

AFL-CIO

LEGISLATIVE ALERT

June 24, 2021

Dear Senator:

On behalf of the AFL-CIO, I am writing to urge you to support legislation to extend the current federally funded pandemic unemployment programs, as well as to make much needed fundamental reforms to the unemployment insurance (UI) system.

The economic dislocation caused by the Covid-19 pandemic led Congress to enact three emergency programs that expanded eligibility for UI and supplemented the amount and duration of state unemployment benefits: Pandemic Unemployment Assistance (PUA), Federal Pandemic Unemployment Compensation (FPUC), and Pandemic Emergency Unemployment Compensation (PEUC). These three programs have been widely credited with helping to slow the growth of racial and gender economic inequality, as well as helping to prevent our economy's overall collapse. In addition, a tremendous amount of effort and resources have been properly dedicated to replacing outdated technology that limited states' capacity to process unemployment applications and deliver benefits.

Despite the fact that these three programs have been, and continue to be, indispensable and wildly successful, 25 governors recently announced their intention to terminate one or all three of the new benefits. In 21 states where all three programs have been prematurely terminated, the disparate economic impact on workers in critical occupations and vulnerable communities is already apparent, exacerbating previously existing occupational, racial, and gender gaps. Furthermore, as families in these states struggle to make ends meet without the support of federal pandemic benefits, the reduction in their spending will adversely affect local businesses and slow the pace of economic recovery. We urge you to support legislation to extend all three federally funded pandemic programs beyond September 6, and to attach an extension bill to whatever legislative vehicle might be available before September 6 to avoid a discontinuation of benefits.

The demonstrable need for these pandemic unemployment programs remains, notwithstanding recent job gains and economic growth. There is general agreement that we still have 7.6 million fewer jobs than before the pandemic, and according to the Economic Policy Institute, this gap could, in fact, be up to [10.7](#) million, if the growth of the working age population since February 2020 is factored in. Further, employment opportunities have not immediately reappeared in every sector of the economy. As just one example, the live events industry is not expected to reach full capacity until late fall or winter. All those individuals who do the vital behind-the-scenes technical stagecraft necessary for the production of live cultural

events and trade shows will be unable to resume working until productions are scheduled, tours are booked, and tickets are sold. If these workers are forced to take interim employment elsewhere, the live events industry will be fundamentally disrupted. For similar reasons, schools may lose school bus drivers, cafeteria workers and crossing guards, with long-standing ties to the community and children they serve, if these individuals are forced to accept other employment while schools are in various stages of reopening.

There is also a continuing need for the Federal Pandemic Unemployment Compensation (FPUC) program, which provides an additional \$300 in unemployment benefits. The claim that the FPUC is causing worker shortages is simply not true. Numerous studies have shown that the FPUC does not slow the rate of hiring or the rate at which workers exit unemployment. Moreover, all the data show that employers' hiring biases are just as they were before the pandemic. Black workers still find it harder to get hired than white workers with significantly less education. In May, the unemployment rate for Blacks with associate degrees was higher than for white high school dropouts.

In addition to extending federal pandemic programs, we urge you to enact broader and more comprehensive reforms to the UI system so it can even better meet our unemployed workers' needs. Needed reforms include a federal floor for benefit amounts and duration; expanded eligibility to make UI a universal system; and more federal support for UI administration. The UI system has been underfunded for three decades. With adequate funding, the system would have been in a much better position to serve all those in need during the pandemic.

Due to the wide disparity in state benefit amounts and duration periods, workers who earn the same wages before a layoff may receive very different benefit amounts depending on where they live. Historically, workers of color have higher unemployment rates than white workers, yet they are less likely to receive UI benefits and are often the last to be rehired as recessions gradually come to an end. States with more workers of color have shorter benefit durations and the least generous benefits. A recent GAO report documented this disturbing pattern of racial disparities in the receipt of unemployment benefits.

Although we urge Congress to extend the federal pandemic unemployment insurance programs to help individuals during these uncertain times, we do not support extending the emergency state staffing flexibility provision contained in the CARES Act and the American Rescue Plan. Extension of this provision will lead to permanent privatization of UI staffing, undercutting and jeopardizing the merit-based public sector employment process which delivers well trained public servants. To maintain the integrity of the program and to ensure that benefits are delivered in an unbiased manner for the greater good of the general public and not for profit, staffing must continue to be merit-based.

Workers should be able to count on unemployment benefits as long as an economic crisis persists. The AFL-CIO urges Congress to reauthorize the pandemic unemployment programs and make comprehensive UI reform a top priority in the next economic recovery package.

Sincerely,

A handwritten signature in black ink, appearing to read "William Samuel". The signature is fluid and cursive, with a prominent initial "W" and a long, sweeping tail.

William Samuel
Director, Government Affairs