

# State Unemployment Funds: Going for Broke?

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# Current Recession Utah's View

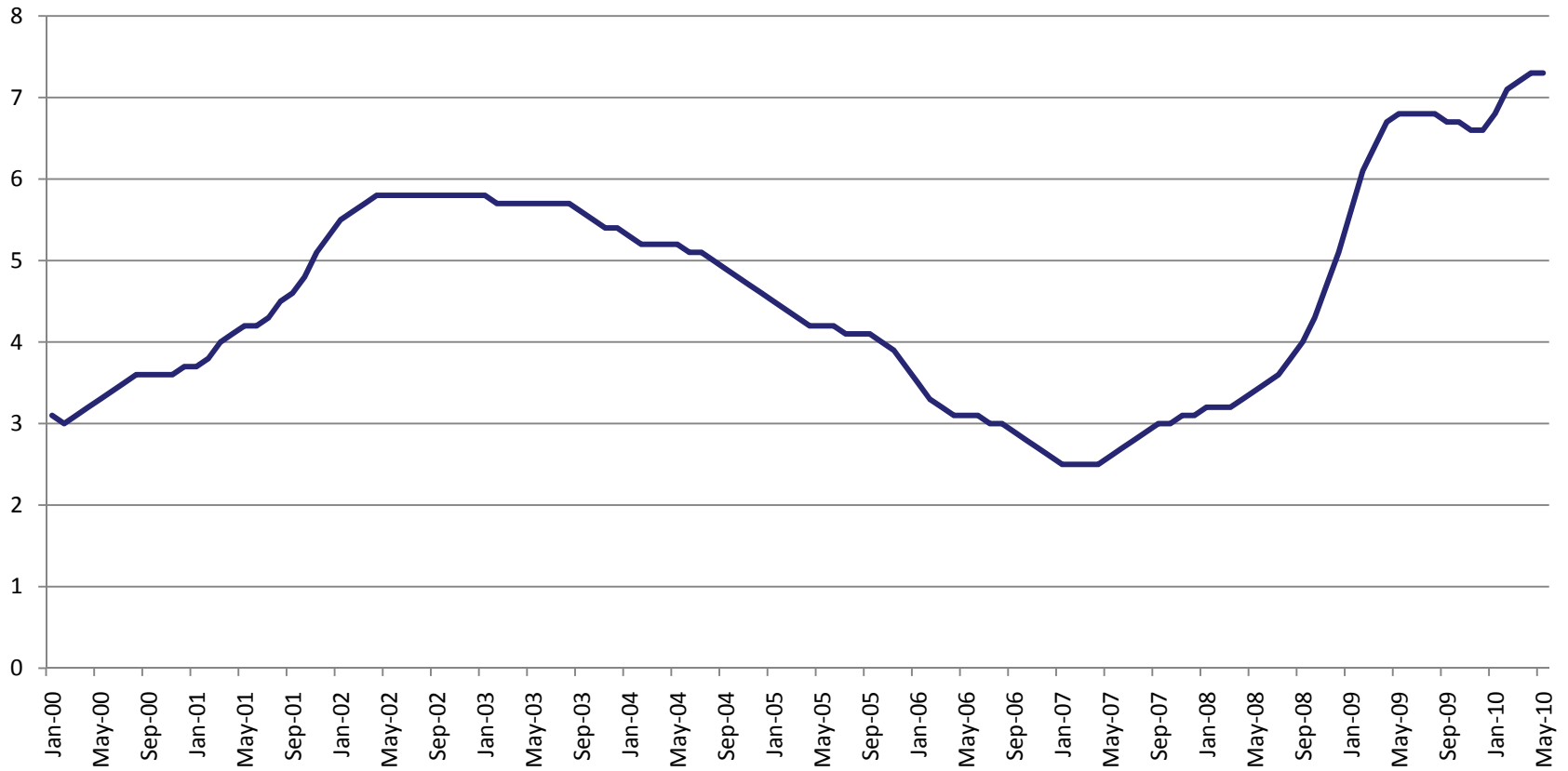
- The rate and extent of job losses exceeds every recession since the 1970's.
- At least 98,700 Utahns are unemployed.

# Current Recession Utah's View

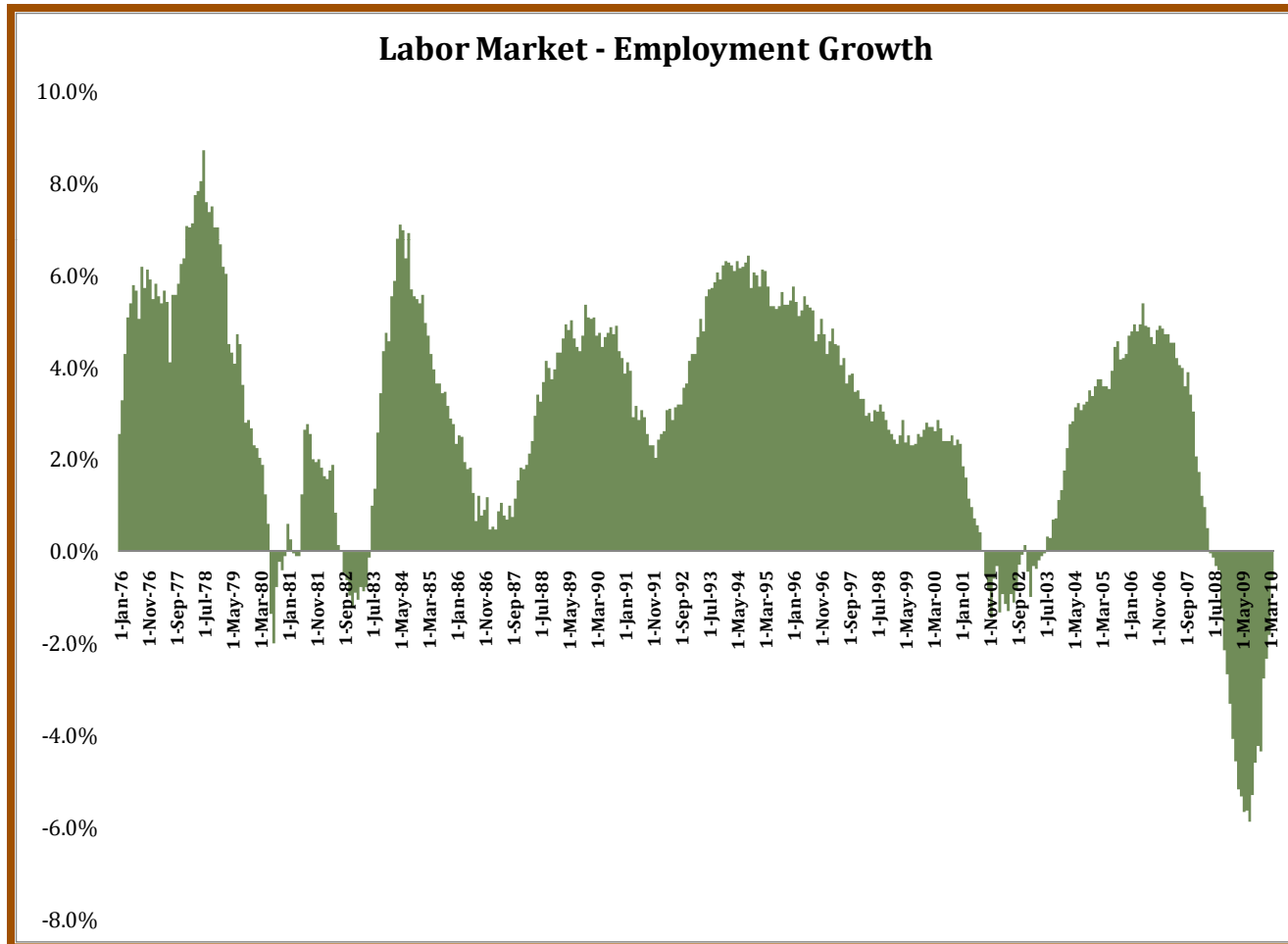
- Utah's UI fund is down \$500 million from two years ago.
- Utah's UI fund balance ranks as the fifth healthiest among the states (\$375 million remaining)

# Utah's Unemployment Situation

## Unemployment Rate



# Employment Growth Rates



# Utah's History with Unemployment Insurance

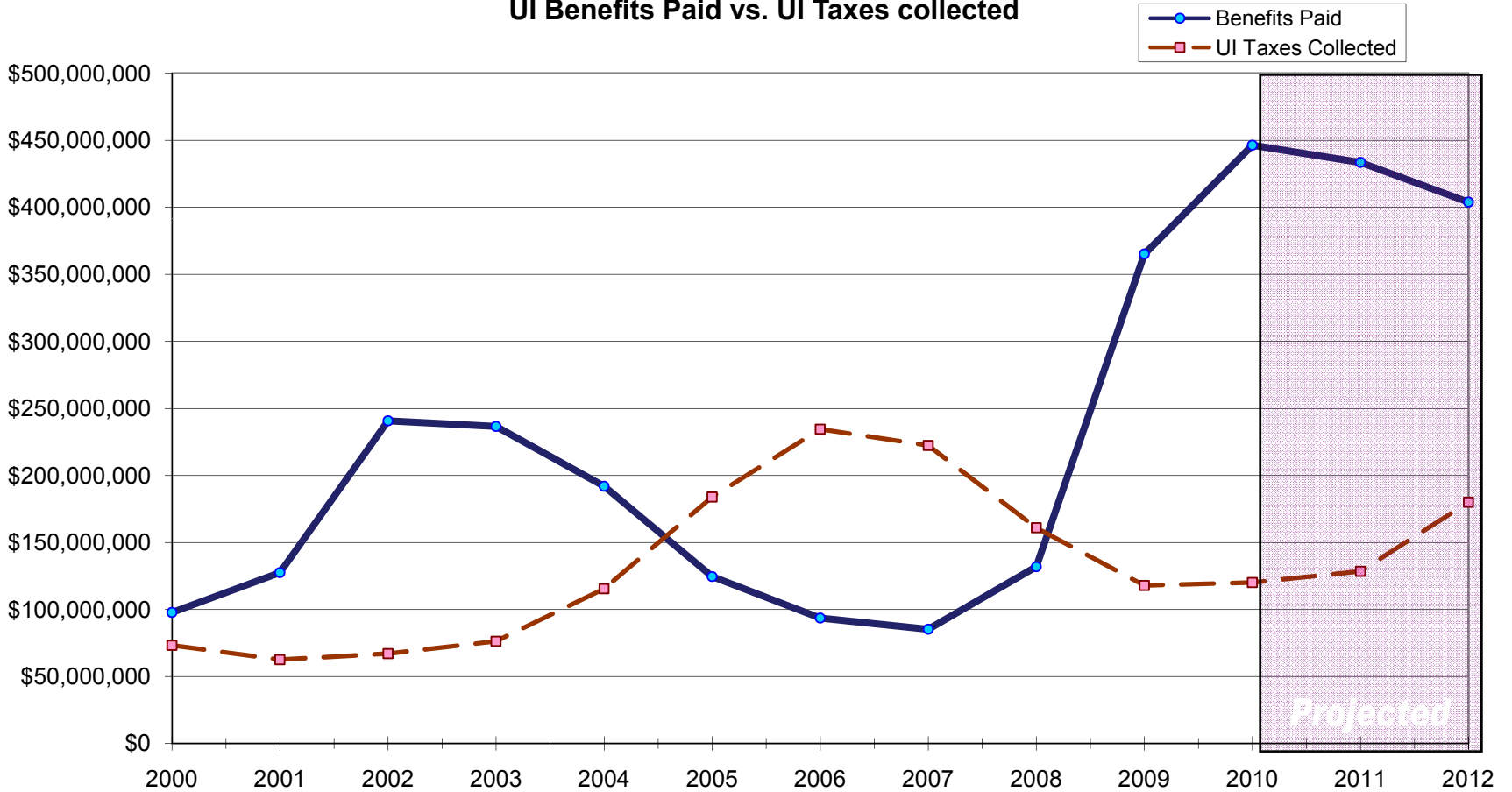
- Utah's UI fund became insolvent in 1982 and 1983.
- At that time Utah was able to borrow from the federal government.
- The state repaid the loans within a year and avoided interest payments.

# Factor's Affecting Utah's UI Trust

- The current recession will be the longest post WWII recession.
- Average annual payout for 2005-2007 \$100 Million
- Estimated Average annual payout for 2008-2011 \$415 Million
- Average weekly benefit \$321 (18<sup>th</sup> Highest in the Nation)

# Utah Unemployment Trust

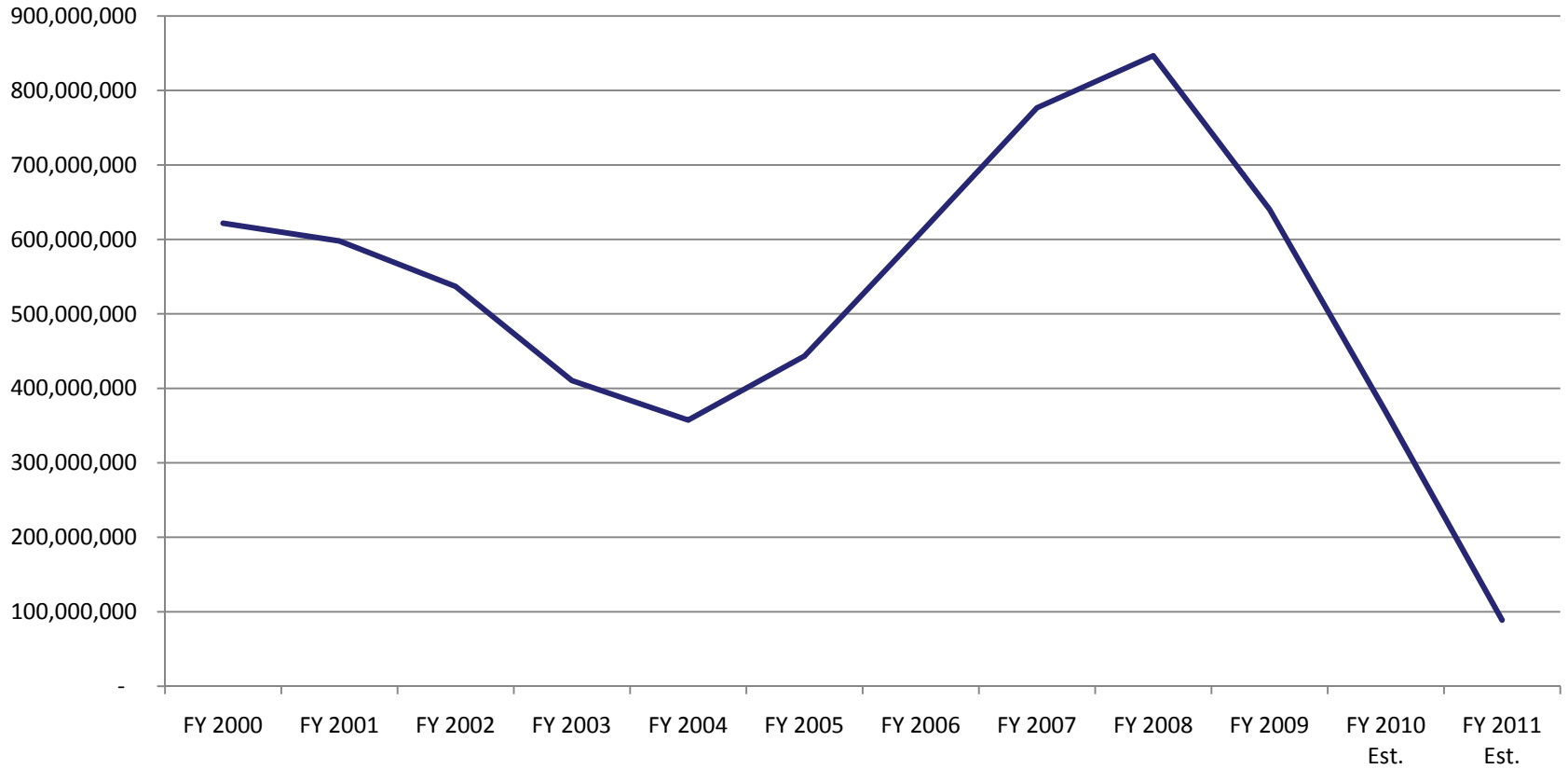
UI Benefits Paid vs. UI Taxes collected





# Utah's Trust Fund

## Utah Trust Fund Balance

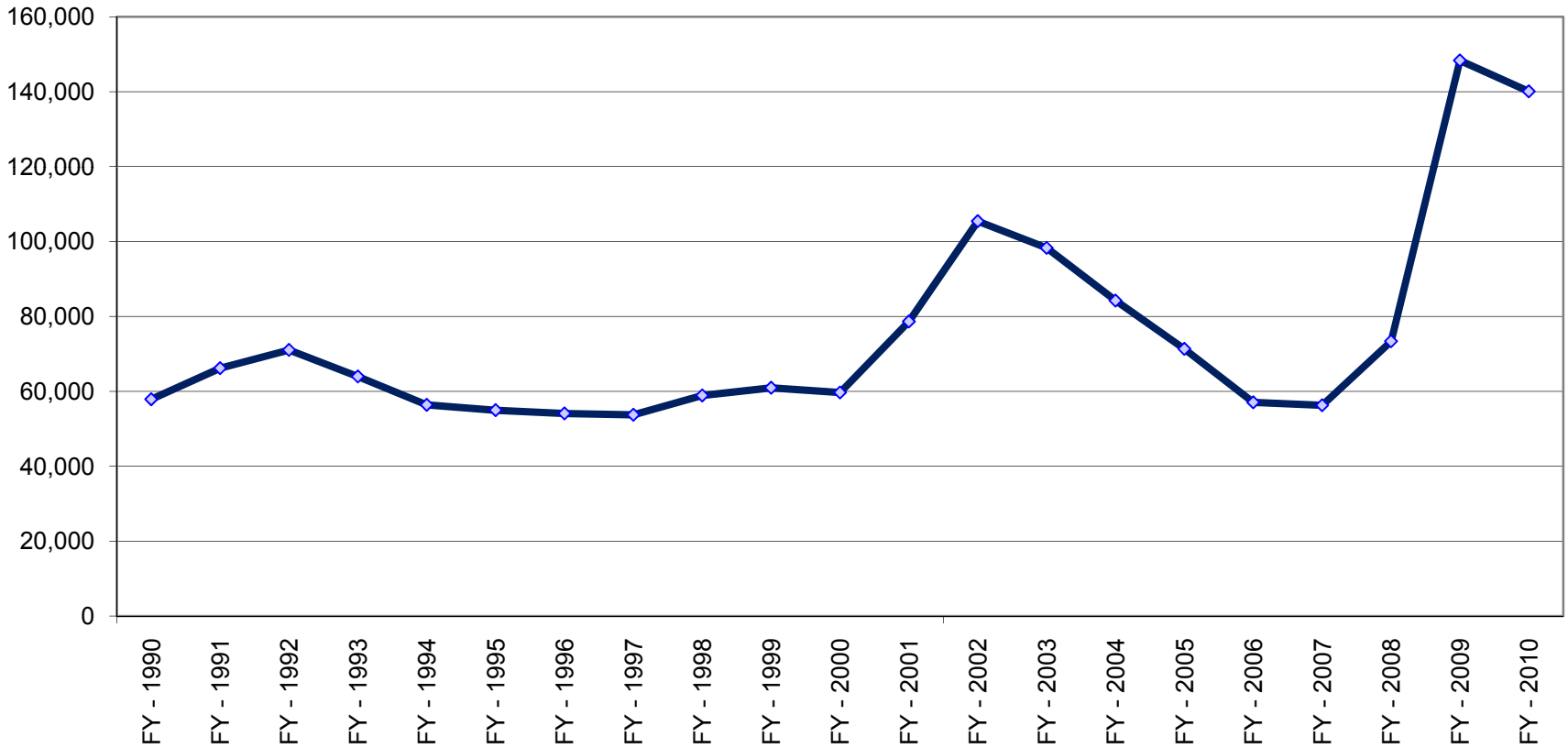


# Reserve Levels

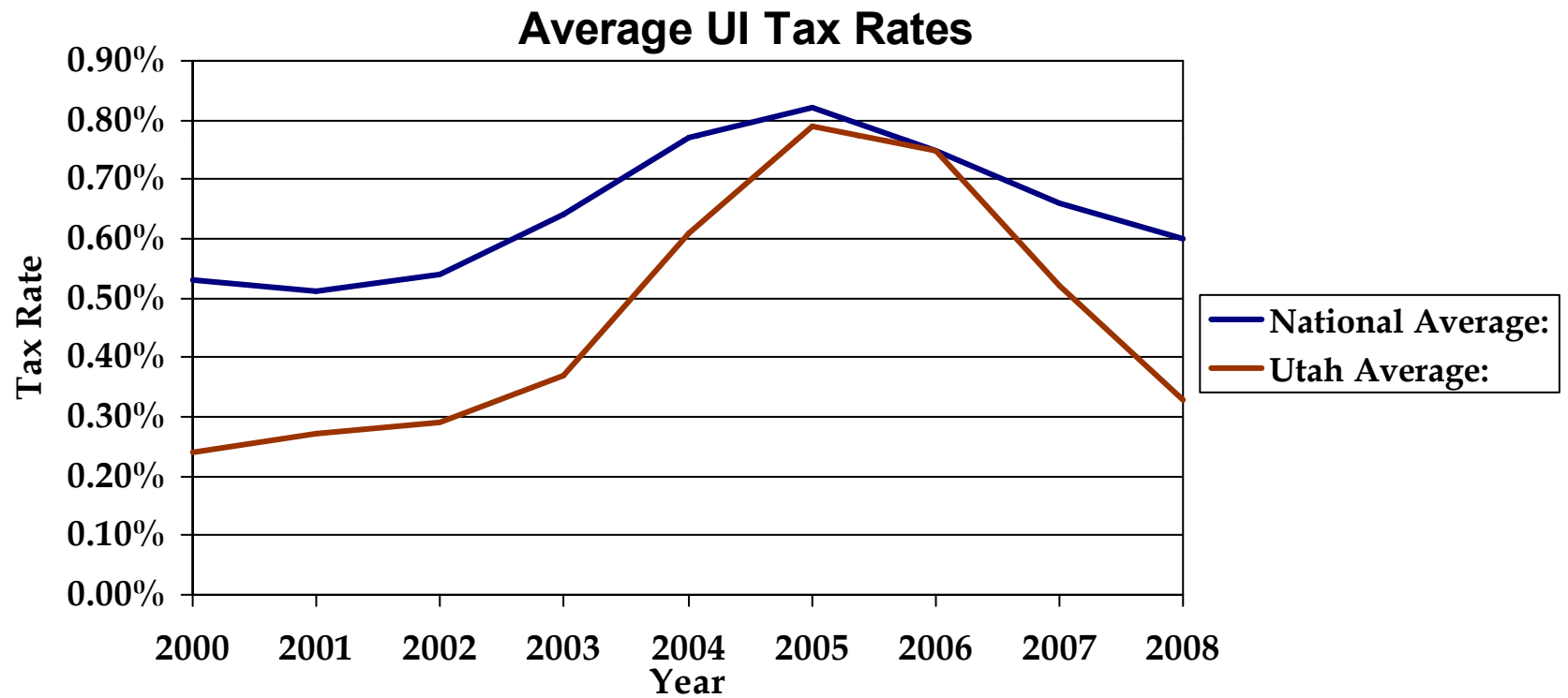
- Utah fell below an adequate reserve level in the last half of 2008
- As a result employers will see resulting rate increases of 50 percent or more in 2011
- This is separate from any increases aimed at averting fund bankruptcy.

# Initial Unemployment Claims Utah

Initial Unemployment Claims



# Utah's UI Tax Rate



# Potential Legislative Responses

- Cut the state's average weekly unemployment benefit.
- Modify UI tax statutes defining level of the trust fund and adequate reserve.
- Require employers to contribute to the fund with a tax-withholding surcharge.
- Do nothing.

# Utah Workforce Service Initiatives

- Renewed focus on detection and collection of benefit overpayments.
- Back to Work pilot program.
- Department of Labor Grant for training.