

Still Solvent

Utah's Unemployment Insurance Trust Fund

Presentation Outline

Selected Federal and
State Unemployment Statistics

Background: Federal/State
Unemployment Insurance Trust
Fund Systems

Solvency of Utah's Fund

NOTE: for the Unemployment Insurance portion of the presentation, I am indebted to Bill Starks, Utah's Unemployment Insurance Director, for his kind and willing assistance in Providing UI data and responding to my questions.

Defining Terms

- **Unemployment Rate (UR)**
 - % of the total civilian labor force that is currently out of work
- **Labor Participation Rate (LPR)**
 - % of those currently out of work that are actively seeking work
- **Civilian Labor Force**
 - Sum of employed and unemployed
- **Discouraged Worker**
 - Eligible and willing to work but unemployed and not attempting to find work during the previous four weeks
- **Marginally Attached Worker**
 - Willing and able to work and either held a job or searched for a job in the past year, but not actively seeking employment

Participation and Unemployment Rates of Civilian Population

Labor Participation Rate (LPR) + Unemp. Rate (UR) by Age, Sex	Not Seasonally Adjusted			Seasonally Adjusted					
	Aug 2009	July 2010	Aug 2010	Aug 2009	April 2010	May 2010	June 2010	July 2010	Aug 2010
LPR – Total Civilian Labor Force	65.6	65.3	65.0	65.4	65.2	65.0	64.7	64.6	64.7
UR – Total Civilian Labor Force	9.6	9.7	9.5	9.7	9.9	9.7	9.5	9.5	9.6
LPR – Men 16 Years and Over	72.4	72.1	71.7	72.2	71.8	71.5	71.3	71.1	71.4
UR – Men 16 Years and Over	10.1	10.0	9.8	11.0	10.8	10.5	10.5	10.4	10.6
LPR – Men 20 Years and Over	74.9	74.4	74.4	75.0	74.7	74.5	74.3	74.1	74.3
UR – Men 20 Years and Over	9.4	9.2	9.1	10.2	10.1	9.8	9.9	9.7	9.8
LPR – Women 16 Years and Over	59.3	58.8	58.6	59.1	59.0	58.9	58.5	58.4	58.5
UR – Women 16 Years and Over	8.9	9.4	9.3	8.3	8.8	8.8	8.3	8.5	8.6
LPR – Women 20 Years and Over	60.7	60.1	60.1	60.7	60.7	60.6	60.3	60.1	60.1
UR – Women 20 Years and Over	8.3	8.6	8.6	7.7	8.2	8.1	7.8	7.9	8.0
LPR – Both Sexes, 16-19 Years	40.7	42.6	38.5	37.5	35.9	35.6	34.1	34.6	35.2
UR – Both Sexes, 16-19 Years	24.2	26.5	25.1	25.7	25.4	26.4	25.7	26.1	26.3

Data Source for these slides: United States Bureau of Labor Statistics, September 3, 2010

Unemployed by Duration of Unemployment (numbers in thousands)

Duration

Number of Unemployed

	Not Seasonally Adjusted			Seasonally Adjusted					
	Aug 2009	July 2010	Aug 2010	Aug 2009	April 2010	May 2010	June 2010	July 2010	Aug 2010
Less than 5 Weeks	2,867	3,111	2,632	2,992	2,682	2,752	2,769	2,839	2,760
5 to 14 Weeks	4,322	3,507	3,939	4,093	2,991	3,019	3,121	3,060	3,635
15 Weeks and Over	7,633	8,519	8,189	7,849	8,969	8,924	8,959	8,722	8,484
15 to 26 Weeks	2,572	1,978	1,916	2,825	2,253	2,161	2,208	2,151	2,235
27 Weeks and Over	5,061	6,541	6,273	5,024	6,716	6,763	6,751	6,572	6,249
Av. (Mean)Duration in Wks	25.1	32.6	33.1	25.2	33.0	34.4	35.2	34.2	33.6
Median Duration in Weeks	15.5	20.3	19.6	15.5	21.6	23.2	25.5	22.2	19.9

Percent Distribution

Less than 5 Weeks	19.3	20.6	17.8	20.0	18.3	18.7	18.6	19.4	18.5
5 to 14 Weeks	29.2	23.2	26.7	27.4	20.4	20.5	21.0	20.9	24.4
15 Weeks and Over	51.5	56.3	55.5	52.6	61.3	60.7	60.3	59.7	57.0
15 to 26 Weeks	17.4	13.1	13.0	18.9	15.4	14.7	14.9	14.7	15.0
27 Weeks and Over	34.1	43.2	42.5	33.6	45.9	46.0	45.5	44.9	42.0

Unemployed by Industry and Class of Worker (not seasonally adjusted)

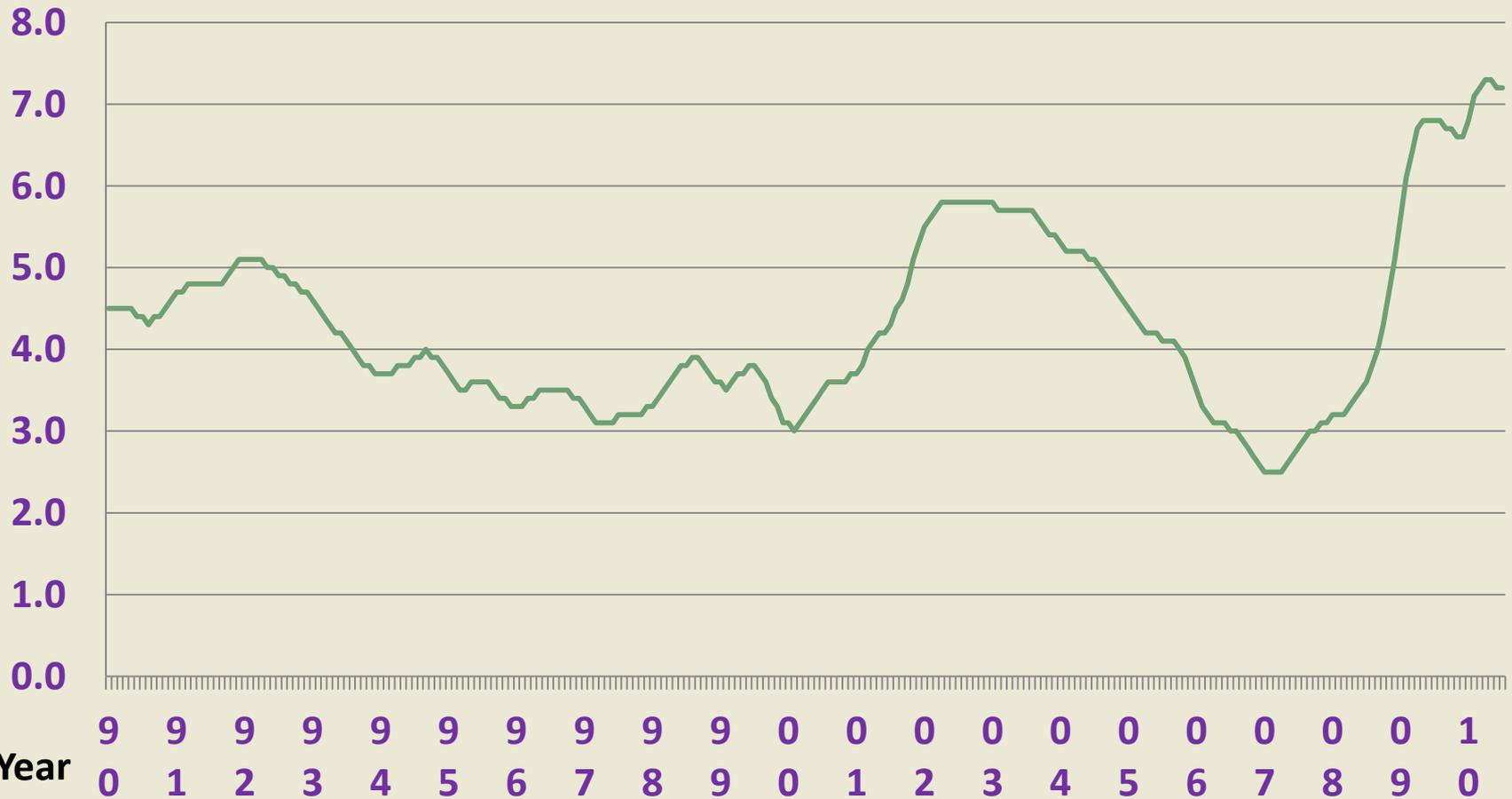
Industry and Class of Worker	Unemployed (in thousands)		Unemployment Rates	
	August 2009	August 2010	August 2009	August 2010
Total, 16 years and Over	14, 823	14,759	9.6	9.5
Nonagricultural Private Wage and Salary Workers	11,729	11,285	9.8	9.4
Mining, Quarrying, and Oil and Gas Extraction	93	93	11.8	10.9
Construction	1,542	1,483	16.5	17.0
Manufacturing	1,866	1,463	11.8	9.5
Durable Goods	1,297	984	13.0	10.0
Nondurable Goods	569	479	9.7	8.6
Wholesale and Retail Trade	1,794	1,909	8.8	9.3
Transportation and Utilities	547	440	9.8	7.3
Information	358	302	10.7	9.7
Financial Activities	566	606	6.0	6.7
Professional and Business Services	1,560	1,524	11.0	10.5
Education and Health Services	1,239	1,430	6.0	6.7
Leisure and Hospitality	1,636	1,507	12.0	10.8
Other Services	528	530	8.2	8.3
Agriculture and Related Private Wage and Salary Workers	195	114	13.1	7.9
Government Workers	1,118	1,292	5.1	6.0
Self-Employed and Unpaid Family Workers	569	638	5.3	6.1

Household Data -- Alternative Measures of Labor Underutilization (percent)

Measure	Not Seasonally Adjusted			Seasonally Adjusted					
	Aug 2009	July 2010	Aug 2010	Aug 2009	April 2010	May 2010	June 2010	July 2010	Aug 2010
Persons unemployed 15 weeks or longer, as % of civilian labor force	4.9	5.5	5.3	5.1	5.8	5.8	5.8	5.7	5.5
Job losers + persons who completed temporary jobs, as % of civilian labor force	6.0	5.8	5.7	6.4	6.0	6.0	5.9	5.9	6.0
Total unemployed as % of civilian labor force (official unemployment rate)	9.6	9.7	9.5	9.7	9.9	9.7	9.5	9.5	9.6
Total unemployed + discouraged workers as % civilian labor force + discouraged workers	10.0	10.4	10.2	10.1	10.6	10.3	10.2	10.2	10.3
Total unemployed + disc workers + all others marginally attached to labor force as % of civ labor force + all marginally attached	10.9	11.2	10.9	11.0	11.3	11.0	11.0	11.0	11.0
Total unemployed + all marginally attached + total employed part time for econ. reasons as % of civ labor force + all marg attached	16.5	16.8	16.4	16.8	17.1	16.6	16.5	16.5	16.7

Utah Unemployment Rate 1990 – July 2010

Percent



Data Source: Utah Department of Workforce Services

Unemployment Insurance (UI) Trust Fund -- Background

- **Created During the Great Depression**
- **Purposes**
 - To accumulate and hold significant funds during good economic times
 - Pay benefits during economic downturns
 - Stimulate a stagnant economy
 - Strengthen the attachment between employers and their skilled workers during temporary layoffs

UI Trust Fund

How it Works

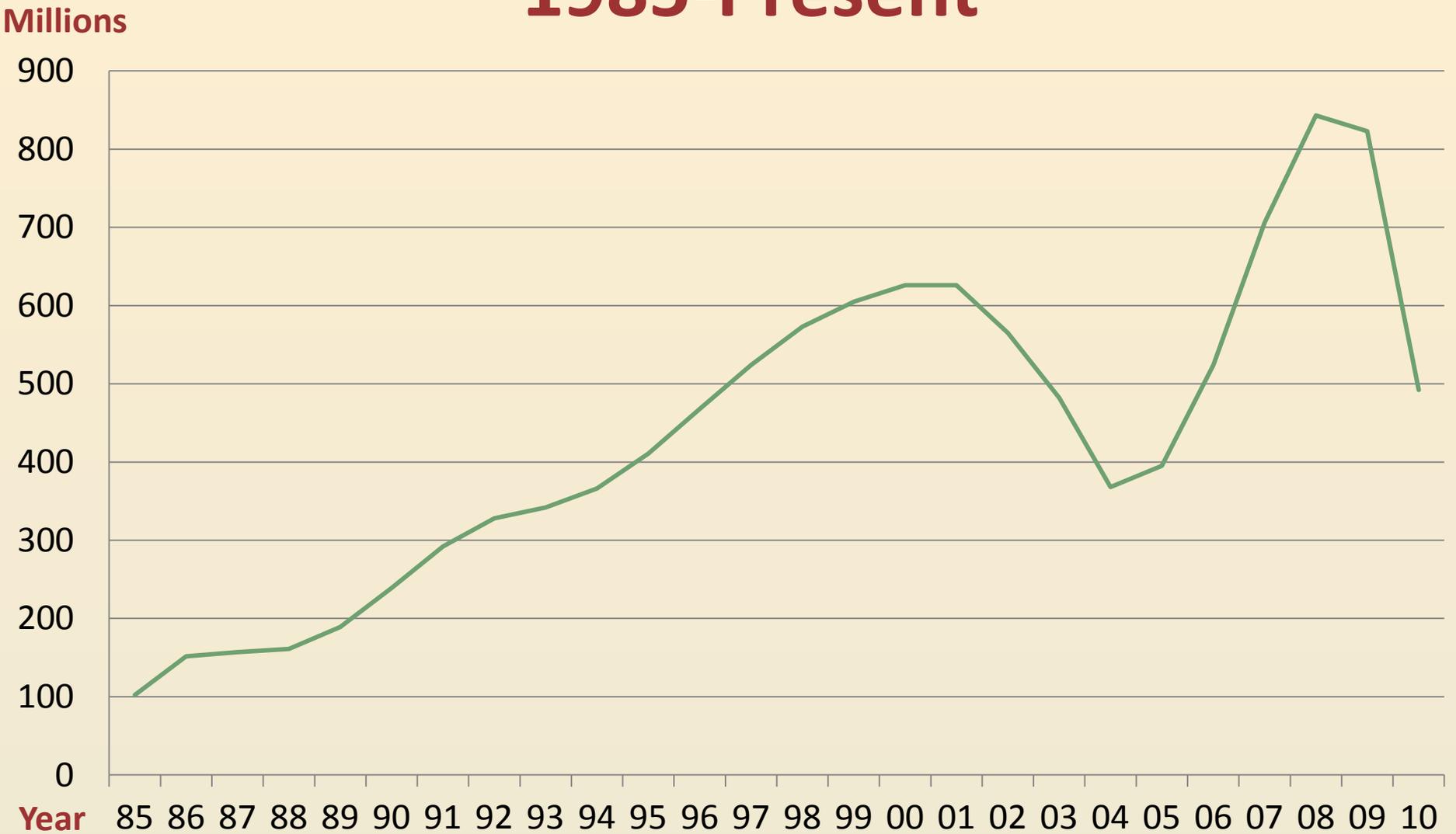
- **Federal Taxes levied Annually on Employers**
- **Higher Rate Paid by Employers with higher % of former employees receiving benefits**
- **State Payroll Tax**
- **Funds Go to Three Federal Accounts**
 - state program administration
 - 50% share of the extended benefits program
 - loan fund for insolvent states

UI Trust Fund

How it Works, cont.

- **UI Programs Operated by the States**
- **States determine UI Eligibility, Benefit Levels, and Duration of Benefits**
 - “Weekly Benefit Amount”: $1/26^{\text{th}}$ of the individual’s total wages for work paid during the quarter of the **base period** in which the total wages were highest” (UCA 35A-4-401(2))
 - “**Base Period**” the first four of the last five completed calendar quarters of work performed (UCA 35A-4-201(1))
 - **Alternative Base Period** -- The last four completed quarters. This begins in January 2011 and is for individuals who have insufficient earnings in the regular base period.

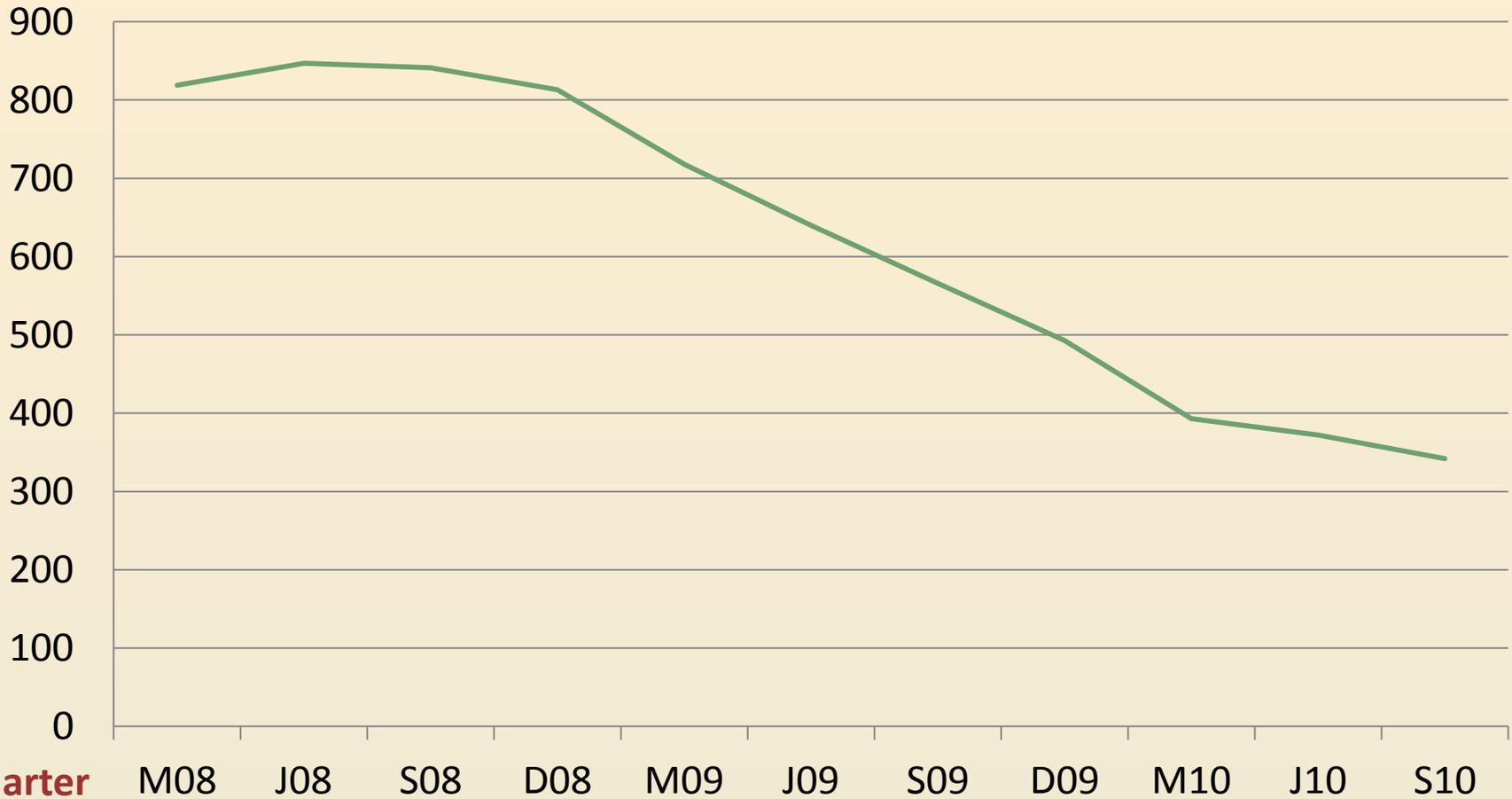
UI Trust Fund Beginning Year Balance: 1985-Present



Data Source: Utah Department of Workforce Services

UI Trust Fund Levels: Quarterly Since March 2008

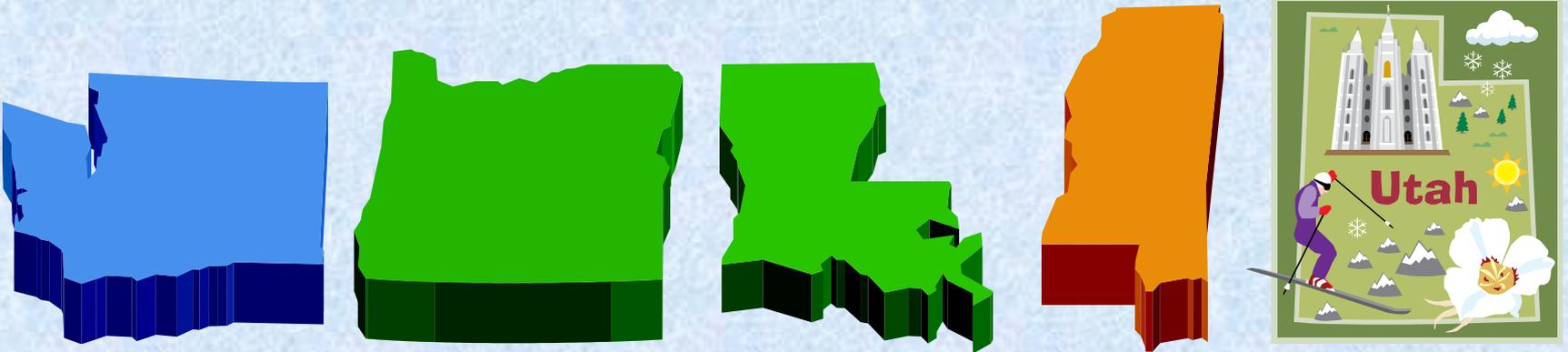
Millions



Data Source: Utah Department of Workforce Services

States and UI Solvency

- In the current recession, UI Trust Funds in 34 States and the Virgin Islands have gone Insolvent
- Three States have since paid off Federal Loans
- **Utah**: \$352 Million -- Fifth Largest UI Trust Fund Account (after Washington, Oregon, Louisiana and Mississippi)



Utah UI Fund Solvency Estimates

- May 2010: Utah's UI Fund would be insolvent in **Fall 2011** (Dept. of Workforce Services)
- Latest estimate: **January 2013**

Summary

- **Selected Current Employment Figures**
- **UI Trust Fund – Background, How it Works**
- **Utah's UI Trust Fund**
 - **Current Status, Trends**
 - **Latest Estimates of Trust Fund Levels, Solvency**

Questions?

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