

1 **UNEMPLOYMENT INSURANCE BENEFITS -**
2 **SOCIAL SECURITY BENEFITS OFFSET**

3 2004 GENERAL SESSION

4 STATE OF UTAH

5 **Sponsor: David N. Cox**

6 Karen W. Morgan

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7 LaWanna Lou Shurtliff

Dana C. Love

8
9 **LONG TITLE**

10 **General Description:**

11 This bill modifies the unemployment insurance benefits provision of the Employment
12 Security Act.

13 **Highlighted Provisions:**

14 This bill:

- 15 ▶ reduces the offset of Social Security benefits against weekly unemployment
16 compensation from 100% to 50%; and
17 ▶ provides that the reduced offset operates for a three-year period.

18 **Monies Appropriated in this Bill:**

19 None

20 **Other Special Clauses:**

21 None

22 **Utah Code Sections Affected:**

23 AMENDS:

24 **35A-4-401**, as last amended by Chapter 292, Laws of Utah 2000

26 *Be it enacted by the Legislature of the state of Utah:*

27 Section 1. Section **35A-4-401** is amended to read:



28 **35A-4-401. Benefits -- Weekly benefit amount -- Computation of benefits --**
29 **Department to prescribe rules -- Notification of benefits -- Bonuses.**

30 (1) (a) Benefits are payable from the fund to any individual who is or becomes
31 unemployed and eligible for benefits.

32 (b) All benefits shall be paid through the employment offices or other agencies
33 designated by the division in accordance with the rules the department may prescribe.

34 (2) (a) An individual's "weekly benefit amount" is an amount equal to 1/26th,
35 disregarding any fraction of \$1, of his total wages for insured work paid during that quarter of
36 his base period in which the total wages were highest.

37 (b) The weekly benefit amount may not exceed the amount determined as follows:

38 (i) With respect to any individual whose benefit year commences on or after July 1,
39 1984, but prior to January 3, 1988, 60% of the "insured average weekly wage," disregarding
40 any fraction of \$1, constitutes the maximum "weekly benefit amount" payable.

41 (ii) With respect to any individual whose benefit year commences on or after January
42 3, 1988, 60% of the "insured average fiscal year weekly wage" during the preceding fiscal year,
43 e.g., fiscal year 1987 for individuals establishing benefit years in 1988, disregarding any
44 fraction of \$1, constitutes the maximum "weekly benefit amount" payable.

45 (iii) With respect to any individual whose benefit year commences on or after January
46 1, 2001, 65% of the "insured average fiscal year weekly wage" during the preceding fiscal year,
47 e.g., fiscal year 2000 for individuals establishing benefit years in 2001, disregarding any
48 fraction of \$1, constitutes the maximum "weekly benefit amount" payable.

49 (c) (i) [The] Except as otherwise provided in Subsection (2)(c)(ii), the "weekly benefit
50 amount" of an individual who is receiving, or who is eligible to receive, based upon the
51 individual's previous employment, a pension, which includes a governmental, social security,
52 or other pension, retirement or disability retirement pay, under a plan maintained or contributed
53 to by a base-period employer is the "weekly benefit amount" which is computed under this
54 section less 100% of such retirement benefits, that are attributable to a week, disregarding any
55 fraction of \$1.

56 (ii) With respect to an individual whose benefit year begins after July 1, 2004, and ends
57 on or before July 1, 2007, the "weekly benefit amount" of that individual, who is receiving or
58 who is eligible to receive Social Security benefits based upon the individual's previous

59 employment, is the "weekly benefit amount" which is computed under this section less 50% of
60 the individual's Social Security benefits that are attributable to the week, but not below zero.

61 (d) (i) The weekly benefit amount and the potential benefits payable to an individual
62 who, subsequent to the commencement of his benefit year, becomes or is determined to be
63 eligible to receive retirement benefits or increased retirement benefits, shall be recomputed
64 effective with the first calendar week during his benefit year with respect to which he is eligible
65 to receive retirement benefits or increased retirement benefits. The new weekly benefit amount
66 shall be determined under this Subsection (2).

67 (ii) As recomputed the total benefits potentially payable, commencing with the
68 effective date of the recomputation, shall be equal to the recomputed weekly benefit amount
69 times the quotient obtained by dividing the potential benefits unpaid prior to the recomputation
70 by the initial weekly benefit amount, disregarding fractions.

71 (3) Each eligible individual who is unemployed in any week shall be paid with respect
72 to that week a benefit in an amount equal to the claimant's weekly benefit amount less that part
73 of the claimant's wage payable to the claimant with respect to that week that is in excess of
74 30% of the claimant's weekly benefit amount. The resulting benefit payable shall disregard any
75 fraction of \$1. For the purpose of this Subsection (3) "wages" does not include grants, earned
76 or otherwise, paid to the claimant as public assistance.

77 (4) (a) Any otherwise eligible individual is entitled during any benefit year to a total
78 amount of benefits determined by multiplying his weekly benefit amount times his potential
79 duration.

80 (b) To determine an individual's potential duration, his total wages for insured work
81 paid during his base period is multiplied by 27%, disregarding any fraction of \$1, and divided
82 by his weekly benefit amount, disregarding any fraction, but not less than ten nor more than 26.

83 (5) (a) Notwithstanding any other provision of this chapter, the department in its
84 discretion may by rule prescribe:

85 (i) that the existence of unemployment, eligibility for benefits, and the amount of
86 benefits payable shall be determined in the case of any otherwise eligible claimant who, within
87 a week or other period of unemployment, is separated from or secures work on a regular
88 attachment basis for that portion of the week or other period of unemployment occurring before
89 or after separation from or securing of work; and

90 (ii) in the case of individuals working on a regular attachment basis, eligibility for
91 benefits and the amount of benefits payable for periods of unemployment longer than a week.

92 (b) The rules promulgated shall be reasonably calculated to secure general results
93 substantially similar to those provided by this chapter with respect to weeks of unemployment.

94 (6) The division shall, in all cases involving actual or potential disqualifying issues and
95 prior to the payment of benefits to an eligible individual, notify the individual's most recent
96 employer of the eligibility determination.

97 (7) Upon written request of an employee made under rules of the department, all
98 remuneration for insured work paid to an employee during his base period in the form of a
99 bonus or lump-sum payment shall, for benefit purposes, be apportioned to the calendar quarters
100 in which the remuneration was earned.

Legislative Review Note
as of 10-15-03 4:03 PM

A limited legal review of this legislation raises no obvious constitutional or statutory concerns.

Office of Legislative Research and General Counsel

Interim Committee Note
as of 12-10-03 7:40 AM

The Workforce Services and Community and Economic Development Interim Committee recommended this bill.

AMENDED NOTE

State Impact

The bill would result in a first year increased expenditure of \$1,126,900 from Federal Funds (Reed Act Distribution).

	<u>FY 2005</u> <u>Approp.</u>	<u>FY 2006</u> <u>Approp.</u>	<u>FY 2005</u> <u>Revenue</u>	<u>FY 2006</u> <u>Revenue</u>
Federal Funds	\$1,114,900	\$1,067,300	\$1,114,900	\$1,067,300
TOTAL	\$1,114,900	\$1,067,300	\$1,114,900	\$1,067,300

Individual and Business Impact

For the three year life of the bill, some individuals would receive higher unemployment benefits.

Office of the Legislative Fiscal Analyst