



DEPARTMENT OF WORKFORCE SERVICES UNEMPLOYMENT INSURANCE LINE ITEM

SOCIAL SERVICES APPROPRIATIONS SUBCOMMITTEE
STAFF: STEPHEN JARDINE

BUDGET BRIEF

SUMMARY

The Fiscal Analyst's FY 2014 recommended budget is \$21,687,300 for the Unemployment Insurance line item. This recommendation is the same as the FY 2013 revised estimated budget. This funding level supports 279 FTE. This brief highlights some issues in Unemployment Insurance as well as some uses of the funding provided. The Subcommittee annually reviews each base budget to propose any changes and to vote to approve it. The Fiscal Analyst recommends that the Subcommittee approve the \$21,687,300 recommended budget.

LEGISLATIVE ACTION

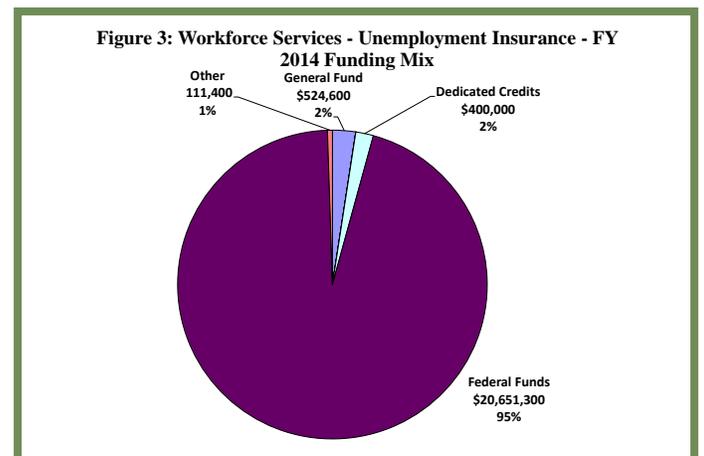
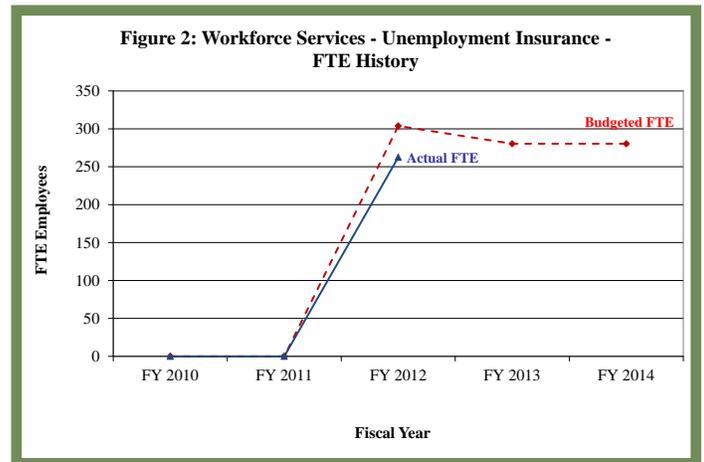
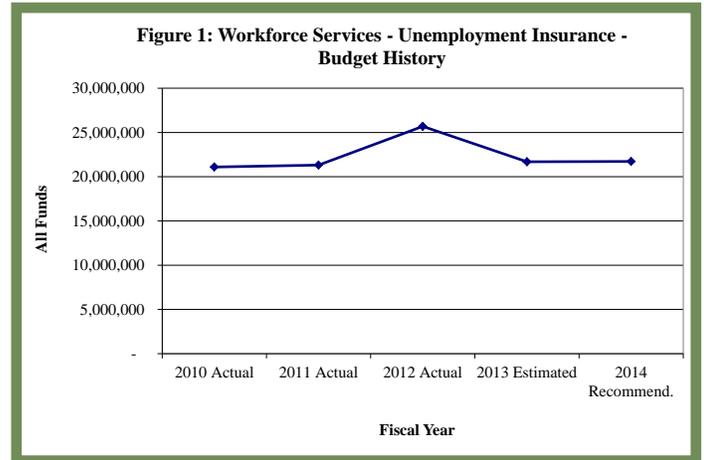
1. The Fiscal Analyst recommends a FY 2014 budget of \$21,687,300 as shown in Table 1 on page 4.
2. The Analyst recommends the adoption of the intent language as listed in this brief on page 2.
3. The Analyst recommends the transfer of a hearing officer to the Department of Health (see page 2).

OVERVIEW

The Federal-State Unemployment Insurance (UI) Program provides temporary unemployment benefits to eligible workers who are unemployed through no fault of their own and meet other eligibility requirements (as determined under state law). Each state administers a separate unemployment insurance program within guidelines established by federal law. State law also determines benefit amounts and the length of time benefits are available. There are two programs within this line item.

Unemployment Insurance Administration

This program administers Unemployment Insurance activities. Funding for the administration of the UI program comes from the *Federal Unemployment Tax Act (FUTA)*. The UI Administration program determines what employers and workers are subject to coverage, the contribution rates assessed, and collection provisions. The Centralized New Hire Registry at DWS is managed in this program, through contract with the state Office of Recovery Services for locating,



establishing, and enforcing child, medical, and spousal support as well as determining continuing eligibility for unemployment insurance and other public assistance funds.

Adjudication

The Adjudication division provides hearings for unemployment insurance claims and public assistance payments as well as the appeals of such hearings. The division also provides legal guidance for departmental matters. The department is statutorily obligated to provide an adjudication process for unemployment and public assistance programs.

For additional information on the Unemployment Insurance line item, please refer to the Compendium of Budget Information for the 2013 General Session found at http://le.utah.gov/lfa/reports/cobi2013/agcy_200.htm

ISSUES

FY 2014 Budget Adoption

Adoption of the FY 2014 budget enables the programs to continue for the next fiscal year at the level outlined. Some changes in the budget may occur, namely non-state fund increases or decreases (i.e. federal funds, transfers, dedicated credits and non-lapsing balances) and program shifts within a line item.

Department Requests for Consideration

The department requests the following actions from the subcommittee for the Unemployment Insurance line item:

1. ***Provide \$1,062,200 in one-time funding from the Special Administrative Expense Account to fund the Interest Payment Related to Job Growth Projects.*** The department is requesting an appropriation of funds from the Special Administrative Expense Account (SAEA) to continue what DWS refers to as ‘demand driven employment activities.’ These employment activities are being done throughout the state (see description in the budget brief *Workforce Services – Operations and Policy Line Item*, 2013 General Session). The appropriation of SAEA funds includes interest and penalties collected in association with unemployment as found in the [Employment Security Act](#). When the Special Administrative Expense Account is used for anything not directly related to unemployment insurance activities, [UCA 35A-4-506\(6\)](#) requires a payment back to the account equal to the cost of collection of penalties and interest. The statute currently estimates that cost at 22 percent of the appropriation level. For a requested project amount of \$4,828,100, this would require a payment of \$1,062,200. The \$1,062,200 payment back to the SAEA account is required in this line item. The Governor recommends authorizing this request for FY 2014. The Fiscal Analyst recommends authorizing this request accompanied by additional intent language as described in the budget brief *Workforce Services – Operations and Policy Line Item* (2013 General Session).
2. ***Authorize the following item of intent language:***
Under Section 63J-1-603 of the Utah Code the Legislature intends that up to \$60,000 of the appropriations provided for the Unemployment Insurance line item in Item 15 of Chapter 14 Laws of Utah 2012 not lapse at the close of Fiscal Year 2013. The use of any nonlapsing funds is limited to computer equipment/software and one-time projects associated with addressing appeals or public assistance overpayment caseload growth.
3. ***Transfer a Medicaid Hearing Officer from the DWS Adjudication Office to the Department of Health.*** The Department of Workforce Services has requested \$78,000 (\$39,000 General Fund and \$39,000 Transfers from Medicaid) for a disability hearing officer be transferred to the Department of Health for both FY 2013 and FY 2014. *The Fiscal Analyst recommends the Subcommittee authorize this agency-requested transfer.*

ACCOUNTABILITY MEASURES

Unemployment Insurance maintains the following two accountability measures regarding employers interactions with the Unemployment Compensation Fund.

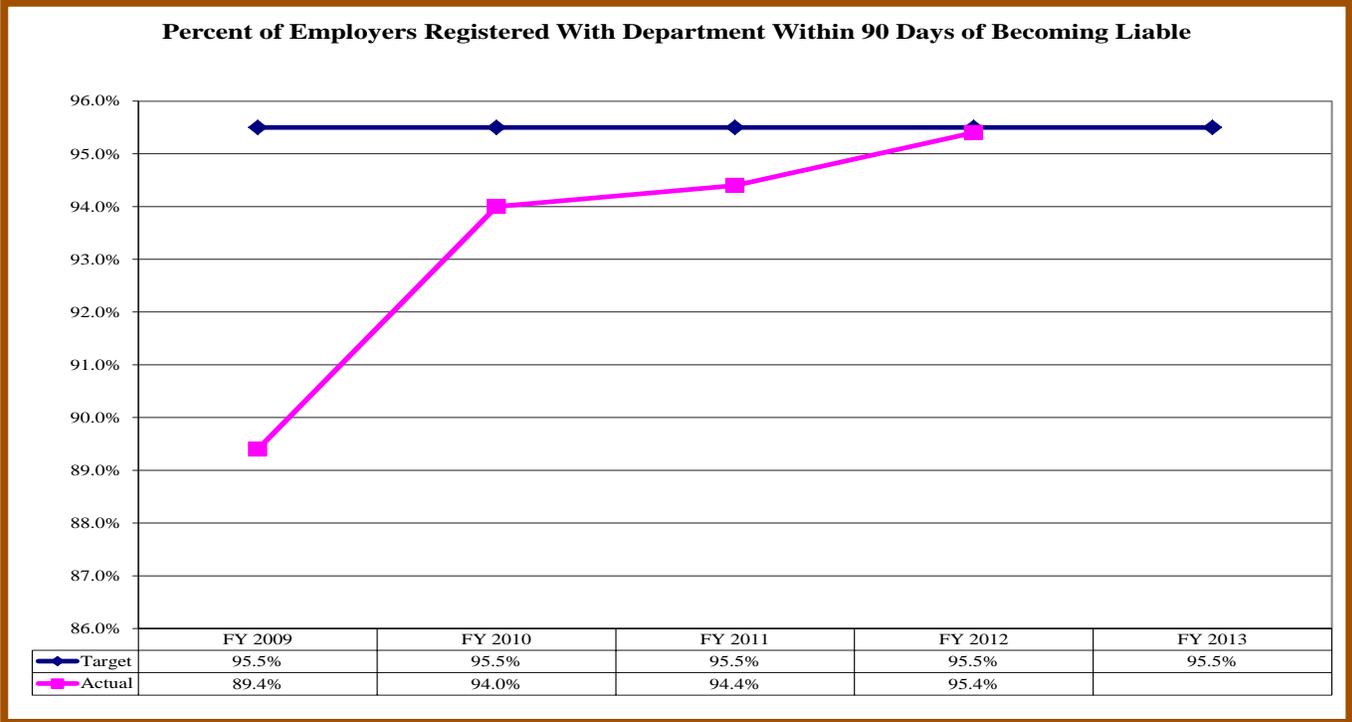


Figure 4

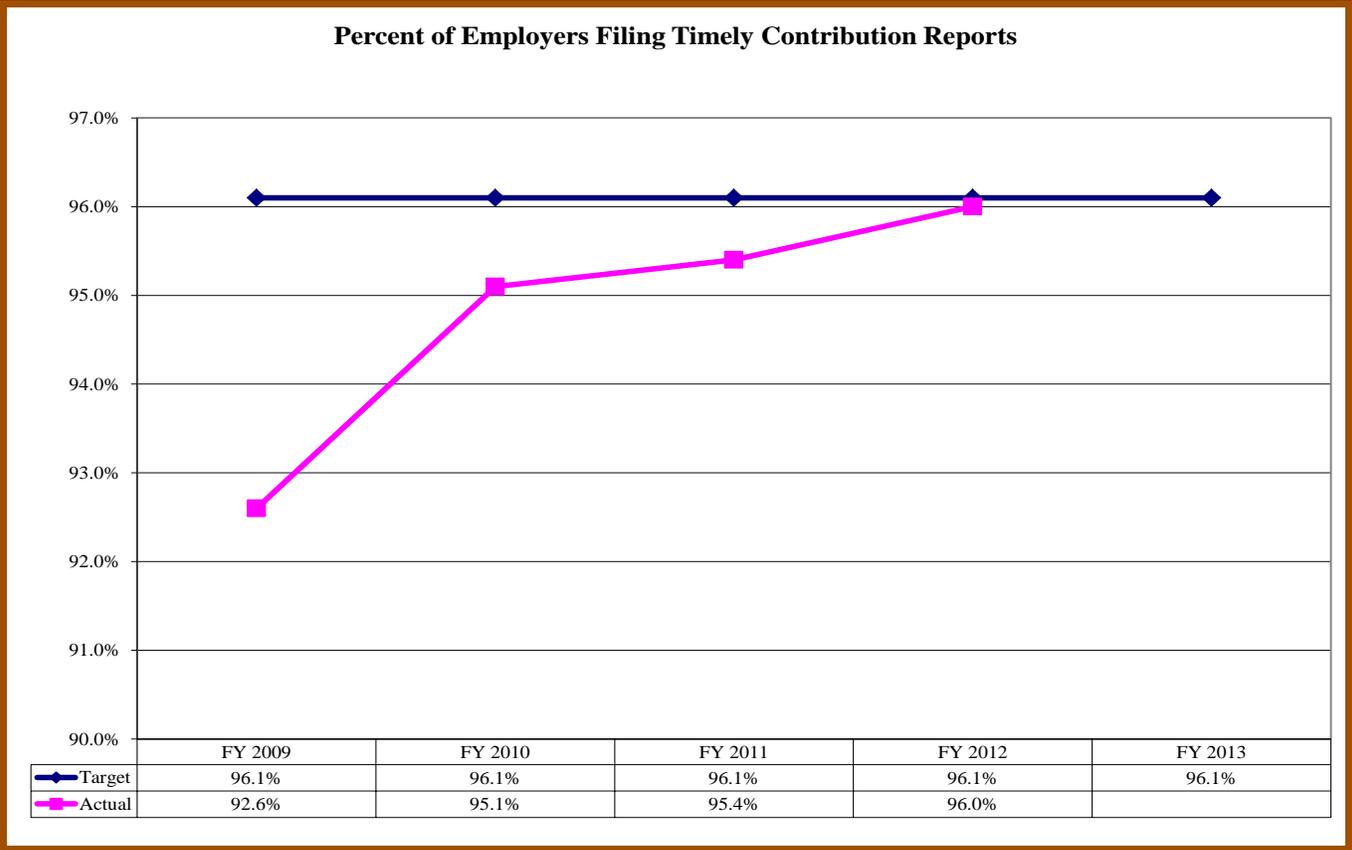


Figure 5

BUDGET DETAIL

The following table shows the budget history for the Unemployment Insurance line item and its FY 2014 Recommended Budget. This proposed FY 2014 Budget consists of the ongoing portion of FY 2013 state funds (General Fund and various restricted funds) plus the most recent estimates of other funds (federal funds, dedicated credits collections and various transfer or carry over funds). Estimated expenditures are then proposed based upon available funding.

Workforce Services - Unemployment Insurance						
Sources of Finance	FY 2012 Actual	FY 2013 Appropriated	Changes	FY 2013 Revised	Changes	FY 2014* Recommended
General Fund	164,400	563,600	0	563,600	(39,000)	524,600
General Fund, One-time	385,600	0	(39,000)	(39,000)	39,000	0
Federal Funds	22,934,100	21,750,600	(1,454,300)	20,296,300	355,000	20,651,300
American Recovery and Reinvestment Act	356,000	904,100	(904,100)	0	0	0
Dedicated Credits Revenue	315,100	590,700	(190,700)	400,000	0	400,000
GFR - Special Administrative Expense	1,500,000	300,000	0	300,000	(300,000)	0
Transfers - Medicaid	91,400	141,800	(30,400)	111,400	0	111,400
Beginning Nonlapsing	7,800	0	55,000	55,000	(55,000)	0
Closing Nonlapsing	(55,000)	0	0	0	0	0
Total	\$25,699,400	\$24,250,800	(\$2,563,500)	\$21,687,300	\$0	\$21,687,300
Programs						
Unemployment Insurance Administration	22,391,200	20,657,000	(2,000,400)	18,656,600	0	18,656,600
Adjudication	3,308,200	3,593,800	(563,100)	3,030,700	0	3,030,700
Total	\$25,699,400	\$24,250,800	(\$2,563,500)	\$21,687,300	\$0	\$21,687,300
Categories of Expenditure						
Personnel Services	23,021,800	19,762,900	(1,368,300)	18,394,600	0	18,394,600
In-state Travel	17,200	49,000	(1,700)	47,300	0	47,300
Out-of-state Travel	35,200	50,200	(1,100)	49,100	0	49,100
Current Expense	2,185,600	3,789,500	(914,200)	2,875,300	0	2,875,300
DP Current Expense	439,600	599,200	(278,200)	321,000	0	321,000
Total	\$25,699,400	\$24,250,800	(\$2,563,500)	\$21,687,300	\$0	\$21,687,300
Other Data						
Budgeted FTE	304	301	(21)	279	0	279
Actual FTE	262	0	0	0	0	0
Vehicles	1	2	(1)	1	0	1

*Does not include amounts in excess of subcommittee's state fund allocation that may be recommended by the Fiscal Analyst.

Table 1