



The Impact of Coronavirus on Workers, Families, and the Economy

With Special Guest Dr. Jesse Rothstein

AUGUST 10, 2020

Where Are We Now?

- ▶ **20+ weeks** since California issued its first stay at home order.
- ▶ Supplemental **unemployment insurance expired** July 31st.
- ▶ With **infection and death rates on the rise**, many states and cities have paused or reversed their reopening plans.
- ▶ Negotiations between Democratic Leadership and the White House have not produced a deal.
- ▶ President Trump implemented 4 Executive Orders, but they are not sufficient and we must keep working toward a deal.

Status of Jobs in the U.S.

- ▶ Approximately **1 in 5 workers** are collecting unemployment benefits.
- ▶ Jobless claims exceeded 1 million for the 20th consecutive week.
- ▶ **32%** of the California workforce, has filed for unemployment insurance (UI) benefits since the start of the COVID-19 crisis.
- ▶ It is estimated that **5 million frontline workers will lose their jobs** if no funding is provided for state and local governments .

Number of People Filing for Unemployment (Continued Claims)



Shading indicates U.S. recessions; the most recent one is ongoing.

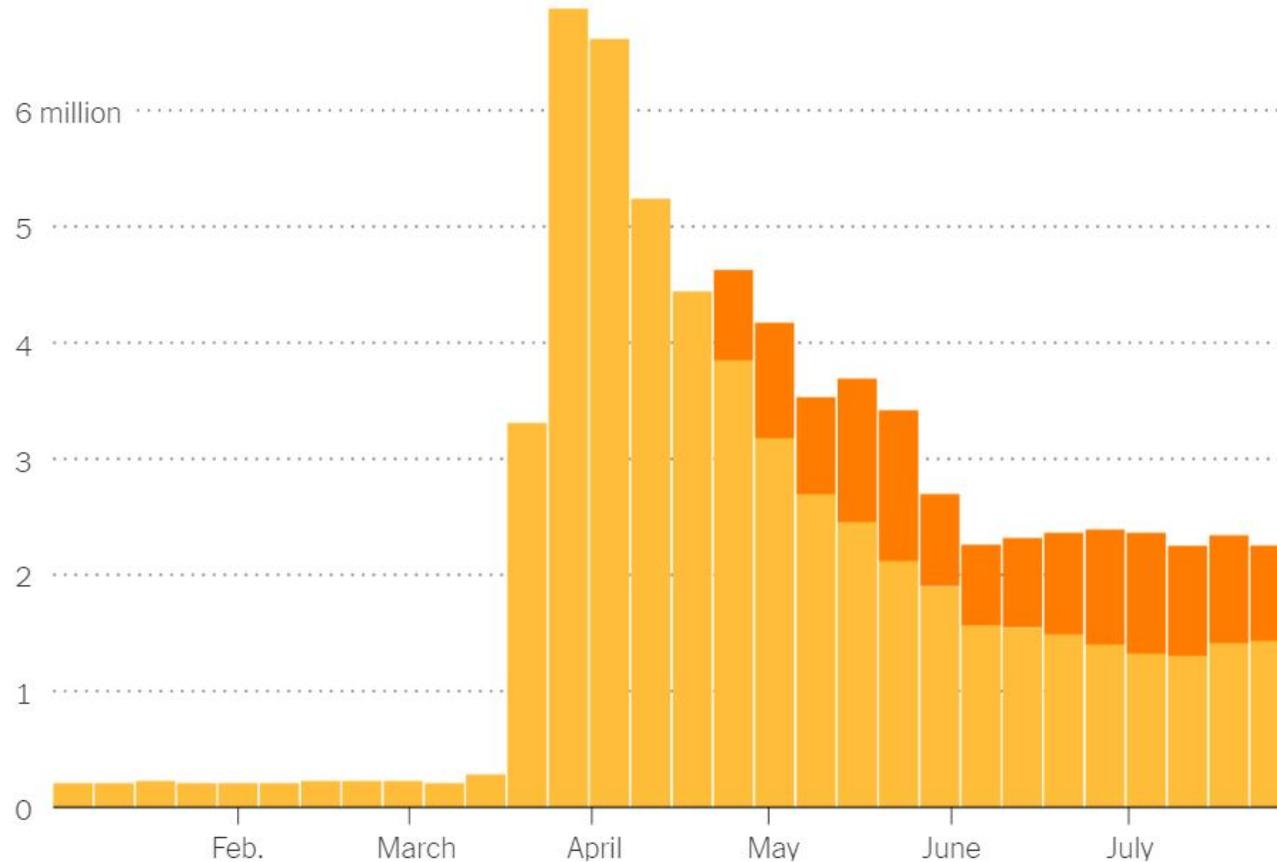
Source: U.S. Employment and Training Administration

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Snapshot: Weekly Unemployment Claims

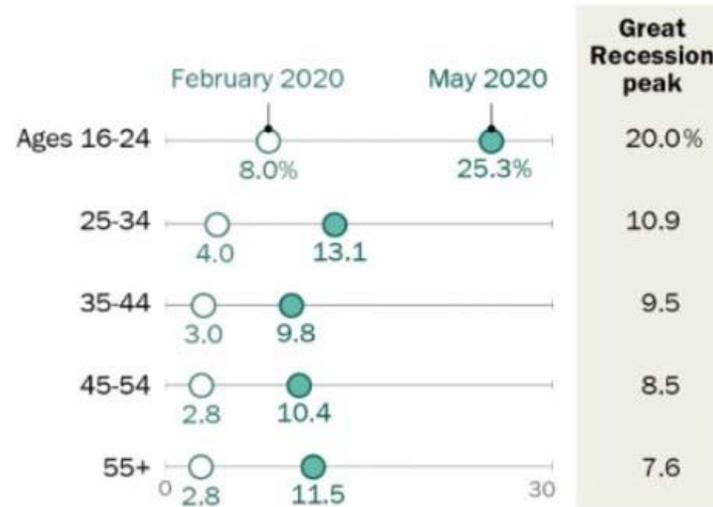
Initial weekly unemployment claims, both **regular** and those under the **Pandemic Unemployment Assistance** program



Pandemic Unemployment Assistance extends eligibility to some workers who would not otherwise be able to apply for unemployment benefits, such as part-time and self-employed workers. Regular claims are seasonally adjusted but P.U.A. claims are not. • Source: Labor Department • By Ella Koeze

About one-in-four young adult workers are unemployed in COVID-19 downturn

Unemployment rate (%)



Note: The unemployment rate is the share of workers in the labor force actively looking for work. Estimates refer to workers ages 16 and older, nonseasonally adjusted. Estimates for the Great Recession refer to the highest unemployment rate recorded for each group around that downturn; the earliest peak was in January 2010 for workers ages 45-54 and the latest June 2010 for workers ages 16-24.

Source: Bureau of Labor Statistics.

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The unemployment rate for women is greater than the rate for men in the COVID-19 downturn

Unemployment rate (%)



Note: The unemployment rate is the share of workers in the labor force actively looking for work. Estimates refer to workers ages 16 and older, nonseasonally adjusted. Estimates for the Great Recession refer to the highest unemployment rate recorded for each group around that downturn – in January 2010 for all workers and men, and July 2010 for women.

Source: Bureau of Labor Statistics.

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Status of the Economy

- ▶ **The economy contracted at its steepest pace since the Great Depression** in the second quarter of 2020.
- ▶ The elimination of the \$600 supplemental unemployment benefit would **shrink the GDP by 2.5%, cost an average of 2 million jobs** over the next year, and raise the unemployment rate by up to 1.2 percentage points.
- ▶ California Budget **Surplus** in 2019: \$21 billion
- ▶ California Budget **Deficit** in 2020 (expected): \$54.3 billion
- ▶ In states where stay-at-home orders were lifted, consumer spending has not returned to pre-pandemic levels and many small businesses remain closed for business.

Eliminating Expanded Unemployment Compensation Would Harm the U.S. Economy

Quarterly effects of eliminating \$600 per week additional federal unemployment compensation

a. Decline in GDP, percent



b. Decline in employment, millions of jobs



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Note: Estimates are relative to the full continuation of additional \$600 per week in unemployment insurance benefits.

Source: Council of Economic Advisors; Congressional Budget Office; author's calculations.

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