

## Macro Roundup Article

**Headline:** Did Pandemic Unemployment Benefits Increase Unemployment? Evidence from Early State-Level Expirations

**Article Link:** <https://www.aei.org/wp-content/uploads/2023/09/EndingFPUCPUA-for-AEI-Website-9-23-2023-1.pdf?x91208>

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**Tweet:** .@MichaelRStrain Glenn Hubbard and @HolzerHarry find that in states that terminated pandemic-era UI benefits early, the flow of unemployed workers into employment increased by around 12-14pp following early termination. @AEIecon

**Summary:** We provide estimates of the impacts of the early termination of pandemic-era UI benefits in several states in 2021 that had expanded their generosity (FPUC) and the groups of workers eligible for benefits (PUA), relative to those that did not terminate those benefits early. Using CPS data, we present difference-in-difference estimates that the flow of unemployed workers into employment increased by around 12-14pp following early termination. Among prime-age workers, the effect is about two-thirds the size of the unemployed-to-employed flow among control states during the February–June 2021 period. We show that state-level unemployment rates fell following early exit from FPUC and PUA. Finally, we present evidence that early termination reduced the share of households that had no difficulty meeting expenses. The welfare implications of the early termination of FPUC and PUA are therefore ambiguous.

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**Primary Topic:** Unemployment/Participation

**Topics:** Academic paper, Unemployment/Participation, Weekly, Workforce

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