

March 13, 2023

## AZ Legislature Considers Cuts to Unemployment Benefits

On Tuesday, March 14, members of the Arizona legislature’s House Commerce Committee will consider a bill that cuts the duration of unemployment insurance (UI) benefits and indexes total weeks of assistance to the statewide unemployment rate.

Arizona does not have a problem with overuse of its UI program. Only 1 in 6 unemployed Arizonans received UI benefits in the third quarter of 2022 and the average duration of benefits was 14 weeks. Reducing weeks of assistance will force some people to accept jobs that do not match their skill sets and pay less than their prior earnings, which is bad for workers as well as the economy.

Current law provides between 24 to 26 weeks of assistance depending on the unemployment rate. [SB1167](#) cuts benefits to 12 weeks if the unemployment rate is 5% or less and up to 20 weeks if the unemployment rate is more than 8.5%, with a total of nine different durations in between.

If enacted, this legislation will harm individuals and the economy, and will be costly to implement. Concerns with SB1167 follow.

SB1167 Cuts Unemployment Assistance and Indexes Duration to the Statewide Unemployment Rate	
Weeks of Assistance	Statewide Unemployment Rate
12 weeks	≤5%
13 weeks	>5% up to 5.5%
14 weeks	>5.5% up to 6%
15 weeks	>6% up to 6.5%
16 weeks	>6.5% up to 7%
17 weeks	>7% up to 7.5%
18 weeks	>7.5% up to 8%
19 weeks	>8% up to 8.5%
20 weeks	>8.5%
Current Law	
24 weeks	<5%
26 weeks	≥5%

***SB1167 will disproportionately harm groups of people who typically experience unemployment at higher rates than the statewide average.***

- Tribal areas in Arizona had an unemployment rate of [17.9%](#) in 2019, 3 times higher than the statewide average.
- People with disabilities in Arizona had an unemployment rate of [12.7%](#) in 2017, two and half times that state average of [4.9%](#).
- Black Arizonans had an unemployment rate of [5%](#) and Hispanic people had an unemployment rate of [3.7%](#) in the second quarter of 2022, compared to a statewide rate of 3.2%.
- People with lower levels of [educational attainment](#) had a higher unemployment rate than the statewide average of 5.7% in 2021; the unemployment rate for people with a high school diploma was 6.5% and 8.5% for people without a high school diploma.
- Historically, most Arizona rural counties have unemployment rates higher than the state average.

**Unemployment rate by Arizona county compared to the statewide average  
2012 to April 2022\***

	4/2012	4/2013	4/2014	4/2015	4/2016	4/2017	4/2018	4/2019	4/2021	4/222
<b>ARIZONA</b>	8.5%	8%	6.9%	6.2%	5.6%	5.0%	4.7%	4.8%	5.6%	3.2%
<b>MARICOPA+ PINAL</b>	7.5%	6.9%	5.7%	5.3%	4.9%	4.3%	4.0%	4.1%	6.0%	2.6%
<b>MARICOPA</b>	7.4%	6.8%	5.6%	5.2%	4.8%	4.2%	4.0%	4.0%	5.9%	2.6%
<b>PIMA</b>	7.4%	6.9%	5.8%	5.5%	5.2%	4.6%	4.3%	4.3%	6.5%	3.1%
<b>GILA</b>	10.2%	10.1%	8.2%	7.9%	7.6%	6.2%	5.7%	5.5%	6.6%	3.3%
<b>YUMA</b>	23.5%	26.6%	23.8%	22.9%	19.5%	17.1%	17.0%	16.2%	14.0%	13.7%
<b>APACHE</b>	19.2%	18.8%	15.9%	13.7%	11.9%	10.5%	9.8%	9.6%	11.6%	7.4%
<b>SANTA CRUZ</b>	15.9%	16.4%	13.5%	11.6%	10.5%	9.1%	9.0%	8.1%	11.3%	6.9%
<b>NAVAJO</b>	14.4%	14.1%	11.2%	9.7%	8.5%	7.7%	7.5%	7.3%	8.6%	4.7%
<b>COCONINO</b>	8.7%	8.4%	6.9%	6.3%	6.2%	5.7%	5.3%	5.3%	7.6%	3.9%
<b>MOHAVE</b>	11.1%	10.8%	8.8%	8.0%	7.0%	6.0%	5.4%	5.5%	6.9%	3.7%
<b>LA PAZ</b>	9.0%	8.9%	7.5%	7.6%	6.2%	5.2%	6.4%	6.1%	6.7%	4.0%
<b>COCHISE</b>	8.9%	9.3%	8.5%	7.4%	6.6%	5.5%	5.4%	5.7%	5.9%	3.3%
<b>PINAL</b>	8.6%	8.3%	6.8%	6.4%	5.8%	5.1%	4.8%	4.8%	6.3%	3.0%
<b>GRAHAM</b>	8.6%	8.0%	6.8%	7.3%	7.5%	5.7%	5.0%	4.9%	5.4%	2.7%
<b>YAVAPAI</b>	8.6%	8.1%	6.2%	5.7%	5.2%	4.6%	4.2%	4.4%	5.3%	2.5%
<b>GREENLEE</b>	8.4%	6.3%	5.1%	7.6%	8.8%	5.3%	4.3%	3.9%	5.5%	2.4%

Source: Arizona's Economy: Economic and Business Research Center.

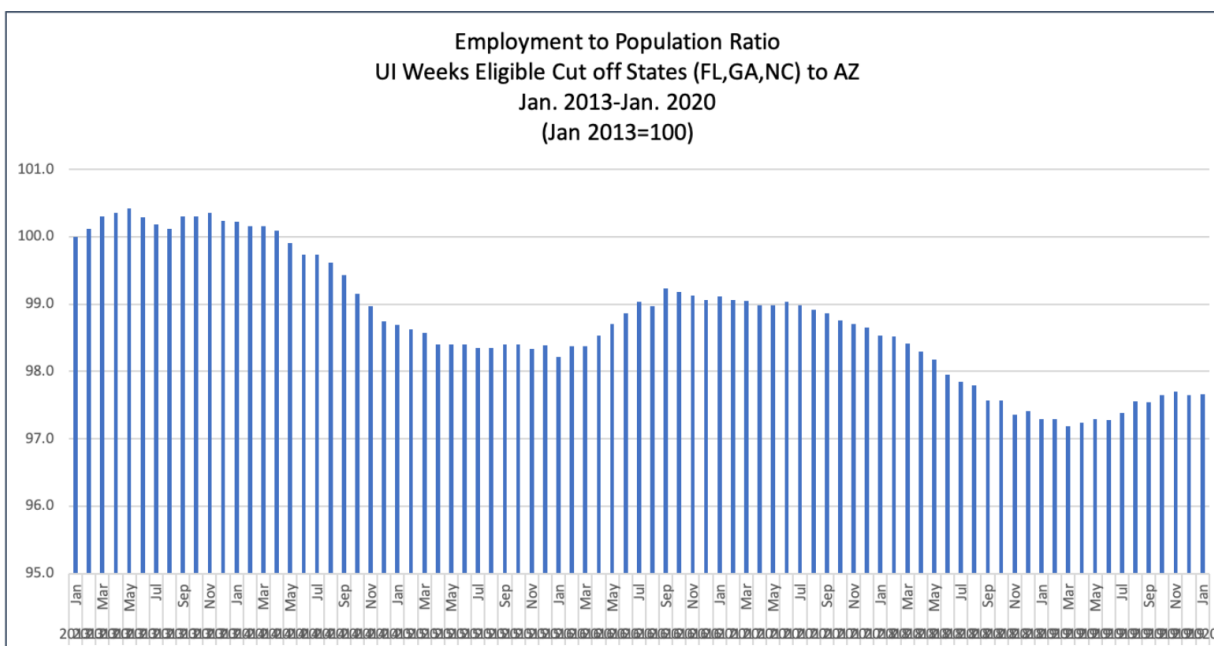
<https://www.azeconomy.org/arizona-unemployment-rate/>

\*Does not include 2020 due to the COVID-19 pandemic.

### ***SB1167 jeopardizes the economy***

The economy could be hurt if people drop out of the labor force when they are cut off from benefits before finding a job. These people are more likely to rely on other public assistance programs.

The Grand Canyon Institute found that limiting the duration of UI assistance did not correlate with improved labor market outcomes. This finding was based on a comparison of Arizona's employment-to-population ratio to that of Florida, Georgia and North Carolina — all pro-business states. Arizona's UI benefits duration is longer than each of the other states. As can be seen in the graph, the index declined, suggesting that many people who did not find a job once their unemployment benefits expired exited the labor force in the three comparison states relative to Arizona.



### ***SB1167 will cost state time and resources***

- It places unwise and potentially detrimental burdens on Arizona's existing decades-old UI benefits system each time it has to be reprogrammed when the unemployment rate passes a specified threshold.
- It will cost additional the state Department of Economic Security staff time and divert resources away from a significant UI technology modernization project, potentially causing delays.

- It will cause inevitable over- and underpayments to claimants due to the 3-week lag in announcing the seasonally adjusted unemployment rate—this will require DES staff to rectify benefit amounts for each claimant impacted.

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