Department of Workforce Services "Utah Back to Work Pilot"

Summary Description of the Initiative

The Department of Workforce Service (DWS) developed an initiative to provide Utah employers with an opportunity to re-employ approximately 3,700 Utah workers. DWS is targeting two groups of unemployed job seekers: 2,500 Unemployment Insurance (UI) claimants making no more than $15 per hour in their last job, who are currently receiving UI benefits, and 700 unemployed 18 to 24 year olds. A wage subsidy of up to $2,000 per participant for a maximum of 3 months will be provided to the employer for each employee they hire. The employer will not be required to retain the employee at the conclusion of the subsidized period but will be encouraged to consider them for permanent full-time employment. DWS proposes to fund the program primarily with American Reinvestment and Recovery Act (ARRA) TANF funds and an appropriation from the REED Act to assist in staffing costs. This provides us with a unique opportunity to leverage our resources, stimulate job growth, and help ensure the UI trust fund remains solvent. DWS confirmed with our Federal TANF partner the concept met TANF ARRA intent.

The employer may be able to combine this subsidy with the recently enacted federal "Hiring Incentives to Restore Employment" (HIRE) act that provides a temporary waiver of the employers 6.2% share of Social Security taxes for each newly hired worker between February 3rd and December 31st of 2010; and up to a $1,000 general business tax credit for each worker retained for one year.

Objective: Provide an incentive to Utah employers to hire targeted UI claimants and youth while also providing job seekers with an opportunity to become re-employed quicker.

Benefits to Job Seekers

- Opportunity to learn a new job skill
- Introduction to a potentially new career path
- Opportunity to demonstrate current skills to an employer
- Enhanced income to become self sufficient
- Preserve remaining balance of UI benefits available
- Employment Child Care subsidy may be available

Benefits to Employers

- The wages of the qualified new hire will be subsidized
- Opportunity for business expansion
- Opportunity to observe potential permanent employees
- Help minimize UI Tax rates for all Utah employers

Benefits to DWS and the State of Utah

- Help protect solvency of UI trust fund
- Stimulate job growth
- Provides Employment Center staff with a new tool to help UI job seekers
- Reduce the need for other social and supportive services

Qualified Utah Employers:

- Employers are active and registered with the UI Division and in "good standing" (No delinquent UI taxes or reports)
- Any Employer other than the United States, State, or any political subdivision, temporary help company, and Professional Employer Organization.

Qualified Job Seekers:

- Job seekers can only participate once in the program
- Job seeker has not worked for a participating employer for more than 40 hours during the 60-day period before their date of hire as part of the BTW program
- US citizen or eligible non-citizen
- **Claimants:**
  - Active UI claimants with 10 or more weeks of unemployment benefits remaining may participate
  - Only UI claimants that have made no more than $7,800 in any quarter in their UI base period job(s) may participate
  - Only UI claimants that have one or more minor child dependents may participate
- **Youth:**
  - 18 – 24 years old
  - Unemployed

Guidelines:

- Employers may not displace or partially displace existing workers
- The individual hired must work a minimum of 35 hours per week
- The work is not seasonal or temporary
- The employer will pay the worker a minimum of $9.00 per hour (Commission jobs must have a clause that guarantees $9.00 per hour minimum)
- $500 employer subsidy payment when qualified claimant hired and $1,500 payment upon three-month retention of participant

Procedures:

- The DWS temporary Re-Employment Staff (RES) in Employment Centers statewide will facilitate placements, execute worksite agreements, and facilitate payments
- Employer and job seeker experience and participation will be monitored to ensure program performance outcomes are positive.
- Marketing efforts by each Economic Service Area will be made to find willing employer participants in emerging industry sectors with the best potential for job growth or recovery; however any qualified employer may participate. Efforts will be made to distribute the subsidy to a broad base of qualified employers.
- A marketing process will be developed to inform potentially qualified UI Claimants, after they receive their first UI payment, to maximize potential savings to the UI Trust Fund
- DWS will control the number of participants to ensure the costs do not exceed the available funding
- The current computer systems of UI (CUBS) and Employment Services (UWORKS) will be utilized to market, register, track, and pay the stipends.

Number of Participants and Potential Savings to UI Trust Fund:

- FY 2011:
  - Goal of 2,500 UI participants, Potential of $3.6 million savings to UI trust fund
  - Goal of 700 unemployed youth participants