

Florida's Early Withdrawal from FPUC Hurts Families and Local Economies

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More than 840,000 Floridians¹ were likely shocked when they discovered that, effective June 26, 2021, their unemployment assistance was \$300 less a week than it had been for most of the pandemic.

Governor Ron DeSantis withdrew Florida early from the Federal Pandemic Unemployment Compensation Program (FPUC)² amid the state's declining unemployment rate and anecdotal claims that federal relief programs encourage the labor force to stay at home rather than work. FPUC is a 100 percent federally funded program that provides an additional \$300 a week in unemployment insurance (UI) to people who are out of work due to the pandemic.

The governor's decision to bow out of FPUC early is harmful to Floridians and state and local economies.

FPUC Helps Families Put Food on the Table and Boosts the Economy

FPUC has been a lifesaver for Floridians who lost jobs during the pandemic and need the extra boost to make ends meet. Notwithstanding the state's much-publicized denial rate for UI benefits, Floridians have already received more than \$2.3 million in FPUC to help keep their households afloat during the pandemic.³ Even though vaccines are allowing much of Florida's economy to reopen, thousands of people continue to lose jobs due to COVID-19 every month, particularly those who work for the government.⁴ In May 2021 alone, roughly 50,000 people in the Sunshine State applied for UI due to COVID-19.⁵

Walking away from the extra income that FPUC provides is a particularly bad idea for Florida. Florida is already among states assisting the fewest unemployed workers for one of the shortest lengths of time — and with one of the lowest benefit levels in the nation. Without FPUC, many unemployed workers will be forced to live in poverty until they are able to find jobs.

Stopping FPUC strips at least \$2.5 million *every week* from the pockets of the unemployed Floridians who are already struggling to make ends meet.⁶ In a recent survey conducted by the Census Bureau from May 12, 2021, through June 7, 2021, 13 percent of adults living with children in Florida reported that their children were not eating enough because the household could not afford food. Additionally,

15 percent of renters say that they are not caught up on rent, and 27 percent of respondents say that they are having trouble paying for their household's usual expenses.⁷

Discontinuing FPUC also harms state and local economies:⁸ the state stands to lose almost half a billion dollars by ending FPUC early, dollars that would otherwise help local economies still reeling from the impact of the COVID-19 recession. When households receiving unemployment pay rent to their landlord or buy food, clothes, and other necessities at local retail stores, every \$1 of unemployment generates \$1.61 that goes back into the local economy.⁹ As a result, opting out of FPUC will cost the state millions that would otherwise flow to local businesses, many of which are in desperate need of an influx of cash to recover from a year of steady economic decline.¹⁰

If history is any indication, Florida's decision to cut benefits will also slow recovery, not accelerate entry into the workforce.¹¹ Legislators must fix the state's broken unemployment system by, among other things, raising benefit levels so that workers who lose jobs do not have to live in poverty.

FPUC Does Not Discourage Employment

The notion that FPUC encourages people to draw unemployment rather than work has been debunked by most researchers who have studied the issue.¹² Contrary to rumors that Floridians are either better off financially¹³ by drawing FPUC or choosing not to work because they receive FPUC, there is no hard evidence that federal relief is keeping workers from jobs.

For most workers, FPUC does not make unemployment more profitable than working.

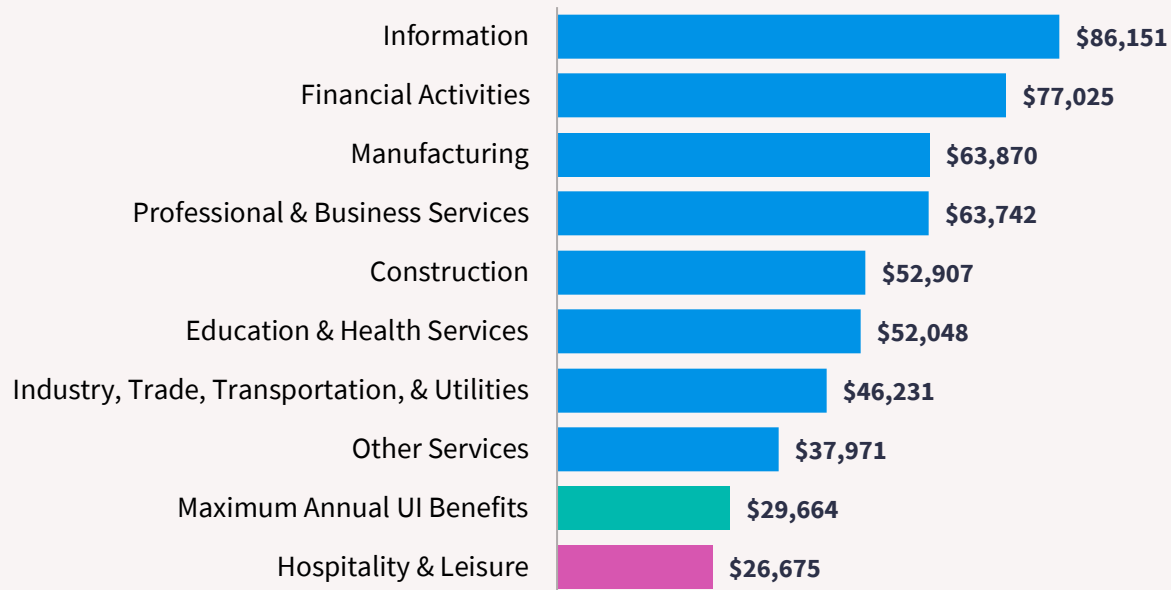
Before the governor prematurely ended FPUC benefits, Floridians who qualified for unemployment during COVID-19 were eligible to receive, at most, \$2,472 in unemployment a month or \$29,664 annually.¹⁴ Yet the only top-10 industry in Florida with average annual wages *below* that amount is Hospitality and Leisure, which pays, on average, \$26,675 a year. (See *Figure 1*.) And, despite shouldering the bulk of job losses during COVID-19, Leisure and Hospitality workers make up just 19 percent of all initial claims filed in Florida since the start of the pandemic.¹⁵ The next lowest paying industry, Trade, Transportation, and Utilities, pays, on average, \$46,231 a year — almost \$20,00 *more* than what unemployed Floridians were able to receive when they could get FPUC.

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Unemployment benefits are not what is keeping some in the workforce from returning to their old jobs. This is because workers do *not* have the option to choose to draw unemployment or work.¹⁶ Florida law says that people who apply for unemployment must have been laid off, or fired without a good reason, to qualify in the first place.¹⁷ Also, if their employer calls them back or they get a job offer, their eligibility for unemployment usually ends.¹⁸

Figure 1. NEARLY EVERY TOP PRIVATE INDUSTRY IN FLORIDA PAYS WAGES THAT ARE HIGHER THAN THE MAXIMUM UI BENEFIT

Average annual wage by industry compared to maximum UI benefit (including FPUC)



Source: Florida Department of Economic Opportunity, Questions and Answers, March 2021

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Instead, while many workers do opt to return to their previous employment, others aspire to a “new normal” that includes a job with more generous benefits and wages they can live on. This is not a pipe dream: for the first time, low wage workers are finding themselves amid a bidding war of sorts, where companies are offering signing bonuses and increasing starting wages for entry level positions.

Rather than faulting FPUC for unemployment, lawmakers should examine and offer solutions to address the real issues facing out-of-work Floridians, such as workers whose only post-pandemic employment possibilities are low-paying jobs that lack adequate benefits,¹⁹ or women who have no alternative but to stay at home²⁰ to care for children whose school or day care is unsafe given their child’s unique health concerns or needs.

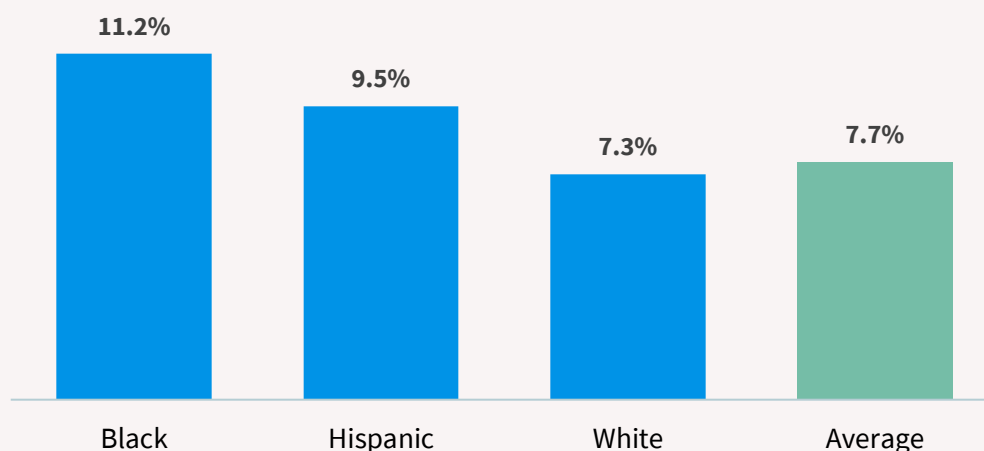
The Overall Decline in Florida’s Unemployment Rate Does Not Justify Withdrawing from FPUC

Many Floridians face an unemployment rate that is significantly higher than the state average. This is particularly true for indigenous people, women, and Floridians of color, who have a tougher time

finding work than others due to long-standing systemic racism and sexism.²¹ Women, Latino, and Black Floridians face unemployment rates of 8.4 percent, 9.5 percent, and 11.2 percent, respectively.²² (Figure 2 shows that the annual unemployment rate for Black and Latino Floridians far exceeds the average unemployment rate.) The extra \$300 from FPUC went a long way to help Floridians catch up after paying for extra expenses incurred during COVID. Without that additional money, these households will find themselves in a hole when their assistance ends, yet less likely to find a job right away to make ends meet.

Figure 2. BLACK AND LATINO FLORIDIANS FACE UNEMPLOYMENT RATES THAT ARE HIGHER THAN THE STATE AVERAGE

Average annual unemployment rates by race and ethnicity, 2020



Source: Florida Department of Economic Opportunity, Questions and Answers, Employment and Unemployment Data Release May 2021

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Further, many Floridians who lose FPUC will be left in poverty even though they cannot find work. Without FPUC, Florida pays a maximum of \$275 in jobless benefits per week, or \$1,182.50 a month, to workers who qualify for unemployment — one of the lowest benefit caps for unemployment insurance in the country. As a result, without the extra \$300 per week in FPUC, out-of-work Floridians who head up families as small as two people fall well below the Federal Poverty Level of \$1,451 a month,²³ even if they receive the maximum allotment that Florida's UI program provides.

Conclusion

The governor's choice to end FPUC early is a very bad move for Florida and Floridians. FPUC is an enormous boon to both workers who cannot find jobs and the state's economy. Continuing FPUC would not only help address employment inequities in Florida and keep families out of poverty until breadwinners find jobs, but also pour millions in much needed federal dollars into Florida's economy and local communities.

Florida's workers deserve better. While higher paid Floridians sought safety and refuge from COVID-19 by working remotely from their homes, low wage workers have been on combat duty during the pandemic by working on-site at jobs that keep communities running. Instead of blaming them now for unfilled job openings, Florida lawmakers should instead address workforce disparities, improve working conditions, and increase pay for lower wage jobs.

¹ National Employment Law Program, "4.7 Million Workers Face Premature Cutoff of Pandemic Unemployment Programs," June 23, 2021, <https://s27147.pcdn.co/wp-content/uploads/6-22-21-CC-CutoffStatesData-withBIPOC.pdf>.

² Federal Pandemic Unemployment Compensation (FPUC) was authorized by Congress in the American Rescue Plan Act of 2021 (ARPA) as a temporary add-on until September 6, 2021. Previously, claimants were provided an extra \$600 a week in federal relief, but that \$600 supplement ended in July 2020. American Rescue Plan Act of 2021, March 11, 2021, <https://www.congress.gov/bill/117th-congress/housebill/1319/text>.

³ Florida Department of Economic Opportunity, Reemployment Assistance Claims Dashboard, June 23, 2021, <http://lmsresources.labormarketinfo.com/covid19/index.html>.

⁴ Florida Department of Economic Opportunity (DEO). Employment and Unemployment Data Release. Questions and Answers. May 18, 2021, <http://lmsresources.labormarketinfo.com/library/press/q&a.docx>.

⁵ *Supra* at 2.

⁶ *Supra* at 1. See also: Joint Economic Committee, "Local Economies Stand to Lose More than \$13 Billion Due to Early Cancellation of Enhanced Unemployment Benefits," June 2, 2021, https://www.jec.senate.gov/public/_cache/files/1f9672bb-2ce0-40ff-acde-aede9b99867f/fpuc-and-gop-govs-06.02.2021.pdf.

⁷ Center on Budget and Policy Priorities, COVID Hardship Watch, "Tracking the COVID-19 Recession's Effects on Food, Housing, and Employment Hardships," June 16, 2021, <https://www.cbpp.org/research/poverty-and-inequality/tracking-the-covid-19-recessions-effects-on-food-housing-and->

⁸ Peter Ganong *et al.*, "Spending and Job Search Impacts of Expanded Unemployment Benefits: Evidence from Administrative Micro Data," Becker Friedman Institute, February 2021, https://bfi.uchicago.edu/wp-content/uploads/2021/02/BFI_WP_2021-19.pdf (stating that "Over half of all unemployed workers receiving the \$600 supplement return to work before the supplement expires. Many of these workers return to their prior employers."

⁹ *Supra* at 5.

¹⁰ *Supra* at 5.

¹¹ Michael Leachman and Erica Williams, "States Can Learn from Great Recession, Adopt Forward-Looking, Antiracist Policies," Center on Budget and Policy Priorities, February 11, 2021, <https://www.cbpp.org/research/state-budget-and-tax/states-can-learn-from-great-recession-adopt-forward-looking>.

¹² Arindrajit Dube, National Bureau of Economic Research, "Aggregate Employment Effects of Unemployment Benefits During Deep Downturns: Evidence from the Expiration of the Federal Pandemic Unemployment Compensation," February 2021, <https://www.nber.org/papers/w28470>; Joseph Altonji *et al.*, "Employment Effects of Unemployment Insurance Generosity During the Pandemic," Tobin Center for Economic Policy, Yale University, July 14, 2020, [https://tobin.yale.edu/sites/default/files/files/C-19%20Articles/CARES-UI_identification_vF\(1\).pdf](https://tobin.yale.edu/sites/default/files/files/C-19%20Articles/CARES-UI_identification_vF(1).pdf); Joint Economic Committee, Studies Show \$600 Weekly Enhanced Unemployment Benefit Has Not Slowed Labor Market Recovery, <https://bit.ly/3yCfqIM>; Alexander W. Bartik *et al.*, "Measuring the Labor Market at The Onset of the Covid-19 Crisis," National Bureau of Economic Research, July 2020, <https://www.nber.org/papers/w27613>; Arindrajit Dube, "The Impact of the Federal Pandemic Unemployment Compensation on Employment: Evidence from the Household Pulse Survey (Preliminary)," July 31, 2020, <https://bit.ly/3yATsg1>.

¹³ Marokey Sawo and Michele Evermore, “Unemployed Workers and Benefit ‘Replacement Rate’: An Expanded Analysis,” The Groundwork Collaborative, August 2020, <https://groundworkcollaborative.org/wp-content/uploads/2020/08/GWC2046-Replacement-Rate-Memo.pdf>. This analysis finds that 40 percent of claimants nation-wide work in industries where the average total compensation is below what they draw in UI benefits on average.

¹⁴ This represents the maximum \$275 per week (or \$1,182.50 a month) in UI as well as the extra \$300 a week (or \$1,290 a month) in FPUC.

¹⁵ Of the 3 million initial claimants since March 7, 2020, 578,972 are from workers in Leisure and Hospitality (132,023 from Arts, Entertainment and Recreation and 446,949 from Accommodation and Food Services) as of the week ending April 1, 2021.

¹⁶ Florida has already reinstated rules requiring UI claimants to actively look for work. In addition, the United States Department of Labor has also developed a solution to address this perceived problem head-on by initiatives to link unemployed workers with jobs. The Whitehouse, “FACT SHEET: President Biden Announces Additional Steps to Help Americans Return to Work,” May 10, 2021, <https://www.whitehouse.gov/briefing-room/statements-releases/2021/05/10/fact-sheet-president-biden-announces-additional-steps-to-help-americans-return-to-work/>.

¹⁷ Fla. Stat. § 443.101 (2020).

¹⁸ Florida Department of Economic Opportunity, “Reasons for State or Federal Reemployment Assistance Ineligibility,” April 27, 2021, <https://bit.ly/2SUTqjQ>.

¹⁹ CNN, Interview with Nela Richardson, Chief Economist, ADP, June 18, 2021, <http://transcripts.cnn.com/TRANSCRIPTS/2106/18/es.03.html>. According to Richardson, “[The country] need[s] to stop ... and really investigate the jobs that we're trying to bring back to the economy. These are low-paying jobs. This could be a time to reinvest in... human capital more generally.” She also states that it is not a “worker shortage” but “consistent infrastructure barrier[s],” like low-paying jobs, that prevent full engagement in the labor force.

²⁰ *Id.* (quoting Richardson as stating that, instead of being scapegoated, women who are delayed into entering the workforce post pandemic due to continuing social and family concerns are owed a “thank you”).

²¹ Andrew Stettner, “Fact Sheet: What’s at Stake As States Cancel Federal Unemployment Benefits,” The Century Foundation, May 13, 2021, <https://tcf.org/content/commentary/fact-sheet-whats-stake-states-cancel-federal-unemployment-benefits/?agreed=1>.

²² *Supra* at 4.

²³ U.S. Department of Health & Human Services, Poverty Guidelines, January 13, 2021, <https://aspe.hhs.gov/poverty-guidelines>. The Federal Poverty Level (FPL) for households of two is \$1,451 a month.