



TESTIMONY IN SUPPORT OF HOUSE BILLS 1085, 1083, 1050, 1036, 1035, 873 and HOUSE CONCURRENT RESOLUTION 30

Amy Blouin, President & CEO
Missouri Budget Project

The Missouri Budget Project supports House Bills 1085, 1083, 1050, 1036, 1035, 873 and House Concurrent Resolution 30. Each of the measures would forgive the repayment of federal unemployment overpayments that were made during the COVID crisis, and House Bill 873 would additionally forgive repayment of state unemployment overpayments.

The Missouri Department of Labor and Industrial Relations (DLIR) reportedly overpaid 46,000 Missourians federal and state unemployment benefits totaling \$150 million. The overpayments are largely recognized as having been made due to administrative errors, rather than attempts to defraud the system. Individuals that testified before the Special Committee on Government Oversight described similar experiences, essentially documenting DLIR's failings in administering special pandemic benefits.

Although we appreciate that the Department faced significant challenges in administering rapid federal program changes, attempts to collect overpayments due to administrative failings will only harm the families who were most impacted by the economic fallout due to COVID, many of whom are still struggling to make ends meet under reduced wages.

Missourians Continue to Suffer Hardship

of Missouri adults:



1 in 9 live in a household where there was not enough to eat in the past week



More than 6% aren't confident they can pay their next housing bill, or have already fallen behind



Of those who aren't current on their housing bills, **1 in 3** report that eviction or foreclosure is likely in the next 2 months



29% report it's been somewhat or very difficult to pay their usual expenses during the pandemic

Source: U.S. Census Bureau Household Pulse Survey, as of October 26th

Requiring repayment would also harm Missouri’s local economies, as families would be forced to divert a significant portion of their incomes to repayment. In effect, requiring repayment would reduce the amount of income that is circulating in local economies at a time when Missouri’s economic conditions remain fragile, and could impede our economic recovery. Alternatively, forgiving both the state and the federal overpayments could have a stimulus effect on Missouri’s recovery. Mark Zandi, chief economist of Moody’s Analytics, has testified many times before Congress on the stimulative effect of various fiscal policies. Zandi found that the “bang for the buck” of unemployment benefits is \$1.49.¹

The stimulative impact of state and federal unemployment benefits coupled with the knowledge that overpayments were largely due to administrative errors and understanding that Missourians faced significant stretches of unemployment due to the unusual nature of the pandemic, we support all of the bills before you today. But, due to the extraordinary nature of the pandemic, we would encourage you to approve a measure that includes forgiveness for both the federal and state overpayments.

¹ The “bang for the buck” is the one-year dollar change in GDP for a given dollar increase in spending, as described in Mark Zandi’s Testimony Before the Congressional Oversight Committee, September 17, 2020.