



**WORKFORCE
SERVICES
UNEMPLOYMENT
INSURANCE**



COVID19-Pandemic, CARES Act and Unemployment Insurance (UI) Update

1

Unemployment Insurance

Unemployment Insurance is temporary assistance for individuals who have lost their job due to no fault of their own, and are able and available for work; including eligible individuals whose employment has been impacted by COVID-19

- The program is a weekly benefit based on an individual's eligible wages over the last five quarters as well as current earnings
- The maximum benefit is \$580 for up to 26 weeks
- Traditionally, unemployment is approximately 40-50% replacement wages

2

Unemployment Insurance

Unemployment benefits are paid out of a dedicated state trust fund that is funded exclusively by employer tax or contribution

Each employer's tax rate is calculated annually and is based on their experience with unemployment, the solvency of the trust fund, and the social cost

3

Federal Pandemic Unemployment Assistance \$600 Weekly Stimulus

The \$600 stimulus was attempting to get the unemployment insurance benefit to near full replacement wage to support staying home

Applied to any unemployment program for weeks ending April 4 through July 25, 2020

The \$600 stimulus is fully federally funded and expired on July 25, 2020

Total FPUC Payments

- **Utah - \$844,133,167** (as of 09/05/20)
- **Nationally - \$254,785,216,116** (as of 08/22/20)

4

Pandemic Unemployment Assistance (PUA) Self-Employment Unemployment

For individuals who are not eligible for a traditional unemployment claim and are out of work due to COVID19

Intended to be a "last resort", if an individual is eligible for unemployment must apply for that program. Primary applicant pool is the self-employed or "gig" workers who were not participating in the program. Program available for up to 39 weeks.

The program is fully federally funded and expires on 12/26/20

Total PUA Payments

- **Utah - \$53,836,314** (as of 09/05/20)
- **Nationally - \$34,958,902,453** (as of 08/22/20)

5

Pandemic Extended Unemployment Compensation (PEUC) 13 Week Extended Benefit

The traditional unemployment benefit is available for up to 26 weeks, the PEUC program offers those that exhaust this benefit an additional 13 weeks of benefits

Fully integrated into the enterprise system, for those that exhaust they are asked the necessary questions to process a PEUC claim and transitioned to the extension program

The program is fully federally funded and expires on 12/26/20

Total PEUC Payments

- **Utah - \$28,117,690** (as of 09/05/20)
- **Nationally - \$4,564,497,821** (as of 08/22/20)

6

Waiting Week Waiver Federally Funded Waiver Incentive

The traditional unemployment benefit has a waiting week, as many who become unemployed have a final pay check. This does not reduce the number of weeks someone is eligible for the benefit

The CARES Act introduced an incentive for states to waive the waiting week, as if done, the first week of unemployment payments would be federally funded

The change required a statute change which was signed by Governor Herbert on April 22, 2020 allowing DWS to enter into an agreement with the DOL effective April 26, 2020

The waiting week funding is available through December 26, 2020 and the statute allows DWS to waive the waiting week through the emergency or as long as federal funding is available

Total Waiting Week Federal Payments

- **Utah - \$5,286,151** (as of 09/05/20)
- **Nationally - \$3,461,013,326** (as of 08/22/20)

7

Treatment of Governmental Entities and Nonprofit Programs 50% Federal Funding for Charges

88,000+ Utah employers and under 900 are reimbursable employers

CARES Act offered 50% federal funding of benefits paid by reimbursable nonprofit and governmental entities; reimbursable employers continue to be responsible for 50% of the unemployment charges

The program is fully federally funded and expires on 12/31/20

Total 50% Reimbursement Payments

- **Utah - \$2,845,500** (as of 08/22/20)
- **Nationally - \$617,781,900** (as of 08/22/20)

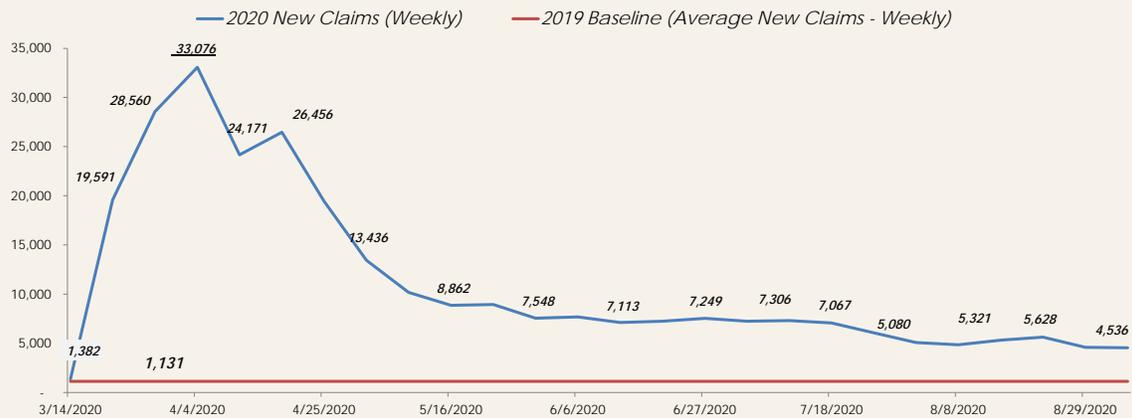
8

State Benefits vs Federal Benefits

- Total benefits paid from 2013 to 2019 - \$1,303,753,400
- Total UI benefits paid from March 15 through September 5- \$1,408,088,803
- FPUC Total Federal Payments - \$844,133,167 (60%)
- Total PUA Federal Payments - \$53,836,314 (3.8%)
- Total Waiting Week Payments - \$5,286,151 (.4%)
- Total PEUC Extended Payments - \$28,870,369 (2%)
- **Total State Trust Fund Benefits - \$475,962,802 (33.8%)**
- 2019 Total State Trust Fund Benefits Paid - \$150,192,511

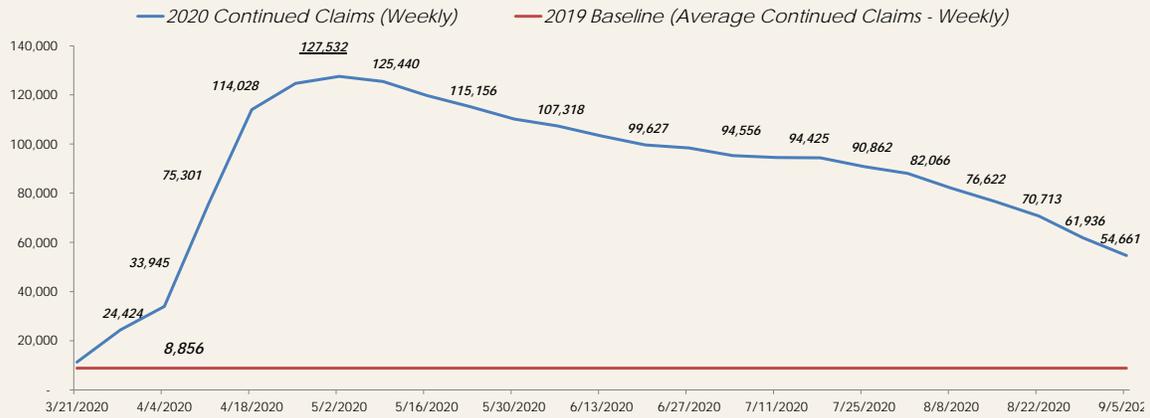
9

New Claims Data



10

Continued Claims Data



11

Unemployment State Trust Fund

UTAH UNEMPLOYMENT INSURANCE

UTAH RANKS **7TH** HIGHEST in trust fund solvency

yet has the **6TH** LOWEST tax rate for employers

average employer tax amount per covered employee

\$119 UTAH

\$293 U.S. AVG. **\$610** HIGHEST STATE

12

Unemployment Trust Fund Projections

Utah Trust Fund Balance

- December 31, 2020 - \$1,172,615,000
- August 31, 2020 - \$834,034,834 (29% depleted)
- June 30, 2021 (projected) - \$244,302,192 (79% depleted)

National Trust Fund Comparisons

- 14 states have gone insolvent, 6 states advanced authorization to borrow federal funds

75% Decrease	50-75% Decrease	25-50% Decrease	Up to 25% Decrease
23 States	9 States	10 States	11 States (7 CARES Act)

13

SB 5007 – Unemployment Amendments

- For calendar year 2021 only, if the calculation of the social contribution rate is greater than 0.002, the social contribution rate for that calendar year is 0.002
 - \$36,600 Taxable Wage Base
 - .001 = \$36.60 per employee per year
 - .002 = \$73.20 per employee per year
- For calendar year 2021 only, the division may not set the reserve factor to be more than 1.0500
 - 80% of Utah employers do not have experience with unemployment
 - 1.05 = Pay experienced rate plus 5% for CY 2021

14

Lost Wages Assistance

President Trump signed four Presidential Memorandums on Aug. 8, 2020, including one to offer enhanced unemployment insurance benefits of \$300 per week for up to 6 weeks (July 26, 2020 through September 5, 2020)

Utah applied for and was approved to pay LWA benefits to eligible Utahns. Utah was one of the first states to apply for and receive an approval, as well as one of the first states to successfully pay the benefit

Initial state hesitancy was program complexity as well as 25% state match; later clarified that cumulative state contribution must be 25% and regular unemployment benefit payments can count towards the state match

To qualify, an individual must have been eligible for \$100 a week in unemployment during the applicable time period and been unemployed as a direct result of the pandemic...there was not a need for an application, all were automatically considered