



Chapter

2

Economic Stability and Jobs



February 2021

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Overview

In addition to its public health impact, the COVID-19 pandemic created a severe economic downturn in March 2020 with an [uneven recovery](#) in the following year. Economic hardships have hit some industries and communities harder than others, as low-income households, non-white households, and households with children [were more likely](#) to have experienced an income shock this year. Specifically, about half of Black and Hispanic households experienced an economic shock this year. In addition, state governments are facing revenue shortfalls, so states may need to [cut public services and other spending](#) at a time when constituents need it most in order to balance their budgets.

Federal and state policies can sustain employment readiness, ensure worker protections, and help individuals maintain minimal income from unemployment insurance and related benefits. Below is a list of [federal COVID-19 relief resources](#) allocated to states, territories, and localities to support economic stability as of Jan. 13, 2021:

Coronavirus Relief Fund (Treasury)	\$142,000,000,000
Reimagine Workforce Preparation (Department of Education)	\$126,666,000
Dislocated Worker Grants (Department of Labor)	\$363,541,000
Community Development Block Grant (Department of Housing and Urban Development)	State – \$2,117,413,000 Indian – \$100,000,000 Local – \$2,872,587,000
Economic Adjustment Assistance – Economic Development Districts (Department of Commerce)	\$148,773,000
Paycheck Protection Program (Small Business Administration)	\$525,006,144,000
Pandemic Unemployment Assistance (Department of Labor)	\$79,718,348
Federal Pandemic Unemployment Compensation (Department of Labor)	\$283,233,689,000
Pandemic Emergency Unemployment Compensation (Department of Labor)	\$28,604,402,000

Federal resources allocated through the CARES Act must be spent by Dec. 31, 2021 (which was granted by an extension through the [Consolidated Appropriations Act of 2021](#)).

Economic Impact of COVID-19 on Jobs

- As of December 2020, every state in the country had [lower employment levels](#) than in February 2020, and 28 states had lost over 5% of total jobs.
- As of December 2020, 7.3 million people were [not in the labor force and wanted a job](#), which is 2.3 million more people than in February 2020.
- Lower wage industries have [lost more jobs](#) than high wage industries.

Opportunities to Bounce Forward Through Employment Readiness

The federal government acted to support individuals experiencing unemployment to provide a safety net for individuals while they seek new work or are temporarily unemployed. Under the CARES Act, the federal government funded the first week of unemployment and enhanced the benefits by \$600 per week through July 2020; further, unemployment benefits of up to \$300 per week were extended through March 14, 2021 through the Consolidated Appropriations Act of 2021. Congress also [extended](#) the Pandemic Unemployment Assistance for part-time and gig workers to March 14, 2021, and permitted individuals receiving benefits to continue through April 5, 2021 if they have not yet reached the maximum number of weeks of edibility, which was raised to 50 weeks.

To support worker training and employment readiness, the CARES Act provided funding for small business training and counseling aimed at women and minorities and provides funding for worker training and re-employment through its Dislocated Worker Grant program. In addition, states are administering their Temporary Assistance to Needy Families (TANF) programs to deliver emergency financial support to help families and individuals achieve self-sufficiency. The TANF program has workforce requirements for individuals to remain eligible for benefits; however, online work engagement activities have been allowed during the pandemic, which may make workforce development and training more accessible to clients.

State and territorial health agencies and their partner agencies can facilitate employment readiness by:

- Expanding training and re-employment programs for workers who lost employment during the pandemic, such as through state Workforce Innovation and Opportunity Act-funded programs.
- Collaborating with the state department of labor to understand what new work opportunities will be in demand during and after the COVID-19 response and recovery periods and exploring opportunities to offer trainings to support people in transitioning to those industries.
- Addressing technological and broadband needs of workers for retraining and employment searches, such as by securing state or federal funding to support broadband expansion or by convening stakeholders to ensure access and equity are central to any existing efforts.

- Expanding access to unemployment assistance, including for individuals who are self-employed or work as independent contract employees, to provide a safety net to unemployed workers while they seek work.

“State human services agencies are thinking proactively about how the labor market may shift long-term, even after the COVID-19 pandemic. For example, it may be possible that some sectors (like the arts or hospitality industry) will be depressed for a lengthy period during and after the pandemic. If an individual was employed in that industry for their whole professional life, will they be able to find a job on the other side of the pandemic or will they need to be retrained for a new career that might be more in demand?”

– Ann Flagg, Senior Director of Policy and Practice, American Public Human Services Association

Opportunities to Bounce Forward Through Worker Protections

A more equitable and resilient economic system must ensure workers have the resources and equipment necessary to stay healthy and safe while at work, as well as the necessary support to recover and return to work if they become ill. Barriers to employment protections include:

- Workplace conditions and environments that fail to minimize the risk of exposure to illness by not providing adequate personal protective equipment or workplace protections.
- The ability of an employees to miss work when they are sick or exposed to illness and not lose significant income.

Federal action in 2020 aimed to help businesses retain their employees, as well as to ensure certain protections were in place for workers. The FFCRA established employer tax credits for the wages paid to employees for sick and family leave, which the Consolidated Appropriations Act of 2021 extended through the end of March 2021. The CARES Act created the Paycheck Protection Program to provide forgivable loans for small employers to cover the cost of payroll, rent, mortgage payments, and utilities. As an incentive to retain employees, the CARES Act allowed employers to take a federal tax credit on 2020 Social Security taxes and permits the deferment of 2020 payroll taxes for two years. In addition, the federal government expanded its Economic Injury Disaster Loan program to provide small businesses, including certain agricultural businesses, with loan advances to cover revenue shortfalls.

To facilitate employment protections, policymakers can consider:

- Exploring paid sick and family leave requirements and ensuring adequate enforcement of employee leave policies.
- Assessing whether current leave policies are equitable and apply to high-risk occupations, including nursing home employees, grocery store employees, healthcare workers, and other essential workers.

- Ensuring [employment conditions are safe](#), such as by requiring telework for non-essential employees, social distancing, ventilation, deep cleaning, and masking, to minimize the exposure to and spread of COVID-19.
- Consider the state minimum wage or establishment of hazard pay requirements for essential workers. For example, 20 states [increased](#) their minimum wage effective Jan. 1, 2021, and 27 states and Washington, D.C. now [have](#) higher minimum wages than the federal minimum wage. In addition, at least [seven states](#) (Louisiana, Maryland, Michigan, New Hampshire, Pennsylvania, Vermont, and Virginia) have used federal CARES Act funding to finance hazard pay for frontline workers.

Conclusion

As the pandemic has exacerbated economic disparities, there have been numerous efforts at the national and state level to address constituents' economic hardship. This chapter is the second in a series of products that challenge state and territorial leaders to work across sectors, ensure resources are accessible to and meet the needs of marginalized communities, and rebuild systems that create a healthier, more equitable post-COVID-19 world.