



Written by [Veronika Kyrylenko](#) on May 12, 2021

## Republican Governors Opt Out of Federal Unemployment Aid, Cite Labor Shortages

Last week, the Republican governors of Montana, South Carolina, and Arkansas all [announced](#) they would exit the so-called [American Rescue Plan](#) by the end of June, implying that the “vast expansion of federal unemployment benefits is now doing more harm than good.” This week, the movement [was joined](#) by Arkansas and Mississippi, with [Tennessee](#), [Iowa](#), and [Missouri](#) following suit.



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The expanded federal unemployment payments, a part of the CARES bill, were created last year to assist those put out of work in the midst of COVID-motivated economic restrictions. The act waived job-search requirements that the states ordinarily mandate for recipients of unemployment benefits.

As the unemployment rate remains well above the pre-pandemic level around the nation, with job growth [reported](#) to be much weaker than expected, Republican governors decided to end the more-than-generous federal unemployment benefits. Federal aid, combined with the benefits provided by the states, [raised total](#) weekly jobless benefits for some Americans to a level that exceeded their prior earnings, causing many of them to decline job opportunities and stay on unemployment.

“It has become clear to me that we cannot have a full economic recovery until we get the thousands of available jobs in our state filled,” Mississippi Governor Tate Reeves [tweeted](#) Monday. The Magnolia State’s [unemployment rate](#) is 6.3 percent, which is 0.3 percentage points higher than the national rate, and accounts for 80,270 unemployed.

Arkansas Governor Asa Hutchinson, whose state has 60,199 [unemployed](#) people and [40,000](#) job vacancies, [believes](#) it’s time to stop paying workers to stay home: “The extra compensation was very helpful during the dark days of the pandemic when unemployment rates were so high. But now our economy has come back, we have jobs aplenty, we have employers that are begging workers to come to their place of business.”

“This is about as close to socialism that I’ve seen,” South Carolina Governor Henry McMaster [said](#). “We’ve got help-wanted signs up everywhere, we get calls and letters, and texts from all sorts of businesses all across the state looking for people to work... People won’t come to work because they’re getting as much money or more in some cases by staying home,” he continued. McMaster said his state still has more than 81,000 available jobs as the economy has reopened and restrictions have been lifted, and 120,000 [unemployed](#).

Alabama Governor Kay Ivey has the [same concerns](#): “As Alabama’s economy continues its recovery, we



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are hearing from more and more business owners and employers that it is increasingly difficult to find workers to fill available jobs, even though job openings are abundant.”

Tennessee Governor Bill Lee, whose state has 250,000 jobs to fill, said, “Families, businesses, and our economy thrive when we focus on meaningful employment and move on from short-term, federal fixes.” Tennessee’s unemployment [rate](#) is at five percent, or 160,000 people without a job.

In Iowa, the [unemployment rate is 6.7 percent](#), which is double the national average. “Federal pandemic-related unemployment benefit programs initially provided displaced Iowans with crucial assistance when the pandemic began,” Iowa Governor Kim Reynolds said in a statement. “But now that our businesses and schools have reopened, these payments are discouraging people from returning to work.” Federal programs made up more than 80 percent of unemployment benefits paid in the week ending May 1 in Iowa. Iowa officials [cite](#) significant worker shortages as well.

Missouri Governor Mike Parson [says](#) that even with unemployment in his state at only 4.2 percent, there are still [221,266 known job postings](#), so “The solution to close this gap is not the excessive spending of taxpayer dollars by the federal government, but rather getting people back to work and to a sense of normalcy for themselves and their families.”

President Biden initially [disagreed](#) that the high unemployment rate is connected to the COVID checks, saying the federal enhancement of unemployment benefits didn’t have a “measurable” effect in deterring recipients from returning to work. On Monday, however, the White House [announced](#) that this week, the Labor Department will work with states to reinstate work-search requirements and clarify that workers receiving unemployment benefits can’t turn down job offers due to “general, non-specific COVID concerns.”

Biden, confusingly, again [pushed back](#) against assertions the unemployment benefits disincentivize work, saying, “The people claiming Americans won’t work even if they find a good and fair opportunity underestimate the American people.... The line has been because of the generous unemployment benefits, that it’s a major factor in labor shortages. Americans want to work. Americans want to work.” Then, seemingly contradicting the statement, Biden added those who are offered a “suitable job” must take that job or lose unemployment benefits.



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