



Children's Action Alliance

A Voice for Arizona's Children since 1988

H.B. 2712 BRINGS \$150 MILLION INTO ARIZONA'S UNEMPLOYMENT TRUST FUND

February 2010

H.B. 2712 updates Arizona's unemployment insurance laws, immediately qualifying Arizona for \$150 million in federal Unemployment Insurance Modernization funds.

Adopting the Alternative Base Period. Under Arizona's current law, the most recent quarter of employment is not counted when determining eligibility for unemployment benefits. This was adopted at a time when it took weeks to gather information from employers. With work and salary history available electronically, the most recent work history is now available within a reasonable period of time. This means that workers with shorter work histories will not have to wait up to six months before being eligible for unemployment benefits. Adopting this provision is estimated to cost \$14.2 million annually but brings \$50 million in federal funds to the state's unemployment trust fund. Arizona is one of only 15 states that have not adopted the Alternative Base Period.

Extending Benefits to People in Training for High Demand Occupations. Arizona will receive an additional \$100 million by expanding unemployment benefits to laid off workers who require benefits beyond 6 months while training for high demand occupations. The annual cost of this provision is \$7.3 million. Arizona employers are already paying UI taxes for these workers, yet workers in this situation are unable to receive extended benefits under Arizona's current laws.

Arizona Needs the Infusion of Funds. The \$150 million in Modernization dollars will help alleviate the pressure on Arizona's trust fund and offset future rate increases. Although receiving these dollars will not prevent the exhaustion of Arizona's trust fund, it will reduce the amount that needs to be borrowed. The infusion of these dollars would save employers \$21.70 per employee in UI taxes in the first year.

Now is the time. The deadline for making the necessary changes to Arizona's laws and applying for the Modernization funds is August 2011. But the sooner the changes are made, the sooner Arizona receives the \$150 million into the trust fund.

WHO WOULD BENEFIT UNDER REFORMS

- Arizona's economy as more families would be able to pay for rent, groceries, clothes, etc.
- Workers who entered the work force most recently
- Employers who need trained employees for high-demand jobs
- Employers whose UI taxes will be lowered by the infusion of \$150 million into the trust fund

UI Modernization – A Good Deal for Arizona's Employer A Good Deal for Arizona's workers

Children's Action Alliance is a nonprofit, non-partisan organization dedicated to promoting the well-being of all of Arizona's children and their families through research, policy development, media campaigns and advocacy.