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Arkansas Advocates for Children and Families opposes HB 1676, to Amend Laws Relevant to Unemployment Benefits Under the Division of Workforce Services Law.

HB 1676 would reduce the length of unemployment benefits, currently 16 weeks, to only 12 weeks in certain circumstances. At 16 weeks, Arkansas's unemployment benefits are already available for less time than every other state but Alabama. These benefits are only available to those who are jobless through no fault of their own, and help workers keep a roof over their head and keep the bills paid while they look for work. But it also has the additional benefit of stimulating the economy when times are tough.

When economic growth sputters, [research](#) shows places with more generous unemployment benefits feel less of the negative impacts. That's because families who receive unemployment benefits can spend that money at businesses, which can then pay their employees, [stimulating](#) the local economy.

Reducing the length of unemployment benefits based on arbitrary cutoffs doesn't make economic sense. Despite having an unemployment rate under 5.5 percent, Arkansas has yet to recover to pre-COVID levels of employment. But this bill would reduce the length of unemployment benefits available to workers before some of them are even eligible for the COVID vaccine. So many families in Arkansas are still struggling to feed their families and pay their bills because of the ongoing economic downturn. Shortening UI further will just make the next recession even harder to endure for struggling Arkansas families.

Concerns that generous unemployment benefits reduce work effort are overstated. The Federal Reserve [analyzed](#) this issue in relation to the enhanced unemployment benefits passed at the federal level last year and concluded:

These findings suggest that the primary impact of the UI supplement was to provide the income needed for households to make essential purchases and payments, thereby helping to sustain overall economic activity and employment. This is consistent with the conventional "automatic stabilizer" or stimulus role of UI payments... our complete analysis provides consistent evidence that the \$600 supplement did not make people less willing to search for work.

Any disincentive effect is totally overwhelmed by the ability of families to keep the lights on, feed their families, and keep a roof over their heads. That consumption helps keep utilities, retailers, restaurants and realtors in business. In fact, a more nuanced look at unemployment benefits and job search activities shows that more generous benefits lead to [better employment outcomes](#), particularly in the long term. Arkansas policymakers should be looking for ways to do more to support families who are struggling rather than taking away a vital lifeline.