

Paying Americans Not to Work

A Family of Four Can Receive over \$100,000 Annualized Equivalent in Cash and Benefits in Three States,

And over \$80,000 in 14 States, with No One Working

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Executive Summary

In a previous study in 2021 we estimated that with supplemental unemployment benefits of up to \$600 a month, food stamp expansions, child tax credit payments, and other special Covid-related benefits to families without anyone working could exceed \$120,000 in many states. Those extra benefits had a highly negative effect on employment, particularly in the states with the highest benefits.

Those temporary benefits have expired but this study finds that even with existing unemployment benefits and the dramatic recent expansion of ObamaCare subsidies, a spouse would have to earn more than \$80,000 a year from a 40 hour a week job to have the same after-tax income as certain families with two unemployed spouses receiving government benefits. In these states, working 40 hours a week and earning \$20 an hour would mean a slight REDUCTION in income compared to two parents receiving unemployment benefits and health care subsidies.

This study also finds:

- In 24 states, unemployment benefits and ACA subsidies for a family of four with both parents not working are the annualized equivalent of at least the national median household income.
- In 5 states, those two programs provide the same family with both parents not working the annualized equivalent of at least the national median household income and benefits.
- In 14 states, unemployment benefits and ACA subsidies are the equivalent to a head of household earning \$80,000 in salary, plus health insurance benefits.
- This is a higher wage than is earned by the national median secondary school teacher, electrician, trucker, machinist, and many other jobs.
- In more than half the states, unemployment benefits and ACA subsidies exceed the value of the salary and benefits of the average firefighter, truck driver, machinist, or retail associate in those states.
- In a dozen states, unemployment benefits and ACA subsidies exceed the value of the salary and benefits of the average teacher, construction worker, or electrician in those states.
- A family of four with income over \$227,000 qualifies for ACA subsidies in all states and families earning over \$300,000 a year still qualify for ACA subsidies in 40 states and DC.

Fig. 1: Highest Benefit States for Not Working and National Median Income Plus Benefits for Selected Occupations

State/Occupation	Earned Income Equivalent
Washington	\$122,653
Massachusetts	\$117,063
New Jersey	\$108,857
Minnesota	\$98,915
Montana	\$95,265
Hawaii	\$91,757
Colorado	\$91,281
Oregon	\$86,454
Rhode Island	\$85,605

Utah	\$84,751
North Dakota	\$83,537
Pennsylvania	\$82,888
Connecticut	\$82,809
Kentucky	\$80,979
Wyoming	\$79,294
Illinois	\$79,199
Texas	\$73,977
Kansas	\$73,665
Iowa	\$73,455
West Virginia	\$73,031
Oklahoma	\$72,936
South Dakota	\$72,095
Maine	\$71,757
California	\$71,063
Median Household	\$92,814
Median Secondary School Teacher	\$81,060
Median Construction & Building Inspector	\$80,824
Median Electrician	\$78,726
Median Firefighter	\$66,479
Median Heavy Haul Trucker	\$63,345
Median Machinist	\$62,860
Median Retail Associate	\$38,262

Introduction

The federal government and the states offer a wide array of more than two dozen programs that provide cash assistance or in-kind benefits to low-income families. These “safety net programs” are designed to keep families out of poverty. But the expansion of assistance, especially in subsidized health insurance to families with children and no parents working, can mean that families can earn as much or more income from receiving government assistance than the median household does from working. Unemployment insurance benefits are time limited, but for the period when the benefits are provided, returning to work may not pay for many households.

In 2020 and 2021, weekly supplemental unemployment benefits were available in various amounts, ranging from \$300 to \$600. For many of the unemployed, total weekly benefits exceeded take-home pay from working, resulting in millions of additional unemployed. When the \$600 weekly supplement was in place, even those earning the median income could receive more from not working.¹ Even with the \$300 weekly supplement, when combined with Affordable Care Act (ACA or “ObamaCare”)

¹ Mulligan, et.al, 2021.

subsidies, a family of four with both parents not working could receive aid from just these two programs that was the annualized equivalent of \$100,000 a year in salary in 19 states.

Now, even without the supplements, normal unemployment benefits and expanded ACA subsidies today can still provide the annualized equivalent of \$100,000 a year in salary in 3 states and the equivalent of at least \$20 an hour wage in 16 states.

Unemployment Insurance Benefits

The effects of unemployment benefits on the labor market have been demonstrated several times in the last two years at both the national and state levels. After the introduction of supplemental unemployment benefits in 2020, the number of job openings rose sharply, but then declined in August of that year, the first full month without the supplemental benefit. When a \$300 weekly supplemental benefit was introduced in January 2021, job openings rose rapidly again and continued to do so through the spring and into the summer of that year. By August 2021, however, half of the states had terminated the \$300 supplemental benefit before its expiration, and job openings began to decline.

States which terminated supplemental benefits early converged on their pre-pandemic levels of nonfarm payrolls faster through the end of 2021 than those states which maintained the benefits for longer. By the end of 2021, the slower job growth in the states that kept the supplemental benefit amounted to a loss of 3 million jobs.² By February 2022, the group of states which terminated the benefits early had surpassed their pre-pandemic employment levels, something which the other half of the states have yet to do at the time of this writing.

One explanation for the continued relatively slow job growth is that those states which maintained the supplemental benefit also tend to have a higher threshold for their standard maximum weekly unemployment benefit. This reduces the difference in income between working and not working in some cases. It may in many cases be incentivizing workers not to take a new job over the months the benefits are still available.

Additionally, unemployment benefits have at least one tax advantage in all states: they are not subject to payroll taxes, unlike earned income. In six states—Alabama, California, Montana, New Jersey, Pennsylvania, and Virginia—unemployment benefits are also exempt from state income tax. These tax advantages provide an additional benefit to not working and function as an implicit tax on work. These factors further tip the work versus welfare financial balance in favor of not working.

Individual states set their own minimum and maximum weekly unemployment benefits as well as rules for dependents and maximum duration or frequency. In Massachusetts and Washington state, a family of four with both parents out of work can receive a maximum annualized unemployment benefit of almost \$104,000. Because of the tax advantages of unemployment benefits, however, that is the equivalent to over \$112,000 in pre-tax earned income. In 13 states, maximum annualized unemployment benefits for a family of four are roughly equal to or above the pre-tax median level of household income.

Fig. 2: Salary and Wage Equivalent of Maximum Unemployment Insurance Benefits, Annualized Basis

² Antoni, 2022.

Two Unemployed Parents with Two Dependent Minor Children

State	Earned Income Equivalent	Hourly Wage Equivalent
Massachusetts	\$112,502	\$28
Washington	\$112,502	\$28
New Jersey	\$96,834	\$24
Minnesota	\$92,344	\$23
Illinois	\$83,898	\$21
Colorado	\$83,560	\$21
Rhode Island	\$80,407	\$20
Montana	\$79,963	\$20
Hawaii	\$78,267	\$20
Oregon	\$75,790	\$19
Connecticut	\$74,776	\$19
Utah	\$74,439	\$19
North Dakota	\$72,074	\$18
Kentucky	\$70,497	\$18
Pennsylvania	\$68,262	\$17
Iowa	\$64,416	\$16
Maine	\$63,402	\$16
Ohio	\$62,051	\$16
Texas	\$61,826	\$15
Kansas	\$60,812	\$15
Oklahoma	\$60,700	\$15
Vermont	\$59,799	\$15
New Mexico	\$59,123	\$15
Wyoming	\$57,208	\$14
New York	\$56,758	\$14
California	\$55,483	\$14
Nebraska	\$55,181	\$14
South Dakota	\$54,844	\$14
Nevada	\$52,816	\$13
Idaho	\$52,141	\$13
Arkansas	\$50,789	\$13
District of Columbia	\$50,001	\$13
Maryland	\$48,424	\$12
New Hampshire	\$48,087	\$12
West Virginia	\$47,749	\$12
Virginia	\$45,395	\$11
Delaware	\$45,046	\$11
Alaska	\$44,370	\$11

Indiana	\$43,920	\$11
Wisconsin	\$41,668	\$10
Michigan	\$41,442	\$10
Georgia	\$41,104	\$10
North Carolina	\$39,415	\$10
South Carolina	\$36,713	\$9
Arizona	\$36,037	\$9
Missouri	\$36,037	\$9
Alabama	\$32,742	\$8
Florida	\$30,969	\$8
Louisiana	\$30,969	\$8
Tennessee	\$30,969	\$8
Mississippi	\$26,465	\$7

ACA Subsidies

Since it was first passed into law, the ACA has been expanded considerably to include subsidies for those with relatively high incomes. These subsidies will vary based on several factors including the enrollees age, number of dependent children, cost of insurance in the geographic area,³ and the enrollees' income. People with income below 150% of the federal poverty level pay no premiums, while those with higher incomes are eligible for premium subsidies. As long as premium payments are 8.5% of a person's income, he or she is eligible for subsidies on the ACA exchange, regardless of income level.

The American Rescue Plan temporarily expanded ACA subsidies and the Inflation Reduction Act extended those subsidies through 2025.⁴ In this study, we consider a family of four with two adults aged 60 and two children, ages 15 and 17 living in a zip code of the state capital. While this combination is uncommon, it illustrates how large the subsidies currently are for the ACA and how high the income thresholds have become for subsidies.

For example, the aforementioned family of four in West Virginia qualifies for subsidies with an annual income of over \$638,000. For context, West Virginians earning \$350,000 a year are in the top 1% of income earners in their state. In 40 of the states, families earning over \$300,000 a year still qualify for subsidies. New York state has the lowest of these income caps and is still over \$227,000 a year.

Fig. 3: Income Limits by State for ACA Exchange Plans Subsidies

State	Maximum Income for Subsidy
West Virginia	\$638,188
Wyoming	\$568,729
Alaska	\$539,506

³ The capitol city in each state is used as a proxy when calculating subsidies and eligibility in this study.

⁴ This expansion of ACA subsidies effectively adds to the marginal tax rate and reduces employment. Mulligan (2015b).

Illinois	\$483,459
Alabama	\$470,329
South Dakota	\$463,694
Missouri	\$452,965
Nevada	\$444,494
Delaware	\$432,776
South Carolina	\$406,800
Pennsylvania	\$403,412
California	\$398,047
Montana	\$396,494
Nebraska	\$389,859
Louisiana	\$385,200
Hawaii	\$381,953
Kansas	\$368,118
Idaho	\$355,976
Tennessee	\$355,553
Oklahoma	\$354,706
Texas	\$352,871
Florida	\$351,035
North Carolina	\$348,212
Virginia	\$340,447
North Dakota	\$337,906
Iowa	\$336,635
New Jersey	\$333,106
Maine	\$331,553
Indiana	\$329,153
Mississippi	\$328,306
Oregon	\$320,541
Georgia	\$320,118
Kentucky	\$316,588
Ohio	\$315,318
New Mexico	\$314,329
Utah	\$312,918
Wisconsin	\$312,776
Washington	\$309,388
District of Columbia	\$308,541
Arkansas	\$305,435
Connecticut	\$300,071
Vermont	\$297,106

Michigan	\$293,294
Rhode Island	\$284,965
Arizona	\$267,741
Maryland	\$257,294
Colorado	\$256,588
Massachusetts	\$249,106
New Hampshire	\$243,600
Minnesota	\$231,600
New York	\$227,224

Joint Unemployment Insurance and ACA Benefits

While there are myriad other welfare programs besides unemployment insurance and ACA subsidies, high levels of earned income and unearned income through unemployment benefits typically disqualify recipients from receiving those other benefits in means-tested programs. Therefore, we limit this analysis to only unemployment insurance and ACA subsidies since these are not mutually exclusive. Furthermore, because household choices have repeatedly revealed that they do not like the heavily regulated ACA plans, each \$1,000 of ACA subsidy is worth less than \$1,000 of cash unemployment benefits. For the purposes of estimating a value to households, we count ACA subsidies only 50 cents for each dollar the government subsidizes. Still, ACA subsidies and unemployment benefits for a family of four reach the annualized equivalent of over \$108,000 in pre-tax earned income in three states. In half the states, these combined benefits are roughly equal to or above the pre-tax median household income. In 16 states, benefits are equal to a working wage of \$20 an hour or higher.

Fig. 4: Salary and Wage Equivalent of Maximum Unemployment Insurance Benefits and ACA Subsidies, Annualized Basis

Two Unemployed Parents with Two Dependent Minor Children⁵

State	Earned Income Equivalent	Hourly Wage Equivalent
Washington	\$122,653	\$31
Massachusetts	\$117,063	\$29
New Jersey	\$108,857	\$27
Minnesota	\$98,915	\$25
Montana	\$95,265	\$24
Hawaii	\$91,757	\$23
Colorado	\$91,281	\$23
Oregon	\$86,454	\$22
Rhode Island	\$85,605	\$21
Utah	\$84,751	\$21
North Dakota	\$83,537	\$21

⁵ The parents are aged 60 and the children are 15 and 17 years old. Only half of the ACA subsidies are counted.

Pennsylvania	\$82,888	\$21
Connecticut	\$82,809	\$21
Kentucky	\$80,979	\$20
Wyoming	\$79,294	\$20
Illinois	\$79,199	\$20
Texas	\$73,977	\$18
Kansas	\$73,665	\$18
Iowa	\$73,455	\$18
West Virginia	\$73,031	\$18
Oklahoma	\$72,936	\$18
South Dakota	\$72,095	\$18
Maine	\$71,757	\$18
California	\$71,063	\$18
New Mexico	\$69,501	\$17
Vermont	\$69,384	\$17
Nevada	\$69,185	\$17
Nebraska	\$69,035	\$17
Ohio	\$66,506	\$17
Idaho	\$64,435	\$16
New York	\$63,127	\$16
Alaska	\$62,408	\$16
Delaware	\$60,875	\$15
Arkansas	\$60,758	\$15
District of Columbia	\$60,113	\$15
Virginia	\$57,744	\$14
Maryland	\$56,178	\$14
New Hampshire	\$55,210	\$14
Indiana	\$54,980	\$14
Missouri	\$52,795	\$13
Wisconsin	\$51,974	\$13
Georgia	\$51,749	\$13
North Carolina	\$51,352	\$13
South Carolina	\$51,346	\$13
Alabama	\$51,304	\$13
Michigan	\$50,177	\$13
Louisiana	\$44,609	\$11
Arizona	\$44,271	\$11
Tennessee	\$43,244	\$11
Florida	\$43,036	\$11
Mississippi	\$37,486	\$9

Comparing Benefits for the Unemployed with Typical Worker Salaries and Benefits

In this section we compare earnings for a head of household in each state with a family of four with both parents collecting unemployment and ACA health benefits. As the analysis shows, until UI benefits run out, workers in some states can receive higher benefits from remaining unemployed than their blue-collar counterparts who are working. For the seven selected occupations compared below,

Fig. 5: Salary Equivalent of Maximum Unemployment Insurance Benefits and ACA Subsidies in Median State, Annualized Basis, and National Median Annual Income Plus Benefits for Selected Occupations⁶

State/Occupation	Earned Income Equivalent
Median Household	\$92,814
Median Secondary School Teacher	\$81,060
Median Construction & Building Inspector	\$80,824
Median Electrician	\$78,726
Median State UI Benefits & ACA Subsidies	\$69,384
Median Firefighter	\$66,479
Median Heavy Haul Truck Driver	\$63,345
Median Machinist	\$62,860
Median Retail Associate	\$38,262

Fig. 6: Salary Equivalent of Maximum Unemployment Insurance Benefits and ACA Subsidies, Annualized Basis, and State Average Income Plus Benefits for Selected Occupations⁷

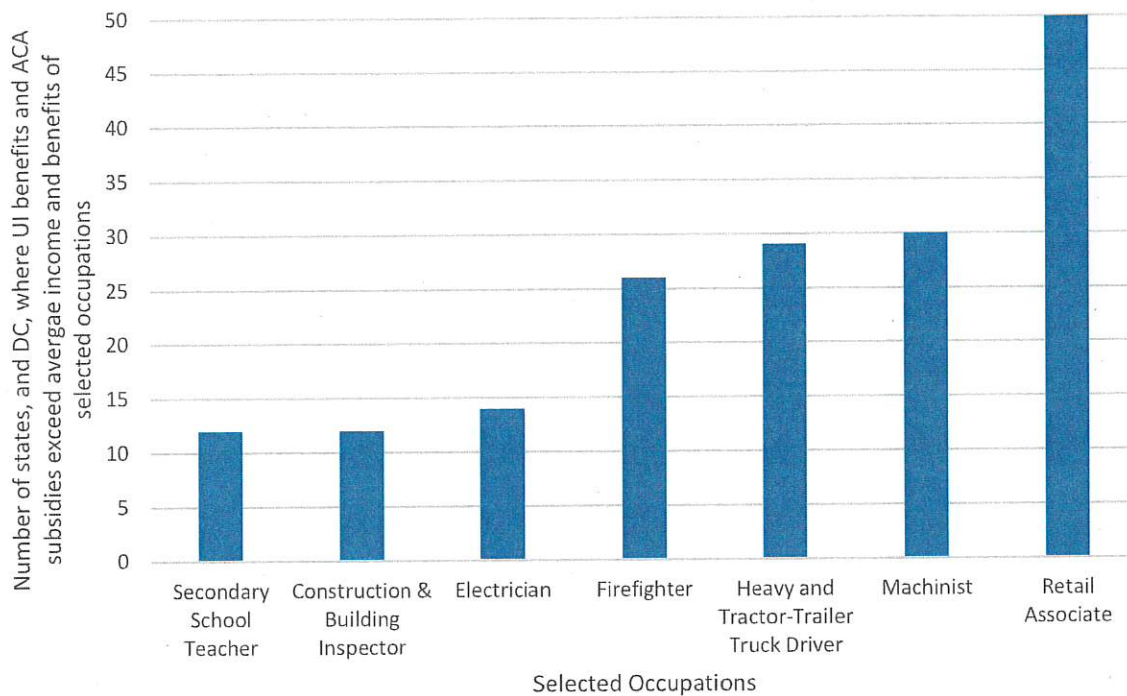
State/District	UI and ACA Subsidy	Secondary School Teacher	Construction & Building Inspector	Electrician	Firefighter	Heavy and Tractor-Trailer Truck Driver	Machinist	Retail Associate
Washington	\$122,653	\$111,795	\$104,596	\$103,652	\$100,020	\$74,989	\$78,778	\$48,791
Massachusetts	\$117,063	\$111,926	\$92,127	\$99,456	\$86,082	\$70,885	\$73,494	\$46,955
New Jersey	\$108,857	\$103,928	\$100,964	\$104,819	\$111,362	\$73,874	\$74,989	\$45,565
Minnesota	\$98,915	\$83,879	\$100,794	\$90,435	\$52,121	\$71,881	\$68,787	\$43,716
Montana	\$95,265	\$70,360	\$78,215	\$80,129	\$69,482	\$65,732	\$61,641	\$40,635
Hawaii	\$91,757	\$85,072	\$90,252	\$103,967	\$88,560	\$71,055	\$92,782	\$46,339
Colorado	\$91,281	\$81,257	\$89,884	\$76,628	\$89,557	\$70,177	\$66,427	\$45,801
Oregon	\$86,454	\$99,771	\$100,046	\$106,471	\$86,003	\$69,259	\$70,308	\$44,503
Rhode Island	\$85,605	\$94,762	\$89,426	\$78,595	\$82,424	\$71,147	\$67,463	\$45,762
Utah	\$84,751	\$84,377	\$73,678	\$75,002	\$55,098	\$66,728	\$69,954	\$42,208
North Dakota	\$83,537	\$73,547	\$88,560	\$88,835	\$68,197	\$72,012	\$70,019	\$45,998
Pennsylvania	\$82,888	\$96,768	\$81,519	\$90,029	\$76,576	\$64,604	\$63,791	\$39,743
Connecticut	\$82,809	\$104,282	\$121,446	\$89,268	\$89,347	\$69,062	\$73,101	\$45,067

⁶ Benefits are estimated to be equal to approximately 42% of a worker's salary. Additional information can be found in the appendix. Bureau of Labor Statistics and Census Bureau (2022).

⁷ Firefighter data unavailable for the District of Columbia. Bureau of Labor Statistics (2022).

Kentucky	\$80,979	\$75,133	\$70,583	\$69,980	\$44,660	\$63,358	\$60,054	\$37,029
Wyoming	\$79,294	\$83,682	\$81,689	\$82,764	\$58,245	\$70,151	\$77,113	\$39,940
Illinois	\$79,199	\$94,002	\$92,323	\$109,015	\$80,391	\$71,776	\$64,460	\$42,366
Texas	\$73,977	\$79,290	\$99,627	\$69,600	\$69,901	\$63,135	\$65,312	\$39,638
Kansas	\$73,665	\$73,848	\$72,262	\$74,464	\$52,934	\$66,820	\$57,064	\$39,560
Iowa	\$73,455	\$75,907	\$89,006	\$74,399	\$62,231	\$65,902	\$60,670	\$39,887
West Virginia	\$73,031	\$70,203	\$73,533	\$78,136	\$48,319	\$57,183	\$60,867	\$35,678
Oklahoma	\$72,936	\$73,363	\$70,845	\$73,429	\$67,935	\$64,184	\$61,706	\$37,186
South Dakota	\$72,095	\$63,752	\$67,174	\$67,869	\$64,368	\$62,467	\$58,074	\$43,742
Maine	\$71,757	\$75,422	\$80,522	\$76,208	\$58,900	\$60,775	\$66,033	\$43,716
California	\$71,063	\$124,042	\$119,348	\$99,483	\$106,196	\$68,354	\$68,236	\$47,611
New Mexico	\$69,501	\$79,683	\$74,989	\$71,672	\$52,370	\$59,726	\$66,033	\$38,904
Vermont	\$69,384	\$85,125	\$78,477	\$68,446	\$59,189	\$67,069	\$63,739	\$46,680
Nevada	\$69,185	\$81,060	\$97,450	\$87,485	\$76,536	\$66,689	\$63,712	\$41,002
Nebraska	\$69,035	\$83,092	\$79,014	\$68,341	\$79,447	\$69,796	\$67,463	\$38,537
Ohio	\$66,506	\$93,333	\$83,328	\$76,208	\$68,879	\$64,119	\$58,428	\$39,415
Idaho	\$64,435	\$70,570	\$75,631	\$68,420	\$55,242	\$63,175	\$63,529	\$42,641
New York	\$63,127	\$121,498	\$97,529	\$107,127	\$95,287	\$72,629	\$65,233	\$47,938
Alaska	\$62,408	\$96,677	\$112,647	\$104,872	\$75,159	\$74,006	\$92,992	\$47,558
Delaware	\$60,875	\$90,186	\$95,090	\$72,629	\$64,932	\$68,957	\$74,569	\$39,127
Arkansas	\$60,758	\$70,242	\$65,050	\$58,664	\$48,450	\$64,368	\$60,434	\$37,763
District of Columbia	\$60,113	\$101,961	\$110,025	\$102,564	N/A	\$74,124	\$112,241	\$47,361
Virginia	\$57,744	\$100,217	\$81,519	\$76,785	\$68,105	\$61,772	\$66,256	\$40,228
Maryland	\$56,178	\$99,443	\$81,388	\$82,109	\$80,431	\$66,990	\$78,424	\$42,208
New Hampshire	\$55,210	\$86,239	\$76,287	\$77,205	\$68,525	\$69,062	\$65,325	\$43,821
Indiana	\$54,980	\$72,445	\$72,078	\$83,184	\$70,137	\$66,400	\$64,538	\$38,589
Missouri	\$52,795	\$64,119	\$75,225	\$80,771	\$61,024	\$66,584	\$67,685	\$40,936
Wisconsin	\$51,974	\$80,562	\$77,887	\$84,994	\$60,500	\$66,518	\$58,612	\$42,720
Georgia	\$51,749	\$91,038	\$73,940	\$71,842	\$53,144	\$65,102	\$61,339	\$36,950
North Carolina	\$51,352	\$68,551	\$80,994	\$62,663	\$48,450	\$62,191	\$60,107	\$38,799
South Carolina	\$51,346	\$73,586	\$73,311	\$64,289	\$52,121	\$61,916	\$53,078	\$35,429
Alabama	\$51,304	\$71,632	\$70,321	\$63,437	\$58,900	\$61,064	\$62,231	\$35,206
Michigan	\$50,177	\$82,764	\$73,206	\$82,358	\$64,106	\$65,076	\$60,985	\$42,497
Louisiana	\$44,609	\$70,741	\$78,857	\$72,589	\$43,795	\$61,628	\$68,892	\$35,219
Arizona	\$44,271	\$72,353	\$83,617	\$67,266	\$63,922	\$64,814	\$65,719	\$44,726
Tennessee	\$43,244	\$73,769	\$67,777	\$68,472	\$55,478	\$66,020	\$60,644	\$38,340
Florida	\$43,036	\$84,076	\$82,135	\$64,355	\$70,124	\$58,979	\$60,369	\$39,140
Mississippi	\$37,486	\$62,978	\$68,564	\$71,121	\$44,411	\$66,754	\$54,232	\$36,072

Fig. 7: Number of States Where Maximum Unemployment Insurance Benefits and ACA Subsidies Exceed Average Income and Benefits of Selected Occupations



Policy Implications

A key policy question these days that has befuddled federal lawmakers is why so many millions of Americans have not returned to the workplace in the post-Covid era. The U.S. is “missing” more than three million workers of working age that could be working and were working prior to Covid but are not today. There are many factors that could help explain this disappearance of workers from the work force, including continuing fears of Covid, early retirement, “long Covid,” the decision by many not to ever return to work and instead retire early, among others. But this study shows that one factor contributing to the dearth of workers is the generous benefits paid to families without workers.

In 14 states, a family of four with two unemployed workers can receive unemployment insurance benefits and ACA subsidies equivalent to a job that pays \$80,000 a year in wages and health benefits – or more. In another 10 states, a family can receive the equivalent of a \$70,000-a-year job. For these families, work may literally not pay.

The expansion of food stamps, health insurance subsidies, and unemployment benefits, along with the relaxation or elimination of work requirements, kept millions of people from returning to the workforce in 2020 and 2021.⁸ The extension of ACA subsidies and high levels of standard unemployment benefits produce precisely the same effect, just with a reduced magnitude.

If states reduced unemployment insurance maximums and provided more targeted benefits, that would reduce unemployment and the duration for which people remain unemployed. Likewise, the federal

⁸ Mulligan, 2021, Antoni, 2022.

government should, at a bare minimum, roll back the extension of ACA subsidies in an effort to keep premiums from rising further.

Appendix

To make our estimates as conservative as possible, we use only half the value of the ACA subsidy. We also assume that the selected occupations provide a full suite of benefits, not just health insurance, further increasing the value of working relative to the benefits of the two welfare programs. The zip code for the capitol in each state serves as a proxy when determining statewide health insurance costs.

Ten of the states give additional unemployment insurance benefits for children while the rest do not. In some cases, the amount of the benefit is dependent upon the previous income of the employed parent. Regardless of precisely how a state calculates the total benefits available to a family of four, we have selected the maximum amount in benefits for which that family would be eligible.

Both unemployment insurance benefits and earned income are subject to federal income tax but payroll taxes only apply to earned income. There are also six states which levy an income tax on earned income but not on unemployment insurance benefits. To account for the preferential tax treatment of unemployment insurance benefits and reduce the value of the ACA subsidies, we use the following formula:

$$\frac{(U_i * 2 + D_i + \frac{A_i}{2}) * 52}{1 - 0.0765 - S_i}$$

where, for state i , U_i is the maximum weekly unemployment insurance benefit for one person, D_i is the maximum weekly unemployment insurance benefit for two dependents, A_i is the weekly value of the ACA subsidy, and S_i is the state income tax rate applied to earned income but not to unemployment benefits. In six states, this last term will be a nonzero number.

For comparing the value of unemployment insurance benefits and ACA subsidies to the value of earned income, we adjust earned income to account for the value of benefits according to the Bureau of Labor Statistics' latest data on Employer Costs for Employee Compensation for private industry workers. We include all the following benefits: paid leave (vacation, holiday, sick, personal), supplemental pay (overtime and premium, shift differentials, nonproductive bonuses), insurance (life, health, short-term disability, long-term disability), as well as retirement and savings (defined benefit, defined contribution). While many jobs, such as retail sales, are unlikely to offer all these benefits, including this full suite of benefits in our calculations increases the value of working relative to the two welfare programs highlighted in this study. This yields a more conservative comparison in favor of working. We assume that wages and salaries are equal to about 76.3 percent of total compensation while benefits are equal to about 23.7 percent of total compensation. Salaries are increased according to the following formula:

$$\frac{35.98 * W_{ij}}{27.44}$$

where, for state i and occupation j , W is the annual compensation in wages or salary.

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