

TRACKING THE COVID-19 ECONOMY ANALYSIS AND COMMENTARY

Summary Report: The Extended Federal Unemployment Insurance (UI) Programs Have Ended – What’s Next?

By Darcelle Bowrin-Toussaint

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In our three-state region (Delaware, New Jersey, and Pennsylvania), after several extensions, the Pandemic Unemployment Assistance (PUA) and the Pandemic Emergency Unemployment Compensation (PEUC) programs (**see Box**) expired on September 6, 2021. Owing to these expirations, claims filed under both programs fell significantly (**see Charts on page 2**), as explained below.

- At their peak, initial PUA claims surpassed 200,000 in summer 2020 and declined steadily to 4,393 PUA claims filed for the week ending September 4. Since then, the number of claims continued to fall: 1,202 claims were filed for the week ending September 25, dropping to 51 claims for the week ending October 23, as the final claims under this program trickle in.
- Continued PUA claims, which at their highest were more than 3.0 million, have plummeted since these programs ended. For the week ending September 4, 611,247 continued PUA claims were filed; dropping to 42,270 for the week ending September 18; and falling further to 21,745 for the week ending October 9.
- PEUC claims fell to 84,204 for the week ending September 11, from 349,961 claims the prior week. At its highest, this program saw 619,435 claims. PEUC claims have since fallen to 44,192 filed for the week ending September 25, 2021.
- Unlike in previous recessions,¹ initial UI claims skyrocketed, reaching a pandemic high of 599,446 for the week ending March 28, 2020. They had declined to 17,975 for the week ending September 4 but have increased slightly since, averaging just over 19,000 weekly.
- Continued UI claims crested at 1.9 million for the week ending April 25, 2020. In the six weeks since Labor Day, continued claims have increased slightly, averaging just over 220,000 weekly.
- Total continued claims, which comprise continued UI, PUA, PEUC, and Extended Benefits claims, fell to 338,798 for the week ending October 9, compared with 1.2 million claims filed for the week ending September 4.

Overview of the PUA and PEUC Programs

The Coronavirus Aid, Relief, and Economic Security (CARES) Act, established at the onset of the pandemic, broadened eligibility rules associated with UI claims.

Specifically, it created the PUA program to provide benefits to workers who needed support but did not meet traditional eligibility requirements for regular state programs. This included those who were unavailable for work due to caregiving responsibilities, those who quit their jobs because of the pandemic or were sick themselves, and those who were self-employed or had insufficient work histories.

Additionally, the PEUC program extended for additional weeks the UI benefits offered to those who exhausted their benefits under the traditional program.

Both programs were initially to expire on December 31, 2020, but had been extended several times before their final expirations on September 6, 2021.

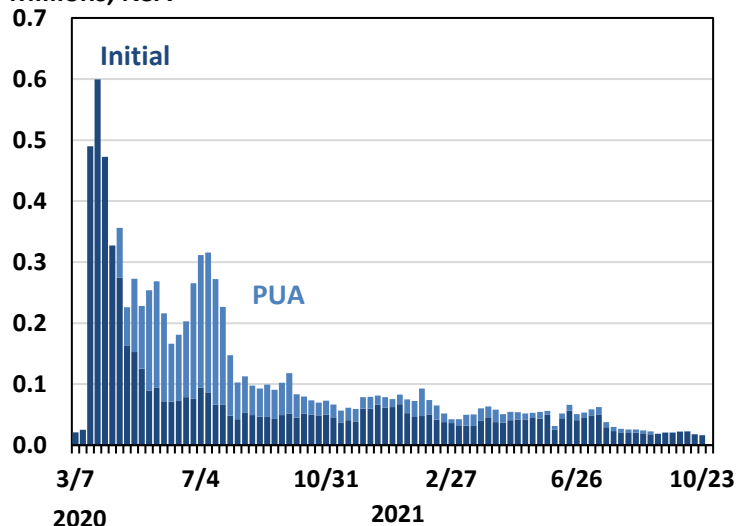
¹ See Paul R. Flora, “What Is the Path Ahead for Initial UI Claims?” available at www.philadelphiafed.org/-/media/frbp/assets/surveys-and-data/covid-19-labor-market-information/2020/20200514-covid-19-path-ahead-for-initial-ui-claims.pdf.

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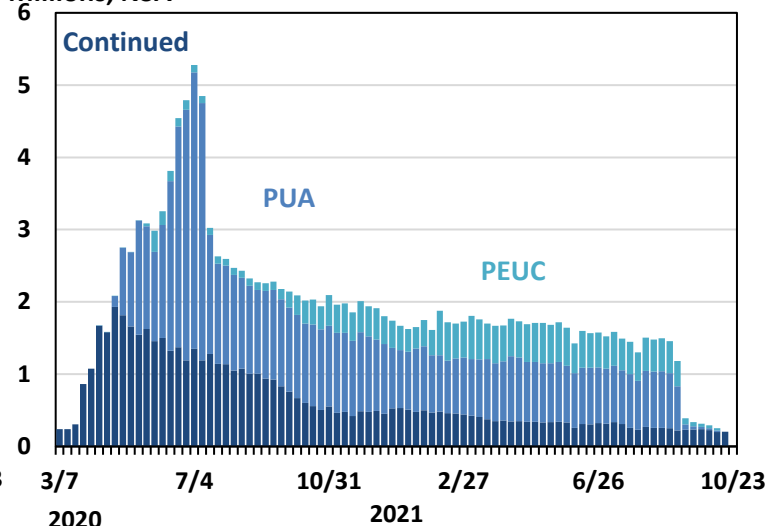


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Millions, NSA



Millions, NSA



Source: Bureau of Labor Statistics via Haver Analytics; not seasonally adjusted (NSA)

Increase in Extended Benefits Claims in the Region

The Extended Benefits claims program is triggered based on a state's unemployment rate and varies by state. The end of the PUA and PEUC programs has resulted in an increase in claims filed under the Extended Benefits program in the region (not depicted in the graphs). This suggests that some who are no longer able to file PEUC claims are now filing under the Extended Benefits program, since it allows for eligible unemployed persons to claim for additional weeks of compensation. Extended Benefits claims filed jumped to 85,337 for the week ending September 25 from 2,900 for the week ending September 4, with 84,891 claims filed in New Jersey, 446 claims filed in Pennsylvania, and none filed in Delaware.

The Way Forward

Over the coming weeks, PUA and PEUC claims will fall to near zero. Economists predict the end of these programs to cause more people to seek work, increasing payroll employment and lowering unemployment rates. However, to date, these changes are not reflected in states that ended these programs before Labor Day. Prominent factors explaining the labor shortage include early retirements, issues with childcare, fears surrounding contracting the virus, and, anecdotally, people deciding to open businesses. Schools returning to in-person classes may address the childcare issue and allow more people (particularly women) to return to the labor force, increasing female labor force participation rates and overall payroll employment.

While labor market improvements are a way off, the reality is approximately 1.0 million people who were receiving unemployment benefits still lost income, which can result in financial hardships for themselves and their families. This has knock-on effects on their consumption and expenditure patterns, which can cause a fall in overall demand within the region's economy. Overall, the path of the COVID-19 disease, disease variants that may emerge, and public policy decisions that are made as a result are downside risks to these trends in UI claims within our three-state region.

