

Unemployment Insurance Reform

Research Findings & Recommendations

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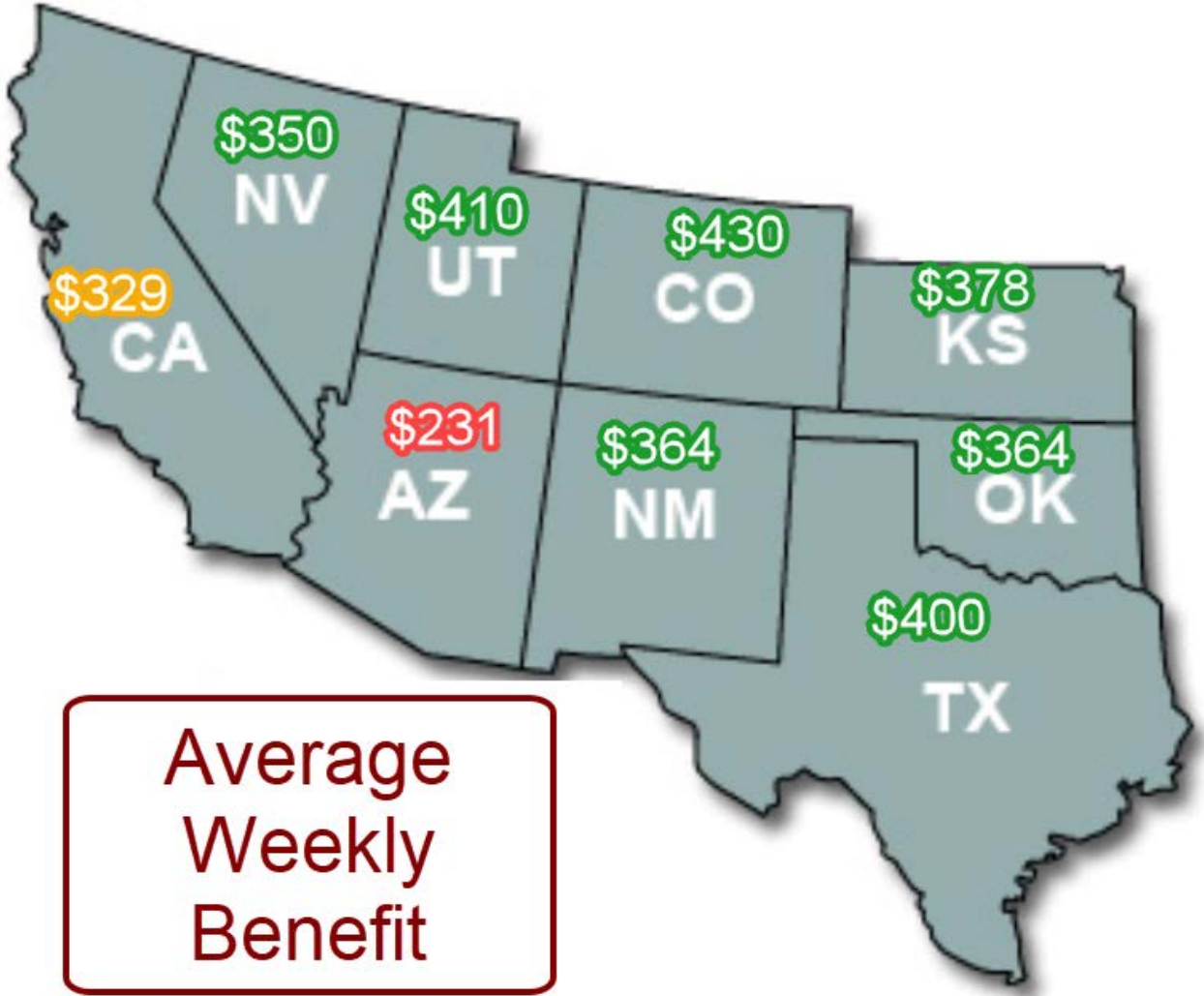
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Unemployment Insurance Overview

- **Person must lose job through no fault of your own**
 - Can't quit or be fired
 - Those who refuse to report back to work will lose unemployment benefits
 - Harsh penalty for partial employment must be addressed so people who return to work at reduced hours can still make ends meet
- **Unemployment formula is supposed to replace half of prior earnings up to a cap**
 - In Arizona, anyone who worked full-time for any amount more than minimum wage quickly reaches benefit cap and receives a lot less than half their prior weekly wage.
- **Inexpensive to fix:** Moving Arizona to a UI policy in line with most states would cost an estimated additional \$100 per covered employee p/yr (on top of a very small existing employer tax).

Not a Red-Blue State Issue

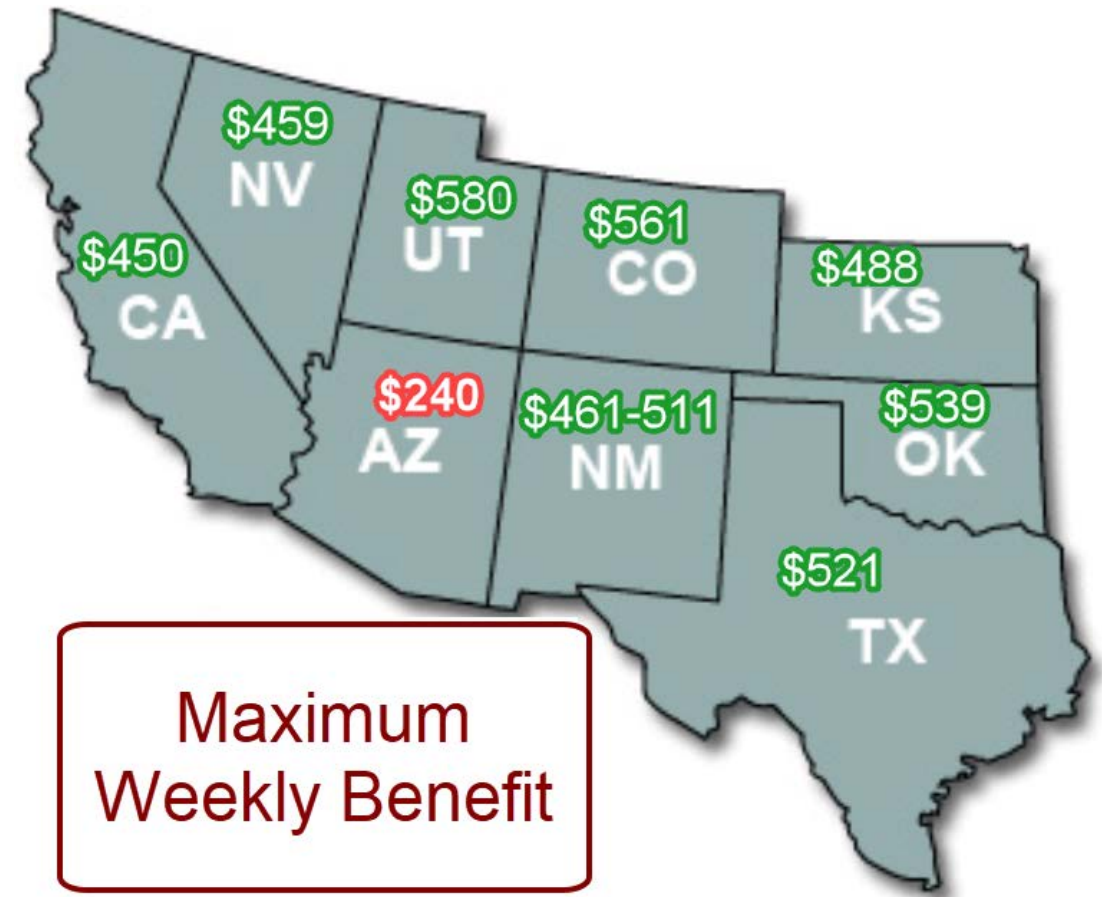
It is an Arizona Issue (2018 figures)



Recommendation — *Benefit Cap*

Increase maximum benefit cap to \$490 per week, half the average weekly wage of covered workers.

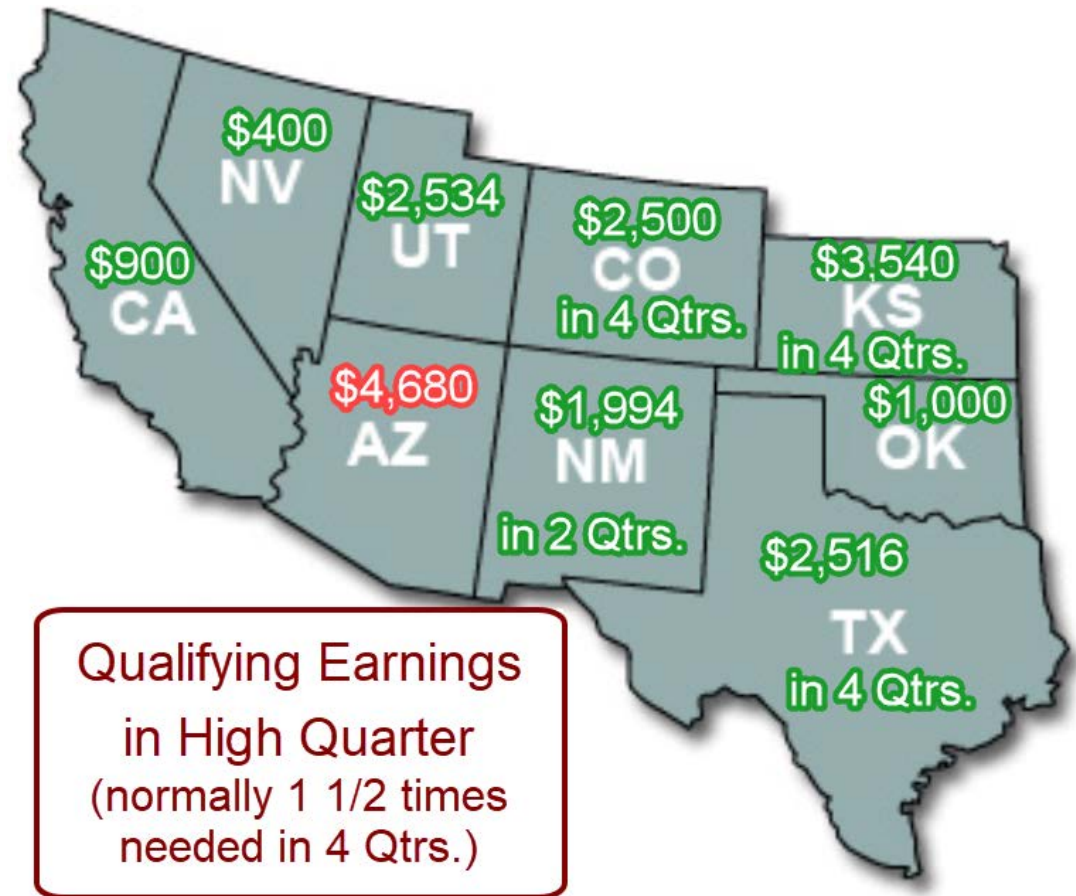
- Adjust annually based on average weekly wage of covered workers.
- \$490 would place Arizona in the middle relative to other states and consistent with nearby states



Recommendation — *Income Eligibility Threshold*

Lower to \$2,400 in the highest earnings quarter (15-20 hrs p/wk at min. wage) and \$3,600 over the four-calendar quarter base period.

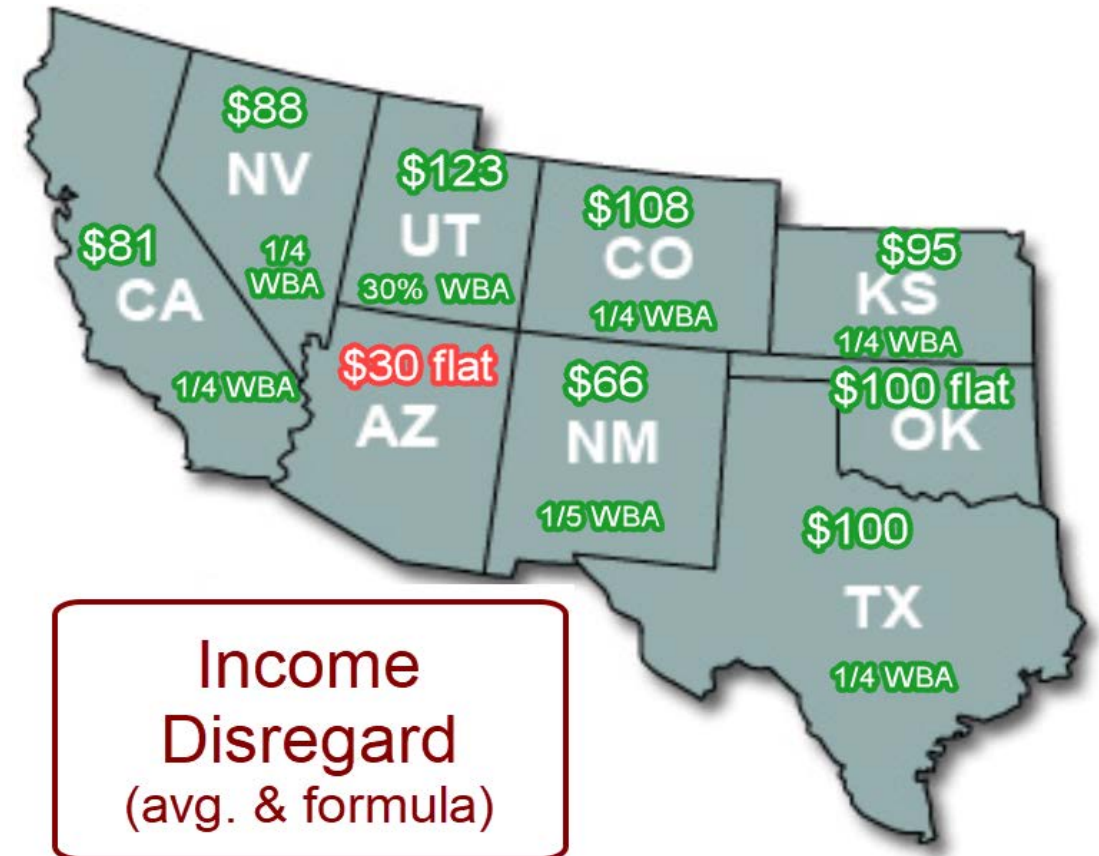
- Currently, HIGHEST IN NATION! \$4,680 in highest earnings quarter and \$7,020 over four calendar quarter base period.
- Range still on high-side of nearby states and nationally.
- CARES Act Pandemic Unemployment Assistance currently helping those who would be cut out due to this threshold.



Recommendation — *Income Disregard*

Set income disregard to $\frac{1}{4}$ of the weekly **benefit amount (WBA)** received, which is the amount most commonly used by other states.

- The income disregard is the amount that a person can earn while receiving unemployment benefits before having payments reduced.
- This recommendation must be implemented along with increasing the benefit cap to half the average weekly wage to have its full impact.



Fixing AZ's UI System is Inexpensive

An additional **\$100 p/yr p/worker** will cover the cost of increased benefits.

Comparison: Arizona v. Texas

	Arizona	Texas
Avg weekly UI benefit 2018	\$231	\$400
Avg duration of UI benefits 2018	15 weeks	15 weeks
Avg tax per covered employee 2010-2019	\$116 - \$168	\$180-\$288

Note—Unemployment Insurance Trust Funds in all states are being depleted due to record unemployment. Either the federal government will bail out states OR states will borrow from the federal government and federal unemployment taxes (FUTA) will rise from current \$42 per worker to pay it back.