

ECONOMIC UPDATE

September 10, 2021

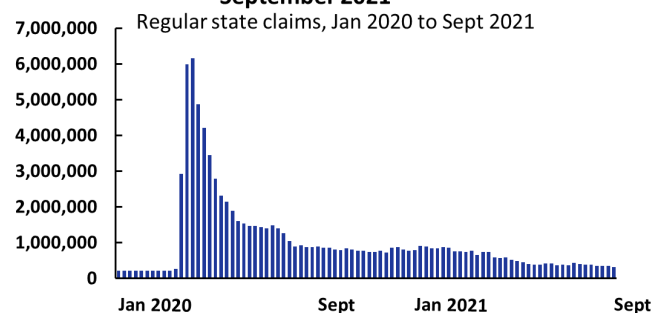
Economic Issue in Focus – The Coronavirus Pandemic Highlights the Need to Reform the U.S. Unemployment Insurance System

A new [JEC issue brief](#) highlights the need to modernize the unemployment insurance (UI) system using lessons learned from the emergency UI programs created under the CARES Act in March 2020. These emergency programs, which helped stabilize the economy and ensure unemployed workers had income to make ends meet during the economic crisis caused by the pandemic, also exposed the weaknesses of the underlying UI system. Notably, UI, which was created during the Great Depression, has not kept pace with the changing labor market, causing many workers to fall through the program’s cracks. For example, many workers are ineligible for the regular UI program, including the self-employed, gig workers and those whose employment history is not long enough or who do not earn enough to meet eligibility thresholds. At its height, Pandemic Unemployment Assistance, which was specifically designed to supplement regular UI, provided income support to 50% of all those claiming UI, who would not otherwise have been eligible for assistance, underscoring the scale of the problem. Reforming the UI system to address antiquated practices and to cover workers who are currently excluded is crucial to ensuring a stronger, more equitable economy.

Key Economic Indicators to Track

- Unemployment Insurance Claims:** [Data](#) released by the Department of Labor show that the labor market recovery continues. New unemployment claims reached a pandemic-era low of 310,000 for the week ending September 4—a drop of over 60% since President Biden took office—and down significantly from the 6.1 million claims filed during the peak of the pandemic. The continued decline in claims in September underscores the robustness of the recovery, even as the United States faces uncertainty stemming from coronavirus variants.

Weekly Initial Claims for Unemployment Benefits Fell to New Pandemic-Era Low in September 2021



Source: Department of Labor
Note: Data are seasonally adjusted.

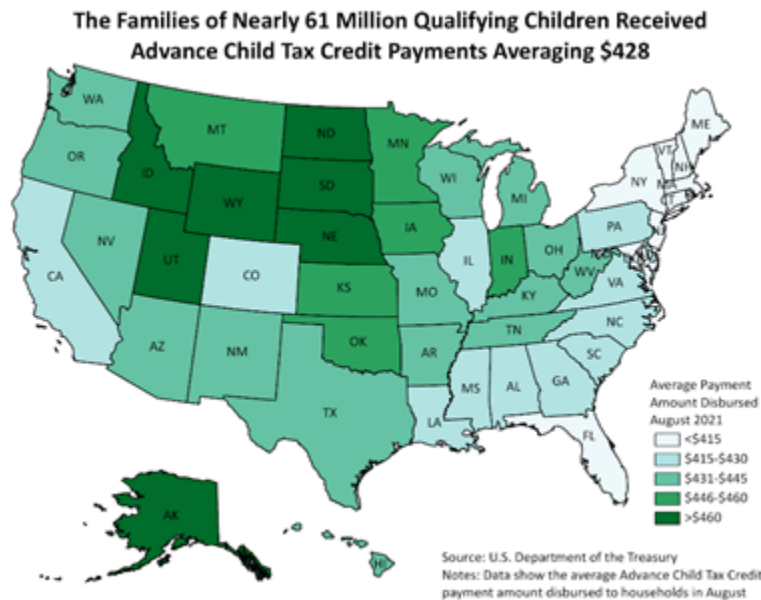
- Job Openings and Labor Turnover Summary:** This week, the Bureau of Labor Statistics [released](#) its July Job Openings and Labor Turnover Summary (JOLTS), which provides useful information about the state of the U.S. labor market. The latest data are further evidence of a tightening labor market and continued economic recovery. Notably, the quits rate remained at 2.7 percent, an indication of a healthy labor market: When workers are confident they can find a job that better fits their skills, they are willing to

voluntarily seek new employment. This leads to better working conditions and higher wages for workers and a stronger economy overall.

JEC Spotlight – New JEC State Fact Sheets on Advance CTC Payments Show State-level Data and Estimates for Every Congressional District

Using data from the Treasury Department on advance Child Tax Credit (CTC) payments, the Joint Economic Committee published [fact sheets](#) for all fifty states and the District of Columbia that include estimates for each congressional district of the number of qualifying children, total number of payments and total payment amount in August 2021, when the second round of CTC payments was distributed.

The American Rescue Plan (ARP) dramatically increased the value of the CTC, from \$2,000 per child to up to \$3,600 per child under six and \$3,000 per child six and older. The ARP also expanded the CTC so that it is now fully refundable, and previously ineligible low-income families will receive the full credit. Half of the expanded CTC will be distributed in advance via monthly payments, helping families meet their financial needs in real time. JEC [analysis](#) of data from the Census Bureau show the expanded CTC is already having a major impact on family budgets, with significant declines in food insufficiency and financial hardship, and the JEC [estimates](#) that monthly CTC payments will inject nearly \$19.3 billion into local economies each month.



Selected JEC Resources

- [*The American Rescue Plan and Bipartisan Emergency Measures Helped Keep 50 Million People Out Of Poverty*](#)
- [*Protecting Renters from Eviction Can Both Keep Families Housed and Ensure an Equitable Economic Recovery*](#)

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