To help protect the public, many state governors ordered non-essential businesses to close in response to COVID-19/Novel Coronavirus. COVID-19/Novel Coronavirus is highly contagious, and poses particular concerns when individuals work in close quarters such as offices, stores, assembly lines, and production plants. Commercial enterprises, such as malls, department stores, restaurants and other shopping opportunities, also pose infection risks to patrons of those businesses. These closures suspended employment for millions of people, making them eligible to apply for unemployment insurance. As a result, roughly 16 percent of the American workforce was unemployed by the end of April 2020, the worst unemployment rate since the Great Depression.

Unemployment insurance was established as part of the Social Security Act of 1935 and provides eligible unemployed workers with monetary benefits for a limited time. Administered through the U.S. Department of Labor, each state is responsible for managing its own unemployment insurance program. To ensure fairness across the United States, federal law requires all states to follow the federal unemployment insurance guidelines when determining eligibility of benefits, but the amount of the payment varies from state to state.

When he signed the Act, President Franklin Roosevelt said, “this is a law that will take care of human needs and at the same time provide for the United States an economic structure of vastly greater soundness.” As President Roosevelt suggests, unemployment insurance is intended to benefit society and the economy by providing resources that allow those in need to continue to pay for necessary goods and services.

**To Think and To Do:** How do you think unemployment insurance contributes to U.S. economic health during the COVID-19/Novel Coronavirus crisis? Identify key areas of the economy that might benefit from unemployment insurance during the current pandemic.

Learn MORE about Unemployment Insurance. Free registration may be required.

- History of Unemployment Insurance, from Virginia Commonwealth University Libraries
- Unemployment Insurance, from U.S. Department of Labor

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