



**TITLE: HB 43 UNEMPLOYMENT COMPENSATION AMENDMENTS (Social Security Offset)**

**SPONSOR: Rep. Steven Mascaro**

**SENATE FLOOR SPONSOR: Sen. Mark Madsen**

**SUMMARY:** An interim committee bill which passed unanimously and represents a compromise between labor and business, HB43 provides that Social Security benefits may not be offset against unemployment compensation weekly benefits for an individual whose benefit year begins after the expiration of the Federal Additional Compensation (FAC) Program; provides for the computation of weekly unemployment benefits for those whose benefit year begins after the expiration of the Federal Additional Compensation (FAC) Program; and makes certain technical changes.

**BACKGROUND:**

When a person receives Social Security retirement benefits, benefits are counted against (offset) that person's unemployment insurance (UI) benefit amount. This is referred to as the Social Security Offset. Utah's current provision for a 50% offset will sunset on July 1, 2010, returning the state to a 100% offset. Should that occur, UI claimants who also receive Social Security benefits would have their unemployment benefits reduced by the entire amount they receive in Social Security benefits.

The effective date of HB43 is tied to the expiration of the Federal Additional Compensation (FAC) program. The FAC program is a temporary federally funded program that supplements UI claimants weekly benefit amounts by \$25 per week. *Otherwise, the bill would jeopardize receipt of approximately \$1.5 million per week in federally subsidized FAC payments to 60,000 unemployed Utahns for violating the "Non-Reduction Rule."* All new UI claims, beginning on the effective date, will have their UI benefits reduced by \$5 per week to offset the cost.

The Department of Workforce Services estimates the increased benefit costs associated with eliminating the Social Security Offset will be offset by the \$5 reduced calculated weekly benefit amount payable to all Unemployment Insurance (UI) claimants, provided they are implemented at the same time, thus the proposal is **revenue neutral**.

DWS will report back to the legislature in 2011 and 2012 with a report of the impact of the legislation and provide any recommendations as appropriate.

The Workforce Services Employment Advisory Council unanimously endorses HB 43 to

1) adapt to federal changes, 2) insure Utah does not jeopardize federal FAC payments and 3) insure long-term costs **remain revenue neutral**.

*For more information, please contact:*

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