

# FACT SHEET

January 26, 2009

REQUEST: Modify Utah's UI benefit programs to qualify for \$61 million in federal funding.

## Unemployment Insurance Modernization Act

The Unemployment Insurance Modernization Act (UIMA) is bi-partisan federal legislation that provides states with \$7 billion in incentives if they modernize their unemployment insurance programs. The UIMA provides funding for reforms that help people who currently fall through the cracks of the UI program, including low-wage workers, part-time workers, women, and individuals who quit their jobs to accompany their relocating spouse. The UIMA is part of the Federal Stimulus Package. With unemployment on the rise in Utah and unemployment insurance caseloads doubling over the last few months, the estimated \$61 million in benefit expansion that will come to Utah over the next six years will greatly help Utah families who have been affected by the current economic crisis.

### KEY FACTS

In order to receive the federal funds, Utah needs to make the following changes to its Unemployment Insurance program:

- **“Alternative Base Period”** – for customers who don't qualify under the standard base period (first 4 of the last 5 completed calendar quarters), DWS will look at the claimant's “alternative base period” (the last 4 completed calendar quarters) to determine eligibility. Approximately 1,200 claimants a year will be eligible under this change.
- **“Quit to Accompany”** – individuals could still be eligible for unemployment insurance after a voluntary quit if there are “compelling family reasons.” The only “compelling family reason” Utah does not currently consider that is outlined in the law is the “quit to accompany” provision that would allow UI benefits for an individual who quits their job to accompany their relocating spouse. This would help an estimated 400 claimants in 2009.
- **“Part-time Benefits”** – Unemployed individuals who normally work part-time would be eligible for benefits while seeking part-time work. An estimated 2,400 individuals would be assisted under this provision.

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### FREQUENTLY ASKED QUESTIONS:

#### *How much will these changes cost Utah?*

Implementation of all three programs will be: one-time IT costs of \$310,000; annual administrative costs of \$258,000; and benefit costs of \$291,000 for FY09, \$6.5 million for FY10, and \$11.1 million for FY11. These changes will bring \$61 million dollars into Utah over the next six years.

#### *Who will these changes help?*

UI caseloads have increased 133% since October, with more than 140,000 people receiving weekly UI benefits in January. More than 16,000 people made initial UI claims in January, double the number made in October. Utah's unemployment rate has risen from 3.5% in October to 4.3% in December, a 24% increase in unemployed workers in Utah. Taxpayers who have never had to use these services before find themselves having a hard time accessing UI with the huge overload of claims, which will be greatly relieved by the UIMA funds.

#### *How else will Utah benefit from these changes?*

Mark Zandi, conservative economist and former economic advisor to John McCain, estimates that UI puts the most money back into the economy for every dollar spent. \$1 spent in UI benefits puts \$1.63 back into the economy; this is greater than tax breaks (\$1.01), state fiscal relief (\$1.38) or infrastructure spending (\$1.59).

