Ensuring Economic Security & Opportunity in Our Lifetime: America’s Pandemic Relief Response & the Path Forward

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Introduction

Thank you, Chairman Clyburn, Ranking Member Scalise, and members of the subcommittee. My name is Indivar Dutta-Gupta, and I am the Co-Executive Director at the Georgetown Center on Poverty and Inequality, a nonpartisan policy research center at Georgetown University focused on expanding economic inclusion in the United States, with a cross-cutting focus on racial and gender equity. I am a former House Ways and Means Committee staffer, who worked on Congress’s response to the 2007-2009 recession. The issues we are discussing—from the Earned Income Tax Credit and Child Tax Credit to unemployment assistance and caregiving—are ones I have researched, investigated, and otherwise worked on for much of my career. I am honored to come before this committee to speak to the effects of national relief measures put in place during the COVID-19 pandemic and the importance of permanent improvements to our social protection system for children, families, and our society as a whole.

Overview

While the COVID-19 pandemic rages on, the economic recovery has been unusually fast and hardship far less widespread than might have been expected when the country lost more than 22 million jobs in just two months last year. Last March and December, policymakers took extraordinary measures—on a bipartisan basis—to help families avoid poverty and material hardship. Earlier this year, policymakers enacted one of the largest stimulus plans in our nation’s history. Despite their limitations, temporary federal pandemic relief efforts, especially those boosting household incomes and ensuring people’s access to essential services, played a central role in stabilizing families and our national economy. Yet, the effectiveness of these virtually unprecedented efforts has underscored our underlying inequities, as well as the weakness of our system of social protection and the need for permanent reforms to it. These reforms, along with the revenues to pay for them, can advance racial, gender, and economic equity while improving economic performance.

In my testimony, I make three overarching points:

1. The federal fiscal response to the COVID-19 crisis has been imperfect, but highly effective;
2. Systemic inequality and our weak social protection system make the working and middle class—and our overall economy—vulnerable during crises; and
3. Permanent federal investments can ensure widespread prosperity and promote long-term resiliency for families and the U.S. economy.

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1. The Federal Fiscal Response to the COVID-19 Crisis Has Been Imperfect but Highly Effective

The federal fiscal response to the COVID-19 crisis has been imperfect but highly effective. The federal government enacted and administered an extraordinarily swift and substantial response to an unprecedented crisis. Indeed, as a share of our economic output, cumulative federal stimulus spending over the past two years appears to be unmatched by any other wealthy nation or by any prior moment in United States history outside of wartime. After COVID-19 rapidly decimated the labor market in March and April of 2020, federal spending measures were a first line of defense for keeping many American families from experiencing poverty and hardship. Key provisions of four laws represented the bulk of the federal response to stabilize household finances:

- **The Families First Coronavirus Response Act (FFCRA)**, enacted March 18, 2020, boosted food assistance and established emergency paid sick, family, and medical leave related to the pandemic—representing our nation’s first national paid leave program;
- **The Coronavirus Aid, Relief, and Economic Security (CARES) Act**, enacted March 27, 2020, which provided for one-time Recovery Rebates to most households and expanded, enhanced, and extended unemployment benefits, offered a temporary set of transfers that dwarfed the value of all income support spending, outside of Social Security;
- **The Consolidated Appropriations Act, 2021**, enacted December 27, 2020, authorized an additional stimulus check, increased maximum Supplemental Nutrition Assistance Program (SNAP) benefits, and reinstated expired emergency unemployment assistance benefits at a lower level—ending a nearly four-month period without a pandemic-related weekly unemployment assistance benefit increase; and
- **The American Rescue Plan**, enacted March 11, 2021, funded new rental assistance, extended emergency food assistance, issued new stimulus payments, extended pandemic unemployment benefits to early September 2021, provided for substantial child care funding, and expanded the Earned Income Tax Credit (EITC) and Child Tax Credit (CTC), with the later expansion representing a watershed moment in the history of U.S. social policy.

Evidence to date strongly suggests that the federal fiscal response has been incredibly effective at reducing poverty and hardship, mitigating gender and racial inequities, and boosting the economy overall, especially when accounting for the American Rescue Plan. To be sure, relief policies have at times counterproductively excluded youth, older adult dependents, immigrants, and others, while emergency unemployment assistance has been allowed to expire prematurely more than once. These shortcomings intertwined with underlying financial insecurity cause needless suffering for some families. Further, relief enacted to date will support us for only so long. The recent expiration of expanded, extended, and enhanced emergency unemployment benefits alongside the devastation of the SARS-CoV-2 Delta strain can be expected to undermine family well-being, equity, and the previously rapid recovery.
Federal Relief Policies Have Significantly Reduced Poverty & Hardship

The federal fiscal policy response has already translated to a historic decrease in poverty and hardship. Earlier this month, the United States Department of Agriculture reported that food insecurity overall was flat from 2019 to 2020, despite the pandemic, though children, households with a Black reference person, and households in the South were among those that did experience greater food insecurity. In July 2020, Urban Institute researchers used a modified version of the Official Poverty Measure (OPM) to project that stimulus checks, pandemic unemployment assistance, and enhanced SNAP benefits would keep 10.3 million people out of poverty in 2020. Ultimately, the Census Bureau announced this month that under its preferred alternative poverty measure, the Supplemental Poverty Measure (SPM), poverty fell to 9.1 percent, the lowest level since the bureau first published SPM rates (in 2010) for 2009. Columbia Center on Poverty and Social Policy (CPSP) historical data suggest that poverty under this measure was at its lowest since at least 1967. Among policies that were significantly modified during the pandemic, stimulus payments, unemployment assistance, refundable tax credits (like the CTC), and food assistance played a particularly strong role in reducing child and adult, non-elderly poverty.

Amidst the deepest economic and labor market contraction in generations, the United States may have achieved its lowest poverty rate on record. The federal relief response to the crisis is primarily responsible for this stunning outcome.

There is reason to believe that the impact in 2021 could match or exceed what was achieved in 2020, with the new CTC expansion in place, especially if it is well-administered to reach the several million children living in households that have not recently filed federal income taxes because their incomes did not require them doing so. In January 2021, CPSP researchers estimated that then-President-Elect Biden’s economic relief proposal could reduce 2021’s overall poverty rate from 13.6 percent (without the proposal) to 9 percent, or keep 11 million people out of poverty. The proposed temporary expansion of the CTC and other transfer policies ultimately included in the American Rescue Plan (ARP) were later projected by CPSP to keep “[five] million children out of poverty, cutting child poverty in half in the U.S.” Not only did the ARP raise the maximum dollar amount of the credit—to $3,600 per child under age six and $3,000 per older child—but it also expanded full eligibility for the maximum credit to children in low and moderate income households, and implemented the first-ever monthly CTC payments, totaling up to half the annual maximum benefit over the course of the second half of 2021. Early evidence suggests that the per-child monthly payments of $300 (for children through age five) and $250 (for older children) have already had a sizeable impact. The U.S. Census Bureau’s experimental Household Pulse Survey showed a stunning drop from 11.0 to 8.4 percent in food insufficiency in households with children that could be associated with the first CTC checks, issued in July 2021. Fewer households with children (29 percent versus 31.5 percent) also faced challenges affording weekly expenses, even as households without children faced greater difficulties (21.8 percent versus 20.8 percent). About 47 percent of respondents who received CTC checks, spent it on food, and approximately 10 percent spent it on child care, with 17 percent of the latter group having at least one child under 5 years of age.
Federal Relief Policies Have Supported Economic Security for Women & People of Color

The federal policy response during the COVID-19 crisis has been a case study in how generous benefits and tax credits—including those that are widely available—can help those facing the greatest economic insecurities and reduce racial and gender gaps. The CTC expansion, which reached well into the middle class, meant that for the first time, millions of Black and Hispanic children could receive the full credit. Previously, 39 percent of all children—45 percent of Hispanic children and about 50 percent of Black children—did not qualify for the full credit due to the previous structure phasing in the credit based on earnings above a specified threshold. The ARP also nearly tripled the maximum EITC for workers not raising children, temporarily boosting after-tax incomes for many low-paid workers, who are more likely to be women and people of color.

Pandemic unemployment benefits, before they were allowed to expire this month, also went a long way in mitigating racial and gender inequities in access to unemployment assistance. Enhanced unemployment insurance and other benefits of the CARES Act helped keep 18 million individuals out of poverty in April 2020, and recent Census Bureau data indicate that majority of those kept out of poverty in 2020 were women. The pandemic has had and still has the potential to further disadvantage women and Black, Latinx, and Indigenous Americans, especially those with fewer resources than their wealthier and white counterparts. The emergency unemployment benefits patched up enormous gaps in eligibility and helped supplement benefits from states, which are often too meager to help afford a minimal living standard, especially in states in the South where Black workers are more likely to live, but also in South Dakota, which has a large Native American population.

Federal Relief Policies Suffered Pitfalls, But Were a Vast Improvement from the 2007-2009 Financial Crisis Response

These relief measures certainly fell short in various ways, but overall reflect a refusal to repeat our collective failures in response to the 2007-2009 recession. Pandemic relief policies excluded many immigrant and mixed-status families from multiple supports and excluded adult dependents, including adults with disabilities, from receiving stimulus checks. Little unemployment assistance was available for those exiting school and entering the job market, creating hardship for many youth, especially when they appeared to lose work opportunities in recent months as older workers became desperate to secure employment in response to their states’ refusals to pay federal emergency unemployment benefits. Other failures include the slow administration of rental assistance dollars; insufficient emergency paid leave policy; poor state administration of unemployment assistance, and the premature cutoff of all federal pandemic unemployment benefits.

Still, policymakers appreciated to some extent the breadth, depth, and inherent uncertainty of the COVID-19 public health and economic crisis—and responded appropriately. Notably, the federal government’s response was significantly more substantial and sustained than its response to the last recession. Amidst a devastating financial crisis, the American Recovery and Reinvestment Act of 2009 (ARRA) was insufficient. ARRA provided meaningful protection to struggling families and the overall
economy, but was sized too small in the face of the economic challenges and the fiscal drag from state and local spending reductions.\textsuperscript{30} Other taxpayers received tax rebates through a reduction in tax withholding. ARRA also extended and expanded unemployment assistance and funded other discrete relief for families, businesses, and communities across the country. Due to insufficient relief and investment, it took 89 months to close the jobs gap following the 2007-2009 Financial Crisis—nearly seven and a half years before enough jobs had been created to offset job losses and keep up with population growth.\textsuperscript{31} And while the CTC and EITC were permanently expanded and the Affordable Care Act (ACA) was subsequently enacted to offer tens of millions of people health coverage that they would otherwise lack, far too little was done to shore up our income security programs (indeed, unemployment assistance was gutted by many states during the last economic expansion),\textsuperscript{32} to help families meet their caregiving needs,\textsuperscript{33} or to expand active labor market programs for workers.\textsuperscript{34}

2. Systemic Inequality & Our Weak Social Protection System Make the Working & Middle Class—& Our Overall Economy—Vulnerable During Crises

The federal response was large, but a response of such a scale was made necessary in part by pre-existing inequality and our unusually weak baseline of support for struggling families. Prior to the onset of the pandemic, many families faced precarious economic security, experiencing higher rates of poverty, hunger, housing insecurity, and other hardships than families in similarly wealthy nations. As a result of the insufficient policy response to the 2007-2009 Financial Crisis, even after the longest expansion in United States history,\textsuperscript{35} we entered the pandemic with a large share of families unable to readily handle a $1,000 emergency,\textsuperscript{36} Black workers remained roughly twice as likely to be unemployed as white workers,\textsuperscript{37} the racial wealth gap was near historic highs,\textsuperscript{38} and prime age (25-54) women’s labor force participation never returned to its pre-recession peaks.\textsuperscript{39}

These higher rates of hardship reflect both systemic racial and gender inequality and a weaker social protection system, particularly for families with children.\textsuperscript{40} Without significant action and investment from the federal government, working- and middle-class families will continue to be vulnerable and ill-prepared for future crises, whether that’s another recession, contagious disease pandemic, or a more localized extreme weather or geologic event intensified and made likelier by climate change, or even a national security crisis.

Systemic Inequality Meant that Many Families Were Financially Precarious Before the Pandemic

During one of the longest economic expansions in U.S. history,\textsuperscript{41} many families faced an uncertain and difficult economic reality. Though the early post-World War II era saw incomes throughout the income distribution grow in unison, the past half century has seen the very highest-income households run away with a growing share of income. At the same time, tens of millions of people struggle to make ends meet. In 2019, one in six children experienced poverty and those numbers were significantly higher for children of color. Over one in four Black children, and one in five Latinx and American Indian/Alaskan
Native children lived in poverty. In 2015, 20 percent of children in the U.S. lived in families with post-tax and benefit incomes below half of the U.S. median income, a larger share than other similarly wealthy nations. In 2018, approximately one in nine people in the U.S. (11.1 percent) were food insecure, including more than 11 million children. More than 1 in 3 families with children, and 1 in 4 families overall, experienced an inability to afford food, housing, or utilities between 2014 and 2016. In those same years, 43 percent of families with children had at least one uninsured family member. Nearly 40 percent of adults did not have the confidence they could pay a $1,000 emergency expense in 2019—amidst one of the tightest labor markets in recent memory. Months later, millions of those adults would lose paid employment.

Significant social and economic barriers have contributed to elevated rates of poverty and hardship in some communities. Discrimination in the labor and housing markets, segregation, systemic racism, and mass incarceration have contributed to elevated poverty rates among Black families, Native American, and Latinx families, in particular. White workers are paid more than Black workers at every education level, contributing to a large wealth gap, which widened after the 2007-2009 Financial Crisis. Between 2014 and 2016, 53 percent and 46 percent of Black and Latinx families experienced an inability to pay for sufficient food, shelter, or utilities, respectively. The gender wage gap, the gender wealth gap, occupational segregation, and lack of policies that help working people meet their caregiving needs and responsibilities help explain why women consistently face higher rates of poverty than their male counterparts, across nearly all races and ethnicities. Adults with disabilities have a poverty rate that is twice the poverty rate for adults without disabilities due to factors such as higher barriers to employment, the added costs of managing a disability, and a lack of accessible housing and transportation. Immigrant and mixed-status families often avoid accessing public programs that promote economic security—despite their eligibility—due to concerns of immigration-related consequences. In 2019, one in five adults in immigrant families with children reported avoiding public benefits in fear of immigration-related consequences.

**Our Social Protection System was Meager, Inaccessible, & Limited in Scope Before the Pandemic**

Entering the pandemic, the United States’ social protection system lacked key protections and investments, provided modest benefits, and excluded millions of people who would most benefit from support in affording a basic living standard. Unlike other wealthy nations, we had no national paid family and medical leave program, no guarantee of sick leave, no child allowance or meaningful cash assistance of last resort, no unemployment assistance for those who do not qualify for contributory unemployment insurance benefits, and no health coverage guarantee. Many of the benefits we do have were inaccessible, of limited value, or both. Federal housing assistance met a fraction of the need, as did federal child care subsidies—with just one in six federally-eligible children under age 13 benefitting—and limited support was available for long-term care. In no state was cash assistance for struggling families adequate for affording available housing. Fewer than three in ten unemployed workers received unemployment compensation in 2019, and benefits were so low in some states as to fall below the poverty line for many workers. Twelve states that have refused expand Medicaid...
coverage, despite generous federal funding to do so, represent a large share of all uninsured workers. At the same time, all 50 states and the District of Columbia have shrunk their uninsured population through the ACA since 2013, some established strong paid leave programs, and some ensured up to six months of unemployment assistance. Throughout this federal-state patchwork, racial inequity abounds.

3. Permanent Federal Investments Can Help Sustain Recent Gains, Ensure Widespread Prosperity, & Promote Long-Term Resiliency for Families & the U.S. Economy

The federal government’s swift, substantial policy, and largely sustained response to the COVID-19 crisis averted significant poverty and hardship. This unprecedented federal support allowed families, businesses, and the economy to recover from the pandemic’s economic shock much faster than after the 2007-2009 Financial Crisis. Despite this critical action, our economic recovery continues to slow. As of September 2021, we are still 5.3 million jobs below pre-pandemic levels and up to 9 million jobs short of pre-pandemic trends. Women and people of color continue to face larger barriers to recovery. Women accounted for only 11.9 percent of job gains in August 2021—at that rate it will take 9 years for women recuperate the job losses they shouldered since the onset of the pandemic. In August 2021, the unemployment rate for Black workers and Latinx workers was 8.8 percent and 6.4 percent, respectively, compared to 4.5 percent for white workers. Despite demonstrable need, Congress has allowed emergency unemployment assistance to expire on multiple occasions, rather than establishing triggers and ensuring automatic stabilization for our economy.

To ensure that our post-pandemic economy is stronger than our pre-pandemic one, we will need larger investments that are centered on an equitable distribution of opportunity and resources to combat the persistent, systemic inequities in our economy. Rebuilding our economy through permanent federal policy changes can prevent an uneven recovery where the wealthy are back to a pre-pandemic “normal” and working people feel the economic aftershocks of the pandemic for several years, as happened after 2009. Substantial, long-term investments that support the health, economic security, and well-being of families are necessary to create a prosperous, inclusive economy that is resilient enough to withstand future crises and support current recovery efforts. Policies in “Build Back Better” proposals—with some crucial additions—would provide critical investments to help families hit hardest by the pandemic recover and reduce poverty and hardship for generations to come. In particular, our social protection system could be strengthened further by modernizing the unemployment assistance system, establishing large-scale national subsidized jobs funding, and ensuring that immigrant and mixed-status families are eligible for and access federal support.

“Build Back Better” Legislation Would Provide Critical Investments to Decrease Poverty & Promote Resiliency

Policies in “Build Back Better” legislation would provide necessary, once-in-a-lifetime investments to advance an economic recovery and strengthen our social protection system. Two pieces of legislation—
the bipartisan Infrastructure Investment and Jobs Act—would decrease child poverty, reduce homelessness and housing insecurity, increase access to health care coverage, establish a comprehensive paid family and medical leave program, invest in early care and education, fund long-term care, and more. According to the Economic Policy Institute, this package would support four million jobs per year for 10 years in various industries, including the manufacturing and caregiving sectors.

These investments will be paid for by taxes from corporations and the ultra-wealthy. Some large corporations have amassed outsized market power, resulting in inefficient and inequitable windfall profits during the COVID-19 pandemic. While perhaps more than 3 quarters of a million people died as a result of the pandemic during its first 15 months, corporations brought in massive profits and, according to the Institute for Taxation and Economic Policy, many of the largest corporations paid nothing in federal taxes. This lost revenue could have been invested in job creation, schools, roads, and our public health systems. Americans agree—survey data shows they overwhelmingly support raising corporate tax rate to finance a reconstruction of our country’s infrastructure. The package would also make the federal tax system fairer and more equitable by ensuring that the wealthy pay their dues and provide resources for the IRS to rectify non-compliance. This re-balancing of opportunity and economic resources will achieve the gains necessary for families in the U.S. to thrive, including through a permanent child allowance and job creation. Fifteen recipients of the Nobel Prize in Economic Sciences support this economic agenda, affirming the need for “tax reforms that make our tax system more equitable.”

Expanding the Child Tax Credit & Earned Income Tax Credit Would Reduce Poverty
Refundable tax credits, like the CTC and EITC, are powerful tools for advancing economic security and opportunity, reducing poverty, and improving the health and well-being of families experiencing poverty. In 2020, the American Rescue Plan substantially increased the Child Tax Credit for families with children and the Earned Income Tax Credit (EITC) for workers without qualifying children. The temporary expansion has drastically reduced childhood poverty. Families with incomes are using these CTC payments to feed their families and pay essential bills, leading to a drop in severe food insecurity among eligible families. Policymakers should work to permanently expand the CTC, and investment in our nation’s children and the financial health and well-being of their families. In fact, over 400 economists have publicly called for the permanent expansion of the CTC, emphasizing long-term benefits that would reduce taxpayers’ net cost to 16 cents for each dollar spent. Policymakers should similarly make permanent the ARP’s EITC expansion. The recent “Build Back Better” legislation passed in the House would make significant strides towards these goals.

Policymakers should also prioritize improving the administration of the CTC. Researchers at the Jain Family Institute (JFI) caution that the potential poverty impacts of the ARP’s expanded CTC could be diminished significantly if the estimated 6.4 million children of non-filers (i.e., tax units that have not recently filed federal income taxes)—assumed to be living in households with low incomes—do not receive the credit. Better data sharing is one key to getting more non-filer children enrolled. JFI notes
that if the 71 percent of non-filers who receive other benefits had their data shared among various federal and state agencies, that would help close the CTC enrollment gap.  

Closing Health Coverage Gaps Would Advance Racial Equity & Stabilize the Economy

Amidst the greatest public health crisis in at least a century, over 2 million adults experiencing poverty lack health coverage because 12 states have refused to expand Medicaid coverage. Approximately 60 percent of those people who fall in the coverage gap are people of color, including 600,000 uninsured Black people. In Texas, Latinx people comprise more than half of those in the coverage gap. States that have expanded access to Medicaid have seen improvements in individual health, well-being, and economic stability. States that had expanded Medicaid saw improvements to health and mortality and lower debt. Medicaid expansion can also stimulate the economy: during the 2007-2009 Financial Crisis, an additional $100,000 in federal Medicaid spending translated to 3.8 job years. Policymakers should permanently close the Medicaid gap in the 12 states that have not expanded Medicaid to improve health and well-being and advance racial equity.

Fully Funding Housing Assistance Would Reduce Homelessness & Housing Insecurity

Stable housing is a foundation for economic security. Temporary eviction restrictions and some housing assistance programs helped delay evictions and provided other support. Housing assistance support through emergency shelters, rapid rehousing, housing counseling, and rental deposit assistance provided discrete support, which was largely overshadowed by administrative barriers, including onerous applications. Due to insufficient support and expired eviction moratoria, hundreds of thousands of families are at risk of eviction, threatening their families’ health and well-being. According to Census data, 3.6 million people considered it “somewhat or very likely” that they could be evicted within the next two months as of August 2021. One recent study has found that lifting eviction moratoriums were associated with an increased number of COVID-19 cases and deaths. Policymakers should make a permanent investment in housing assistance to reduce rent burdens and shrink homelessness. Build Back Better legislation would provide a $327 billion for housing assistance and supply, including by promoting local affordable housing development.

Establishing a Comprehensive, National Paid Family & Medical Leave Program Would Support Family Caregivers

Nearly all of us will need to take time from work to care for our loved ones or for our own health, or depend on the care of someone else who will need this time away from work to care for us. Despite this common experience, 85 percent of working people in the U.S. did not have a single day of paid leave in 2017, meaning they would have to take unpaid time away from work for caregiving purposes. The U.S. is the only wealthy country in the world to not have a national, comprehensive paid leave program. Not having a national paid leave policy in place during a global pandemic put millions of U.S. workers and their families into impossible situations and highlighted the need for permanent change. The temporary paid family and medical leave program implemented in response to the pandemic
accomplished some good, likely saving lives by reducing the spread of COVID-19. Unfortunately, the policy has been extremely limited, leaving out tens of millions of workers. 

Policymakers should instead establish a more comprehensive, permanent solution. Paid family and medical leave would support the health and well-being of families (including chosen families) and promote greater shared prosperity. Paid parental leave for newborns or recently adopted children aids in child development, maternal health, and economic security. Even 10 weeks of paid leave could reduce infant mortality by 1 percent. Businesses also benefit from boosts in retention, productivity, and broader labor force participation. In 2015, the U.S. Department of Labor estimated that a paid leave policy could generate an additional $500 billion in economic activity, due to women’s increased labor force participation. Most importantly, a comprehensive paid family and medical leave policy would provide families with what they need: time to take care of their family or their own health, without losing a paycheck.

Transforming Early Childhood Education & Long-Term Care

High-quality caregiving is essential, but out of reach for too many families. Safe and reliable early care and education is critical to support parents’—especially mothers’—employment and economic security. Quality early care and education both improves school readiness and performance and lays the groundwork for long-term economic, social, and health benefits, especially for children in families with low incomes. Yet about half of all families live in areas where there are at least three children for every licensed child care slot. In addition to boosting the health and well-being of children and their caregivers, policymakers should invest in child care to reap long-term economic benefits. Research finds that each $1 spent on high-quality early childhood education can produce returns ranging from $4 to $16, including through higher productivity and lower education costs.

At the same time, over 14 million Americans needed long-term supports and services (LTSS) with daily living in 2018. Unfortunately, long-term care is frequently out of reach for those who need it, and care workers providing LTSS are ill-compensated and experience high turnover. Medicare essentially does not cover LTSS, and state Medicaid programs generally require the spending down of one’s resource before qualifying for LTSS support. In addition, while people typically would like long-term care in their home or community, home and community-based services (HCBS) are dramatically underfunded. Build Back Better offers historic investments in HCBS, investments that could increase quality employment, including benefits and higher pay, and reduce the financial strain on working and middle class families as our population ages.

Additional Policies Would Boost the Effectiveness of Build Back Better Legislation

Current “Build Back Better” policies would ensure a strong, equitable recovery in the coming years. This agenda would be strengthened by including reforms to modernize the unemployment assistance system, creating jobs through additional subsidized employment programs, and ensuring that immigrant and mixed-status families are eligible for federal support. These additions would ensure that working and middle-class families—the overall economy—are protected during crises.
Modernizing Unemployment Assistance Would Stabilize Families & Our Economy

A devastating surge in unemployment during the COVID-19 pandemic brought sudden attention to the important role that the unemployment assistance system plays in supporting individuals, families, and the economy. An unemployment assistance system should protect workers from the risks and hardships of unemployment and improve job preparation and job match quality. These benefits from a well-functioning UI system would be particularly meaningful for low-paid Black participants and other workers of color, who are far more likely to experience job loss, are among the last to be rehired when they get laid off, and far less likely to have wealth or liquid assets to help weather such job loss. Unemployment assistance could also do far more to support caregivers, who are disproportionately women. Frequently, unaffordable and unavailable child care both prevents caregivers from working and undermines their eligibility for unemployment benefits. Unemployment assistance also supports our economy by reducing income losses and supporting consumer spending. Our federal policies have historically failed to maximize the potential of the unemployment assistance system. Prior to the pandemic, a majority of workers who were unemployed did not qualify for assistance.

Pandemic unemployment benefits patched up enormous gaps in eligibility and helped supplement benefits from states, which are often not enough to replace lost wages. The $600 weekly CARES Act supplement supported 30 million workers, helped keep poverty from rising, and prevented hunger, utility cutoffs, and even death. Unemployment assistance lapsed for four months in Fall 2020, leaving jobless workers without support, even amidst a mounting surge in SARS-COVID-2. On Labor Day 2021, 7.5 million workers once again lost federal pandemic unemployment benefits, leaving them without support as the pandemic continues to hold the economy back. Now is the time for a strong federal role in ensuring an equitable and widely accessible unemployment assistance system that includes a robust Unemployment Insurance program as well as a new Jobseeker’s Allowance that reaches those left out of even a more comprehensive UI system, such as new entrants to the labor market. A strong unemployment assistance system should also include robust, improved “automatic triggers” that automatically extend and reduce benefit durations and amounts to align with need.

Funding Federal Subsidized Employment at Large Scale Would Improve Economic Outcomes & Advance Equity

Subsidized jobs programs and other job creation strategies can create opportunities for workers facing significant barriers to employment, even in a strong economy, and help meet national needs like addressing the climate crisis. Federal investments in subsidized employment, where the government subsidizes all or part of a worker’s wages for a period of time while providing on-the-job training and other vital “wraparound” supports, are a powerful, proven countercyclical tool that the federal government can quickly and easily implement to aid workers and businesses in the pandemic economy. It is also a strategy that has garnered support from both conservative and progressive policymakers alike, such as during the recovery from the 2007-2009 financial crisis, when subsidized employment dollars helped fund over 260,000 new jobs.

American workers would benefit from a permanent, national subsidized employment program to support unemployed workers during all stages of the business cycle. Building permanent infrastructure...
to support workers through paid work and job opportunities is an evidence-based way to support labor market recovery now while also making sure we are better prepared to support workers through an inevitable future crisis of unemployment.139

Reversing Anti-Immigrant Exclusions in Social Protections Would Enhance the Effectiveness of our Social Protection System

Ensuring immigrant families have similar access to benefits must also be a priority if we are to be ready for future public health and economic crises by ensuring that our stabilization policies can effectively reach those who are most affected. Currently, the five-year bar, created by the Personal Responsibility and Work Act of 1996 (PRWORA), denies lawfully-present non-citizens and their families access to public programs including CHIP, Medicaid, and SNAP.140 These lawfully-present non-citizens include people who hold green cards, DACA recipients, and those who are recipients of Special Immigrant Juvenile Status (SIJS). Research demonstrates that immigrants are deterred from accessing necessary services like health care due to policies that make benefits inaccessible to immigrants; this has remained true during the pandemic.141 Ending PRWORA’s five-year ban and its exclusion of immigrants and their families from benefits will help the federal government achieve its goals on racial equity. Nearly 1 in 10 Black people are immigrants, as are one in three (33 percent) Latinx people, and two in three (66 percent) Asian people in America. It also will increase the effectiveness of existing programs that currently fail to reach many immigrant families who would most benefit from the programs. Reaching these families with tax credits, benefits, and services will protect our economy against future crises and expand our nation’s long-term productive capacities.

Conclusion

A well-functioning economy ensures widespread economic prosperity, including for working- and middle-class families, and ensures that all of us—not just the wealthy and well-connected—are prepared and supported to withstand crises. The next crisis may not be national or a pandemic, but it will come. Returning to our pre-pandemic social policies exposes Americans’ livelihoods to needless risks in the face of climate, economic, public health, and national security threats.

We have a chance to learn from, improve upon, and extend our remarkable successes responding to the financial insecurity families faced during this pandemic. The combination of the bipartisan infrastructure package and reconciliation bill moving through Congress could offer American families and the American economy transformational benefits, including by increasing labor supply, meeting our national caregiving needs, and raising productivity. The revenues dedicated to paying for some of these investments could push back against concentrated private wealth and power, reduce inflation, and level the playing field for small businesses and the vast majority of American households, alike. The proposed spending and revenue together could shrink structural racial and gender inequities. Policymakers have an opportunity to build upon the extraordinary pandemic relief measures to make permanent structural changes that protect all American families and our economy against future threats.
Endnotes


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