



July 1, 2020

Honorable Richard Neal  
Chairman  
Committee on Ways and Means  
U.S. House of Representatives  
Washington, DC 20515

*Re: Characteristics of People Receiving Regular Unemployment Benefits in July 2020*

Dear Mr. Chairman:

At your request, the Congressional Budget Office has projected the characteristics of some groups that will receive unemployment insurance benefits during the month of July 2020. For reasons described below, CBO reports those characteristics only for the subset of unemployment insurance recipients, 19 million people, who are expected to receive regular unemployment benefits in July—not for people who are eligible for other unemployment assistance that was enacted in response to the 2020 coronavirus pandemic. CBO’s findings, which are enumerated in the table at the end of this letter, are as follows:

- **Overall.** About 12 percent of people in the labor force and about 76 percent of the unemployed will receive regular unemployment benefits in July, CBO estimates.
- **Race and Ethnicity.** About 14 percent of Hispanics in the labor force will receive benefits, 16 percent of African Americans, 10 percent of whites, and 14 percent of other races. Among the unemployed population, Hispanics (71 percent) will be somewhat less likely than other groups to receive unemployment benefits. Among those receiving benefits, 47 percent will be nonwhite.
- **Sex.** About 13 percent of women and 11 percent of men in the labor force will receive benefits in July, CBO estimates. Among the

unemployed population, women (77 percent) will be somewhat more likely than men (75 percent) to receive unemployment benefits.

- **Age.** About 17 percent of people in the labor force who are between 16 and 30 years of age will receive benefits, CBO estimates, a larger fraction than for other age groups. The share of unemployed workers who will receive benefits will not vary significantly with age.
- **Education.** People in the labor force who have not graduated from college will be more likely to receive benefits than college graduates. Yet among unemployed people, those who have not graduated from high school will be the least likely—60 percent—to receive unemployment benefits because a relatively large fraction of people in that group will not qualify for such benefits (in part because of their citizenship status).
- **Household Earnings.** About 17 percent of people in the labor force who are projected to have earnings in the lowest quartile of households will receive benefits, a larger fraction than for other earnings groups. The share of unemployed workers who will receive benefits will not vary significantly with household earnings. Among those receiving benefits, 41 percent will be in the upper half of the distribution of household earnings.

To respond to your questions, CBO has projected the labor force status and unemployment benefits of various groups in the U.S. civilian population, using data from the most recent labor force surveys (see Table 1). Because of data limitations, the analysis focused only on the characteristics of people receiving regular unemployment benefits and did not consider people receiving Pandemic Unemployment Assistance (PUA), which provides benefits to the self-employed and others who are working less, or not at all, for reasons related to the pandemic. The agency is continuing to study the evolution of unemployment and unemployment insurance in the economic and fiscal environment created by the pandemic.

## **Background**

Unemployment benefits, which provide a weekly payment to qualifying unemployed workers, are made available through a partnership between the federal government and state governments. To qualify for unemployment benefits through the regular unemployment insurance system, workers must have lost their job through no fault of their own. The Coronavirus Aid, Relief, and Economic Security (CARES) Act created PUA benefits for

certain recipients who would not be eligible for benefits under the rules of the regular unemployment insurance system.

Most current recipients of unemployment benefits can receive them through at least December 31, 2020, and depending on the circumstances, many may continue to receive benefits after that date. For example, workers in most states in which the unemployment rate is high enough are eligible for up to 13 additional weeks of benefits.

Each state administers its unemployment insurance program following guidelines established by federal law. The number of weeks that a person can receive regular unemployment insurance benefits varies from state to state. PUA benefits are available for up to 39 weeks. For regular benefits and other programs established by the CARES Act, the amount of weekly benefits depends on the minimum benefit and on an individual's prior earnings. The minimum unemployment insurance benefit amount varies by state. The minimum PUA benefit equals half of the state's average weekly benefit from regular unemployment insurance in the four most recent quarters. Higher earners receive larger benefits, up to a maximum amount. Maximum regular benefits per week for a single person, for example, range from \$235 in Mississippi to \$823 in Massachusetts. Through July 31, 2020, all recipients of unemployment benefits are scheduled to be paid an additional \$600 per week under the Federal Pandemic Unemployment Compensation program created by the CARES Act.

### **The Basis for CBO's Estimates**

CBO used data from the Current Population Survey (CPS) to project who will receive regular unemployment benefits in July. The CPS is a nationally representative survey administered monthly by the Census Bureau and the Bureau of Labor Statistics (BLS).

CBO also used counts of recipients of unemployment benefits from state agencies and from state data that are aggregated by the Department of Labor (DOL). However, because those state and DOL reports contain little information about the demographic attributes of recipients, CBO relied on data from the CPS for its characterization of such attributes. Although the CPS contains demographic information, there is no completely accurate way to assess whether particular respondents in the CPS receive unemployment benefits, and so CBO estimated which CPS respondents are recipients. Those estimates are probably more accurate for recipients of regular unemployment benefits than they are for recipients of PUA benefits.

**How CBO Projected Labor Force Status.** The CPS allocates respondents to one of three labor force status categories on the basis of their answers to questions about their employment status:

- **Employed**—which means that a person worked for pay during the week of the survey;
- **Unemployed**—which means that a person is available for work and is either seeking work or is expecting to be recalled from a temporary layoff; or
- **Not in the labor force**—which means that a person is neither employed nor unemployed.

The BLS has indicated that CPS interviewers were instructed to classify employed people who were absent from work because of coronavirus-related business closures as “unemployed on temporary layoff”; however, not all such workers were classified that way. For the purposes of this analysis, CBO categorized people who had a job but were not at work and were not paid in the survey reference week as unemployed because they were probably eligible for unemployment insurance.

CBO totaled the number of employed and unemployed people to calculate the size of the labor force, and the unemployment rate then was defined as the share of the labor force that was unemployed in May. CBO used the most recent CPS data to project what ultimately will be released in the CPS for July 2020.

**How CBO Projected the Receipt of Benefits.** The CPS identifies workers who are unemployed, and most of those workers are probably eligible for unemployment benefits. Some states, with Congressional authority, have suspended the requirement that recipients must be searching for a job. Thus, some CPS respondents could say that they are not looking for work (and thus not be classified as “unemployed”) and yet still could be eligible for regular unemployment benefits at this time. Despite those challenges, the questions in the CPS allow for a reasonably accurate characterization of the demographic attributes of those who are likely to claim regular unemployment benefits in July, in CBO’s assessment. In particular, the agency adjusted its counts of unemployment benefit recipients from the CPS to match CBO’s projection of the number of recipients.

To project who will receive benefits in July 2020, CBO started with people participating in the CPS in May whom the agency categorized as

unemployed in its analysis. CBO then excluded certain groups that are typically ineligible for regular unemployment benefits: the self-employed; people who CBO projected were not authorized to work because of their citizenship status; people who said they left their job voluntarily; people who are unemployed but have recently entered the labor market; and people who are estimated to have had low prepandemic earnings and therefore are unlikely to have met the work-history requirements for unemployment compensation. CBO projected that, in July, the number of beneficiaries and the proportions of people with various demographic attributes will be similar to the numbers and proportions reported in May. (The economy is projected to be stronger in July, but the employment of fewer people will be supported by the Paycheck Protection Program.)

It is more difficult to identify which CPS respondents are PUA recipients. PUA recipients include the following: the self-employed, people who may have quit or been dismissed from a prior job, and people who are either looking for their first job or are looking for work but do not qualify for regular benefits. For that reason, the tabulations presented above were restricted to recipients of regular unemployment benefits (who are expected to be roughly two-thirds of the total number of regular and PUA recipients).

**How CBO Projected Beneficiaries' Characteristics.** The CPS includes a rich set of demographic information for each respondent, and CBO's analysis focused on race and ethnicity, sex, age, education, and household earnings. The agency used information on race and Hispanic ethnicity to group respondents into four race and ethnicity categories. That information came from two separate CPS questions—one on race, in which respondents can identify with more than one race, and another on Hispanic ethnicity. Thus, a person can be identified with multiple races and can be a member of any race (or multiple races) if he or she is Hispanic.

CBO created the four categories using the following steps: If respondents indicated that they were of Hispanic ethnicity, they were categorized as Hispanic regardless of their race. If respondents were not Hispanic and indicated "African American" as their race, they were categorized as African American regardless of any other racial identifications. If they were not categorized as African American or Hispanic and if they identified with a race other than white, they were categorized as "Other." The majority of people in the "Other" category indicated that their race was "Asian or Pacific Islander." If respondents were not categorized as African American, Hispanic, or other, they were categorized as white.

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CBO projected household earnings for 2020 by starting with CPS data on annual earnings in 2018. CBO projected that earnings would decline between 2018 and 2020, on average, for groups defined by race and ethnicity, sex, age, and education. That projection accounted for data on employment and earnings from January through May of 2020 and for CBO's projections of overall employment and earnings during the remainder of the year. CBO also made adjustments for changes in population characteristics between 2018 and 2020. The projections of annual household earnings for 2020 were then matched—by employment status, race and ethnicity, sex, age, and education—to CBO's projection of the CPS data for July 2020 that will be released later in the summer.

### **Further Questions**

I hope this information is helpful to you. If you have further questions, please contact me directly.

Sincerely,

A handwritten signature in black ink, appearing to read "Phillip L. Swagel", with a long, sweeping flourish extending to the right.

Phillip L. Swagel  
Director

cc: Honorable Kevin Brady  
Ranking Member

Table 1.

**Projected Number of People in Various Groups Receiving Regular Unemployment Benefits, July 2020**

	As a Percentage of the Labor Force in the Group	As a Percentage of Unemployed People in the Group	As a Percentage of All Recipients
<b>Race and Ethnicity</b>			
Hispanic	14	71	21
African American	16	81	16
Other	14	72	9
White	10	78	53
All	12	76	100
<b>Sex</b>			
Women	13	77	52
Men	11	75	48
All	12	76	100
<b>Age</b>			
16 to 30	17	77	36
31 to 50	10	76	34
51 to 65	11	77	23
66 and older	14	72	6
All	12	76	100
<b>Education</b>			
Less than high school diploma	16	60	10
High school diploma	16	79	33
Some college	15	80	32
Bachelor's degree	9	76	18
More than bachelor's degree	5	72	6
All	12	76	100
<b>Household Earnings</b>			
Lowest quartile	17	76	33
Second quartile	13	77	26
Third quartile	10	76	22
Highest quartile	9	75	19
All	12	76	100

Source: Congressional Budget Office, using data from the Current Population Survey administered by the Census Bureau and the Bureau of Labor Statistics.

For this analysis, the labor force includes the following: people age 16 or older in the civilian noninstitutionalized population who have jobs; people who are unemployed but available for work and actively seeking jobs; people who are expecting to be recalled from a temporary layoff; and people who have a job but are currently unpaid and not at work.

For a description of how CBO constructed its race and ethnicity categories, see the second paragraph of the section in this letter titled "How CBO Projected Beneficiaries' Characteristics."

Numbers in the table may not add up to totals because of rounding.