



COVID-19

Cuts to Pandemic Unemployment Compensation would harm 182,000 Mainers

by James Myall, Policy Analyst | July 28, 2020

A COVID-19 relief plan released by US Senate Republicans on July 27 would slash Federal Pandemic Unemployment Compensation (FPUC) by \$400 per week, affecting approximately 182,000 Mainers — including 46,000 children — who are relying on unemployment benefits to meet their basic needs, according to new analysis by MECEP.

Congress created FPUC in March as part of the Coronavirus Aid, Relief, and Economic Security Act (CARES ACT) in March. The program provides an extra \$600 to laid-off workers, who have used those funds to pay for food, housing, childcare, and other basic needs. In addition to helping families keep up with expenses during this unprecedented public health and economic crisis, [FPUC is supporting the equivalent of 18,000 jobs in Maine.](#)¹

The \$600 boost to unemployment, along with other provisions that strengthened Unemployment Insurance during the crisis, will expire on July 31 unless Congress moves quickly to extend them.

But the plan unveiled by Senate Majority Leader Mitch McConnell would slash the benefit by two-thirds — a reduction in income that would make it harder for those 182,000 Mainers to make ends meet.

With COVID-19 cases on the rise nationally and tens of thousands of Mainers dealing with unemployment, struggling to put food on the table, and falling behind on rent, Congress should reject the Senate Republicans' cuts to unemployment benefits and instead extend the provisions of the CARES Act for as long as it takes for the economy to recover.



Expanded unemployment has reduced harm from COVID-19

Before passage of the CARES Act, unemployment compensation provided unemployed workers with just a portion of what they earned while employed.² This makes unemployment compensation particularly precarious for low-wage workers, many of whom are barely making ends meet on their normal paychecks.

[According to the Maine Department of Labor](#), 40 percent of regular unemployment compensation recipients in June worked in jobs like food service, retail, cleaning, and personal care services, where the typical hourly wage is \$14 per hour or less.³

Additionally, Mainers who were previously self-employed are now receiving Pandemic Unemployment Assistance, most of whom have been receiving the minimum \$172 per week payment while their tax returns are processed to determine their eligibility level.

The additional \$600 has been a financial lifeline for laid-off workers who would otherwise be forced to confront the pandemic on incomes far below their usual wages.

Analysis of US Census Bureau's weekly [Household Pulse Survey](#) finds that unemployment insurance has helped keep tens of thousands of Mainers from going hungry.⁴

Hardship persists even with FPUC; cuts would only make it worse

Nearly three quarters of Mainers receiving unemployment compensation did not have other regular income — for example, from a spouse or partner who is still working — according to the Household Pulse data. For these Mainers, any cut to unemployment is a direct cut to their ability to make ends meet.

Even now, with the additional \$600 per week, Mainers are facing hardships that would be made worse by cuts to unemployment. For example:

- 30 percent of unemployment compensation recipients had to use a credit card to pay for essentials like groceries, while 11 percent had to borrow from a friend or family member.
- Tens of thousands are worried about keeping their housing. One in four unemployment recipients who rent or have a mortgage missed last month's payment. One in three were worried about making the rent or mortgage payment next month.⁵
- According to recent research by the Center on Budget and Policy Priorities, roughly 36,000 Maine children are hungry because their parents cannot afford to adequately feed them.⁶

The Household Pulse Survey also reveals just how many Mainers are relying on the unemployment benefits —

all of whom would see incomes reduced by the Senate Republican plan. Between the period of June 21 and July 11, the state paid an average of 90,000 claims each week. While the Maine Department of Labor reports how many unemployment claims are paid out each week, it does not list the number of people in households who might also be relying on that income.



Cuts to Federal Pandemic Unemployment Compensation would hurt 182,000 Mainers who are relying on benefits to make ends meet during this unprecedented crisis.

However, the Pulse Survey includes a question about the number of adults and children living in a household receiving unemployment compensation.

MECEP's analysis of the data indicates that unemployment payments are supporting the livelihoods of roughly 182,000 Mainers — including roughly 46,000 children.

Conclusion

Unemployment compensation isn't just a lifeline for workers who have been laid off through no fault of their own during the ongoing pandemic. It's also

one of the best tools at our disposal for supporting Maine's economy through the throes of recession.

While even those Mainers receiving unemployment are suffering hardship, the Pandemic Unemployment Compensation is keeping 182,000 Mainers from facing even harsher fallout from COVID-19. If Congress cuts benefits, those Mainers will have a harder time paying for housing, food, childcare, and other necessities.

Instead of cutting benefits for Mainers most in need during this crisis, Congress should extend the provisions of the CARES Act as part of a robust, bipartisan package to put Maine other states on [the road to recovery](#).

About MECEP

The Maine Center for Economic Policy is a nonprofit research and policy organization dedicated to economic justice and shared prosperity by improving the well-being of low- and moderate-income Mainers. Since its founding in 1994, MECEP has provided policymakers, advocates, media organizations, and the public with credible, rigorous research and analysis. MECEP is an independent, nonpartisan organization.

About the author

James Myall is MECEP's lead on labor and workforce issues and education and health care policy. He conducts research and impact analyses, writes educational materials, and collaborates with partners. James is skilled in data collection, research, and statistical and policy analysis. He has a master's degree in public policy and management from the University of Southern Maine and a master's degree in ancient history and archaeology from the University of St. Andrews in Scotland.

In addition to his role at MECEP, James is a member of the Governor's Economic Recovery Committee and the Permanent Commission on the Status of Racial, Indigenous, and Maine Tribal Populations.

Endnotes

- 1 Bivens, Josh. "Cutting Off the \$600 Boost to Unemployment Benefits Would Be Both Cruel and Bad Economics." *Economic Policy Institute*. June 26, 2020. <https://www.epi.org/blog/cutting-off-the-600-boost-to-unemployment-benefits-would-be-both-cruel-and-bad-economics-new-personal-income-data-show-just-how-steep-the-coming-fiscal-cliff-will-be/>
- 2 In Maine, benefits are effectively 59 percent of prior income, up to a maximum of \$462 per week for most recipients. Currently, the average unemployment payment is just \$327 per week, and some Mainers are receiving far less. People who were working part-time or seasonal low-wage jobs could be receiving as little as \$80 per week (the minimum benefit for payroll employees).
- 3 MECEP analysis of Maine Department of Labor, characteristics of UI claimants, June 2020 and US Bureau of Labor Statistics, Occupational Employment Survey data, May 2019.
- 4 MECEP analysis of US Census Bureau, Household Pulse public-use microdata, weeks 8-10 (3-week average). The analysis examined current food insecurity (defined as those who "sometimes" or "often" didn't have enough food to eat in the past week) among Mainers who did not work in the survey week and reported being out of work due to COVID-19. Food insecurity rates were compared for those who used unemployment benefits for their basic spending needs (11 percent of whom were food insecure) compared with those who did not (31 percent).
- 5 MECEP analysis of US Census Bureau, Household Pulse public-use microdata, weeks 8-10 (3-week average). Those worried about making next month's rent or mortgage included adults who said they had "slight" or "no" confidence they could make their next payment.
- 6 Parrott, Sharon, et. al. "More Relief Needed to Alleviate Hardship: Households Struggle to Afford Food, Pay Rent, Emerging Data Show." *Center on Budget and Policy Priorities*. July 21, 2020. <https://www.cbpp.org/research/poverty-and-inequality/more-relief-needed-to-alleviate-hardship>