

The Coronavirus Aid, Relief, and Economic Security (CARES) Act, which was signed into law on March 27th, provides a number of supports to states, families and individuals which are intended to provide economic relief and counteract some of the damaging effects of the COVID-19 pandemic. Among the most critical provisions, the CARES Act provides “recovery rebates” for nearly every household and expands unemployment assistance for those most impacted by job loss due to the declining economy. By boosting families’ incomes, the measures improve consumer demand and mitigate the economic decline. This paper summarizes these provisions, along with ways that Missouri policymakers could maximize their benefit for Missourians.

Rebates for Households

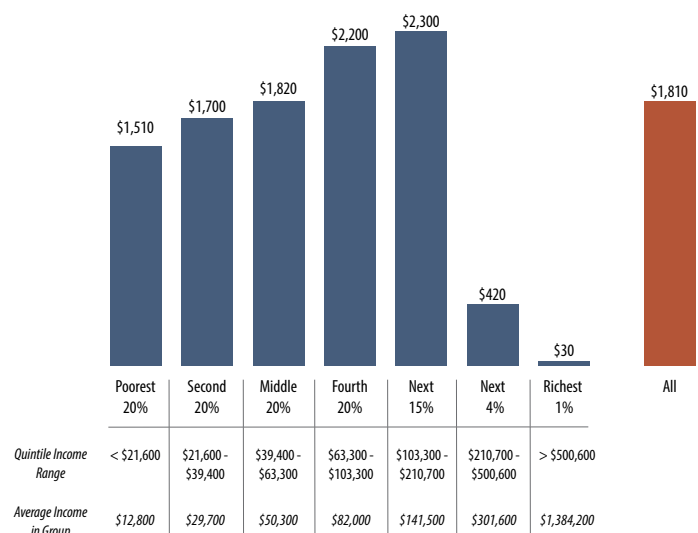
The CARES Act authorizes direct one-time payments to individuals and families through “recovery rebates” of \$1,200 per adult (\$2,400 for a married couple) and \$500 per dependent child age 16 or younger. The payments phase out for individuals earning more than \$75,000 per year and couples earning over \$150,000. That means a family of four with two children under age 17 earning \$150,000 or less can expect a payment of \$3,400 (income limits for the full credit are based on adjusted gross income).

In total, Missouri residents will receive an estimated \$5.509 billion in direct relief payments, with an average payment per household of \$1,810.ⁱ

These cash payments are based on 2018 or 2019 tax filings. **However, some seniors and others with no tax liability who do not typically file taxes will need to do so in order to receive the rebate.** They will only need to file a simple return, and the IRS has a number of resources available on their website to assist with filing simple tax returns (see <https://www.irs.gov/filing/free-file-do-your-federal-taxes-for-free> for more information).ⁱⁱ

The rebates will begin to reach households in April, but those who have electronic deposit mechanisms established will receive the funds most quickly.

Average Missouri Household Rebate by Income Group



Source: Institute on Taxation and Economic Policy

These relief payments do not extend to all individuals and households.ⁱⁱⁱ Groups excluded from these payments include:

- Dependents age 17 and over are ineligible for the additional \$500 payment, including 17- or 18-year old children or adults who can be claimed as a dependent (say a disabled sibling or a frail parent).
- Immigrant families that include any members without a Social Security Number, including families whose children are U.S. citizens.

Expanded Unemployment Insurance (UI)

Both the CARES Act and the “Families First Coronavirus Response Act,” signed into law on March 18, 2020, make significant changes to unemployment assistance, increasing the benefits and broadening who is eligible. **Though states will still continue to pay regular unemployment benefits, the bills included significant federal funds to support enhanced and extended benefits, and new Pandemic Unemployment programs.**

The Families First Coronavirus Response Act authorized full federal funding for extended unemployment benefits and provided additional funding to states to support administrative costs. Missouri law currently provides 20 weeks of Unemployment Insurance (UI) benefits at a maximum of \$320 per week.^{iv} The extended unemployment (EU) allows for an additional 26 weeks, once certain triggers are met, and would be fully federally funded.^v

The CARES Act created three additional and new, fully federally funded unemployment insurance (UI) programs.^{vi}

Pandemic Unemployment Assistance (PUA): Funds emergency assistance to workers who do not traditionally qualify for UI (such as the self-employed, freelancers, contractors and part-time workers) as well as those who have exhausted UI benefits. To qualify, one must meet criteria showing that their job or that of a family member has been impacted by COVID-19. The program provides 39 weeks of assistance and is operational from January 1 – December 31, 2020. Retroactive benefits are available for those who meet the qualifications.

Pandemic Unemployment Compensation (PUC): Funds an additional \$600 per week in compensation for all traditional UI recipients as well as PUA recipients. This compensation is a flat rate that will be provided on top of the compensation paid by the state’s regular UI program. The program is authorized through July 31, 2020.

Pandemic Emergency Unemployment Compensation (PEUC): Funds an additional 13 weeks of unemployment insurance after exhausting the maximum number of weeks allowed by the state’s regular UI program. The PEUC will be provided prior to the traditional extended unemployment, assuming the extended benefits are triggered.

It is difficult to assess how many people will need and qualify for unemployment in Missouri, but advance estimates from the Department of Labor suggest an enormous surge in the number of unemployment claims. In the week of March 21st, it is estimated that over 40,500 Missourians filed for unemployment, an increase of nearly 36,500 claims from the prior week (or over a 908% increase in filings).^{vii} **It is projected that through July 2020, 163,000 Missourians will file unemployment claims related to the COVID-19 pandemic, bringing in an additional \$1.7 billion in federal unemployment benefits.**^{viii}

How Missouri Can Maximize Benefits

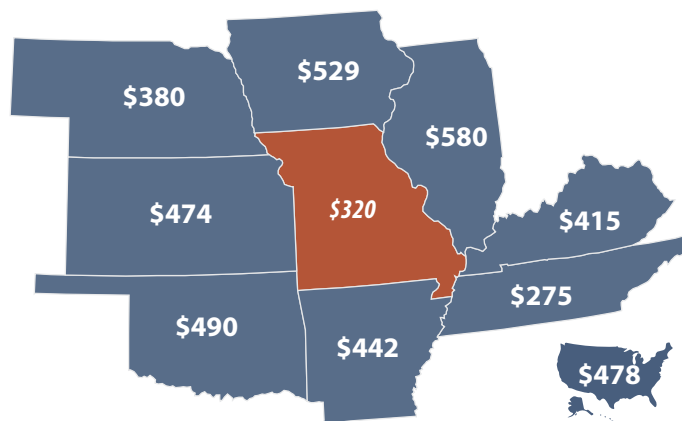
The Missouri Department of Labor has enacted a number of changes that will both ensure that the state will be able to leverage federal funds to support the programs, and that Missourians will have access to these new federal assistance programs, in addition to regular unemployment benefits. The Department of Labor is encouraging unemployment claims to be submitted online, and has videos available to help first-time filers. In addition, the state has eliminated requirements to participate in work search activities to be eligible for benefits during the pandemic, and is working to waive the “waiting week” generally required to access benefits.^x

State lawmakers could enact additional statutory changes to further strengthen access to unemployment insurance. These include:

- **Extending the number of weeks that regular unemployment (UI) benefits are available.** Missouri currently provides just 20 weeks of UI benefits, well below the national standard of 26 weeks. It is one of just eight states that fall below the 26-week mark. Aligning with the national standard would allow Missourians to access similar assistance as their neighbors in most other states.
- **Increase weekly benefit amounts.** The maximum benefit provided to Missourians through the state’s UI program is just \$320/week, trailing neighboring states and well below the national average of \$478/week.^{xi}

These changes would help Missouri families make ends meet in this uncertain time, and shore up the consumer demand that is critical to our economy.

Missouri’s Maximum Weekly Unemployment Benefit Falls Below National Average & Most Neighboring States



How the Unemployment Programs Work Together

	Those Eligible for Missouri's Unemployment Insurance (UI)	Those Eligible for the Pandemic Unemployment Assistance (PUA) <i>(contractors, part-time workers, self-employed)</i>
Regular Unemployment (UI)	Up to 20 weeks	Ineligible
Pandemic Unemployment Assistance (PUA)	Available after Regular UI benefits are exhausted	Up to 39 weeks
Pandemic Unemployment Compensation (PUC)	Additional \$600 per week compensation available through July 31, 2020	Available through July 31, 2020
Pandemic Emergency Unemployment (PEUC)	13 weeks	
Traditional Extended Unemployment (EU) – <i>available only if triggered</i>	Up to 26 weeks available (if triggered) ^{ix}	

Notes

- i. Institute on Taxation and Economic Policy analysis of CARES Act.
- ii. Internal Revenue Service, “Coronavirus Tax Relief,” <https://www.irs.gov/coronavirus>
- iii. Center on Budget and Policy Priorities, “CARES Act Includes Essential Measures to Respond to Public Health, Economic Crises, But More Will Be Needed”, March 27, 2020. Found at <https://www.cbpp.org/research/economy/cares-act-includes-essential-measures-to-respond-to-public-health-economic-crises>; accessed March 28, 2020
- iv. Missouri Department of Labor, <https://labor.mo.gov/unemployed-workers>. Note: previous papers described Missouri’s unemployment benefits lasting from 13-20 weeks. The reduced weeks were included in state legislation that was approved by lawmakers, but subsequently vetoed. Though lawmakers attempted to override the veto, a court case determined that Missouri’s unemployment benefits would stand at 20 weeks.
- v. The triggers that activate extended unemployment are based on a calculation of the unemployment rate among UI-eligible workers over the current thirteen-week period compared to the same period for the last two years. It should be noted that this unemployment rate is not the commonly known unemployment rate, but rather the “insured unemployment rate” (IUR), which represents the rate of unemployment among workers who are eligible for unemployment. The IUR in the current period must be at least 5 percent and exceed the rates experienced during the same period for each of the two previous years by 20 percent. Because the formula is linked to a thirteen week period, the triggers are often ineffective at activating extended unemployment until a recession is more deeply engrained. As a result, Congress often approves emergency extended unemployment benefits like those included in the CARES Act. Further discussion of this topic can be found in “Strengthening Unemployment Protections in America,” (Center for American Progress, National Employment Law Project & Georgetown Law Center on Poverty and Inequality, June 2016).
- vi. National Employment Law Project, “Unemployment Insurance Provisions In The Coronavirus Aid, Relief, And Economic Security (CARES) Act,” March 2020.
- vii. Economic Policy Institute, “Early state unemployment insurance data foreshadow the massive shock the coronavirus is having on state labor markets,” March 27, 2020.
- viii. The Century Foundation, “Key Provision in COVID-19 Stimulus Would Boost Unemployment Benefits By \$115 Billion for 11+ Million Workers,” March 25, 2020.
- ix. See note (v) for an explanation of trigger provisions.
- x. Missouri Department of Labor
- xi. U.S. Department of Labor, “Significant Provisions of State Unemployment Laws”, July 2015