Virtual Roundtable: Unemployment Insurance, Medicare, and other Social Insurance in COVID-19 Legislation

Tuesday, April 7, 2020

2:00 pm EDT

NATIONAL ACADEMY OF SOCIAL INSURANCE

Marilyn Moon

Member of the National Academy of Social Insurance

Former American Institutes for Research

Economic Impact Payments and Social Security

Joshua Smith

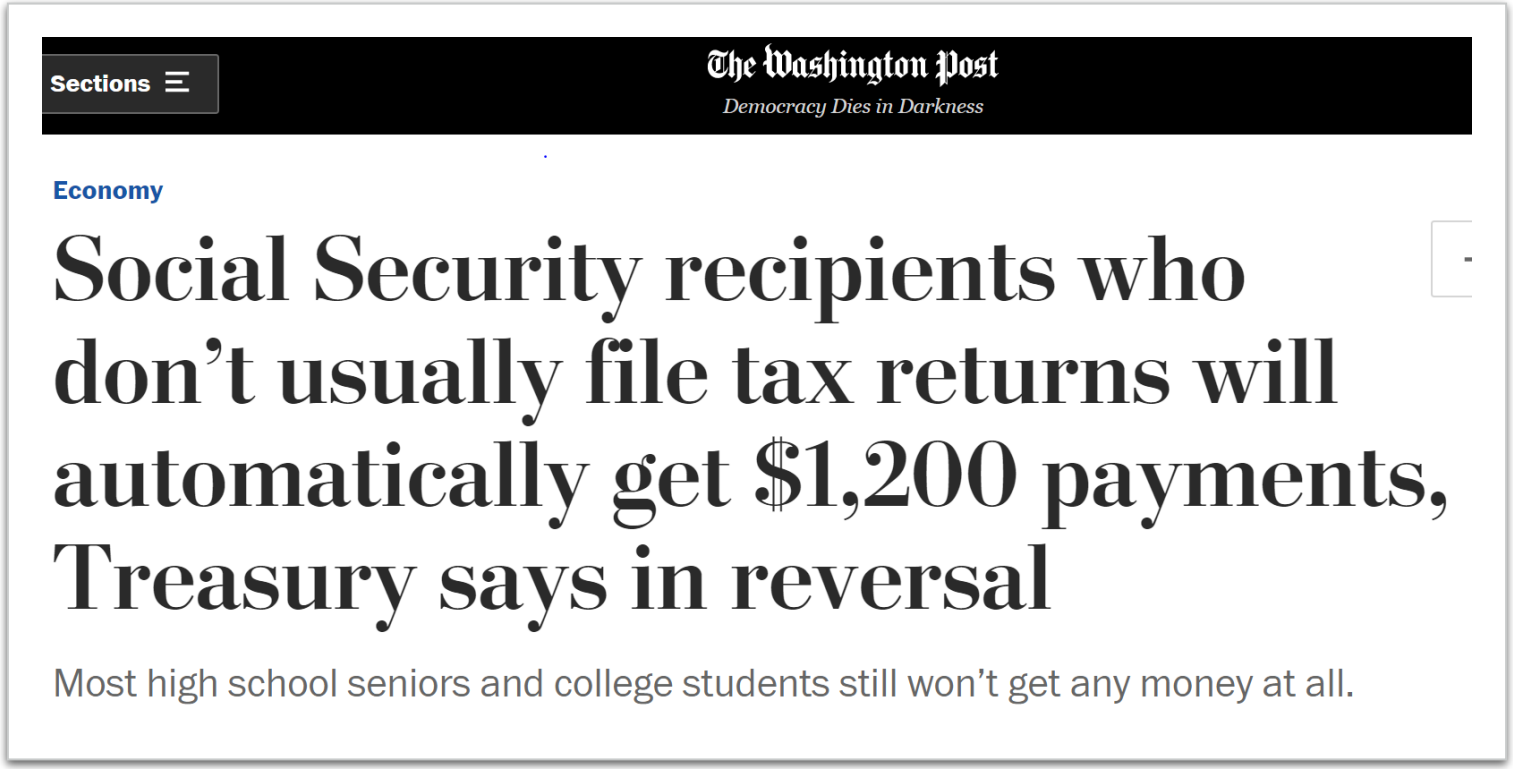
Budget Policy Director (and Acting Social Security Staffer)

Senate Budget Committee

Sen. Bernie Sanders, Ranking Member

Economic Impact Payments

- The CARES Act includes direct payments to individuals.
- The payment is $1,200 per individual and $500 per child, phasing out at higher incomes.



What about Social Security beneficiaries?

Last week, Treasury decided to save about 15 million people some time.

What about SSI beneficiaries?

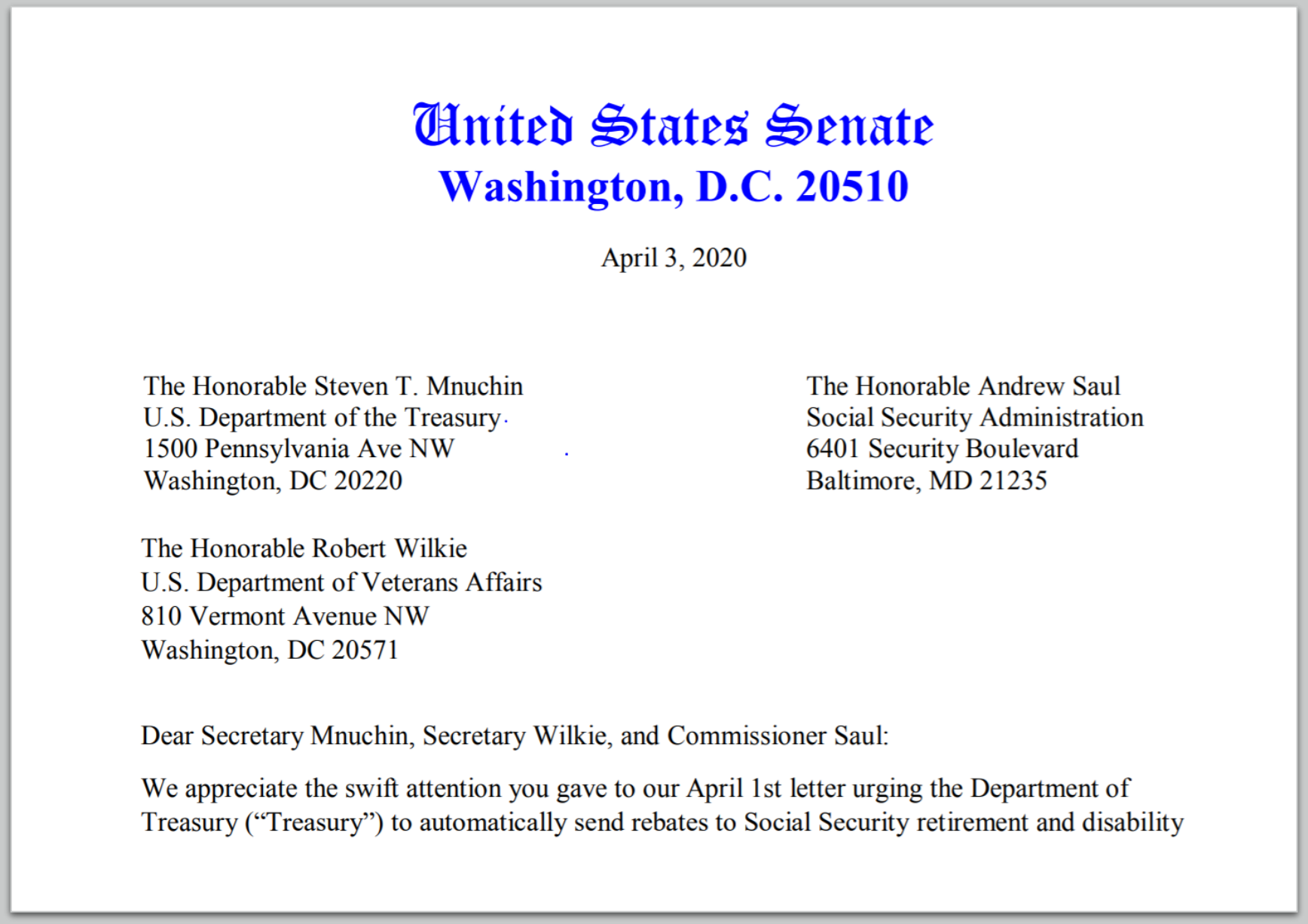
- Not so much luck yet.

The New York Times

Needy Will Face Hurdles to Getting Coronavirus Stimulus

The Treasury reversed guidance that would have required millions of Social Security recipients to file returns, but many other low-income people will have to submit them.

What's next?



United States Senate
Washington, D.C. 20510

April 3, 2020

The Honorable Steven T. Mnuchin
U.S. Department of the Treasury
1500 Pennsylvania Ave NW
Washington, DC 20220

The Honorable Andrew Saul
Social Security Administration
6401 Security Boulevard
Baltimore, MD 21235

The Honorable Robert Wilkie
U.S. Department of Veterans Affairs
810 Vermont Avenue NW
Washington, DC 20571

Dear Secretary Mnuchin, Secretary Wilkie, and Commissioner Saul:

We appreciate the swift attention you gave to our April 1st letter urging the Department of Treasury ("Treasury") to automatically send rebates to Social Security retirement and disability

COVID-19 Changes to the Unemployment Insurance Program

Stephen Wandner, Ph.D.

President, Wandner Associates Inc

April 7, 2020

Overview

- Permanent unemployment insurance (UI) program generally pays 26 weeks of partial temporary wage replacement to covered, experienced unemployed workers while they actively search for work.
- Congress usually adds additional weeks of benefits during a recession.
- The COVID-19 response (CARES Act, March 27, 2020) does much more by providing more comprehensive benefits to more unemployed workers leading to greater economic stabilization in a time of extreme need.
- It provides necessary patches, additions and federal funding, building on state UI programs that were found to be insufficient and difficult to change.
- Next, we look at UI problems and the COVID-19 response's attempted solutions.

Problems with the Permanent UI Program

- Access: Hard to apply for and receive UI, especially in some states. Computer or telephone filing. (“Antiquated” systems, but c. 30 times increase in initial claims in 2 weeks.) Limitations on eligibility.
- Coverage: While almost all wage and salary workers are covered, not self-employed, contract and gig workers.
- Benefit Levels: Inadequate in many states with restrictive maximum benefits.
- Benefit Durations: Some states have reduced basic UI below 26 weeks.
- Extended Benefits: Not working effectively. Congress enacted emergency program extensions during past recessions.
- Unemployment Prevention: Short-time compensation in 28 states but not effective.

COVID-19 Temporary Solutions

- Three new, temporary, federally-funded programs:
  - Pandemic Unemployment Assistance (PUA) extends coverage. Pays 39 weeks thru 12/31.
  - Federal Pandemic Unemployment Compensation (FPUC) pay $600 add-on thru 7/31.
  - Pandemic Emergency Unemployment Compensation (PEUC): 13 weeks of “EB” thru 12/31.
- Access: States continue to determine application process and eligibility for UI. Urged to relax work search requirement re COVID-19. Expands eligibility through PUA. One-page application for PUA.
- Coverage: Expanded to self-employed, contract and gig workers, PUA paying 39 weeks through December 31. Wide PUA coverage: unable or unavailable to work for COVID-19 reasons, workers seeking part-time work, lacking sufficient work experience, exhausted all rights to regular UI, EB or PEUC.
- Benefit Levels: State-funded UI benefit formulas unchanged. FPUC increases benefits increased by $600 a week for all programs, only through July 31.

COVID-19 Response

- Benefit Duration: Unchanged for permanent UI programs.
- Non-Reduction Rule: states cannot reduce benefit level or durations during CARES Act benefits period.
- PEUC: extends benefits beyond regular benefit by up to 13 weeks, payable in all states. Permanent triggered EB continues.
- Short-Time Compensation: 100 percent federally funded. Not counted against firms' experience rating. Grants to states.

Administrative Issues

- State UI agency ability to expand to process initial claims and benefit payments, e.g., 5.8 M (not 6.6 M s.a.) claims processed for week ending March 28.
- Relatively easy administratively to add additional weeks to state UI computer systems.
- Difficult to start/expand new programs from scratch (Pandemic Unemployment Assistance) and staff-intensive programs (STC).
- Additional $1B for administration helps - hiring and training claims takers takes time. Expedite return of former workers.

References

- “Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020 – Summary of Key Unemployment Insurance (UI) Provisions and Guidance Regarding Temporary Emergency State Staffing Flexibility”. Unemployment Insurance Program Letter No. 14-20. https://wdr.doleta.gov/directives/attach/UIPL/UIPL_14-20.pdf
- “Information on the Novel Coronavirus”, New York Department of Labor (April 4, 2020) https://www.labor.ny.gov/ui/cares-act.shtm
- Unemployment Insurance Benefits: Updated FAQ”, New York Department of Labor (March 31, 2020) https://labor.ny.gov/ui/pdfs/ui-covid-faq.pdf

Questions from the Audience

Please submit questions in the Q&A box.