

We have a fragmented safety net, varied programs run by different actors. Previous experience suggests UI is the most stabilizing in downturns, SNAP also, not the EITC/TANF.

How did the safety net and the relief bills respond to COVID? Lessons?

Policy responses to COVID: UI and direct payments

Unemployment insurance (UI):

- Regular State UI - \$600 weekly top-up (FPUC), then \$300-400 (LWA), then FPUC (\$300)
- Expanded eligibility under PUA: Self-employed/gig economy workers, and those with insufficient work history to get usual UI; plus top up, extended til 9/6/21 but a number of states opting out
- 13 week extensions to state UI though PEUC

Emergency Impact Payments (EIP), all phased out for high income

- Cares Act: \$1200/person filing plus \$500 younger kids EIP, filer in 18/19 or OASI or SSDI (mid April 2020)
- CRRSA: \$600/person EIP (early January 2021)
- ARP: \$1400/person EIP (mid March 2021), child tax credits (start 7/15)

Policy responses to COVID: Food Assistance Programs

SNAP

- Increased SNAP benefits to the maximum benefit for the 60% not receiving maximum benefits; worth on average \$160/month, extended through 9/21
- Waived in person interviews and extended recertification periods.

Pandemic-EBT/summer feeding when schools were closed

- Converted value of lost school meals to direct payment to families, worth about \$120/month/child, some delays, extended through summer 2021.
- Summer feeding waived some of rules about children being present, started right away.

WIC

- Waived in person interviews, increase in payment for vegetables from June through September (to \$35).

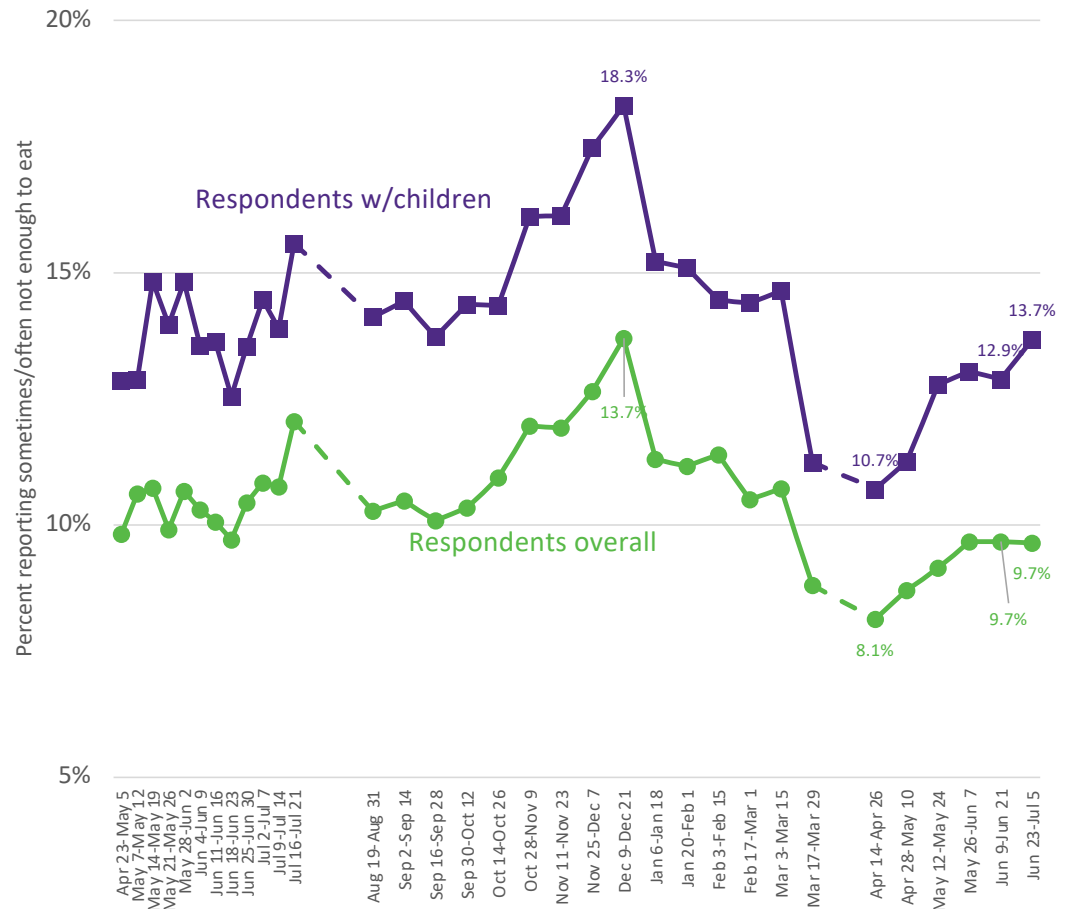
The largest provisions led to at least 1.4 trillion more in spending

- UI, relief bills
 - \$623 B, excludes state UI, includes FPUC
 - Large increases in replacement rates when available (yet uncertainty and lags)
- EIP payments
 - \$710 B, most went out in April, January and March
- SNAP/P-EBT
 - \$69 B total above 3/19-3/20 average

Food insecurity spiked in fall 2020 (worse for Black/Hispanic Americans), families with children. Declined with relief \$.

Food insecurity: Survey measure assessing whether households have enough \$ for adequate food consumption

Census PULSE: Sometimes/Often Not Enough to Eat, Last 7 Days

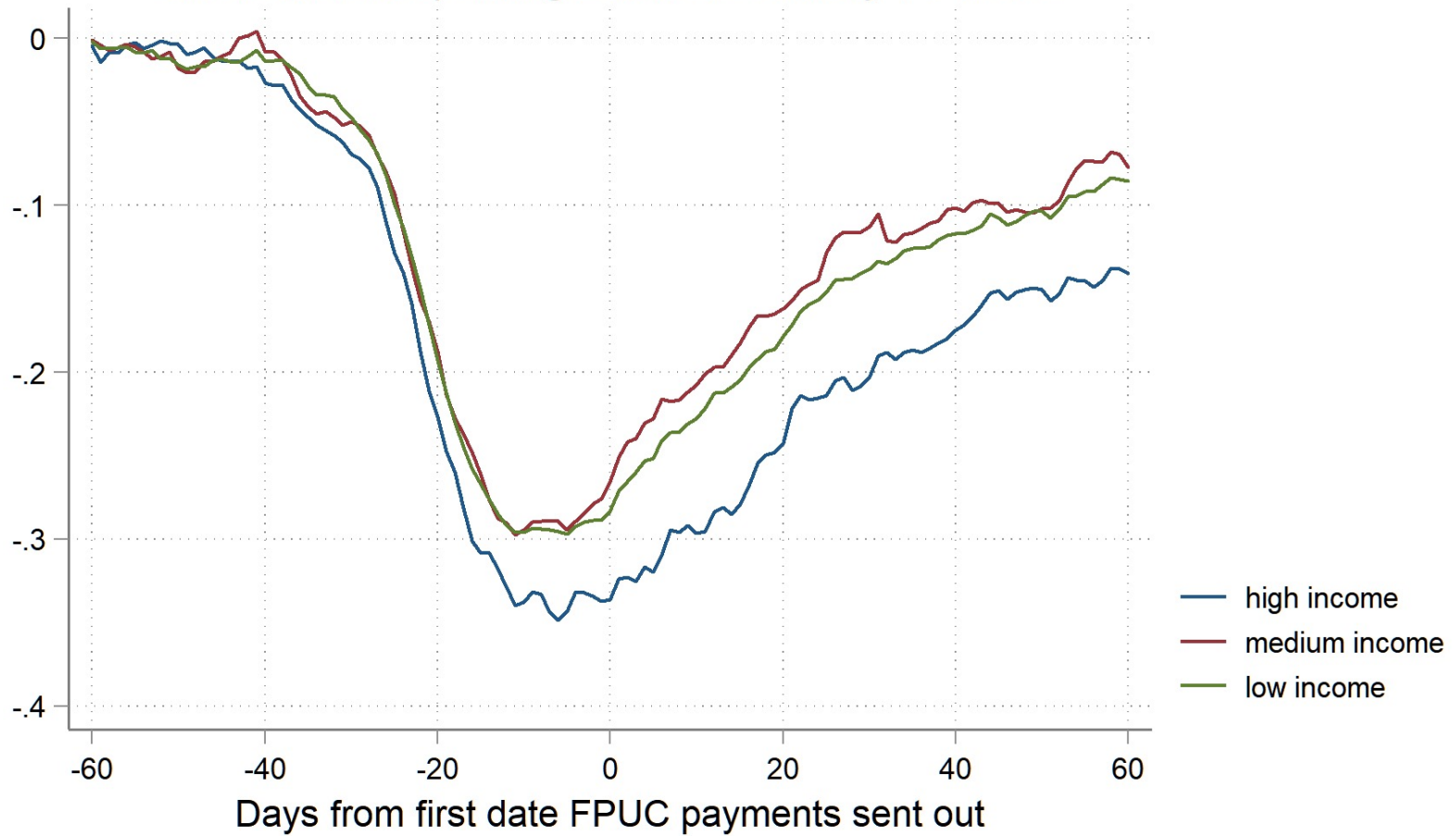


Source: Diane Schanzbach, Northwestern University, calculations from Census Household Pulse Survey. @dwschanz

What Else Has Worked?

- Lauren Bauer, Abigail Pitts, Krista Ruffini, Diane Schanzenbach, Brookings report: First disbursement of P-EBT payouts led to large reductions in food insecurity in the Pulse. 30% decline in children not getting enough to eat in the first week. Shows food insecurity is responding to \$.
- Julia Raifman, Jacob Bor, and Atheendar Venkataramani, medRxiv: When individuals in USC's UAS survey got UI payments, they had a substantial decline in food insecurity (30%).
- Seth Berkowitz and Sanjay Basu (2020): JAMA Internal Medicine. Use Pulse, find receipt of UI lead to reductions in food insufficiency, missed housing payments, depression, and anxiety, and delaying health care.

Consumer spending (7 day MA), by consumer zip income quartile
SA credit/debit spending relative to January 4-31 2020



medium income = middle two quartiles

Why unmet need? Delays in payments

- New programs take time to roll out.
- States were burdened with huge increases in demand and new programs.
- State administrative infrastructure systems were not ready for the job.
- Many states reduced the generosity of their UI systems in the wake of Great Recession, and also changed application processes. Other changes for other programs.
- UI is usually very counter-cyclical (Bitler, Hilary Hoynes, and John Iselin, 2020). States are likely rarely staffed up for excess demand even in usual recessions much less the COVID crisis. Other programs may be more responsive in some places.
- Application requirements for the most disadvantaged families for some programs and everyone for others are built into the delivery systems.
- Concerns about fraud lead to delays for some legitimate claimants for UI.

Big delays in UI, PUA delays were particularly problematic, programs stopping and starting

- Delays in when PUA claims could even be filed.
- Large variation in when states started paying out benefits:
 - New Hampshire - end of March, California - April 30, West Virginia - May 11, Kansas - May 26
- Some states require PUA applicants to apply to and be rejected from regular UI before they could apply for PUA. Others rolled possible PUA application into their normal UI application process. Even FPUC took til 4/29/20 in some states.
- FPUC cliff @ end of July, then LWA September/October, then more top up. Now gone in some states, rest in early September.

Delay - Economic Impact Payments

- \$1,200/adult + \$500/child (CARES Act, March 27)
- Automatic payment if a tax filer in 2018, 2019; or Social Security or VA benefit recipient (but not for dependents)
 - April 17 – direct deposit to filers (if you provided bank details)
 - April 24 – paper checks start to be sent out
- **Estimates suggest 12 million individuals** were eligible but they had to apply through a new IRS portal (Chuck Marr, Kris Cox, Kathleen Bryant, Stacy Dean, Roxy Caines, and Arloc Sherman, 2020) – and these are the most disadvantaged groups!
- Urban Institute’s Coronavirus Tracking Survey shows 59% of those below poverty had received an EIP compared to 78% of eligible over poverty (Survey done 5/14-5/27).
- Illustrates powerful role of implementation and administrative hurdles (Pamela Herd and Donald Moynihan).

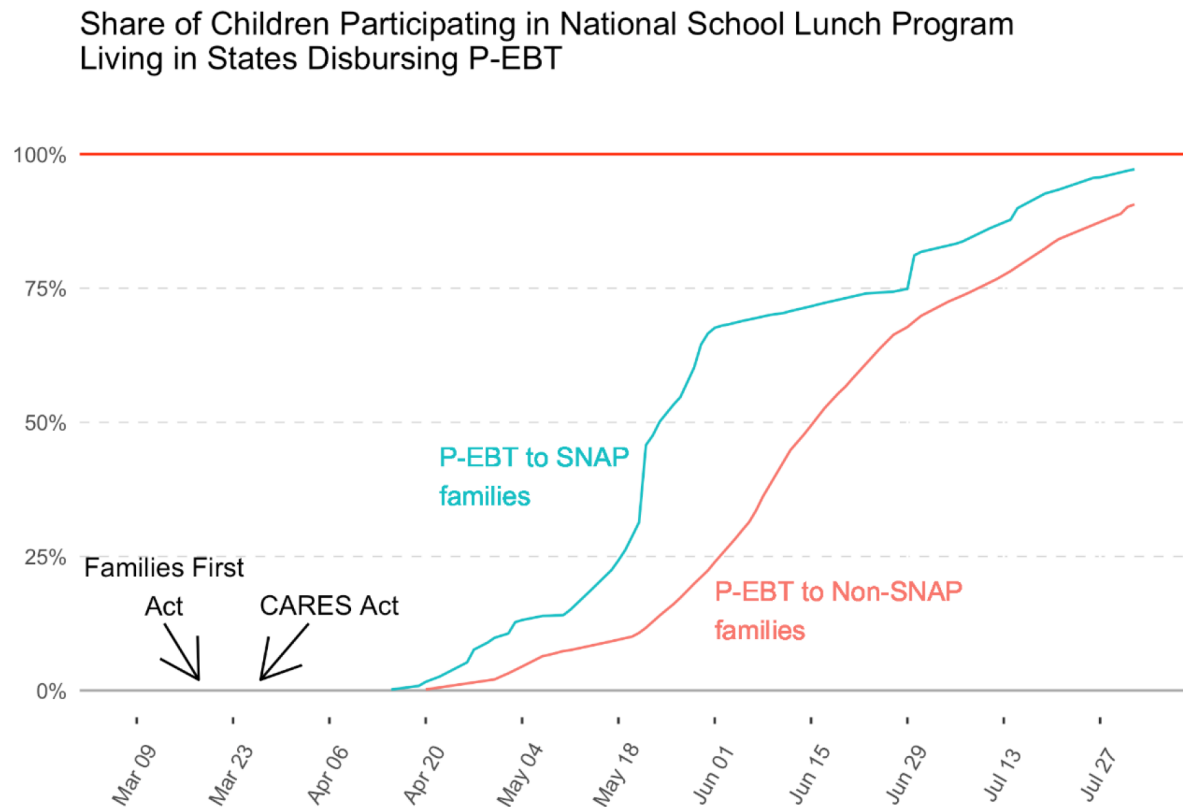
} **Automatic
Payments**

Delay – P-EBT

Slow rollout
(\$ for meals
for closed
schools)

Completely
new systems
had to be set
up

Figure 5. Timing of Pandemic Assistance Payments for P-EBT



Why some unmet need? Incomplete access

- EIP
 - Cares Act EIP excluded HH with ITIN holders, young adults
- Despite the expansions, no everyone who loses their job involuntarily is eligible for UI.
 - Usual eligibility for UI requires:
 - Involuntary separation, authorized worker
 - Sufficient work history (weeks in relevant quarters, amount earned), wage and salary earnings in covered work, search; all expanded in COVID
 - If you get UI, then especially with the top-ups, your protection should be quite good (\$600 chosen to make people held harmless on average). BUT, not everyone is eligible/gets it.

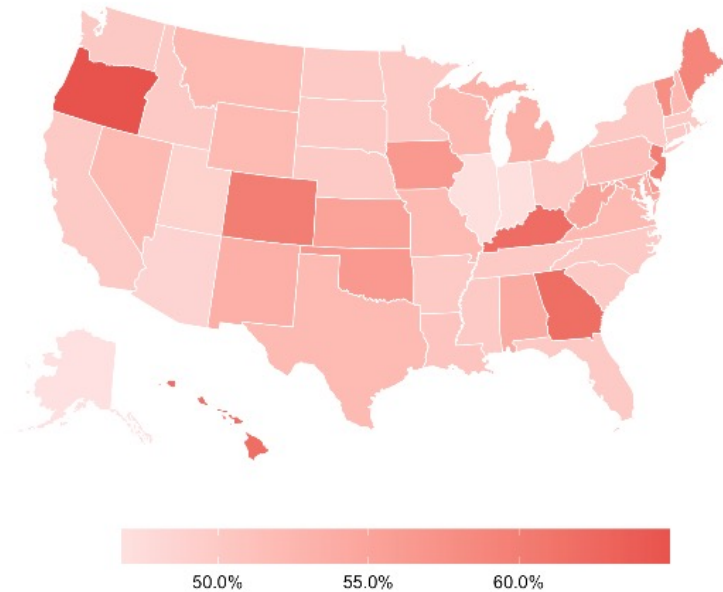


- Why are there disparities in access to UI?
 - Administrative burdens
 - Digital divide
 - Differences across states in how they serve the population, in normal times, substantive differences in the share of the unemployed who obtain UI
 - Program not well funded in bad times, requiring congress to act.

Broader point: Safety net currently not designed for economic downturns for the poor

- Shift over 25 years to a work-based safety net
 - Boosts low earnings (EITC)
 - Little out-of-work payments (TANF)
 - These provide no insurance against job loss
- UI coverage rates, insurance value low, differs across states
- UI provides the most income replacement (relative to TANF/SNAP) for families experiencing job loss, but lowest income get the least support (East and Simon).

Replacement Ratio Among Eligible Workers, by State
Below 200% SPM poverty line



Analysis of 2018 March CPS; Ganong et al (2020) UI Calculatc