

[Caveat that UI comments below are only relevant to subset of displaced workers authorized to work in US]

There has been lots of attention in the media to the temporary extension of Unemployment Insurance (UI) eligibility to self-employed and gig workers. What hasn't yet received much attention are other temporary changes relevant to many low-income workers. In addition to providing some near-term relief to workers' economic distress, with help from philanthropy and partners, these changes may also provide an opportunity for workers to develop a financial cushion that will help them to weather the fits and starts that are inevitable as business activity emerges from hibernation.

Philanthropy can help to empower displaced workers with more information about what they can expect over the next few months. Hopefully, philanthropy can also convene and partner with the nonprofit, private, and public sectors to spur creativity and rapid innovation around tools and resources that can help to sustain these displaced workers for the longer term and prepare them for a better future.

Historically UI hasn't been a good fit for many low-income workers, part-time workers, and those with marginal attachment to the labor force. Because of the way UI is typically calculated using a base period going back 12-15 months, many low income workers often either don't qualify or receive very low benefits. As a result, many low-wage workers don't perceive UI worth the hassle and, historically, don't apply in proportionate numbers.

The new Federal Pandemic Unemployment Assistance and Compensation programs (pandemic UI) are game changers -- more unemployed or partially employed low-income workers will qualify for UI and the pay out will temporarily be much bigger than ever before. The new pandemic-inspired programs benefit low-wage workers in multiple ways:

1. **Expand eligibility** to many who weren't eligible under the old rules. This includes workers with low earnings, limited work experience, those who work part-time and also self-employed and gig workers. Pandemic UI will also be available to workers who had to quit their jobs as a direct result of covid19, associated caregiving responsibilities, or challenges getting to and from work because of transit shut-downs.
2. **Bigger weekly payments** – All of those deemed eligible for Pandemic Unemployment Assistance will get a minimum payment of \$167 (California's previous minimum payment was \$50) plus \$600 per week April thru most of July. Regular UI

recipients will also get the additional \$600/week. Low wage workers who qualify for pandemic UI will get a minimum of \$767/week. ***Anyone who previously worked or earned less than full-time at \$19/hour will temporarily make more on pandemic UI than they did working.***

3. **Extend the number weeks of potential eligibility** for benefits by 13 weeks, for a total of 39 weeks through December 2020.

Given what we know right now, the following is how it may play out for many low-income workers who secure UI or pandemic UI:

- March – April: Facing real scarcity in the 3-8 weeks after they lost job/had hours cut. Significant belt-tightening. Need for safety net resources like food banks and help prioritizing bill payment. etc.
- May – July: Will receive UI benefits including retroactive payments back to time at which they lost work (or hours).
 - For April through most of July, they will also receive an additional \$600 dollars per week. (minimum weekly payment for most workers will be \$767)
 - For workers previously working less than full time at \$19/hour, pandemic UI will completely replace earnings. Those who worked less hours or earned less will temporarily earn more – sometimes a lot more – on pandemic UI than they did working
 - During this same time frame, most documented low-income workers will also receive their stimulus payment (\$1,200 per adult, \$500 per child). Depending on the size of their household, this could be a really significant cash infusion.
 - So – potentially receiving more on a weekly basis – AND a big lump sum payment
- August and beyond - Assuming our economy hasn't gone back to 100%, many low-wage workers will be back in a situation of scarcity again. Most will still receive some UI benefits but a much lower rate of wage replacement.

Recommend that foundations,

- Invest in getting information and support to low-income workers about both applying for and navigating UI and pandemic UI (including, for example, signing up for tax withholding, securing job search exemptions, and accessing California Training Benefits)
- Fund legal aid organizations to provide support to low-income workers who need assistance appealing UI decisions
- Tailor grantmaking strategies to be responsive to workers changing needs as highlighted in the timeline above
- Convene and explore with partners innovative ways to support workers longer-term, including helping them leverage additional funds from their Federal Stimulus Payment or pandemic UI to set aside short-term savings

- Assist grantee training providers and community college partners in redesigning programs so that UI recipients receiving California Training Benefits can participate

Additional information about the Pandemic Unemployment Assistance Program is available [here](#).

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