W.E. UPJOHN INSTITUTE FOR EMPLOYMENT RESEARCH

Employment Research Newsletter

Volume 27 | Number 2 Article 3

4-27-2020

Disaster Unemployment Assistance Would Help Gig, Contract, Self-Employed Workers Affected by COVID-19

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Citation

Woodbury, Stephen. 2020. "Disaster Unemployment Assistance Would Help Gig, Contract, Self-Employed Workers Affected by COVID-19." Employment Research 27(2): 4. https://doi.org/10.17848/1075-8445.27(2)-3

An Unemployment Insurance COVID-19 Crisis Response

unemployed and work in uncovered employment. SUA benefits would

- be payable to self-employed, contract, and gig economy workers;
- be payable for up to 52 weeks;
- be paid using state benefit formulas but with crisis enhancements to amounts and durations listed above;
- determine monetary eligibility by payroll or tax filing records;
- waive "able, available, and actively seeking work" requirements as described above;
- ensure benefit access by having state UI staff assist with the SUA application, whether this be a new process or adapted from the Disaster Unemployment Assistance program.

The temporary UI program refinements and COVID-19 SUA program would together provide income support to the great majority of workers adversely affected by the COVID-19 economic shock. State UI programs across the country are uniquely suited to enroll new participants in income transfer payment programs, process weekly or biweekly cash payments, and rapidly establish programs in times of emergencies. State UI agencies have experience with Disaster Unemployment Assistance, the 9/11 airline unemployment assistance program, and temporary emergency compensation programs during recessions.

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Many, perhaps most, workers who have lost their jobs as a result of the COVID-19 pandemic will be eligible to receive regular state unemployment insurance (UI) benefits for up to 26 weeks. But many other job losers who have a strong attachment to the labor force and depend on their earnings—self-employed workers, contract workers, gig workers, and others—are ineligible for UI because they have not been on the payroll of an employer who has paid UI taxes on their earnings.

Disaster Unemployment Assistance (DUA) would make these self-employed workers, contract workers, and gig workers eligible to receive UI benefits. It is almost certainly the most effective fiscal policy tool available to the federal government to quickly blunt the economic damage resulting from the COVID-19 pandemic.

DUA is normally paid to workers who lose their jobs, but do not qualify for regular UI benefits, following natural disasters such as hurricanes, floods, tornadoes, and geological disasters like earthquakes and volcanic eruptions. The program is initiated by a presidential disaster declaration and administered by the state UI agencies, which in turn are overseen by the U.S. Department of Labor.

DUA requires no new congressional legislation—it is authorized by the Stafford Act of 1988—and the administrative structure needed to make it run already exists. Because DUA is funded by the Federal Emergency Management Agency, it side-steps the eligibility problem faced by self-employed workers under the regular state UI program.

The advantage of DUA over other modifications to UI being considered, such as extended benefits, is that it assists workers who would otherwise not receive benefits, and it does so quickly—typically within two to three weeks of job loss. As a result, it is targeted to individuals whose work and incomes have been interrupted and who will likely require income for basics such as rent and utilities, car payments, and groceries.

In short, DUA would target federal financial assistance to a large group of workers whose work and pay have ended as a result of the COVID-19 pandemic, but who are ineligible for UI benefits because of their self-employment status. The legislative authority exists, and the apparatus to run the program is ready to go. Only a presidential disaster declaration is needed to start what could now be the most beneficial single fiscal policy action available to the federal government.

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