



The Daily Dish

Revisiting the President's Aid to the Unemployed

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Eakinomics: Revisiting the President's Aid to the Unemployed

Recall that when the federal supplement to unemployment insurance benefits lapsed on July 31, the president subsequently signed an [executive order](#) directing the Department of Homeland Security (in particular, the Federal Emergency Management Agency, or FEMA) and the Department of Labor to create a \$300 [weekly benefit](#) for the unemployed by administrative action. Specifically, the departments created the Lost Wages Assistance (LWA) program that consists of \$300 from disaster relief funds administered by FEMA, with the potential for another \$100 from the state.

At the time it seemed like a Hail Mary policy pass. There did not appear to be enough money to fund more than 5-6 weeks or so of benefits, and one wondered if states would incur the setup costs for such a transitory program. Now, however, AAF's Isabel Soto and Isabella Hindley have undertaken an [assessment](#) of the LWA. What have we learned?

Well, Eakinomics was wrong. As Soto and Hindley put it, "On August 15, one week after the executive order was signed, [FEMA announced](#) the first four states to be approved for the \$300 additional weekly benefits: Arizona, Iowa, Louisiana, and New Mexico. Since that announcement, an additional 45 states have applied for the LWA program. South Dakota stands alone as the singular state that [declined](#) to participate." In short, lots of states pursued the federal dollars even though Soto and Hindley report that implementation has often been a struggle.

Second, the bulk of the benefits were at the \$300 level; only Kentucky and Montana provided the \$100 state supplement.

Third, most of the funding was available for 6 weeks. "Among the first to begin doling out the LWA funds were Arizona, New Hampshire, Tennessee, and Montana in late August, with retroactive application to the week of August 1. These states were informed that their funding would expire on September 5." The same is true for states that got up and running later in the summer. Thus, the bulk of participants will receive \$1,800 over the 6-week period.

Since approximately 28 million beneficiaries participated, the program disbursed a rough total of \$50 billion in federal funds, supporting household finances, but at a lower level of labor market disincentives than the original federal supplement. Going forward, there appears to be little appetite for legislating a continued federal supplement, and the LWA program is out of money, so federal unemployment aid during the pandemic may now be part of the history books.