


SelfInformed

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Pandemic Era Programs and the Self-Employed



An illustration on a dark blue background. At the top center is a white life preserver with four red floats. A red rope is attached to it, extending to the left. Below the life preserver, a man in a dark suit and white shirt is floating in a sea of dark blue water. He has his right arm raised towards the life preserver and his left arm outstretched. The water is filled with several stylized virus particles, some dark blue and some light green, floating around him. The overall scene suggests a person in distress seeking help during a crisis.

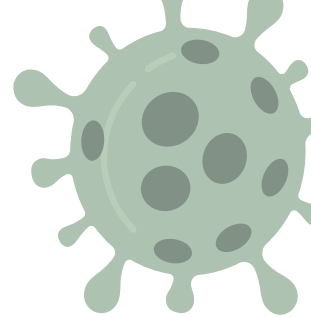
Pandemic Era Programs and the Self-Employed

The COVID-19 pandemic has changed how the world looks at so many things, including how we all perform our daily jobs and the benefits and programs associated with work. The impact the pandemic would have on self-employment and millions of new gig workers and freelancers raised particular concerns. Small business owners in industries with more exposure to the virus were also highly vulnerable.

In response to COVID, the U.S. government executed the most significant expansion of eligibility in history for Federal Unemployment Insurance Benefits. It allowed those who were once not eligible to receive these benefits, such as the self-employed and gig workers, to receive the help they needed.

Once these benefits started, the Pandemic Unemployment Assistance, or PUA program, accounted for at least 40 percent of all claims. It has been reported how around \$400 billion was spent on expanding the U.I. program during 2020.

This is just one of the ways pandemic-era programs shook up the self-employed industry. These programs have helped raise awareness for the unique needs of individual self-employed workers and small business owners. But what many people want to know is how will the introduction of these programs help self-employed workers moving forward?



What Policy Lessons Can Be Learned from Pandemic Era Programs Moving Forward?

The PUA program began a necessary departure within the U.I. eligibility framework. In the past, employers were required to verify if a worker was ineligible for U.I. if they did not respond to a recall, started working at a brand-new job, or were fired for cause.

The PUA program allowed self-employed workers and business owners to be eligible for benefits for several reasons beyond job loss. But what was the tradeoff between expanding benefit eligibility and overpayments, compared to what traditional U.I. recipients received?

The PUA Program Made It Easier for More Workers to Access Benefits

The **Pandemic Unemployment Assistance Program** successfully improved access to benefits and provided insurance against loss of income for self-employed workers and small business owners.

Since it began, PUA has provided much-needed benefits to those not otherwise eligible to receive traditional unemployment benefits. Along with the self-employed, it also helped those seeking part-time employment and others who needed more work history. However, these benefits were still unavailable to those who performed telework or those receiving paid leave at the time.

Still, it did qualify those who were unavailable or unable to work due to COVID-related issues. These included instances such as being diagnosed with COVID-19 or having the primary caregiving responsibility of a member of their household diagnosed with COVID. PUA benefits also became

the main source of income for families where primary workers of the home died due to COVID.

Additional Programs Were Created to Provide Assistance to a Broader Range of Workers

Along with PUA, some self-employed workers also qualified to get funds from an **Economic Injury Disaster Loan** or E.I.D.L. This is a low-interest loan granted by the Small Business Administration to businesses impacted by the pandemic.

Self-employed workers were eligible to apply for this loan. Still, unlike the Paycheck Protection Program, which allowed for forgivable S.B.A. loans to help incentivize small businesses and keep workers on payroll, the E.I.D.L. had to be paid back.

The interest rate for small businesses is 3.75% for an E.I.D.L. loan. And everyone who applied for one of these loans could also qualify for a \$10,000 grant that does not need to be paid back, even if they were not approved for a loan.



Census Reports Revealed Which Workers Were Hit Hardest by the Pandemic

According to reports from the U.S. Census Bureau and the experimental Household and Small Business surveys, self-employed workers in states where businesses were hit the hardest were most likely to face hardships. Self-employed workers create jobs and operate small businesses we rely on each day, and that became more apparent to us once the pandemic started.

Data from the census and other surveys showed us how self-employed workers were hit harder in areas of the United States where businesses shut down temporarily. These states, where 25% or more of their companies were temporarily closed for a day or longer, also had 13.9% of self-employed workers receive food stamps or food from food banks, community programs, or religious organizations. When compared to the 8.7% of non-self-employed workers who received the same benefits, it is evident that self-employed workers were hit the hardest.

The least affected U.S. states were those with 10% or fewer businesses temporarily closed, and they had no statistical differences by self-employment status about those receiving food stamps or other assistance for food.

Among self-employed workers in the hardest hit states, 10.6% of all adults with a high school diploma or less reported they often did not have enough food to eat during the pandemic. Around 2.6% of adults with a higher education bracket stated the same.

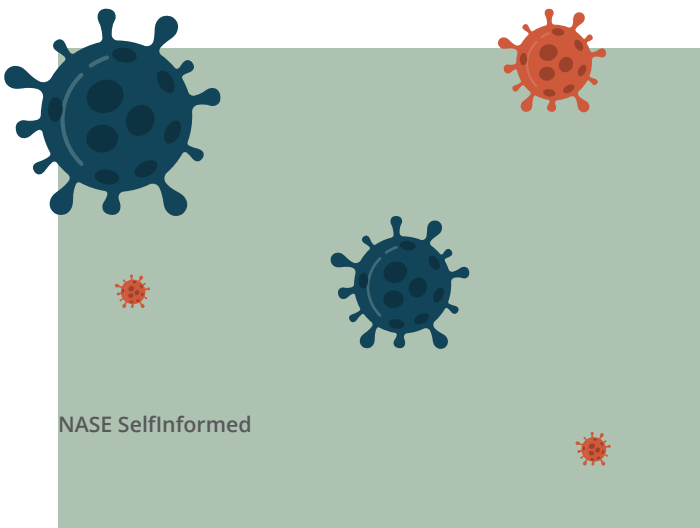
Single adults and young adults between the ages of 25 and 39 who were self-employed were also more likely to report they often did not have enough money for food during the pandemic than those who were married or older.



The Lessons We Learned in the Workplace and about Self-Employment

The COVID-19 pandemic was a disastrous worldwide event unlike anything anyone living today has ever experienced. While our ancestors have endured widespread tragic illnesses in the past, there was very little we could take from history to help us prepare for the events of the pandemic. We had to adapt to this new way of living quickly if we were going to survive, and many people are still recovering from the losses they endured during that time.

Still, with all significant events, there are lessons to be learned. We now know many things we once believed were unattainable in the business world or would destroy our business structure can actually be helpful in more ways than one.



We Learned the True Meaning of Being Flexible

Prior to the pandemic, many believed allowing workers to be more flexible meant working from home. And now, we realize flexibility means for a worker to be able to fit their work into their daily lives in a way much more manageable for them.

Working from home during the pandemic has allowed many wage workers to see just what a large percentage of self-employed workers have dealt with for years. This form of work brought on more pressure and work hours for many employees who had to learn how to juggle their careers and lives at home simultaneously within the same chaotic environment that often included children and pets. Those used to working on location quickly realized working from home was not as easy and carefree as they initially assumed.

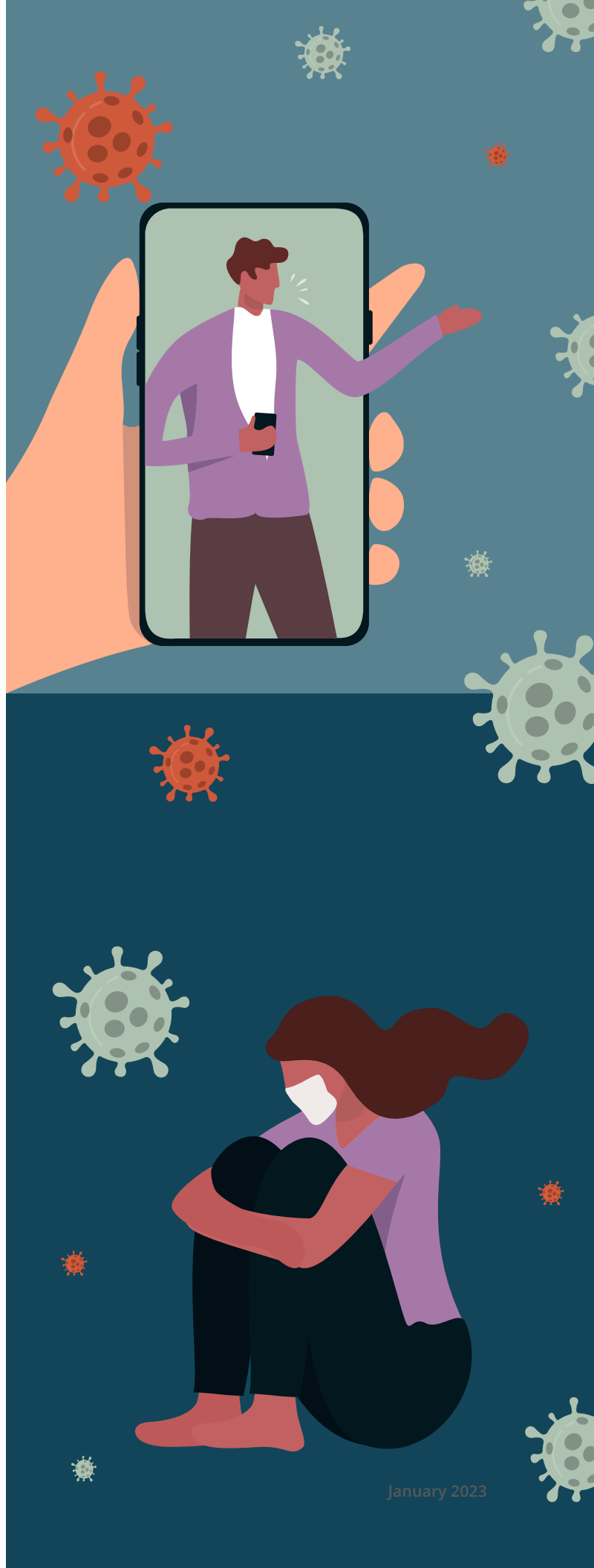
The loss of wellness programs also significantly impacted the mental health and well-being of these new at-home workers.

The Effects of Mental Health and Well-Being for Workers Due to the Pandemic

Between February and April 2020, the number of self-employers in the United States decreased by 22%, and there was also a tragic loss of 3.3 million business owners. It was reported that around 43% of small businesses, with the majority being those in retail sales, closed down temporarily due to the effects of the pandemic. These mass business closures placed a significant strain on our economy and the well-being of employees, which led to a higher demand for additional social programs and services.

Preliminary data shows the pandemic had an uneven effect on women, immigrants, minorities, and self-employed workers. Studies showed women in the U.S. and Europe who were self-employed during the pandemic were more likely to face unemployment than men. There was also the added burden of childcare, as the pandemic caused a widespread closure of schools and daycare centers.

The pandemic has been shown to have more adverse effects on immigrants and minorities within the self-employment sector in the U.S. During the first full month of the pandemic, the decrease in the number of Black, Asian, and Hispanic business owners was more significant than White business owners. Moreover, the number of businesses



decreased among minorities and immigrants more than natives. These trends continued throughout June 2020.

Gaining a proper understanding of how the COVID-19 pandemic affected self-employed households is still in its early stages. Therefore, more research is necessary to explore how the pandemic impacted various groups. This information can help us develop better preventative measures for future health and economic disasters.

The **Grashuis 2021 study** on Self-Employment Duration during the 2020 Pandemic was the first to measure unemployment risk among self-employed individuals and the unequal impacts it had on them.

But no matter how we assess the damages unemployment caused by the pandemic had on self-employed individuals versus wage workers, it is essential to collect this data and work on making

these programs more valuable and attainable to all who need them in the future.

Contact Us Today for Assistance and More Information

At the **National Association for the Self-Employed**, we are dedicated to providing education, insight, and tools to help those currently self-employed or those considering the switch. We understand the severe impact COVID-19 had on small businesses and self-employed workers, and we are here to provide you with helpful resources to get your business or career up and running again.

For more information on how **NASE** can help you or your small business, contact us today by visiting our **website** or giving us a call. One of our trained specialists will be happy to assist you and answer any questions you may have.

See the Latest Press Releases from NASE



NASE Chief Lauds Record-Breaking New Small Business Applications

Jan 20, 2023

With the recent news from the SBA on current Census Bureau Data showing a record-shattering pace of new small business applications over the last two years, Keith Hall, president and CEO of NASE, today reacted with pride calling it a “entrepreneurial trend highlighting American ingenuity and perseverance.”

[READ FULL STORY →](#)



National Association Awards \$28K in Growth Grants to Support the Sustainable Growth and Expansion of the American Small Business Community

Dec 05, 2022

As a record number of Americans choose self-employment by opening their own small business over traditional W-2 employment, NASE announced today \$28,000 in Growth Grants to seven local small businesses.

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[READ ALL PRESS RELEASES](#)

Your Business Could be Featured in our Monthly e-Newsletter!

We want to hear from you!

Each month NASE publishes a new Member Spotlight in our e-Newsletter called SelfInformed, a national newsletter sent to over 50,000 members across the country with the latest news about the self-employed and micro-business community. As part of this national e-Newsletter, we want to shine a spotlight on those members, regardless of where they live, who are operating successful businesses that are growing and thriving.

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ANNOUNCEMENT



Now Accepting Dependent Scholarship Applications

Multiple College Scholarships of \$3,000 are Awarded Each Year

This program is open to legal dependents of NASE Members, ages 16–24. To apply, students need to be high school students or college undergraduates planning to enroll in college for the upcoming fall semester. The application period is January 1st through April 30th.

[APPLY NOW](#)



Member Benefits

Visit [NASE.org](https://www.nase.org) to learn more about the following benefits!



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New!



Member Benefits

Visit [NASE.org](https://www.nase.org) to learn more about the following benefits!



AARP is collaborating with the NASE as a supporter of the Growth Grants program. The grants are targeting NASE Members who are minority business owners aged 45 and older. Through this partnership NASE and AARP are working to provide greater access to capital for business growth.

Apply for a **NASE Growth Grant** sponsored by AARP today. There will be three winners each quarter awarded a \$4,000 grant to support the growth of their business.

Start the new year off right. Now is the easiest time to switch payroll providers.

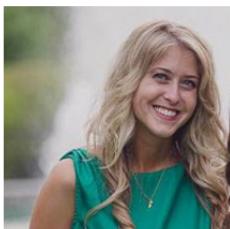
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*Contact your rep for program terms and restrictions

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- **HR Help Services:** Live HR consultants on staff to answer any state HR questions you may have; employee handbook templates available (all included with payroll services)
- **Worker’s Compensation Insurance (pay by pay):** Eliminate down payments, balance cash flow, eliminate audit surprises and simplify the administration of your workers compensation policy using ADP’s Pay By Pay insurance service
- **Retirement Services — SoloK/EasyPayK/401K/Simple IRA:** Need a retirement vehicle for your small business. ADP has many retirement solutions suited for your needs



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The benefits explained herein are offered at the sole discretion of the association and may vary by availability, vendor and state of residence of the member. Vendors reserve the right to withdraw or change their offers without notice. The association makes no affirmation of fact or promise relating to the goods and services, and specifically disclaims any warranty, expressed or implied, as to the merchantability of the goods and services reflected. To be entitled to the association benefits, you must be a member in good standing and dues must be paid current.

RETIREMENT SECURITY JUST GOT A LITTLE MORE SECURE



In the final days of 2022, Congress passed a comprehensive government funding bill (Omnibus) that in addition to funding the federal government through the remaining 2023 fiscal year, also included the **Securing a Strong Retirement Act of 2022** (SECURE 2.0). The SECURE 2.0 Act expands on previously passed legislation, *Setting Every Community Up for Retirement Enhancement Act* (SECURE Act) which revised rules around retirement saving, including raising the age of required minimum distributions (RMDs) and allowed workplace savings plans to offer annuities.

SECURE 2.0 contains several provisions that will help workers boost savings, support small employers who want to support their employees retirement goals, and increase tax incentives for those who are already working to secure their retirement future.

Establishment of Starter 401k Plans: Beginning in 2024, Starter 401k plans will serve employers who do not already offer 401k plans to employees. The starter plan requires automatic enrollment, eliminates year end testing requirements and establishes the same contribution limits as the current IRA contribution limit of \$6,000. The starter plan provides a great entry point for small businesses, especially given that they do not allow

employer contributions meaning that even the smallest of small businesses can offer something to their employees.

Part-Time Eligibility: Starting in 2025, employers will be required to allow part time employees (workers with over 500 hours per year) to participate in their retirement plan after two years of service. Employees with over 1000 hours of service must be included after 1 year of service. Since the workforce includes more part time workers now than in the past, it means more workers will be eligible to contribute employer sponsored retirement plans.

Increased Catch Up Limits: SECURE 2.0 increases for employers with 26-100 employees if they make employer nonelective contributions of 3% or a 4% matching contribution.

With the majority of American workers employed by small businesses, it's important that small employers are empowered with the tools needed to give workers options for their retirement. With the new provisions offered through the SECURE 2.0 Act, we believe small employers are better positioned to save for a secure retirement.

Katie Vlietstra is NASE's Vice President for Government Relations and Public Affairs; You can contact her at kvlietstra@nase.org.