STATEMENT OF PURPOSE

RS19029

This legislation triggers the federal-state unemployment insurance extended benefit program under a less restrictive alternative formula only in periods when the federal government is covering the full cost of federal-state extended benefits. When the federal government is paying one-hundred percent (100%) of these benefits, as it currently is under the federal stimulus bill through 2009, the additional benefit will be triggered when the total unemployment rate for Idaho exceeds six and one-half percent (6.5%) on a rolling three-month average and is at least one hundred ten percent (110%) of the average unemployment rate for the same period in either of the two previous years. During times when the federal government covers only fifty percent (50%) of the cost of federal-state extended benefits, the trigger for the additional benefit would revert to the more restrictive existing formula. That formula requires the insured unemployment rate to exceed five percent (5%) on a rolling three-month average and be at least one hundred twenty percent (120%) of the average rate for the same period in the two previous years. Reverting to the more restrictive insured unemployment rate formula, reduces the drain on the state's Unemployment Insurance Trust Fund while moving to the less restrictive total unemployment rate formula takes advantage of provisions of the American Recovery and Reinvestment Act of 2009. Should the total unemployment rate hit eight percent (8%) on a three-month rolling average, the maximum period for receiving federal-state extended benefits increases from thirteen to twenty weeks. Workers would become ineligible for federal-state extended benefits under the total unemployment rate formula immediately upon cessation of the federal government paying the full cost of those benefits. The bill also waives for this situation only the requirement that claimants must qualify for all benefits within a fifty-two week period. This waiver is needed because the federal extended benefits up to thirty-three weeks, which claimants receive after exhausting their regular state benefits of up to twenty-six weeks, pushes most claimants beyond the fifty-two week limit. The waiver lets them qualify for federal-state extended benefits authorized by this bill.

FISCAL NOTE

There is no impact on the State General Fund. Using the total unemployment rate formula when the federal government pays the full cost of the benefits will keep federal-state extended benefits in effect in Idaho through the last six and one-half months of 2009. Currently, long-term unemployed workers will cease being eligible for these benefits in mid-June 2009 when the insured unemployment rate is forecast to drop below five percent (5%). The insured unemployment rate formula triggered the benefits in the first week of February. The total unemployment rate, which exceeded six and one-half percent (6.5%) on the three-month rolling average at the end of March, is forecast to remain above that level through the end of 2009. The extended period of eligibility for federal-state extended benefits under the total unemployment rate formula will pump an additional $14 million to $20 million into the Idaho economy during the second half of 2009.

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