



President Trump's False Promises on Unemployment Insurance Would Leave Families Deep In The Red

Last Updated: August 11, 2020

This Explainer incorporates data analysis and other key information provided by The Century Foundation.

The Pandemic Unemployment Compensation (PUC) program, which provided a \$600 per week boost to state UI benefits for people who lost their jobs during the COVID-19 pandemic, expired on July 31st. PUC was a critical lifeline for the 30 million Americans currently on unemployment insurance (UI). The average state UI benefits were just \$320 per week nationwide in May, and some states' benefit levels are much lower. Now, millions of unemployed workers are facing financial disaster.

On August 8, President Trump issued a presidential memorandum that purports to extend PUC at the <u>reduced rate of \$300 per week</u>. This memo is a false promise: the Trump administration's plan is unworkable, possibly illegal, and will create long delays before workers see payments. Even if workers do receive benefits, the Trump Administration's reduction of benefits to \$300 will leave many workers unable to cover basic bills like rent, food, and medicine.

New case studies from the Progressive Caucus Action Fund and the Century Foundation show that even *if* President Trump's promised \$300 benefit ever reaches workers, desperate families will be unable to meet their basic needs:

- In Louisville, Kentucky, a family with two parents earning the minimum wage will fall **\$967.61** short each month of meeting their basic needs.
- In Phoenix, Arizona, a single parent earning median wages will be **\$2,866** short each month of meeting their basic needs.
- In Los Angeles, California, a unionized hotel worker with one child will be **\$3,235 short each month** of meeting their basic needs.

The Trump Administration's False Promise of Relief

On Saturday, President Trump announced a new memorandum to provide an additional \$300 in unemployment benefits to unemployed workers, without Congressional approval, out of FEMA's Disaster Relief Fund. This proposal is unworkable, possibly illegal, excludes many families, and will not reach workers without lengthy delays, if at all. President's Trump memo would be:

- Impossible for States to Administer: State unemployment insurance agencies are being crushed by COVID-related UI claims. Workers already face long delays in receiving checks. In March, more than 85% of people who filed for unemployment didn't receive payments until at least the next month. Because these funds were not authorized by Congress, states may be legally required to create new systems to disperse these funds—a slow process that will further delay benefits. Further, under the White House's proposal, states would only receive \$300 in a federal weekly benefit.
- Leaving the Most Vulnerable Families Behind: The memorandum excludes workers who receive less than \$100 a week in state UI benefits. This includes at least 6 percent of those who have lost jobs during the pandemic, and potential many more who have multiple jobs or on partial furloughs. Like existing UI programs, this benefit also excludes undocumented immigrants.
- **Quickly Exhausted:** Even if the benefit ever makes it to struggling workers, the memorandum caps additional unemployment aid at just \$44 billion from FEMA funds which would <u>only last a little over a month</u>.

Working Families Can't Survive on Trump's Reduced Benefit

Even if unemployed workers ever see these promised benefits, Trump's memorandum cuts unemployment insurance by a third of each weekly payment. Even before the COVID-19 pandemic, most Americans lived on the edge of financial disaster. After decades of stagnant wages and rising housing, education, childcare, and healthcare costs, most Americans lived paycheck-to-paycheck, without enough cash to <u>cover an unexpected \$500 expense</u>.

Now, 30 million workers are unemployed — and <u>Black and Latinx workers</u> are disproportionately likely to be unemployed. With just a \$300 boost to state UI payments, workers simply cannot meet their basic needs. This financial disaster would fall hardest on <u>workers of color, especially Black workers</u>, who are disproportionately likely to live in a state with low benefits.

The following four case studies show what families across the country would face each month under the current proposals to slash UI.

Two Unemployed Adults Earning Minimum Wage, Both Out of Work Getting UI (with No Children)¹

Louisville, Kentucky: Monthly Income & Expenses

Housing	\$656
Food	\$460
Child care	\$0
Transportation	\$972
Health care	\$534
Other	\$450
Taxes	\$534
Average Total Expenses	\$3,606
State UI only	\$1,438.39
No congressional action	short \$2,122.61
No congressional action State UI + \$600 PUC Heroes Act	short \$2,122.61 \$3,838.39
State UI + \$600 PUC	
State UI + \$600 PUC Heroes Act	\$3,838.39
State UI + \$600 PUC Heroes Act State UI + \$300	\$3,838.39 \$2,648.39
State UI + \$600 PUC Heroes Act State UI + \$300 Trump Proposal	\$3,838.39 \$2,648.39 short \$967.61
State UI + \$600 PUC Heroes Act State UI + \$300 Trump Proposal State UI + \$200	\$3,838.39 \$2,648.39 short \$967.61 \$2,238.39

¹ \$7.25 Minimum wage at 40 hours per week.

Adult Earning Median Wages with 1 Child²

Phoenix, Arizona: Monthly Income & Expenses

Housing	\$1,013
Food	\$382
Child care	\$732
Transportation	\$858
Health care	\$766
Other	\$562
Taxes	\$713
Average Total Expenses	\$5,026
State UI only	\$960
No congressional action	short \$4,066
State UI + \$600 PUC	\$3,360
Heroes Act	short \$1,666
State UI + \$300	\$2,160
Trump Proposal	short \$2,866
State UI + \$200	\$1,760
HEALS Act (AugSep.)	short \$3,266
70% Wage Replacement	\$2,256.80
HEALS Act (OctDec.)	short \$2,769.20

 2 Worker earns the state average of \$1,002 per week and has a 4-year-old child.

Unionized Hotel Worker with 1 Child³

Los Angeles, California: Monthly Income & Expenses

Housing	\$1,663
Food	\$424
Child care	\$798
Transportation	\$856
Health care	\$398
Other	\$842
Taxes	\$909
Average Total Expenses	\$5,889
State UI only	\$1,454
No congressional action	short \$4,453
State UI + \$600 PUC	\$3,854
Heroes Act	short \$2,035
State UI + \$300	\$2,654
State of · \$500	Ψ 2, 03 - 7
Trump Proposal	short \$3,235
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Trump Proposal	short \$3,235
Trump Proposal State UI + \$200	short \$3,235 \$2,254
Trump Proposal State UI + \$200 HEALS Act (AugSep.)	short \$3,235 \$2,254 short \$3,635

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³ Worker earns <u>\$18.17 per hour</u> and works 40 hours per week, and has a <u>four-year-old child.</u>

For these workers, a \$300 unemployment benefit would mean choosing between making rent and mortgage payments or paying for a car they need to get to their next job interview, choosing between paying for food and keeping the lights on, between buying diapers and soap and paying a phone bill.

Slashing UI benefits would inevitably harm workers of color most — especially Black women, who <u>receive lower benefits</u> on average than White workers, and who are disproportionately likely to be single parents. Unemployed workers need Congress to reauthorize the \$600 boost to Pandemic Unemployment Compensation, and not a penny less.

Congress Must Act

In May, House Democrats passed the Heroes Act, which extended the Pandemic Unemployment Compensation (PUC), the \$600 per week supplement to unemployment insurance, until January 31, 2021.

But after refusing to vote on the Heroes Act's unemployment insurance extension for over 10 weeks, Senate Republicans let the Pandemic Unemployment Compensation program expire — leaving workers across the country on the brink. Last week, Senate Republicans released the HEALS Act, a proposal to slash the federal UI supplement to just \$200 per week. Under the HEALS Act, from October to December, states would get a supplement (up to a \$500 per week maximum) to replace just 70% of an unemployed workers' prior wages between state UI and the federal supplement. According to state agencies and experts, this proposal would also be entirely inadministrable.

<u>Sixty percent of voters</u>, including a majority of both Democrats and Republicans, support extending this \$600 lifeline for people out of work during the pandemic. The Trump Administration's EO will not provide relief as unemployed workers face evictions, water shut-offs, and food insecurity. Congress must pass the Heroes Act and extend the \$600 PUC program immediately.