

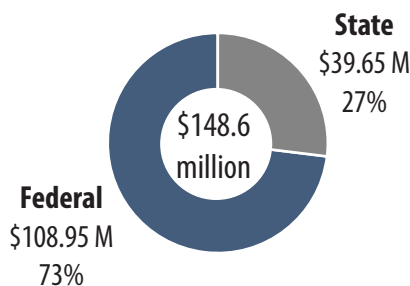
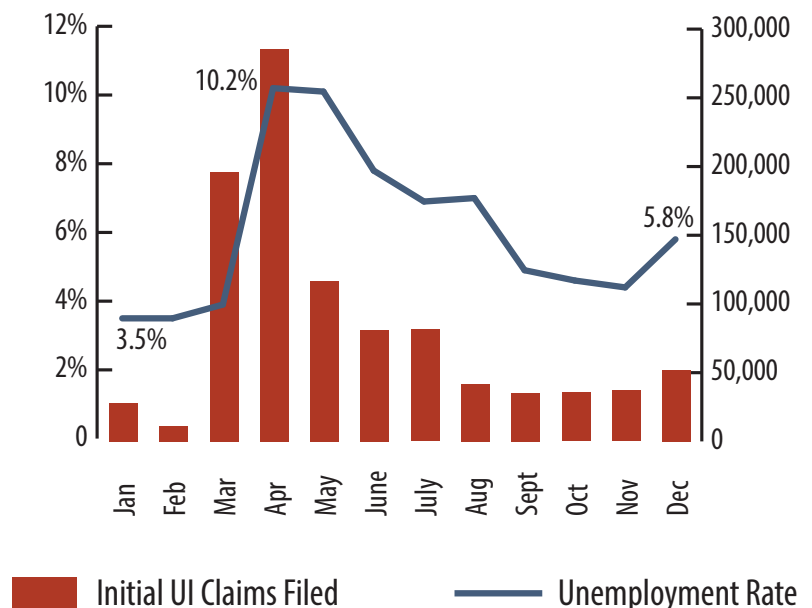
Missouri Can Use Federal Stimulus Funds for State Unemployment Insurance Overpayments

Nearly 46,000 Missourians were overpaid unemployment benefits in 2020, largely due to administrative errors tied to the unprecedented volume of unemployment claims related to the COVID-19 pandemic. Given the hardship repayment would place on families who are already struggling financially, combined with the stimulative impact of additional dollars flowing through Missouri communities, Missouri should forgive repayment of both state and federal unemployment overpayments.

Over the past year, Missouri has seen unprecedented job loss due to the COVID-19 pandemic and the resulting economic crisis. In April, during the peak of stay-at-home orders, more than one in ten workers in Missouri was unemployed, and nearly 286,000 Missourians filed claims for unemployment benefits.ⁱ As illustrated in this chart, these rates have improved; however, both unemployment rates and unemployment claims remain well above pre-pandemic levels.

Unemployment insurance (UI) is a federal-state partnership that helps many people who have lost their jobs by temporarily replacing part of their wages. In response to these unprecedented unemployment rates, the federal government passed several new Unemployment Insurance (UI) programs as part of federal stimulus packages that were designed to supplement existing state programs. Since March 2020, nearly 489,000 Missourians have received unemployment insurance payments.ⁱⁱ

Hundreds of Thousands of Missourians Lose Jobs During Pandemic
2020 Unemployment Rates and Initial Claims for Unemployment Insurance by Month

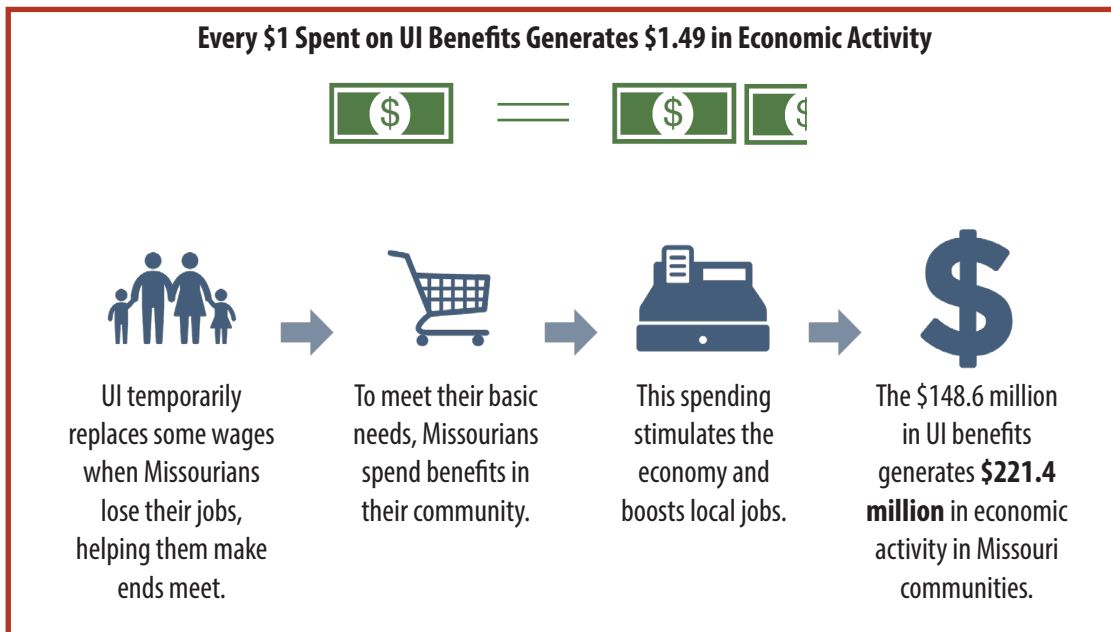


Source: Department of Labor

While these programs have provided a lifeline to Missourians who lost employment during the pandemic, challenges in administering rapid federal program changes, exacerbated by an unprecedented volume of claims, led to the state incorrectly overpaying UI benefits to Missourians. The Missouri Department of Labor and Industrial Relations (DLIR) reportedly overpaid 46,000 Missourians federal and state unemployment benefits totaling nearly \$150 million.ⁱⁱⁱ This accounted for around 3% of all UI payments made during calendar year 2020 (See Appendix for overpayments by county).

These overpayments are largely recognized as having been made due to administrative errors, rather than attempts to defraud the system. Attempts to collect overpayments due to administrative errors will only harm the families who were most impacted by the economic fallout due to COVID, many of whom are still struggling to make ends meet under reduced wages.

Requiring repayment would also harm Missouri’s local economies, as families would be forced to divert a significant portion of their incomes to repayment. In effect, requiring repayment would reduce the amount of income that is circulating in local economies at a time when Missouri’s economic conditions remain fragile, and could impede our economic recovery. Alternatively, forgiving both the state and the federal overpayments could have a stimulus effect on Missouri’s recovery, generating an estimated \$1.49 in economic activity for each \$1 spent on UI benefits.^{iv}



The federal government has allowed states to waive repayment of federal dollars, but Missouri legislators must pass legislation to allow for forgiveness of these payments. **While most state legislative proposals currently address forgiveness of only the federal overpayments, lawmakers can have an even greater impact by forgiving both federal and state overpayments.** The \$39.65 million in state overpayments would be a one-time cost and could be paid for with federal stimulus funds to fully offset the cost to state General Revenue.

Forgiveness of both state and federal unemployment insurance repayment would not only put dollars directly in the pockets of families struggling to make ends meet, it would also go far to keep dollars flowing through our local communities, thereby bolstering Missouri’s continued economic recovery.

APPENDIX: Unemployment Insurance Overpayments by County, Calendar Year 2020

	Total UI Overpayments	Overpayments as Share of Total UI Benefits Paid	Estimated Economic Impact of Overpayments
Missouri	\$148,606,861	2.9%	\$221,424,223
Adair	\$225,453	4.0%	\$335,925
Andrew	\$194,471	3.7%	\$289,762
Atchison	\$36,231	4.4%	\$53,984
Audrain	\$341,456	3.7%	\$508,769
Barry	\$368,382	2.5%	\$548,889
Barton	\$131,539	4.6%	\$195,993
Bates	\$127,768	2.9%	\$190,374
Benton	\$248,249	3.7%	\$369,891
Bollinger	\$109,830	2.3%	\$163,647
Boone	\$2,985,692	5.3%	\$4,448,681
Buchanan	\$1,511,406	4.3%	\$2,251,994
Butler	\$718,875	4.0%	\$1,071,123
Caldwell	\$109,773	3.9%	\$163,562
Callaway	\$751,830	5.4%	\$1,120,227
Camden	\$633,395	3.2%	\$943,759
Cape Girardeau	\$1,352,443	4.2%	\$2,015,140
Carroll	\$47,841	1.6%	\$71,283
Carter	\$80,794	3.8%	\$120,383
Cass	\$1,340,364	3.8%	\$1,997,142
Cedar	\$113,302	4.1%	\$168,820
Chariton	\$45,830	2.8%	\$68,287
Christian	\$1,287,913	3.7%	\$1,918,990
Clark	\$60,652	6.2%	\$90,371
Clay	\$4,753,170	3.5%	\$7,082,224
Clinton	\$243,060	2.9%	\$362,159
Cole	\$1,192,330	4.8%	\$1,776,572
Cooper	\$266,008	4.4%	\$396,351
Crawford	\$355,456	3.0%	\$529,630
Dade	\$31,125	1.6%	\$46,376
Dallas	\$123,165	2.1%	\$183,516
Daviess	\$81,093	4.8%	\$120,829
DeKalb	\$78,019	3.6%	\$116,248
Dent	\$112,700	2.7%	\$167,922

	Total UI Overpayments	Overpayments as Share of Total UI Benefits Paid	Estimated Economic Impact of Overpayments
Douglas	\$116,660	1.9%	\$173,823
Dunklin	\$412,525	4.1%	\$614,663
Franklin	\$1,838,122	3.2%	\$2,738,802
Gasconade	\$231,734	3.2%	\$345,284
Gentry	\$47,788	3.9%	\$71,204
Greene	\$6,550,600	4.9%	\$9,760,394
Grundy	\$73,136	3.0%	\$108,972
Harrison	\$100,222	6.4%	\$149,331
Henry	\$266,405	3.4%	\$396,943
Hickory	\$64,773	2.9%	\$96,512
Holt	\$17,122	1.8%	\$25,512
Howard	\$102,417	4.0%	\$152,601
Howell	\$608,723	2.9%	\$906,997
Iron	\$136,918	3.8%	\$204,008
Jackson	\$15,438,935	3.9%	\$23,004,013
Jasper	\$1,999,602	4.1%	\$2,979,406
Jefferson	\$4,747,786	3.9%	\$7,074,201
Johnson	\$657,617	3.9%	\$979,849
Knox	\$26,977	2.1%	\$40,196
Laclede	\$588,011	2.4%	\$876,137
Lafayette	\$385,102	3.3%	\$573,802
Lawrence	\$446,111	3.0%	\$664,706
Lewis	\$83,628	5.1%	\$124,606
Lincoln	\$1,004,265	3.5%	\$1,496,354
Linn	\$106,535	2.7%	\$158,737
Livingston	\$86,824	2.5%	\$129,368
Macon	\$114,667	2.6%	\$170,854
Madison	\$168,112	3.1%	\$250,487
Maries	\$106,131	3.8%	\$158,135
Marion	\$352,692	4.1%	\$525,511
McDonald	\$199,999	1.8%	\$297,999
Mercer	\$21,568	3.2%	\$32,136
Miller	\$437,362	3.4%	\$651,669
Mississippi	\$139,933	2.3%	\$208,500
Moniteau	\$124,721	3.1%	\$185,834
Monroe	\$64,147	2.0%	\$95,579
Montgomery	\$101,212	2.2%	\$150,805
Morgan	\$338,023	4.4%	\$503,655
New Madrid	\$142,354	1.9%	\$212,108

	Total UI Overpayments	Overpayments as Share of Total UI Benefits Paid	Estimated Economic Impact of Overpayments
Newton	\$902,238	4.2%	\$1,344,335
Nodaway	\$208,648	4.6%	\$310,886
Oregon	\$105,047	3.4%	\$156,520
Osage	\$127,768	4.6%	\$190,374
Ozark	\$81,605	3.3%	\$121,592
Pemiscot	\$243,815	3.6%	\$363,285
Perry	\$255,057	2.7%	\$380,035
Pettis	\$785,122	3.7%	\$1,169,832
Phelps	\$575,022	4.4%	\$856,782
Pike	\$225,505	1.3%	\$336,002
Platte	\$1,497,878	3.6%	\$2,231,839
Polk	\$447,989	5.0%	\$667,503
Pulaski	\$542,044	4.8%	\$807,646
Putnam	\$31,257	4.3%	\$46,573
Ralls	\$112,931	3.5%	\$168,267
Randolph	\$257,915	2.6%	\$384,294
Ray	\$395,001	3.6%	\$588,551
Reynolds	\$55,529	2.5%	\$82,739
Ripley	\$180,374	3.1%	\$268,758
Saline	\$236,040	4.0%	\$351,700
Schuyler	\$26,114	2.6%	\$38,910
Scotland	\$32,995	6.8%	\$49,163
Scott	\$649,376	3.7%	\$967,570
Shannon	\$130,725	4.0%	\$194,780
Shelby	\$37,275	2.3%	\$55,540
St. Charles	\$6,748,049	3.6%	\$10,054,594
St. Clair	\$71,646	2.8%	\$106,753
St. Francois	\$1,055,057	3.3%	\$1,572,035
St. Louis	\$22,383,008	3.5%	\$33,350,682
St. Louis City	\$9,646,277	3.6%	\$14,372,952
Ste. Genevieve	\$277,041	4.0%	\$412,792
Stoddard	\$420,125	3.7%	\$625,986
Stone	\$636,817	2.3%	\$948,857
Sullivan	\$49,064	4.1%	\$73,105
Taney	\$2,413,851	3.4%	\$3,596,637
Texas	\$214,016	3.5%	\$318,885
Vernon	\$195,969	4.2%	\$291,993

	Total UI Overpayments	Overpayments as Share of Total UI Benefits Paid	Estimated Economic Impact of Overpayments
Warren	\$483,482	2.7%	\$720,389
Washington	\$336,533	2.5%	\$501,434
Wayne	\$128,565	2.7%	\$191,562
Webster	\$538,252	4.1%	\$801,996
Worth	\$22,853	6.4%	\$34,051
Wright	\$188,845	2.7%	\$281,379
Interstate	\$6,680,199	0.3%	\$9,953,497

Notes

- i. Missouri Economic Research Center. Unemployment Dashboard
- ii. The Century Foundation Unemployment Insurance Data Dashboard. Data accessed February 11, 2021
- iii. Testimony from the Department of Labor to the House Oversight Committee.
- iv. Mark Zandi. Chief Economist, Moody's Analytics Before the Congressional Oversight Commission, September 17, 2020. Available: <https://coc.senate.gov/sites/default/files/2020-09/MLF%20Testimony%20-%20ZANDI.pdf>.
- v. Missouri Budget Project Analysis of Missouri Department of Labor Data.

