

Supporting Workers and Families in the Pandemic Recession: 2020 Results and 2021 Suggestions

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We review programs that aimed to (1) stabilize employment and employment-based income...

Table 1. Summary of policies to stabilize the labor market and provide financial support

Policy/Program	Dates authorized	Disbursement frequency	Actual recipients (millions)	Average payment (\$)	Total amount (\$ billions, Mar-Dec 2020)
Economic Impact Payments (cash payments)	Apr, Dec 2020	2x lump-sum	174.7 (households)	2,610	456.0
SNAP (food assistance)	Mar 2020	monthly	22.6 (households)	348 (month)	51.6
Unemployment insurance (benefit and duration extensions; cash payments)	FPUC: Mar-Jul 2020; Dec 2020-Mar 2021 LWA: Aug-Oct 2020 PEUC: Additional 24 weeks	bi-weekly or weekly	10.3 million continuing claims (Jan 2, 2021)	306.35 (week)	122.5
Pandemic Unemployment Assistance (cash payments)	Mar 2020	bi-weekly or weekly	5.7 million continuing claims (Jan 2, 2021)		
Paycheck Protection Program (small business loan)	Apr 2020	3x lump-sum	5.2 (firms)	101,000 (loan)	525
Eviction moratoria (deferral policy)	Sep 2020	March 2020-March 2021	1.6 (renter households)	7,016	11.2



... and (2) support household balance sheets.

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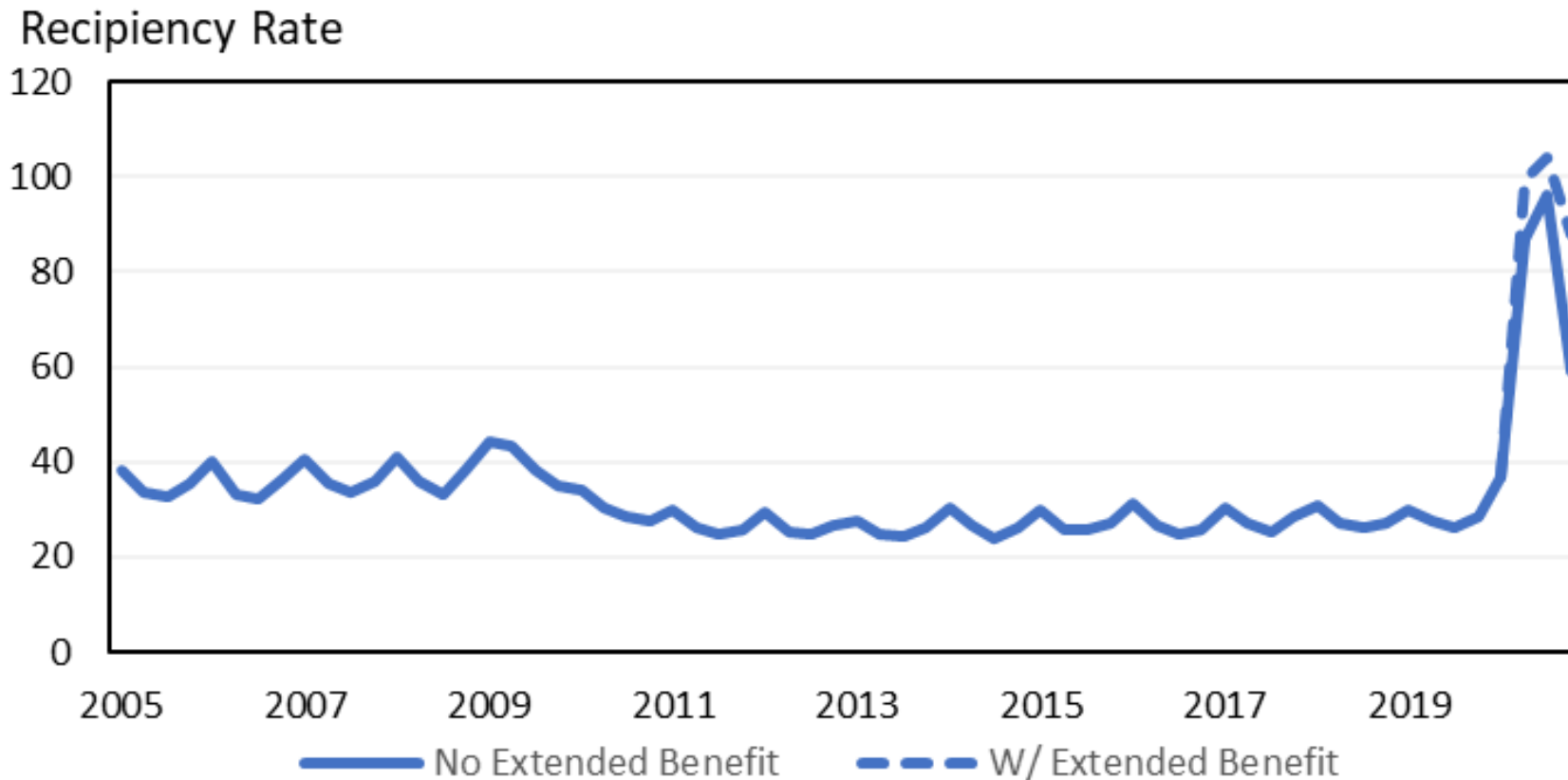
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Main success: Reaching workers, households, and firms through strong payment infrastructures.

- By and large, spending quickly reached intended recipients across the programs we review.
- EIP: Fastest delivery, mostly distributed in under 30 days. Improved over much slower distribution under ARRA.
- UI: Most severe infrastructure problems, but PUC began within 30 days.
- SNAP: Rapid scale up of benefits and rise in rolls.
- PPP, PUA were new, though both built on existing delivery infrastructure.
 - PPP receipt near 100% if applied. 80+ percent of businesses with 5+ employees accessed; 60 percent of those with 1-4 employees. Bankruptcy down.
 - PUA helped drive UI reciprocity rate to unprecedented high.

Example: 2020 UI expansions drove reciprocity rate to historic high.



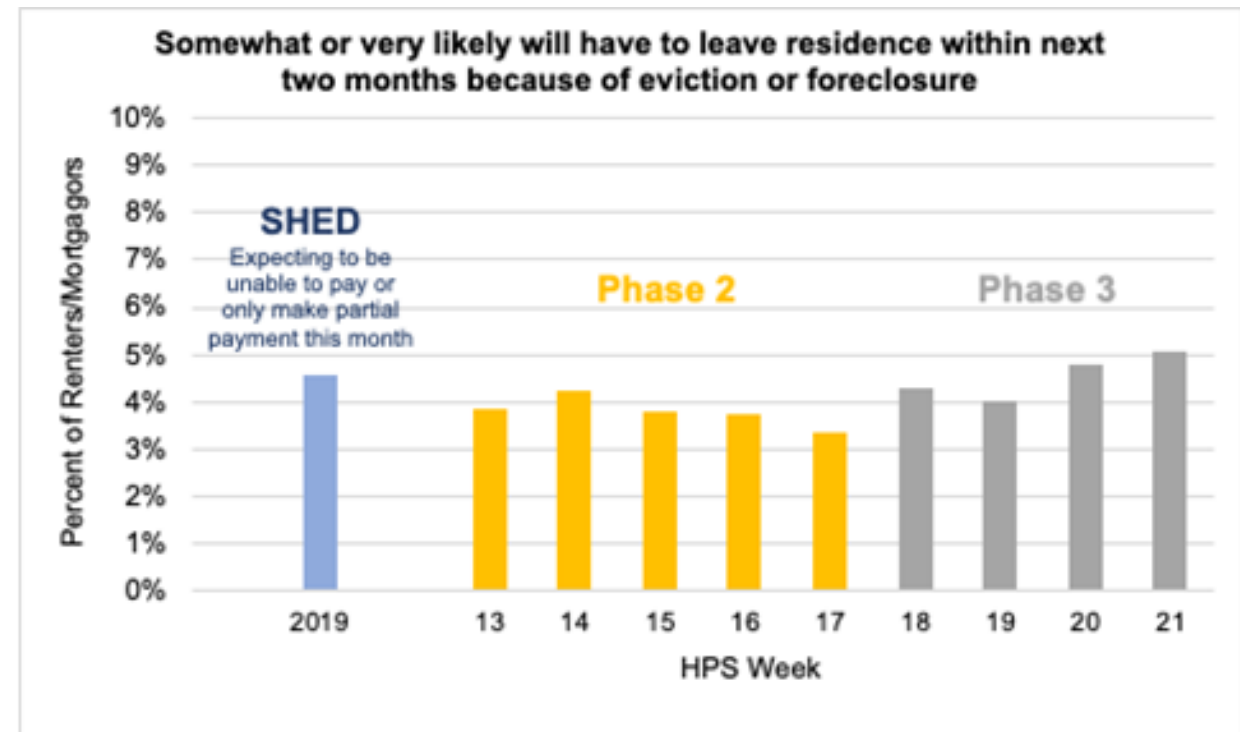
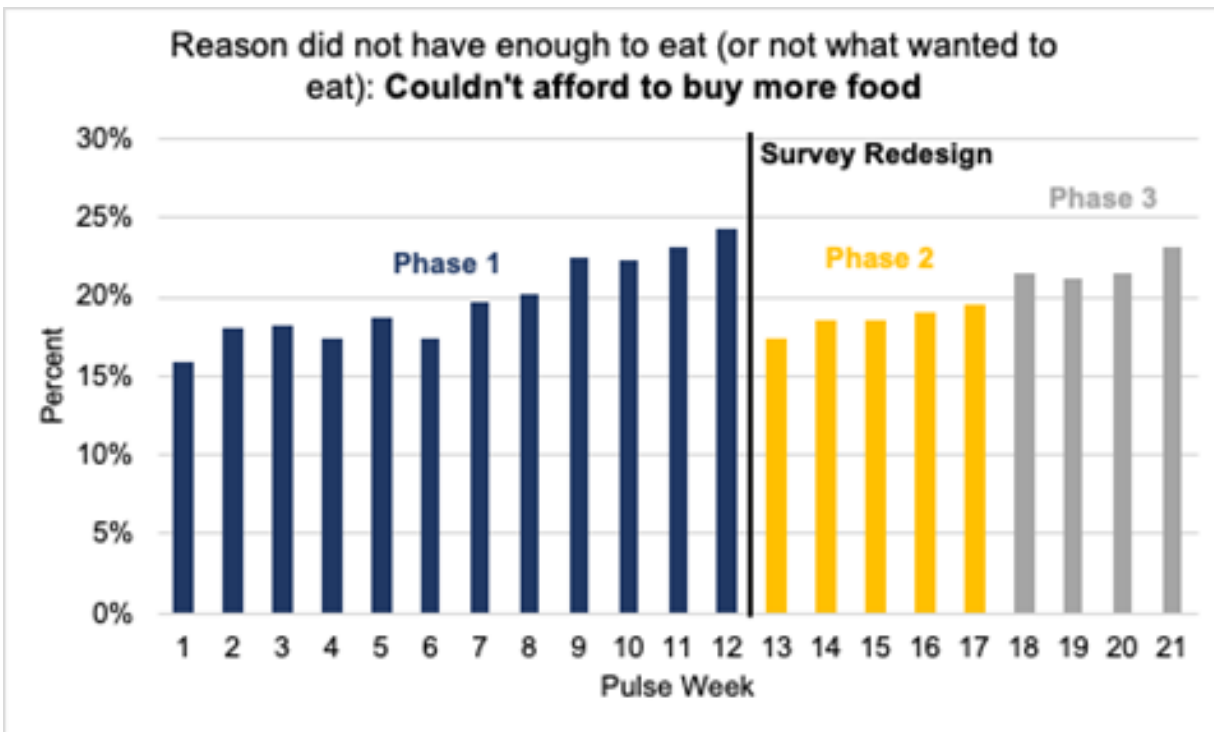
DOL Reciprocity Rate:

$$\frac{UI \text{ continuing claims}}{\hat{U}(CPS)}$$

Shortcoming: Missing the marginalized.

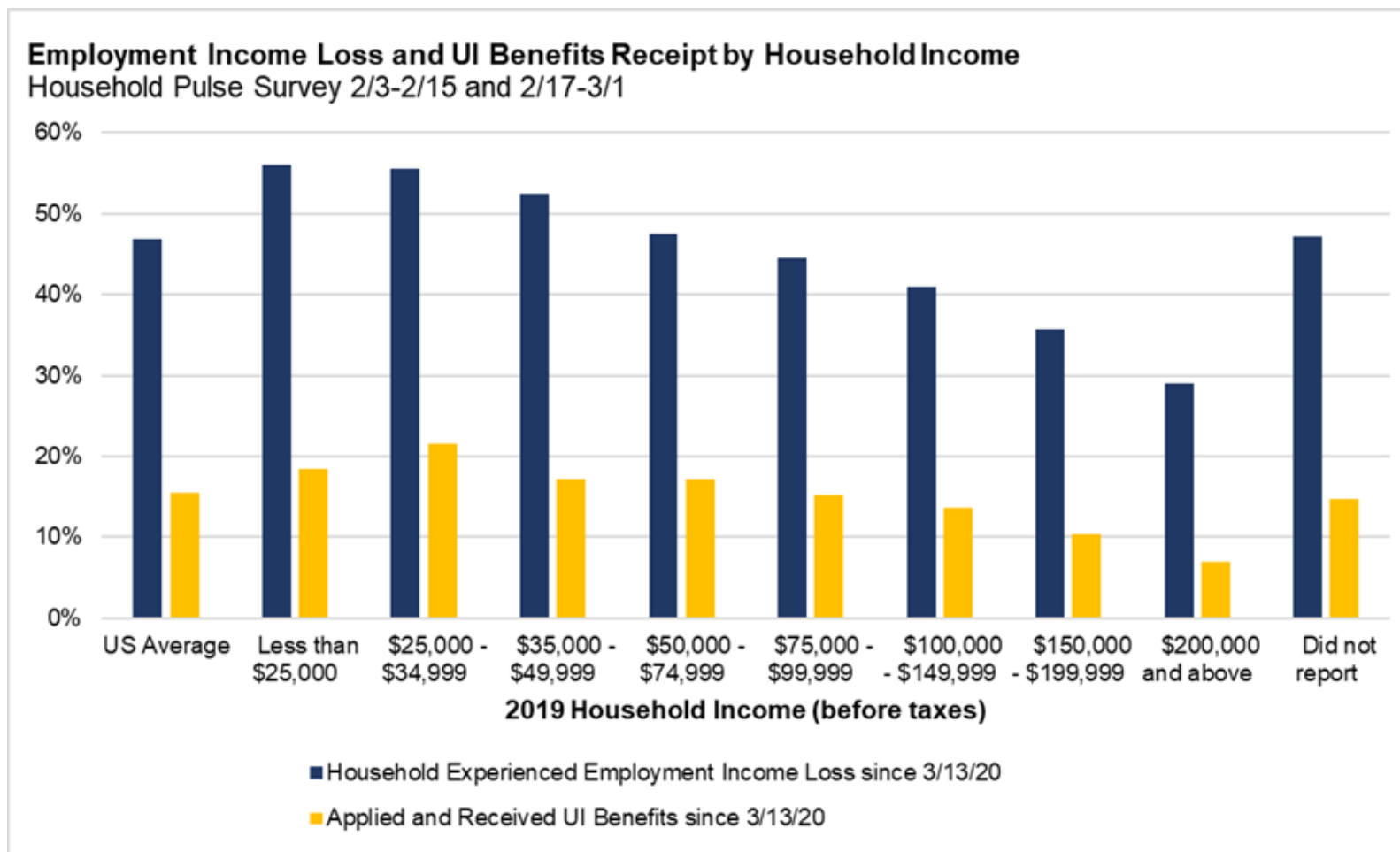
- **Rather than failing to reach intended beneficiaries, spending worked through mechanisms that sometimes failed to include the most marginalized and affected.**
- EIP: No mobile money provision. No use of Medicaid, Census data to reach those not in IRS files.
- UI: Likely little income replacement if hours cut. Access issues.
- SNAP: No increase for those already at max benefits.
- PPP: Use of existing financing relationships.
- Eviction Moratorium: Protections, recourse unclear among those likely to use it.

Example: Food and housing insecurity have been persistent through the recovery.



HPS Phases: Phase 1 (April-July), Phase 2 (August-October), Phase 3 (November-December+).

Example: UI focus may mean income loss not fully replaced for many affected.



Source: Census Bureau Household Pulse Survey Weeks 24 and 25 Data Tables

Shortcoming: Targeting infrastructure.

- **Limited targeting to need was a feature of early 2020 support, but as recovery progressed, only modest targeting incorporated.**
- Sectoral nature of employment loss was clear early. Later aid could have targeted by industry of employment. (Ex. in PPP.)
- Additional data sources on marginalized (Medicaid, Census) not exploited.
- Lack of centralized UI software limited targeted adjustment (versus SNAP).

How to phase out this historic support?

- Avoid cliffs, simultaneous benefit expirations. Orderly withdrawal/revision.
- First phase out programs to stabilize employment relationships and employment-based income.
 - PPP, FPUC, PEUC/EB
 - PUA: reform, replace
- Then reduce/remove support to household balance sheets.
 - EIP, SNAP, Eviction moratorium (wild card)

Where have needs been overlooked?

- Mental health effects
 - Support persistent mental health needs through schools, to limit spillover impacts to children.
 - Address acute mental health trauma through VA.
- Learning loss
 - Some ARP funds provided. Potentially needed into 2022 or 2023.
- Persistent health impacts
 - DI access for those with long-term health impacts
- Ongoing virus containment for Covid and future outbreaks
 - Continue to improve testing infrastructure, messaging
 - Shore up supports for those who need to test, isolate