

Congress of the United States
Washington, DC 20515

June 8, 2021

Brian Deese
Director, National Economic Council
Executive Office of the President
The White House
1600 Pennsylvania Ave NW
Washington, DC 20500

Cecilia Rouse
Chair, Council of Economic Advisers
Executive Office of the President
The White House
1600 Pennsylvania Ave NW
Washington, DC 20500

Dear Director Deese and Chair Rouse,

We write urgently to request an analysis that estimates the economic effect of the states that plan to terminate important federal pandemic unemployment programs before their intended expiration. As the COVID-19 pandemic continues and our economy is still on the road to recovery, this is the wrong time to end programs on which many Americans rely to keep food on the table or a roof over their heads.

While the recent jobs report highlighted that initial unemployment claims across the country have hit a low point by pandemic standards, the overall unemployment rate increased to 6.1% in April, from 6% in March, and permanent job losses increased as well. Compared to the March report, these changes disproportionately impacted women, with 165,000 dropping out of the labor force. For example, while the leisure and hospitality industry added jobs last month, the industry is still down over 3 million jobs from its pre-pandemic employment level.ⁱ

The April jobs report also found that more workers are returning to search for work, but many cannot find jobs. Unemployed individuals may not be able to land work because employers are waiting for the Occupational Safety and Health Administration to issue workplace safety rules. Additionally, many working women who were forced out of jobs or had their hours cut during the pandemic to care for children still do not have access to child care, badly hampering their ability to return to the workforce. Finally, while the availability of a COVID-19 vaccine is now widely available for all adults and many under the age of 18 thanks to the Biden administration's focus and Congress's passage of the American Rescue Plan, many Americans are still not fully vaccinated.

Arbitrarily ending pandemic unemployment benefits while COVID-19 infections and deaths continue is incredibly short-sighted. Despite claims to the contrary, economic studies have shown that enhanced unemployment benefits are not a barrier for workers to return to their jobs.ⁱⁱ However, fear of returning to the workplace because of COVID-19, inadequate wages, and lack of access to child care are serious barriers. And, it is important to note that employees' willingness to return to work also varies highly by sector. For example, the April jobs report showed that

employment grew fastest in lowest-wage industries such as leisure and hospitality jobs, which suggests that generous unemployment benefits are not a barrier to work in those industries.

Not only is ending pandemic unemployment programs short-sighted, the language in the Coronavirus Aid, Relief and Economic Security (CARES) Act of 2020 that authorizes the Pandemic Unemployment Assistance (PUA) program requires the U.S. Secretary of Labor to provide these benefits to eligible individuals. Section 2102(b) of the CARES Act states that “the Secretary shall provide to any covered individual unemployment benefit assistance while such individual is unemployed, partially unemployed, or unable to work for the weeks of such unemployment with respect to which the individual is not entitled to any other unemployment compensation.” The statutory text of the CARES Act makes clear that the PUA payment is not only required, it also must include the weekly benefit amount in addition to the \$300 amount in Federal Pandemic Unemployment Compensation.ⁱⁱⁱ

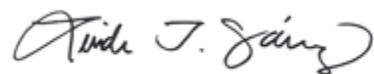
The governors who have announced withdrawal from the emergency unemployment programs speculate that federal benefits are holding back their states’ recovery because some employers cannot find workers. But these anecdotal claims ignore the hardships Americans searching for work are encountering, as well as the fact that the money from federal benefits flows into local businesses through consumer spending, generating another \$1.61 in economic activity for every dollar spent.^{iv} In the states that have already announced that they are terminating pandemic benefits, 3.5 million workers could be cut off early as a result of states terminating Federal Pandemic Unemployment Compensation (FPUC), PUA, Pandemic Emergency Unemployment Compensation (PEUC), and the Mixed-Earners Unemployment Compensation (MEUC).^v Rather than cut down on spending and incentivize unemployed workers to find jobs, this will cause economic activity in states to drop, slowing down the recovery in harder-hit areas with vulnerable populations. Accordingly, we request that the National Economic Council and the Council of Economic Advisers provide an analysis that estimates the economic effect of states terminating benefits.

We share the administration’s goal of swiftly ending the COVID-19 pandemic and ensuring individuals can safely return to the workplace. Until that is possible, we look forward to working together to ensure vital federal pandemic unemployment programs are provided to people so that families can pay rent, buy groceries, and care for their children and loved ones. Thank you for your attention to this critical matter.

Sincerely,



Bill Pascrell, Jr.
Member of Congress



Linda T. Sánchez
Member of Congress



Terri A. Sewell
Member of Congress



Earl Blumenauer
Member of Congress



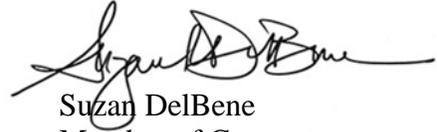
Danny K. Davis
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Gwen S. Moore
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Dwight Evans
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Brendan F. Boyle
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ⁱ Fact Sheet: What's at Stake As States Cancel Federal Unemployment Benefits,
<https://tcf.org/content/commentary/fact-sheet-whats-stake-states-cancel-federal-unemployment-benefits/#easy-footnote-bottom-1>

ⁱⁱ How Do Unemployment Benefits Relate to Job Search Behavior?
<https://www.chicagofed.org/publications/chicago-fed-letter/2020/441>

ⁱⁱⁱ Response to the Office of Inspector General's (OIG) Alert Memorandum: The Pandemic Unemployment Assistance Program Needs Proactive Measures to Detect and Prevent Improper Payments and Fraud,
<https://www.oig.dol.gov/public/reports/oa/viewpdf.php?r=19-20-002-03-315&y=2020&t=x>

^{iv} Fact Sheet: What's at Stake As States Cancel Federal Unemployment Benefits,
<https://tcf.org/content/commentary/fact-sheet-whats-stake-states-cancel-federal-unemployment-benefits/#easy-footnote-bottom-1>

^v Cutting unemployment benefits won't bring back workers — but will hurt millions of families, new research finds,
<https://www.nbcnews.com/business/economy/cutting-unemployment-benefits-won-t-bring-back-workers-will-hurt-n1268191>