In March, due to new social distancing orders to address the spread of COVID-19, weekly jobless claims in the United States and Idaho spiked by historic proportions. Nationally, in the three-week period since March 23, over 16 million Americans lost their jobs. In the same period, the Idaho Department of Labor saw over 77,000 new claims for unemployment insurance (UI) benefits, with the new claim rate increasing by 1200 percent from the second to the third weeks of March. The overall national unemployment picture is bleak, with Goldman Sachs predicting a 15 percent national unemployment rate by the end of June 2020.1 Idaho’s unemployment rate peaked at 8.8 percent during the Great Recession,2 while nationally, unemployment rose even higher to 10 percent.3

Service Industry, Women, and Younger Workers Among the Most Affected

Idahoans in many industries and occupations are affected by the crisis, though some groups are harder hit than others. The service industries, including food service, retail, and social assistance, have shed thousands of jobs. Many of the positions in these most hard-hit areas are held by women and younger workers. In the last full week of March, 57 percent of UI claims in Idaho were made by women and 50 percent of claims were made by individuals under the age of 35.4

Some Idahoans could be getting left behind on UI benefits. The share of jobless workers in Idaho who actually receive UI benefits – known as the recipiency rate – is low. During the Great Recession, approximately 50 percent of jobless Idahoans received UI benefits.5 However by 2019 – before the outbreak of COVID-19 – that rate had fallen to 23 percent, putting Idaho at 32nd in the nation for recipiency rate.6

The Idaho Department of Labor (IDOL) suggested recipiency rates may have declined due to improving economic conditions after the Great Recession.7 The decline in the recipiency rate could also be a result of a drop in the number of weeks of UI benefits permitted – previously 26 and now down to 20 weeks – and changes in the definition of a claimant’s “availability” for work. Idaho’s claimant denial rate more than tripled from 5 percent in 2007-2011 to 19 percent in 2012-2016.8

Idaho Has Taken Important Steps to Address Recession Unemployment

Idaho’s UI fund became insolvent during the Great Recession, prompting policymakers in the aftermath to ensure that its reserves were replenished. Jani Revier, IDOL Director, recently reported the fund could withstand a recession similar in severity to the Great Recession, and Idaho is in a much better position heading into this recession than in 2008.9

With the UI reserves on stable footing, Governor Little has taken steps to widen access to benefits by lifting both the “waiting week” before benefits begin and work search requirements. The Governor also expanded the appeals windows for employees and employers regarding unemployment claims.10
Federal Legislation Boosts State Jobless Benefits

The Coronavirus Aid, Relief, and Economic Security (CARES) Act, signed into law on March 27, 2020, significantly bolsters UI benefits for most American workers. The law provides three important new UI provisions that are layered on top of Idaho’s UI benefits:

- **Pandemic Unemployment Assistance** covers some workers who are not covered by state UI benefits, such as the self-employed and “gig” workers.
- **Pandemic Unemployment Compensation** boosts unemployment weekly benefits by $600 for all UI recipients. These payments will continue until July 31, 2020.
- **Pandemic Emergency Unemployment Compensation** extends benefits by an additional 13 weeks for workers who exhaust state UI benefits.

The CARES Act also authorizes federal Economic Impact Payments of $1,200 for individuals and heads of household filers, and $2,400 for married couples filing jointly, if they are not a dependent of another person and have a work eligible Social Security number. Many newly jobless Idahoans will meet income eligibility requirements for the payments, which could come in April for people with already existing payment structures set up with the federal government and over the next several months for people who require a mailed check.

Policy Options

In statute, policymakers acknowledge that economic insecurity poses a serious threat to the well-being of Idahoans and set a goal of ensuring Idahoans unemployed “through no fault of their own” receive supports. Additional steps could be taken to help more Idahoans receive unemployment benefits and help the state recover economically as the immediate health threat of COVID-19 subsides.

Boost low state UI benefit amounts and lengthen weeks provided.

Idaho’s wage replacement rate is 42 percent, on average. A 40-hour per week worker at $7.25 per hour (the state’s minimum wage), assuming they receive the minimum benefit of $72 per week, has a wage replacement rate of about 25 percent. At the other end of the spectrum, the maximum weekly cap of $448 equates to approximately $11 per hour. Some Idahoans are eligible for 10 weeks of state UI, while others receive up to 20 weeks. Most states provide 26 weeks. CARES boosts will only make benefit levels robust enough for Idahoans to weather joblessness until July 31. Policymakers could consider raising the replacement rate and lengthening the number of weeks provided so Idahoans can weather the impending recession. They could also enact state-level reforms to help Idahoans maintain economic security in the long-term.

Ensure eligible Idahoans have updated information on benefits. Many Idahoans have applied for benefits since the pandemic unfolded, overwhelming agencies and causing confusion among thousands of newly jobless Idahoans. Policymakers could enhance outreach on UI benefits with updated information on timing of payments, when Pandemic Unemployment Assistance ($600 boost) will be available, and when self-employed and “gig” job Idahoans can start receiving benefits.
Identify and address barriers to benefit recipiency. To address Idaho’s low UI benefit recipiency rate, policymakers could ask the IDOL to examine what barriers exist to accessing benefits. Increasing access to benefits for more Idahoans will boost dollars spent in local businesses.

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7 Personal communication with the Idaho Department of Labor.
8 Ibid.
9 Boise State Public Radio interview with Jani Revier, ”How Idaho’s Department of Labor is Handling an Increase in Unemployment Cases,” Accessed at: https://www.boisestatepublicradio.org/post/how-idahos-department-labor-handling-increase-unemployment-claims#stream/0
13 According to April 6, 2020 correspondence from a Department of Labor analyst, the maximum of 20 weeks of benefits will increase in tandem with the unemployment rate. For each 1% increase in the unemployment rate there will be a corresponding increase of 1 week of benefits for those who qualify. These rates are set at a quarterly basis, so the first increase could go into effect in July.