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Preparing for and Preventing the Next Public Health Crisis

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Chairman Clyburn, Ranking Member Scalise, and Members of the Select Subcommittee, I thank you for the opportunity to testify today. I am Rebecca Dixon, Executive Director of the National Employment Law Project (NELP).

NELP is a nonprofit research, policy, and capacity building organization that for more than 50 years has sought to strengthen protections and build power for workers in the U.S., including workers who are unemployed. For decades, NELP has researched and advocated for policies that create good jobs, expand access to work, and strengthen protections and support for underpaid and jobless workers both in the workplace and when they are displaced from work. Our primary goals are to build worker power, dismantle structural racism, and ensure economic security for all.

The COVID-19 pandemic and its economic consequences caused enormous hardship for workers, families, and communities throughout the country. Yet the impact of the disaster was not felt evenly: Communities of color in the United States have endured the harshest impacts of COVID’s devastating financial and health impacts, due to the compounding effects of longstanding structural racism across healthcare, labor, housing, and education, and in the opportunity to accumulate generational wealth.¹

As the Subcommittee considers steps necessary to prepare for and prevent the next public health crisis, I urge you to recognize the impact of programs that were so critical to supporting people during the most dismal days of the COVID-19 pandemic, and the ways that both the coronavirus crisis and the underlying disparities and deficiencies that it exacerbated continue to impact workers and communities—and continue to demand congressional action.

When the pandemic hit, Congress listened to the voices of workers and families and acted to expand unemployment insurance, enhance the child tax credit, improve food assistance, deliver survival checks, provide emergency rental assistance, and guarantee much needed paid sick leave and paid childcare leave to millions of workers, among other relief measures.

Although disease and hardship persisted, these policies substantially alleviated poverty and suffering, enabling millions of families to afford rent and food, to stay safe from the virus, to care for loved ones, and to seek new employment, accelerating overall economic recovery. Yet by allowing these essential programs to expire without confronting ongoing needs for support and for structural change, Congress is falling far short in addressing the enduring crisis and preparing for the next one.

For example, it is certain that another recession will hit the U.S. economy at some point in the future. Yet the nation’s unemployment insurance (UI) system cannot adequately support
jobless workers. Learning from both the successes and the shortcomings of the pandemic unemployment insurance programs reveals the need for a permanent overhaul of the UI system to enhance eligibility, duration, adequacy, and access to enable all workers to thrive. Congress must also increase the amount of consistent, reliable funding for state UI staffing and technological modernization to ensure both more equitable access and greater security in normal economic times as well as times of crisis. To prepare for the next recession, Congress must reform and enhance emergency UI programs that automatically trigger on during periods of high unemployment and remain on for the duration of the crisis.

Similarly, policies that required some employers to provide workers with paid sick time and childcare leave have expired, yet workers continue to fall ill, struggle with long COVID or other chronic illnesses, and care for seriously ill, injured, or disabled loved ones, joining the millions of workers who for decades have had to confront illness and major life challenges without guaranteed access to paid sick leave or paid family and medical leave. Congress must act to permanently guarantee paid sick time and create a paid family and medical leave program covering all workers before the next public health crisis.

Finally, the expanded child tax credit helped lower child poverty by more than 40 percent between 2020 and 2021, keeping 2.1 million children out of poverty and pushing child poverty to historic lows. Black, Latino, and Native American children experienced the greatest reduction in poverty. With the expiration of the expanded tax credit, child poverty is set to rise again. Congress must expand the child tax credit.

To prepare for the next public health emergency, Congress must learn from the successes and shortcomings of temporary pandemic programs and create permanent policies that will enable workers and their communities to be resilient and to thrive.

**Pandemic Unemployment Insurance Was Vital for Workers, Communities, and the Economy**

As the Subcommittee considers the track record of unemployment insurance during the pandemic, it is essential to recognize the program’s pivotal role as a lifeline not only for unemployed workers and their families, but for entire communities, businesses, both small and large, and the nation’s economy as a whole.

When the coronavirus pandemic hit the United States in early 2020, much of the economy shut down. By April 2020, 23 million U.S. workers were unemployed—the greatest job loss since the Great Depression. Black, Latino, Native American and Asian workers, as well as women of all races, disproportionately worked in occupations and locations hit hardest by pandemic shutdowns and faced the highest rates of unemployment.

Working people across the country demanded relief, and Congress stepped up to pass the Coronavirus Aid, Relief, and Economic Security (CARES) Act and additional legislation. These measures established temporary new UI programs that significantly expanded UI eligibility (Pandemic Unemployment Assistance, (PUA)), increased benefit amounts (Federal Pandemic Unemployment Compensation (FPUC)), and extended benefit duration (Pandemic Emergency Unemployment Compensation (PEUC)).
Pandemic UI benefits substantially reduced poverty and hardship and promoted equity.

Unemployment insurance benefits—including both regular UI and temporary pandemic programs—enabled 4.7 million people, including 1.4 million children, to avoid poverty in 2020. Analysis of the Supplemental Poverty Measure shows that UI kept 2.3 million workers and their families out of poverty in 2021.

By covering workers in occupations and situations who would traditionally be disqualified or ineligible for UI benefits, pandemic UI benefits particularly benefitted Black and Latino workers and their families: An estimated 1.1 million Black workers and their families and 1.2 million Latino workers and their families avoided poverty because of UI benefits in 2020.

Beyond curtailing poverty, unemployment benefits substantially reduced hardship and broadly improved the well-being of households, including recipients’ financial stability and mental health. The Bureau of Labor Statistics (BLS) compared households that received unemployment benefits at some point in the pandemic with households where a worker applied for benefits but did not receive them. The BLS found that those who successfully received unemployment benefits were significantly less likely to experience food insecurity, have difficulty with household expenses, fall behind on their mortgage or rent, or report symptoms of anxiety or depression. These disparities remained significant even after controlling for pre-pandemic differences in household income, education, and demographics.

Pandemic UI benefits bolstered small businesses and communities.

The expansion of unemployment insurance benefits under the CARES Act sent $666.5 billion in federal funds to workers and families experiencing unemployment as of August 2022. These well-targeted federal dollars were pumped into slumping state and local economies, where they boosted consumer spending and supported local businesses, preventing business losses and further layoffs.

Unemployment insurance is particularly effective at getting money into the hands of consumers who need it and will spend it quickly, supporting businesses in their communities and stabilizing states’ economies. To understand the magnitude of this support, consider the recent study of real-time anonymous banking data in states that prematurely cut off the federal pandemic unemployment programs in 2021: Researchers found that for every $1 of reduced benefits, household spending fell by 52 cents, depriving local businesses of needed revenue, not to mention depriving workers and their families of needed rent, food, and other essentials.

Research also suggests that expanded unemployment benefits like those provided during the pandemic can enhance businesses’ ability to find workers with the skills they need. By enabling workers to search for jobs that suit their skills and support their standard of living—rather than taking the first job offered—expanded UI improves the functioning of the labor market overall.

Pandemic UI benefits promoted the nation’s economic recovery.

As part of its recent oversight reporting on pandemic unemployment insurance, the Government Accountability Office (GAO) conducted an extensive literature review. After
analyzing 30 recent empirical studies, the GAO concluded that expanded UI programs during both the COVID-19 pandemic and other adverse economic times “created overall economic stability” and prevented harmful outcomes from worsening.\(^\text{14}\)

The GAO review of research also concluded that pandemic UI benefits had limited to no effect on workers’ incentives to return to work.\(^\text{15}\) For example, a study by Yale University economists Lucas Finamor and Dana Scott analyzed earnings data for hourly wage restaurant and food industry workers during the pandemic and found no evidence of a relationship between expanded UI benefits and reduced employment.\(^\text{16}\)

Another recent study, conducted by economists at Harvard University, Columbia University, and the University of Massachusetts Amherst, compared the employment patterns of unemployed workers in states that curtailed expanded UI benefits before the federal programs expired to workers with the same unemployment duration in states that continued paying these benefits.\(^\text{17}\) The study concluded that states cutting expanded UI benefits early did not affect workers’ willingness to work.

Finally, a study by economists at the University of Chicago and the JP Morgan Chase Institute concluded that “unemployment supplements are not the key driver of the job-finding rate through April 2021 and that U.S. policy was therefore successful in insuring income losses from unemployment with minimal impacts on employment.”\(^\text{18}\)

While pandemic UI benefits had little to no effect on finding employment, researchers note that several other factors did contribute to workers not immediately returning to work during the pandemic, including fear of becoming ill with COVID-19 or spreading the disease, loss of childcare, and supply-chain problems disrupting the labor market.\(^\text{19}\)

**By expanding UI eligibility, duration, and adequacy, pandemic UI benefits enhanced equity—yet challenges remain**

The temporary federal pandemic programs dramatically expanded the reach, duration, and adequacy of UI benefits. Because Black and Latino workers were among those hit hardest by pandemic layoffs,\(^\text{20}\) have lower household wealth as a result of decades of exclusion from wealth-building opportunities,\(^\text{21}\) and disproportionately live in states with the lowest regular UI benefits and the most exclusionary eligibility rules,\(^\text{22}\) the federal expansion of UI had the greatest positive impact on Black and Latino families’ financial security.\(^\text{23}\)

Using data from the Survey of Consumer Finances, researchers found that only 10 to 14 percent of Black and Latino families had enough savings to cover six months of expenses if they were unemployed in 2020; fewer than half of Black and Latino families could cover expenses using their savings and regular UI benefits.\(^\text{24}\) But with the CARES Act expansions of UI and child tax credits, 94 percent of Black families, and 92 percent of Latino families could cover six months of expenses while seeking work. As a result, expanding unemployment insurance during the pandemic significantly enhanced racial equity.

At the same time, UI powerfully assisted white families as well: Just 61 percent of white families could cover six months of expenses using savings and regular UI benefits, while 95
percent could cover six months of expenses with the support of CARES Act programs. The household finances of families of other races and ethnicities were not analyzed in this study.

**Expanding eligibility made UI more equitable.**

Pandemic Unemployment Assistance (PUA) made the UI system more equitable by temporarily expanding eligibility to many groups of workers often excluded from UI by state and federal law, including low-paid workers, who are disproportionately women and workers of color; workers in app-based jobs, who are frequently misclassified by employers as independent contractors and are disproportionately Black and Latino; and part-time workers, who are disproportionately women, people of color, older workers, and people with disabilities.25

In addition, expanded UI eligibility under PUA was most likely to benefit workers in states with large Black populations, where over the years, policymakers have imposed more stringent restrictions on eligibility for unemployment insurance.28 For example, analysis of UI in Georgia found that while Black workers were significantly less likely to get regular, state-provided UI benefits than white workers, they represented a disproportionate share of workers in the state receiving federal PUA benefits.29

By broadening UI eligibility across the nation, and moving towards equalizing coverage across states, PUA brought much-needed UI support to low-paid workers, women, and workers of color who are otherwise frequently excluded from the system by overly restrictive state laws. Congress should enact permanent UI reform that builds on this powerful example.

**Increasing the duration of benefits made UI more equitable.**

Pandemic Emergency Unemployment Compensation (PEUC) made UI more equitable by providing up to 53 weeks of additional benefits to workers who exhausted their regular UI benefits without finding jobs. PEUC was an especially important extension for workers who confront systemic discrimination in the labor market due to their race or ethnicity, gender or gender expression, age, sexual orientation, or other factors that may prolong the search for suitable work.

As a result of systemic racism, Black men, in particular, experience longer periods of unemployment than white workers and are more likely to exhaust state unemployment benefits. In 2021, Black men were unemployed for 31.7 weeks on average, compared to 28.4 weeks for white men.30

PEUC was also vital for workers in states that have cut the duration of regular UI benefits to less than the 26-week standard. While 26 weeks of regular UI benefits used to be the norm nationwide, beginning in 2011 several states reduced the maximum length of time workers could claim benefits—an effort to cut costs on the backs of unemployed workers during and after the Great Recession.31 As of August 2022, 10 states paid regular UI benefits for less than 26 weeks and three more (Iowa, Kentucky, and Oklahoma) passed laws reducing benefit duration that will go into effect in the coming year.32

PEUC ensured that workers who have a more difficult time finding employment, for many reasons including employment discrimination, as well as workers in states with very short
UI benefit durations, would receive UI support for more weeks if they needed it. A permanent federal standard for UI benefit duration and reforming the Extended Benefits program intended to help workers during periods of higher unemployment would ensure that these equity gains are restored.

**Raising the dollar amount of benefits made UI more equitable.**
Federal Pandemic Unemployment Compensation (FPUC) provided a federal supplement of $600 per week to unemployment benefits, later scaled back to $300 a week. FPUC particularly helped low-paid workers in states that typically pay low UI benefits.

States base UI benefit amounts on a worker’s previous pay, so women and workers of color, who are over-represented in low-paying jobs due to occupational segregation caused by structural racism and sexism, tend to receive lower benefits. Tipped workers, who are also disproportionately women and people of color, are further disadvantaged when they have low-paying shifts or when employers fail to report full tip amounts. Low-paid workers already struggle to afford necessities, so inadequate unemployment benefits that replace less than half of their prior pay worsen their economic hardship. FPUC ensured weekly benefit amounts were adequate enough to support workers and their families while they searched for work.

FPUC made the greatest difference for workers in states that pay low UI benefits. Southern states, which have the greatest proportion of Black workers, and jurisdictions with a high proportion of Latino workers tend to pay the nation’s lowest regular UI benefit amounts. At the same time, low benefits create greater hardship for Black workers and other workers of color because they typically have fewer other financial resources to draw on during unemployment compared to white workers. As discussed above, racial wealth disparities are a result of systematic exclusion from wealth-building opportunities over generations.

FPUC temporarily remedied the harsh reality that average weekly unemployment benefits of $180.67 a week (Louisiana) or $201.22 a week (Mississippi) are far too little for jobseekers to live on. Recognizing FPUC’s success in making UI more equitable, Congress should set benefit amount standards so that jobless workers have the support they need as they seek new employment no matter what state they live in.

**Disparities persisted for workers accessing pandemic UI benefits.**
Despite the substantial advances toward equity in pandemic UI compared to regular UI benefits, troubling racial and ethnic disparities in accessing UI persisted during the pandemic and must be addressed. For example, according to the Census’s Household Pulse Survey, a higher percentage of white workers who applied for UI benefits (80.2 percent) than Black UI applicants (73.0 percent) reported receiving UI benefits (including regular UI and PUA) at some time during the pandemic.

The Just Recovery Survey, conducted by NELP and partner organizations, found even greater disparities: Among workers who applied for either regular UI or PUA between March and October 2020, an estimated 34 percent of Black applicants and 26 percent of Latino applicants were denied, a substantially higher share than the 14 percent of white applicants who were denied. The survey also found that women were more likely than men to have UI claims denied (24 percent vs. 16 percent).
In addition, when the GAO closely examined PUA claimant data in four states (Louisiana, New York, North Dakota, and Wisconsin) they found substantial disparities. In North Dakota and Wisconsin through April 2021, the percentage of Black PUA applicants who had received benefits was about half the percentage of white applicants. In Wisconsin, the percentages of Latino and American Indian/Alaskan Native PUA applicants who had received benefits were also substantially lower than for white applicants. The GAO found no significant racial or ethnic disparities in UI access in New York, although advocates have documented shortcomings in making pandemic UI accessible to workers who have limited English proficiency.

The causes of these persistent disparities in programs that nevertheless succeeded in making the UI system fairer and more equitable for workers must be investigated and addressed. The next section of my testimony will discuss how barriers to accessing UI—many of which disproportionately block workers of color and immigrant workers—were dramatically worsened by the pandemic. Eliminating these barriers through improved UI administrative funding and staffing and modernized technology centered on worker- and equity-focused design could do a great deal to reduce disparities in access. Making these improvements now is essential to ensure our country is ready for the next public health crisis or other emergency. Waiting until we are in that crisis will be too late.

**The COVID-19 Pandemic Worsened Long-Standing Deficiencies in UI Access**

Economic shutdowns at the beginning of the COVID-19 pandemic threw millions of people out of work and produced an unprecedented volume of unemployment claims. In a single week in March 2020, claims shot up 1,000 percent. Newly laid-off workers confronted jammed phone lines, crashing websites, and long delays to access benefits, contributing to financial hardship for unemployed workers and their families. Overwhelmed state unemployment agencies struggled to handle not only the deluge of new claims but also the intricacies of standing up new federal unemployment programs with constantly evolving standards.

Working with antiquated technology systems, deficient staffing and resources, and outdated administrative practices, state agencies were ill-equipped to respond to the need. The challenges of the pandemic exposed an unemployment insurance infrastructure that NELP has repeatedly warned was in a dangerous state of disrepair. Long before COVID struck, many states were already failing to determine workers’ eligibility, pay benefits, or decide administrative appeals in a timely manner, leaving jobless workers to navigate extensive backlogs and delays.

Simply put, the nation had not invested the resources needed to pay historically high levels of new claims in a timely manner. As the GAO points out, between 2010 and 2019, annual funding available for state UI administration declined 21 percent, from approximately $3.2 billion to approximately $2.5 billion.
The $2 billion in funding that Congress provided as part of the American Rescue Plan Act for the U.S. Department of Labor (DOL) to assist states in improving the functioning of their UI systems was a critical first step in reversing the chronic underfunding of UI operations. As I will discuss further, DOL has made excellent use of these funds to support updating technology systems, promoting equitable access to UI, assuring the prompt payment of benefits, and detecting and preventing fraud, among other goals. Yet a one-time infusion of funds is not sufficient to support ongoing needs: A reliable, sufficient source of federal administrative funding is necessary to ensure equitable access to UI during both “normal” economic times and periods of crisis.

**Paid Sick Leave and Paid Family and Medical Leave Benefitted Workers, Communities, and the Economy**

As the deadly toll of COVID-19 began to mount in early 2020, it was clear that workers needed paid sick time and paid family and medical leave to survive the unprecedented public health crisis and prevent the spread of disease. Nearly half of low-paid workers—disproportionately women and workers of color—did not receive paid sick leave through their employers in 2019 and would face substantial difficulty following CDC guidance to isolate or quarantine when diagnosed with COVID or experiencing symptoms because they could not afford to miss a paycheck or risk losing their jobs.\(^48\)

Recognizing the dire predicament, Congress enacted the Families First Coronavirus Response Act, extending up to 10 days of guaranteed paid sick leave to many workers affected by the virus or who needed to care for family members affected by the virus and establishing a paid expanded family leave program for some workers impacted by pandemic-related school and childcare closures, up to daily benefit amount caps.\(^49\) Guaranteed paid sick and family leave prevented illness, supported workers and businesses, reduced the costs associated with COVID-19, and undoubtedly saved lives.

These provisions covered an estimated 22 million to 60.5 million workers who were employed by businesses with fewer than 500 employees and were not among the exempted categories of workers.\(^50\)

The law provided federal tax credits to covered employers to partially offset their costs for providing paid sick and family leave for employees affected by COVID-19. Once guaranteed paid sick and family leave provisions expired at the end of 2020, tax credits to eligible businesses that voluntarily continued to provide the type of paid sick and family leave specified by the Families First Coronavirus Response Act continued until the end of September 2021, although these voluntary tax credits were far less effective in expanding access than the previous mandate that companies provide paid leave.\(^51\) The Government Accountability Office reports that overall, 7,668,196 employers claimed COVID paid leave credits at the cost of $7.4 billion through May 2021.\(^52\)

**Pandemic paid leave guarantees offered substantial health and economic benefits.**

A study published in the journal *Health Affairs* found that the guaranteed paid leave provisions, which were in place from April to December 2020, decreased COVID-19 infections by 56 percent in the 38 states that previously had no paid sick leave guarantee.\(^53\)
In each of these states, new paid sick leave protections prevented approximately 400 cases every day, stopping more than 15,000 daily infections nationwide.

Considering the finding that a single symptomatic COVID-19 case in the U.S. incurs an estimated median direct medical cost of $3,045 during the course of the infection—not including the substantial costs of lost productivity, risk of long-term health complications, disability, or death—demonstrates that paid leave policies had a substantial economic, as well as public health payoff.54

Guaranteeing paid sick and family leave enabled workers with caregiving responsibilities to remain attached to the workforce. Paid leave also offered covered workers a reprieve from having to make an impossible choice: Either missing a paycheck they rely on to pay rent or buy groceries or going to work sick and risking their own health or the health of co-workers, clients, and customers. Similarly, paid leave for parents of children whose schools or place of care was closed due to the pandemic prevented an already dire childcare crisis from becoming even more catastrophic. Both types of paid leave enabled workers to remain connected to their jobs, income, and health coverage instead of becoming unemployed. Since its expiration, far too many workers have now been pushed back into these untenable decisions of caring for themselves and their families or risking their economic security.

**More inclusive paid leave guarantees would have been more effective.**

The health and economic benefits of guaranteed paid sick and family and medical leave could have been much greater if Congress had not created so many exemptions and had provided paid leave for longer durations and for more types of care. The Families First Coronavirus Response Act excluded workers at companies with more than 500 employees and provided employers the option of carving out health workers and emergency responders. The law also allowed businesses with fewer than 50 workers to deny their employees paid family leave to care for a child whose school or place of care was closed. While parents of children whose schools or childcare provider had closed or was unavailable due to COVID-19 qualified for paid leave, the law did not guarantee similar benefits to caregivers for older adults and people with disabilities whose regular daily care arrangements were disrupted by the pandemic. Finally, the policy that originally passed the House of Representatives included an additional 10 weeks of paid family and medical leave for workers with more serious COVID cases, but Republicans in the House voted to strip those provisions as part of a “technical corrections” vote just days after initial passage.55

Overall, researchers estimate that 68 million to 106 million workers were excluded from paid leave protections. As a result, both the economic and public health benefits of the law were circumscribed.

While policymakers may have hoped that larger companies would voluntarily choose to offer paid sick and family leave to their workforce, researchers found that even as infections mounted and the death toll from COVID-19 rose, many large and profitable companies decided not to provide workers with paid sick or family leave. Some companies that initially introduced paid sick leave policies later cut them back even as new waves of the disease were devastating the country.58
Exempting large companies from the requirement to provide paid sick and family leave likely exacerbated racial and gender inequality: A recent study from the Federal Reserve Bank of Boston found that large companies that did not voluntarily expand paid leave disproportionately employed women and workers of color.\(^{59}\)

An invaluable report from A Better Balance amplifies the voices of workers across the country who benefitted from paid leave during the pandemic as well as those who were excluded.\(^{60}\) Their experiences demonstrate both how essential paid leave guaranteed by the Families First Coronavirus Response Act was and also how damaging the exemptions were to workers that risked their health, lost income, or were pushed out of their jobs because they were not covered by the law.

**Improved outreach and enforcement would have made paid leave more effective.**

More assertive and proactive outreach and enforcement of paid sick and family leave guarantees would have protected more workers. Implementing an entirely new set of workplace protections and tax rules in the midst of a global pandemic that impacted their own operations was a formidable challenge for DOL and the Internal Revenue Service (IRS), contributing to missed opportunities highlighted by both the DOL Office of Inspector General\(^{61}\) and the GAO.\(^{62}\)

When Congress enacted paid sick and family leave provisions as part of the Families First Coronavirus Response Act, DOL’s Wage and Hour Division acted swiftly to issue regulations and guidance, dedicated resources to outreach, and prioritized enforcement even as the agency itself adapted to health and safety requirements to protect its own staff.

Despite these efforts, a poll by the National Partnership for Women & Families found that in May of 2020, more than half of U.S. residents either weren’t aware of new paid family leave and paid sick days protections or did not believe they would qualify for them.\(^{63}\)

One significant public outreach challenge involved the difficulty in quickly informing a wide range of workers and employers about a temporary new program with complex eligibility rules and tax implications. A permanent, universal program providing paid sick leave and paid family and medical leave to all workers would facilitate public messaging and simplify enforcement, increasing the effectiveness of the protections.

**The pandemic exacerbated long-standing and ongoing needs for permanent paid sick leave and family and medical leave protections.**

The COVID-19 pandemic vividly illustrated what workers and their allies have contended for years: Paid sick leave and paid family and medical leave protections are urgently needed nationwide and must be in place before the next public health crisis. To address the ongoing pandemic and other urgent public health concerns, prepare for future health challenges, enhance the security of workers, and strengthen the economy, all workers need access to paid sick leave and paid family and medical leave on a permanent basis.

Even though every human being gets sick at some point, some 29.4 million U.S. workers lack a single paid sick day.\(^{64}\) In 2022, only 55 percent of private sector workers in the lowest wage quartile (up to $15/hour) and just 38 percent in the lowest wage decile (up to $11.74/hour) had access to paid sick leave.\(^{65}\) Just half of leisure and hospitality workers, including only 49 percent of people working in food service, had access to paid sick leave.
Like any other human, these frontline workers need sick leave to isolate, quarantine, recover from COVID, or care for a loved one, yet they are among the least able to afford losing pay by missing a shift at work. Researchers find that workers without access to paid sick leave are 1.5 times more likely than those with paid sick leave to report going to work with a contagious illness like the flu or a viral infection.66

As policy expert Vicki Shabo points out, leaving paid leave protections up to the whims of individual employers systematically disadvantages women, workers of color, and workers in hourly, lower-paid jobs, who are less likely to have access to paid leave even though they disproportionately shoulder caregiving responsibilities.67

Although paid sick and family and medical leave guarantees and tax credits have long expired, the need for paid leave remains urgent. The National Partnership for Women & Families has documented the ways that the ongoing pandemic continues to disproportionately push women workers, Black and Latino workers, and low-paid workers off the job and sometimes out of the workforce entirely because they are sick or caring for someone with COVID-19.68

Not only does a lack of paid leave and other care infrastructure exacerbate economic hardship for workers, it also contributes to worker shortages, holding back the nation's overall economic recovery.69

As recently as October 2022, the number of parents missing work due to childcare difficulties, including the need to stay home with a sick child, hit an all-time high—greater than any other point during the pandemic—as more than 100,000 employed workers reported being unable to come to work due to childcare problems.70 COVID-19 has combined with the flu, RSV, and other viral infections to sicken kids and pull parents off the job, often without pay.

Permanently guaranteeing paid sick leave and paid family and medical leave would contribute to workers’ and families’ economic security and have significant benefits for employers and for the economy as a whole, including reducing costly employee turnover,71 enabling workers to be recover from illness and be more productive on the job, and producing as much as $1.1 billion in annual savings in hospital emergency department costs, including more than $500 million in savings to publicly funded health insurance programs such as Medicare and Medicaid.72 As with UI, the time to act to establish these guaranteed paid leave programs is now. Workers, their families, and our economy cannot wait for another public health crisis.

**Expanded Tax Credits and Enhanced Support for Childcare, Housing, Food Assistance, and Health Care Were Vital for Workers, Communities, and the Economy**

Recognizing the severe economic dislocations caused by the COVID-19 crisis, especially among households of color, Congress acted to support families, communities, and the economy with expanded child and earned income tax credits as well as initiatives to support childcare, housing, food assistance, and health care.
Expanded tax credits drove historic reductions in poverty.
The American Rescue Plan Act (ARPA) temporarily made the full Child Tax Credit available to all poor and low-income children, increased the size of the Child Tax Credit, and provided an expanded Earned Income Tax Credit (EITC) for far more low-paid adults without minor children at home—driving a historic reduction in child poverty and providing timely income support for millions of people. The Child Tax Credit expansion drove child poverty down to a record low of 5.2% in 2021, and it would have been 8.1% without the Child Tax Credit expansion. Among the children that the Child Tax Credit expansion lifted above the poverty line, approximately 1.2 million were Black and 1.7 million were Latino.

ARPA also raised the EITC for adults in low-paid jobs who are not raising children at home and now get only a tiny credit or no credit at all. This provided income support to over 17 million people who work for low pay, including the 5.8 million childless workers aged 19-65 (excluding full-time students aged 19-23) who are now the lone group that the federal tax code taxes into, or deeper into, poverty because their payroll taxes (and, for some, income taxes) exceed any EITC they receive. Enhanced EITC beneficiaries are disproportionately people of color: about 26 percent are Latino and 18 percent are Black, compared to 19 percent and 12 percent of the population, respectively.

The success of these tax credit expansions proves that high poverty rates for children and low-paid workers are not inevitable, but rather are the product of explicit policy choices that have been made. Both the Child Tax Credit and EITC expansions made in APRA should be made permanent by Congress.

Support for childcare infrastructure enabled families to access care and bolstered childcare workers.
The nation’s care infrastructure has long been inadequate to support working parents and other caregivers. Access to quality, affordable childcare was scarce before the pandemic hit, with Latino families, rural families, and families of workers with non-standard schedules facing the greatest barriers to accessing childcare. The pandemic exacerbated these challenges, leading to the closure of tens of thousands of childcare facilities across the country and a loss of childcare jobs that have still not been fully regained. Investments to support childcare, caregiving for older adults and people with disabilities in the CARES Act, ARPA, and other bills provided critical emergency funding, but Congress must provide needed long-term investment.

ARPA provided $23.975 billion for childcare stabilization grants and $14.99 billion in supplemental Child Care and Development Block Grant discretionary funds. Thus far, over 200,000 childcare providers have received stabilization grants to help sustain their programs as they recover from the impacts of the pandemic. States have used their ARPA discretionary childcare funds for innovative and important strategies and activities to increase families’ access to affordable, high-quality care and to improve childcare workers’ compensation and job conditions.

States’ uses of the ARPA discretionary childcare funds include the following reforms, all of which should be made permanent:
• Supporting the childcare workforce through initiatives to boost compensation, increase recruitment and retention, and/or expand professional development opportunities.

• Expanding access to childcare assistance, by increasing the income limit, broadening eligibility in other ways, serving families on the waiting list, or other steps.

• Raising provider payment rates, increasing or adding tiered payment rates for higher-quality care, adopting higher payment rates for specialized care, and/or improving payment practices.

• Waiving or reducing copayments for families receiving childcare assistance.

• Increasing the supply of childcare, often with a focus on those types of care or communities with the most acute shortages.

• Expanding early childhood mental health services.

**Housing funding stabilized communities and enabled people to remain in their homes.**
Congress provided $46.6 billion in emergency rental assistance which helped approximately 4 to 6 million households avert eviction and housing instability. ARPA also provided $5 billion for approximately 65,000 Housing Choice Vouchers to serve people experiencing or at risk of homelessness, and $5 billion in HOME Investment Partnerships Program funding to develop approximately 20,500 units of affordable or supportive housing for people experiencing homelessness or at risk of homelessness.

ARPA also included housing resources for other highly impacted communities, including $750 million in housing aid for tribal nations and Native Hawaiians; $139 million for rural housing assistance; $100 million for housing counseling services for renters and homeowners; and $20 million to support fair housing activities. It also provides $10 billion to help homeowners who are experiencing financial hardship due to COVID-19 maintain their mortgage, tax, and utility payments and avoid foreclosure and displacement.

**Expanded nutrition assistance mitigated food insecurity.**
During the worst of the pandemic, Congress provided a 15 percent increase in the USDA’s Supplemental Nutrition Assistance Program (SNAP) and enacted a program which provided grocery benefits to replace meals that children were not able to receive at school or in childcare. Given that food insecurity among children often rises in the summer when they cannot access school meals, the grocery benefits program should be made permanent, as should an increase in SNAP benefits to better reflect the true cost of food.

**Enabling Medicaid beneficiaries to remain enrolled dramatically expanded health coverage.**
Recognizing how catastrophic it would be for Medicaid beneficiaries to lose their health coverage during a global pandemic, Congress acted to promote continuous Medicaid enrollment until the nationwide Public Health Emergency caused by COVID-19 expires. Congress authorized a 6.2 percentage point increase in federal Medicaid matching funds for states and prohibited states from terminating coverage in most cases. Responding to increasing need during the pandemic, the Medicaid program grew from providing coverage
to 64 million people in February 2020 to 83.5 million people in August 2022. Overall the number of uninsured people in the U.S. fell by 5.2 million from 2020 to early 2022.

However, when the Public Health Emergency ends, the continuous coverage requirement will also end. The Health and Human Services Assistant Secretary for Planning and Evaluation (ASPE) estimates that if states return to the policies of the past, 15 million people will lose Medicaid coverage, and millions of them will lose coverage despite remaining eligible, because of paperwork-driven terminations. These losses will disproportionately affect people of color. The ASPE report estimates that 4.6 million Latino enrollees will lose Medicaid, of whom 64 percent will still be eligible. Among Black enrollees, 2.2 million will lose coverage, of whom 40 percent will remain eligible. Of the 900,000 Asian American and Pacific Islander enrollees expected to lose Medicaid, more than half (51 percent) will remain eligible. Also of great concern, 5.3 million children will lose Medicaid, while three-quarters will remain eligible. These people will lose access to health care because of missing paperwork or other administrative reasons.

Congress can prevent the greatest and most inequitable health care loss in U.S. history by requiring states to use data matches to determine eligibility, and approving coverage, for example, for SNAP recipients, who have already demonstrated income eligibility.

**Conclusion and Recommendations**

The pandemic policies that Congress enacted, including the expansion and enhancement of unemployment insurance, the provision of guaranteed paid sick and family and medical leave to millions of workers, and expansion of the child tax credit, among other temporary benefits and supports, combined to provide a critical lifeline to workers, families, communities, and the nation’s economy.

By temporarily addressing severe gaps in the nation’s social infrastructure, pandemic programs powerfully illustrated a path toward building a more equitable economy that better supports all workers. To prepare for the next public health crisis, Congress must learn from experience and build on the success of pandemic policies while addressing the ways these measures fell short in meeting the needs of workers, families, and communities.

On unemployment insurance, Congress must act to:

- **Ensure that the nation’s regular UI system equitably supports unemployed workers across the country.** Building on the success of pandemic UI in expanding UI—effectively reducing poverty and hardship among unemployed workers and supporting local businesses and economies—Congress must enact permanent reform that establishes minimum federal standards for UI eligibility, benefit duration, and benefit adequacy that all state unemployment systems must meet.

- **Ensure equitable access to UI.** Congress must mandate that state agencies provide meaningful language access and access for people with disabilities, mandate plain language, ensure state unemployment websites are accessible to mobile phone users and have an alternative means of claim filing for workers who are unable to use the online claim filing system.
• **Strengthen UI infrastructure at the federal and state levels.** Learning from the vulnerabilities of UI infrastructure exposed by the pandemic, Congress must allocate substantially more administrative funding to state unemployment agencies in order for them to have adequate resources to deliver benefits in a timely and accurate manner during all phases of the economic cycle, and to help workers navigate the UI system when they have questions or face barriers in the application process. This includes updating the current administrative funding structure by reforming the Resource Justification Model used to determine a state’s administrative budget, and increasing the federal taxable wage base for UI. Stable, long-term funding for UI modernization and administration will enable states to both improve UI access and prevent identity fraud.

• **Reform and modernize the federal Extended Benefits program.** Before the next recession, Congress must reform and modernize the federal Extended Benefits program so that additional weeks of federally funded UI benefits automatically trigger on and remain available during economic downturns.

• **Establish additional emergency UI programs that automatically trigger on during periods of high unemployment.** To prepare for the next recession, Congress must also set up permanent federally funded programs that automatically expand access to benefits (like the successful Pandemic Unemployment Assistance program), provide an additional federal supplement to state UI benefits, and fully fund the Short-Time Compensation (work sharing) programs during times of high unemployment. This will ensure that when the next recession or public health crisis hits, state agencies will not be overwhelmed trying to set up new programs overnight, workers will be able to receive much-needed benefits as soon as possible, and the risks of fraud associated with administering a new program will be minimized.

On paid leave, Congress must act to:

• **Permanently guarantee paid sick leave to workers.** Currently 14 U.S. states and a host of cities and counties guarantee paid sick leave to workers. Yet the pandemic powerfully demonstrated how inadequate the patchwork of state and local laws and employer commitments is in protecting workers and safeguarding public health. Congress must guarantee that all workers can—at a minimum—earn up to seven paid sick days per year to address their own illness or health care need or care for a child or loved one.

• **Establish a national paid family and medical leave system.** Even as growing numbers of workers struggle with cases of long COVID and care for loved ones who do, only 24 percent of private sector workers have paid family leave through their jobs and just 42 percent have access to short-term disability insurance for a serious personal medical issue requiring weeks away from work. Congress must act to create a new program guaranteeing all workers—no matter the size of their employer or their part-time or self-employed status—with up to 12 weeks of paid leave at a substantial share of their usual wages in order to take time to care for their own serious health conditions, including pregnancy and childbirth recovery; care for family members, including chosen family, with a serious health condition; for the birth, adoption, or foster placement of a child; and for military caregiving and leave purposes. Leave must be job-protected for all workers,
either by expanding the Family and Medical Leave Act of 1993, or making job protection a part of the new paid leave program.

On tax credits, Congress must act to:

- Make both the Child Tax Credit and EITC expansions in ARPA permanent.

From housing to food security, to childcare and beyond, the COVID-19 pandemic exposed weaknesses and deep disparities in the nation’s social infrastructure. Policymakers must learn from the successes and shortcomings of pandemic-era efforts to address these urgent and ongoing challenges. The nation cannot wait for another crisis to act: Congress must take action before the next economic or public health disaster strikes.

Endnotes


6 The American Rescue Plan Act also created Mixed Earner Unemployment Compensation (MEIC) which provided an additional UI supplement for workers with self-employment income.


Id.


14 Ibid.


27 Monthly Program and Financial Data, US Department of Labor and Training Administration.


30 The GAO also initially analyzed data from Arizona, but the state’s data was excluded due to large amounts of potential fraud in multiple months.


32 Ibid.


Shabo, "America’s Workers Need Paid Sick Time Now."


