

Monthly Poverty to Spike After Expiration of the CARES Act Unemployment Benefits

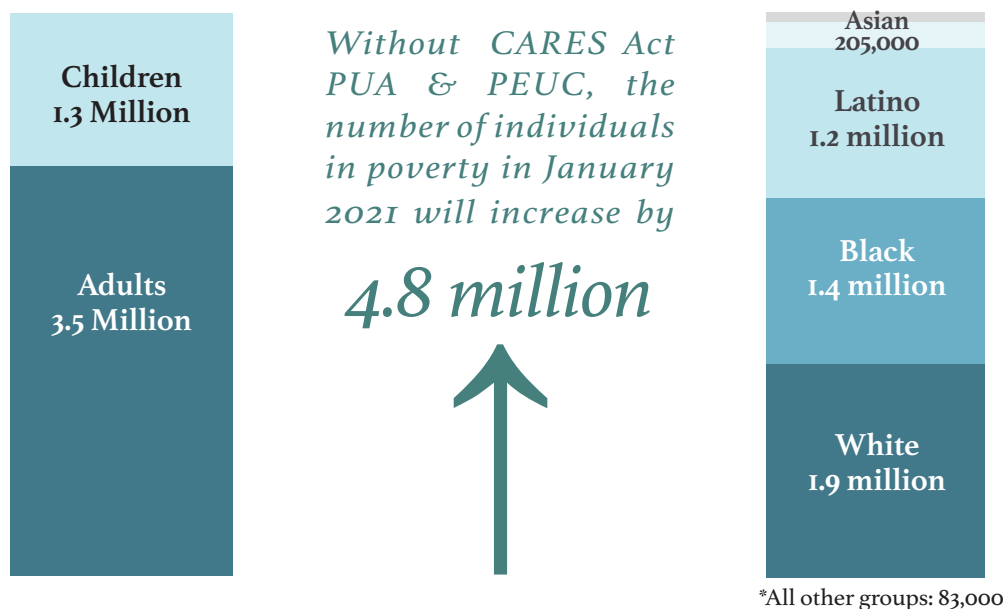
4.8 million more people would move into poverty in January 2021 without CARES Act unemployment benefits

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The Coronavirus Aid, Relief, and Economic Security (CARES) Act made three temporary changes to unemployment benefits that *increased benefit levels* (Pandemic Unemployment Compensation, or PUC), *expanded eligibility* (Pandemic Unemployment Assistance, or PUA), and *extended duration of coverage* (Pandemic Emergency Unemployment Compensation, or PEUC). PUC, which provided a nationally uniform \$600 per week supplement to all unemployment insurance recipients, expired at the end of July 2020. PUA and PEUC are due to expire at the end of December 2020.

Figure 1. Projected increases in monthly poverty in January 2021 across US population

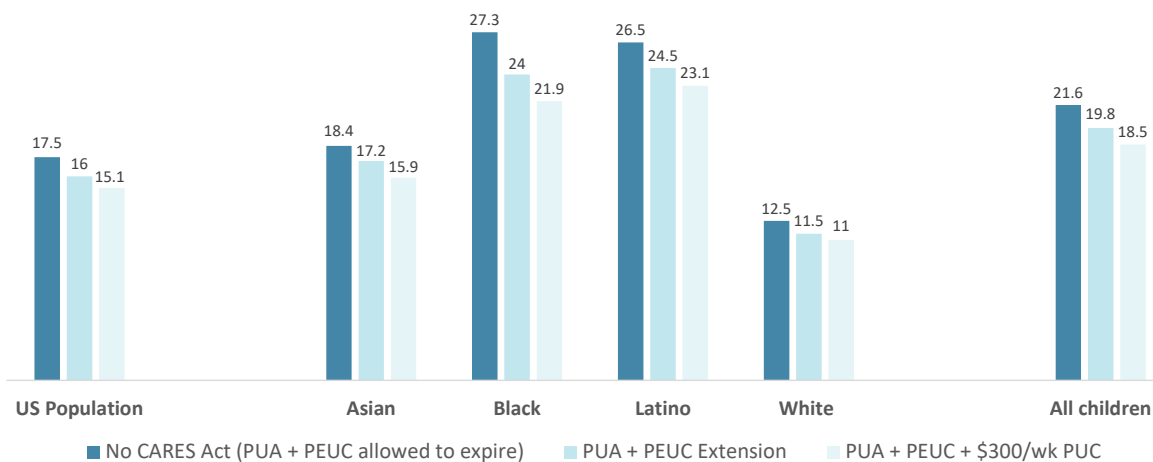


If, however, PUA and PEUC are continued into 2021 and coupled with a \$300 per week federal supplemental unemployment benefit, *the number of individuals in poverty in January 2021 would decrease by 7.6 million, including 2.3 million children* (when compared to current law, under which all CARES Act unemployment provisions in January 2021 have expired).

Figure 2 provides estimates of monthly poverty in January 2021 under three policy scenarios if current unemployment rates remain unchanged:

1. An expiration of the CARES Act Pandemic Unemployment Assistance (PUA) and Pandemic Emergency Unemployment Compensation (PEUC)
2. A continuation of the CARES Act PUA and PEUC into 2021
3. A continuation of the PUA and PEUC plus a \$300¹ per week federal supplemental unemployment benefit

Figure 2. Poverty rates (%) in January 2021 under three policy scenarios



Black and Latino workers and their families have been disproportionately impacted by job loss and poverty amidst the COVID-19 crisis. Poverty among families with children also remains high. A restoration of the CARES Act unemployment provisions—specifically, the PUA, PEUC, and a \$300 per week supplemental payment—would make a particular difference for these families.

Our analysis uses the [Supplemental Poverty Measure \(SPM\)](#), which accounts for cash and non-cash government benefits, necessary expenses like taxes, health care, commuting, and child care, and adjusts for family size and local housing costs. For a two-parent, two-child family in an average cost city, the SPM income threshold is about \$28,000 per year. A two-parent, two-child family living in monthly SPM poverty has less than \$2,333 per month in resources. [Read more about our monthly poverty estimates during the COVID-19 crisis here.](#)

¹ The \$300 per week supplement, for a period of four months, was proposed in the December 2020 bipartisan Emergency Relief Framework.

Terms Defined

The **Pandemic Emergency Unemployment Compensation (PEUC)** adds 13 weeks of additional unemployment benefits once regular UI allotments (generally a 26 week-maximum) expire. The PEUC also applied to individuals who were already jobless and receiving UI benefits before the crisis. Under current law, the PEUC is in place through the end of 2020.

The **Pandemic Unemployment Assistance (PUA)** provides unemployment benefits to jobless adults who are generally excluded from regular UI eligibility due to their type of employment (e.g. self-employed, part-time, independent contractors), work history, or level of earnings. Individuals receiving PUA assistance receive benefits worth at least half the state's regular minimum payment for up to 39 weeks. Under current law, the PUA is in place through the end of 2020.

The **Pandemic Unemployment Compensation (PUC)** delivered a \$600 per week payment to all UI recipients—regardless of whether they receive regular UI benefits or PEUC/PUA expansions, as an additional payment on top of their other UI compensation. The PUC was in place through the end of July 2020. The PUC benefits were paid retroactively (from the date of employment loss) for individuals who experience delays in applying for or accessing their UI benefits.

Source

Calculated by the Center on Poverty and Social Policy at Columbia University following methods introduced in Parolin, Curran, Matsudaira, Waldfogel and Wimer. 2020. "[Monthly Poverty Rates in the United States during the COVID-19 Pandemic.](#)" Poverty and Social Policy Discussion Paper. New York, NY: Center on Poverty and Social Policy.

Related Research

Parolin, Zachary and Christopher Wimer. 2020. "[Forecasting estimates of poverty during the Covid-19 crisis.](#)" Poverty and Social Policy Brief. Center on Poverty and Social Policy, Columbia University. Vol. 4, no. 6.

Parolin, Zachary, Megan A. Curran, and Christopher Wimer. 2020. "[The CARES Act and Poverty in the COVID-19 Crisis: Promises and Pitfalls of the Recovery Rebates and Expanded Unemployment Benefits.](#)" Poverty and Social Policy Brief. Center on Poverty and Social Policy, Columbia University. Vol. 4, no. 8.

Parolin, Zachary. 2020. "[Share of Children with Unemployed Parents Reach Historic Highs During the COVID-19 Pandemic.](#)" Poverty and Social Policy Brief. Center on Poverty and Social Policy, Columbia University. Vol. 4, no. 10.

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