



# CREATING INCENTIVES FOR WORKERS TO REENTER THE WORKFORCE

Retailers and other employers are concerned the Unemployment Insurance (UI) policies implemented under the CARES Act will make it difficult to bring back furloughed workers—or hire additional talent—as companies begin to reopen storefronts and job sites.

This wage concern is especially acute with service sector and part-time or hourly workers in the retail, restaurant, and independent worker (gig) sectors where safety concerns also contribute to workers not returning. The American Action Forum cited in late April that "with over 14 states potentially reopening in some form over the next two weeks, making the transition from benefits to part-time work will be crucial in restabilizing the labor market and encouraging workers to attach to the labor force before expanded benefits expire in July" or if they are extended through 2020 per Speaker Pelosi's recent legislative proposal.

While the economy has been disrupted and millions of Americans need unemployment insurance, there are also numerous work opportunities in retail and other industries. Although the job openings have slowed in some retail sectors, there are many leading retailers that are hiring hundreds of thousands of additional workers to keep up with demand.

In addition, portions of the gig economy such as Shipt, Roadie, Postmates, and Instacart -- which have been crucial elements to keep commerce flowing for retail and food delivery -- are announcing massive hiring programs to keep up with demand from consumers who are working and eating at home. Specifically, Instacart, a major partner of retail grocers, announced they plan to recruit up to 250,000 contractors in the coming months.

Experience learned in the 2008 recession is that millions of Americans become defined as "long-term unemployed." These individuals often find it difficult to reenter the workforce because of long gaps in their work history

—resulting in skills that atrophy over time as well as many other harmful effects. Unfortunately, the current UI supplemental enhanced pay created in the CARES Act could increase the risk of individuals once again being defined as long-term unemployed. To help resolve this issue and incentivize more Americans to draw paychecks again, lawmakers should explore an alternative public policy avenue – one that creates an incentive for workers to reenter the workforce, and meets the talent needs of companies as the economy reopens and work opportunities are created.

**According to the Bipartisan Policy Institute, "60%+ of small businesses say that expanded unemployment insurance was a factor in their decision to layoff or furlough workers. Additionally, roughly 33% of small businesses say expanded UI has made it more difficult to retain workers and among the employers who had workers quit, nearly all say they quit because of UI." This finding correlates with a May report from the American Action Forum that states "that nationally 63% of workers currently make more on unemployment with the \$600 federal supplement than they would working,"**



## POLICY

Enact a provision in the next COVID-related legislative package to maximize wages for those who want to work and create access to a pool of trained and talented workers for employers.

## POTENTIAL STRUCTURE

Mandate any state that receives assistance for continued and expanded UI to allow individuals to accept part-time work shifts without a reduction in benefits, for which the individual may be eligible. For example, Georgia has adopted a policy to allow workers to earn \$300 a week in wages and continue to retain their state unemployment benefits - including the \$600 additional payment created by the CARES Act. Anything above the \$300 a week will be deducted from the unemployment benefits. At the highest wage threshold, workers could make \$1,265 a week (\$300 in wages with the max benefit of \$965).

## OBJECTIVE

The policy creates an incentive for furloughed or laid-off employees to earn wages from part time work, without a reduction in current unemployment benefits. The individual could pick up shifts either as a full-time employee, temporary worker, or as a 1099/independent contractor to create maximum flexibility and allow individuals to supplement their UI income. This will provide incentives for people to continue to be a part of the workforce during emergencies, as well as encourage UI recipients to get back into the workforce as the economy opens back up in the coming months.