



Press Release

Understanding the Incentives for Returning to Work

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The Coronavirus Aid, Relief, and Economic Security (CARES) Act included a \$600 per week federal increase in unemployment compensation to help workers stay at home. Yet as states are reopening their economies, this benefit could discourage individuals from returning to work. In a new analysis, AAF's Labor Market Policy Data Analyst Isabel Soto calculates the percentage of workers who could make more on unemployment in each state and at different levels of federal support.

Her points:

- The CARES Act created a \$600 federal supplement to state unemployment insurance payments, which will expire on July 31st, but as states begin to reopen, this supplement will create a disincentive for people to return to work;
- Nationally 63 percent of workers currently make more on unemployment with the federal supplement than they would working, but even if the federal supplement is reduced to \$100 a week, 25 percent of the U.S. workforce could still make more on unemployment than returning to work; and
- Due to variations between states, changing the amount of the federal supplement will affect the incentives for some workers more than others, indicating that a uniform federal policy might not be the best approach.

[Read the analysis.](#)