

States to end unemployment benefits for more than 400,000 workers

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Approximately 417,000 workers will lose federal supplemental unemployment benefits this weekend as eight states withdraw from the federal program nearly three months before it officially expires.

Effective Saturday, workers in Alabama, Idaho, Indiana, Nebraska, New Hampshire, North Dakota, West Virginia, and Wyoming will no longer receive the additional \$300 per week that is proven a critical safety net.

Republican governors in 25 states have decided to turn down federal funds provided by the American Rescue Plan Act ahead of their official expiration on September 6, which will affect about 4 million total recipients. Democratic President Joe Biden has approved the cutoff, with the White House indicating it had no objection to the states' action, which will plunge the unemployed into destitution.

In addition to the Federal Pandemic Unemployment Compensation program, which provides the unemployed with \$300 a week on top of their regular benefits, the changes will affect workers who have reached the limit of state unemployment benefits, seasonal workers and others who do not normally qualify for state unemployment benefits, and those who rely on freelance work for additional income.

Four states—Alaska, Iowa, Mississippi and Missouri—cut off federal assistance last Saturday, affecting about 291,000 workers. Two weeks from now, several million workers will be cut off from benefits in Arkansas, Florida, Georgia, Ohio, South Carolina, South Dakota, Texas, and Utah. Texas, Florida, Ohio and Georgia are the four most populous states among the 25 where Republican-controlled state governments are terminating federal benefits.

Republican governors and corporate shells have vociferously denounced the enhanced benefits as

paying people to stay home, thereby creating labor shortages and making it difficult for businesses to hire.

Missouri Governor Mike Parson said the benefits were “excessive” and aggravated workforce issues when he announced his state would end its participation.

“From conversations with business owners across the state, we know that they are struggling not because of COVID-19 but because of labor shortages resulting from these excessive federal unemployment programs,” Parson said.

The truth is that workers face numerous challenges preventing them from returning to work. Many are concerned about ongoing COVID-19 health risks. Parents may still not be able to return to work if child care centers or schools have not yet reopened. Additionally, about one in five unemployed workers are still laid off temporarily and waiting to get recalled by their former employer.

Others would like to work but struggle to find a job. Although the economy added more than half a million jobs last month, Labor Department data shows there were roughly 7.9 million fewer jobs than before the pandemic. Most jobs added in recent months are low-wage positions. According to the Labor Department, about 4 million US workers quit their jobs in April to search for better pay.

Approximately 15 million Americans (1 in 10 workers) are currently receiving some form of federal unemployment benefits, with roughly 6 million workers, including gig workers and independent contractors, receiving unemployment benefits only through the federal programs created in response to the pandemic.

State-level unemployment benefits generally replace only half a worker's wages before he or she was laid

off. University of Chicago economist Peter Ganong estimates that about 42 percent of workers are paid as much or more as those lost wages with the addition of the \$300 a week supplement.

Indiana residents filed suit against Governor Eric Holcomb in state court on Monday, alleging his office “violated the clear mandates of Indiana’s unemployment statute—to secure all rights and benefits available for unemployed individuals.”

Some of the workers, who are unnamed, state they cannot return to work immediately and need the federal assistance to make ends meet. One worker is a bus driver with three children whose work would not resume until the new school year in the fall. Another just signed a six-month lease and said he’ll likely face eviction without the benefits.

The lead plaintiff is a certified nursing assistant who cannot work because she has a baby and local day care facilities are full. She says she receives \$449 per week in federal benefits, which will stop on June 19 for her and about 177,000 other Indiana residents unless the court issues an injunction. Without the federal aid “her family will struggle to pay for food and other living expenses,” the lawsuit says.

In a June 4 speech on last month’s jobs report, President Biden claimed that “it makes sense” for supplemental unemployment benefits to expire in September, but he indicated nothing would be done to help workers in states withdrawing from the program early. White House press secretary Jen Psaki told reporters Republican governors “had every right” to terminate the benefits now rather than three months from now.

The National Employment Law Project and Senate Budget Chair Bernie Sanders have said federal law requires the Biden administration to pay workers benefits if their states refuse to do so, but Biden has given the governors a green light for the cutoffs. Sanders has done nothing but issue a statement, as he works closely with the White House on a budget resolution.

Of course, it is not the politicians or the wealthy who will be hurt by an end to the benefits. While workers are being compelled by the threat of starvation to take whatever job they can, the Federal Reserve is spending seven times as much purchasing bonds every month than is spent monthly on unemployment benefits for

millions.

Meanwhile, a nearly unprecedented rise in the prices for necessities is making it increasingly difficult for workers to get by. Last month, the US inflation rate reached a 13-year high of 5 percent. At the same time, workers have seen their real wages decline by more than 3 percent within the past year.

For millions, cutting off unemployment benefits is tantamount to taking a knife to an inflatable life raft and leaving people to drown. Supplemental unemployment benefits have been an essential support for millions of workers and families throughout the pandemic.



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