Renters and Rental Market Crisis Working Group
Initial weekly unemployment insurance claims have climbed to unprecedented levels during the pandemic

Unemployment insurance system

People unemployed “through no fault of their own,” able to work and seeking work, and who have sufficient earnings in a “base period” apply for unemployment insurance on a weekly basis.

Claimants must satisfy both monetary and non-monetary eligibility requirements.

Historically 30-40% of unemployed receive benefits outside of recessions and 50-70% receive benefits during recessions.

Benefits typically available for 26 weeks and replace about 50% of prior earnings, up to a maximum benefit level.
Coronavirus Aid, Relief, and Economic Security (CARES) Act

Congress passed the CARES Act in March to provide additional income support and address program gaps:

- Extended benefits for an additional 13 weeks (standard maximum benefit duration is 26 weeks).
- Added a federal Pandemic Unemployment Compensation benefit of $600 per week. Median replacement rates above 100% of income.
- Created the Pandemic Unemployment Assistance program to expand access to unemployment insurance.
Receiving Unemployment Insurance has modestly reduced material hardship during the pandemic...

Percentage-Point Difference between Changes in Hardship and Worrying about Meeting Basic Needs between March/April and May 2020 for Adults Whose Families Received UI Benefits Relative to Those Who Applied for but Had Not Received UI Benefits

Reported material hardship in the last 30 days

Any hardship: -4.6
Food insecurity: -1.9
Problems paying rent or mortgage: -1.1
Problems paying utility bills: -3.7*
Unmet need for medical care because of costs: -7.3**

Source: Karpman and Acs (2020).
But receiving Unemployment Insurance has substantially reduced worries about the future during the pandemic...

Percentage-Point Difference between Changes in Hardship and Worrying about Meeting Basic Needs between March/April and May 2020 for Adults Whose Families Received UI Benefits Relative to Those Who Applied for but Had Not Received UI Benefits

Worried about meeting basic needs in the next month

- Having enough to eat: -11.0***
- Paying rent or mortgage: -15.1***
- Paying utility bills: -11.3**
- Paying debts: -11.6***
- Paying for medical costs: -8.6**

Source: Karpman and Acs (2020).
Unemployment Insurance and Pandemic Unemployment Compensation vs. Economic Impact Payments

Unemployment Insurance modestly reduced material hardship but substantially reduced worries about the future.

This is in contrast with recipients of one-time economic impact or “stimulus” payments. Economic impact payments were associated with substantially reduced material hardship reports but more modest reductions in worries about the future.

Why the difference?: Unemployment insurance is a reliable stream of future income.
Renewal of the CARES Act

The unemployment insurance provisions of the CARES Act expire July 31, 2020. Congress and the White House are discussing additional support for the program but have not agreed on an extension.

New COVID-19 waves suggest economic disruptions will continue and unemployment will remain historically high.

Without the CARES Act reinforcement of unemployment insurance system benefits, benefit duration, and eligibility will be reduced dramatically.
Future unemployment insurance system concerns

State trust fund solvency and financing.

Modernizing the claims process.

Reassessing benefit generosity.
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