

Is there truly a labor shortage? What your business needs to know.

Is there a labor shortage and, if there is, what's behind it? Are employees still not able to go back to work because, say, their kids are still home from school? Or are they not going back to work because they're collecting more in unemployment benefits? Or are they just finding different, higher-paying jobs?

Yes, yes, and yes.

The so-called labor shortage is complex. For businesses to respond and stay fully staffed, they need to understand not only the contributing factors, but also what to do about them and how to move forward.

How we got here

At the start of the pandemic, millions of employees lost their jobs all at once. Federal unemployment benefits were added to state unemployment benefits. The American Rescue Plan extended federal pandemic unemployment benefits through Sept. 6.

Work search requirements, which normally require unemployment benefit recipients to search for work as a condition of continuing to receive benefits, were waived.

Some employees, mostly in the hospitality and travel sectors, took home more than they otherwise would be paid and they didn't have to lift a finger to look for work, which, frankly, wasn't available anyway.

Fast forward to today. Increasing vaccination rates are now allowing states to accelerate their reopening plans. Last week's disappointing jobs report adds to the argument that unemployment benefits are too generous. Newspaper articles are documenting beach resort operators' difficulties in hiring employees for summer jobs.

And where we go from here

On Monday, President Biden said unemployment benefit recipients must take suitable work when offered. If they don't, their benefits are forfeited. The Department of Labor will work with the states to reinstate work-search requirements.

So now we have two interrelated issues: States are backing out of the enhanced federal unemployment benefits program and states are, or have already, reimposed work-search requirements for unemployment benefit claimants. These two actions should relieve some pressure on your state unemployment account.

Let's look at each issue separately.

So far, these states will **back out** of the federal pandemic unemployment benefit program:

- Alabama, as of June 19
- Arkansas, June 26

- Idaho, June 19
- Iowa, June 13
- North Dakota, June 19
- Mississippi, June 12
- Missouri, June 12
- Montana, June 27
- South Carolina, June 26
- Tennessee, July 3
- Wyoming, June 19.

These states have **reinstated or will reinstate** work search requirements:

- Alabama, as of Jan. 1, 2021
- Arizona, May 23, 2021
- Arkansas, June 28, 2021
- Colorado, Feb. 1, 2021
- Florida, May 30, 2021
- Idaho, April 25, 2021
- Iowa, Sept. 8, 2021
- Kentucky, May 9, 2021
- Louisiana, Aug. 9, 2020
- Maine, May 23, 2021
- Minnesota, April 30, 2021
- Mississippi, Aug. 20, 2020
- Missouri, July 5, 2020
- Montana, June 27, 2021
- Nebraska, July 12, 2020
- Nevada, May 2, 2021
- New Mexico, May 23, 2021
- North Carolina, March 14, 2021
- North Dakota, July 26, 2020
- Ohio, Dec. 6, 2020
- Oklahoma, Oct. 25, 2020
- South Carolina, April 18, 2021
- South Dakota, Aug. 20, 2020
- Tennessee, Oct. 4, 2020
- Texas, Nov. 1, 2020
- Utah, Aug. 15, 2020
- Vermont, May 9, 2021
- Virginia, May 30, 2021
- Wyoming, Aug. 9, 2020.