

A Jobseeker's Allowance would Respond to COVID-19 & Beyond

As unemployment has soared during the early weeks of the COVID-19 crisis, tens of millions of workers who are out of work due to the crisis—disproportionately [women](#) and [Black people](#) and [Latinx people](#)—have filed Unemployment Insurance (UI) claims. While the crisis has brought attention to the UI system's ability to reduce hardship and stimulate the economy, it has also highlighted its gaps that need long-term structural fixes.

The short-term fixes to UI in the March 2020 Coronavirus Aid, Relief, and Economic Security (CARES) Act, including the new [Pandemic Unemployment Assistance](#) (PUA) program, will reach many un- and under-employed workers who are not typically eligible for UI. However, a substantial share of unemployed jobseekers—including new entrants, such as many students completing school—are excluded if they fall outside the CARES Act's [narrow COVID-19-related eligibility requirements](#). **A Jobseeker's Allowance (JSA) that would provide vital economic and other supports for jobseekers who are not eligible for UI is needed to close these gaps.**

Regular & Emergency Unemployment Insurance Programs Exclude Many

Regardless of economic conditions, but especially during a crisis, all workers should have access to unemployment supports that provide a foundational level of economic support while preserving connection to the labor market. Unfortunately, the UI system—including the regular UI program, Extended Benefits (EB), the Disaster Unemployment Assistance Program (DUA), and recently created emergency PUA program—does not reach everyone.¹

Not all workers have been made eligible for regular UI, and even the most modernized, [strengthened, and expanded](#) UI system would still exclude some workers, including many new or returning entrants to the workforce and people with very limited recent work history. Workers who are left out of regular UI and who would benefit from a JSA include:

- Students looking for work after [completing school/training](#);
- Workers who have exhausted [UI](#);
- [Family caregivers](#) returning to or otherwise seeking formal employment and other returning workers;
- [People exiting incarceration](#);
- People who are often intermittently employed, including people with criminal records or some people with disabilities;

- Workers who are low-paid and/or who have erratic [schedules](#); and
- Workers properly classified as [Independent Contractors](#) (ICs).

The emergency PUA program makes unprecedented strides in extending unemployment benefits to many workers normally left out of regular UI. However, the PUA only helps workers for a limited time and under narrow conditions. The new [PUA program](#)—modeled on the DUA program—will reach many workers who are typically excluded from eligibility for UI, including gig workers, self-employed people, young people and students, and independent contractors. However, PUA ends December 31, 2020—[long before the macroeconomic effects](#) of the pandemic will be over—and fails to reach new labor market entrants, such as recent graduates, caregivers returning to the workforce, and people exiting prison.

A Jobseeker’s Allowance is Needed to Fill Remaining Gaps

A permanent [Jobseeker’s Allowance \(JSA\)](#) would provide a weekly cash benefit and intensive employment services to workers with limited resources who are ineligible for UI and PUA. A JSA has precedence: both the [U.K.](#) and [Germany](#) have similar income-based allowances like the JSA.

The JSA Program

- **Eligibility:** workers who are at least 18 years old, have household incomes below the monthly equivalent of the Social Security taxable wage base ([\\$118,500 in 2016](#)), and don’t qualify for UI
- **Benefit:** Weekly cash benefit equal to half of the average weekly UI benefit or the 10th percentile of wages, whichever is higher
- **Supports reemployment by:** providing job-search assistance, job preparation and training; providing wraparound supports to help mitigate barriers to employment such as transportation assistance, child care, and counseling; and enforcing job-search requirements similar to UI job-search requirements (with exceptions during extreme weather events, national health emergencies [including the COVID-19 pandemic], and periods of elevated unemployment—the JSA would follow UI guidelines on workers pursuing and accepting suitable work, including the potential to decline work due to health and safety concerns.)

- **Duration:** up to 13 weeks, with tiers of JSA EB during economic contractions
- **Time-limited** to 52 weeks in any 5-year period, with exceptions during extreme weather events, national health emergencies (including the COVID-19 pandemic), and periods of elevated unemployment

A JSA Would Help Workers, Families, & the Economy

A JSA could reach [5.5 million jobseekers](#) annually in economic conditions similar to 2014 and 2015, helping families weather recessions, boosting labor market outcomes, and improving individual and family well-being.

A JSA would:

- **Reduce risk and degree of hardship** during spells of unemployment and job search, reducing income volatility, and preventing negative outcomes such as foreclosure and eviction;
- **Promote greater economic security** and increase earnings and incomes by quickly connecting people to jobs and job-preparation tools and by bringing workers resources to enter into the labor market;
- **Improving future job quality and wages** by enabling workers to search for an opportunity that better matches their interests and skills.
- **Stimulate the economy during a recession or period of elevated unemployment.** During and following a period of elevated unemployment, JSA participants likely would spend benefits rapidly in order to meet their immediate needs. This boost to the economy, an economic multiplier effect, could generate [\\$1.70-\\$2.50 in additional economic activity](#) for every dollar spent.
- **Kick into high-gear during a recession or period of elevated unemployment.** Alongside well-designed triggers for UI, the JSA would have automatic extensions at the national level, which would be triggered based on a certain increase in the national unemployment rate. Granting extensions to JSA recipients will also allow them to spend their benefits rapidly in order to meet their immediate needs, providing a greater countercyclical, stabilizing impact on the economy.

TABLE 1. A JSA WOULD FILL GAPS IN THE UI SYSTEM

Comparison of Unemployment Insurance program (regular & emergency), proposed Jobseeker’s Allowance, & the Pandemic Unemployment Assistance Program

	Unemployment Insurance (UI)	Pandemic Unemployment Assistance Program (PUA)	Jobseeker’s Allowance (JSA)
Target Population	Regular: Workers involuntarily separated from recent employment CARES: Workers with disrupted employment due to COVID-19	Workers left out of regular state UI or who have exhausted state UI benefits	New labor market entrants, re-entrants, UI exhaustees, legitimately self-employed workers, & intermittent workers with limited resources
Eligibility	Regular: Involuntary separation from employment & voluntary separation for good cause; minimum recent earnings history; additional requirements by state CARES: Broader state coverage for workers (1) whose work is temporarily suspended, (2) are quarantined, or (3) who are at risk of illness or need to care for ill family members.	Workers who certify they are (1) partially or fully unemployed, OR (2) unable & unavailable to work because of COVID-related circumstances; workers are not eligible if they: can telework with pay, receive paid sick days, receive paid leave	18+ years old or GED/high school degree; ineligible for UI; annual household income below the Social Security maximum taxable wage (\$118,500 in 2016)
Benefit Duration	Regular: ≥ 26 weeks; tiers of EB during economic contractions CARES: States can provide +13 weeks for people who exhaust regular UI (≤ 39 weeks total); no state yet provides EB	3/27/20 – 12/31/20	≥ 13 weeks; tiers of EB during economic contractions
Weekly Benefit Level	Regular: Varies with base period earnings; most states have benefit caps CARES: Regular benefit + \$600/week	State calculated benefit + \$600/week	Weekly cash benefit equal to half of the average weekly UI benefit or the 10th percentile of wages, whichever is higher
Administration	Regular: Federal funding for state administration for benefits & service delivery; federal government maintains state financial accounts CARES: Full federal funding to states	Fully federally funded; states also receive additional administrative funds to operate these programs	Federal funding for state administration for benefits & service delivery; federal government splits state administrative & outreach costs evenly

	Unemployment Insurance (UI)	Pandemic Unemployment Assistance Program (PUA)	Jobseeker's Allowance (JSA)
Financing	Regular: State payroll taxes fund regular benefits; federal payroll tax funds EB; federal appropriations fund state administration CARES: Statutory allocation	The CARES Act allocates an estimated \$260 billion in enhanced & expanded UI	Federal funding from general revenues with options for partial offsets
Services	Regular: Re-employment services (required for long-term unemployed) by state CARES: Short-time compensation (STC)	Short-time compensation (STC) that allow employers to reduce worker hours with partial unemployment benefits to compensate for some lost income	Employment services, skills & training options, subsidized employment option

An earlier, more detailed proposal of the Jobseeker's Allowance can be found in "Strengthening Unemployment Protections in America," by Rachel West, Indivar Dutta-Gupta, Kali Grant, Melissa Boteach, Claire McKenna, and Judy Conti, Center for American Progress, National Employment Law Project, and Georgetown Center on Poverty and Inequality, Fall 2016. Available at <https://www.georgetownpoverty.org/issues/tax-benefits/strengthening-unemployment-protections-in-america/>.

¹ Previously, many jobseekers ineligible for UI could have turned to programs such as Temporary Assistance for Needy Families (TANF) or state General Assistance (GA) programs for help. Today, these programs are minimal to nonexistent in many states.