \$600 benefit also [aggravates](#) already severe inequities across race and income, dimming the prospects of a strong and broadly shared recovery.

Nearly three months ago, the House passed the Heroes Act to extend the \$600 supplement into 2021, but Republicans failed to act. Their inability to govern and wanton disregard for workers and families has caused a painful – and avoidable – lapse in benefits. Meanwhile, the bill they slapped together at the last minute is a shameful non-starter that completely fails to support struggling Americans or bolster our economic recovery. Republicans must join Democrats and work to avert any further human or economic catastrophes caused by their reckless inaction.