


Issue Brief #5

Unemployment Insurance (UI) Overview

Given the current economic climate -- characterized by increasing worker displacement, squeezed credit lines for businesses, and continued financial troubles on Wall Street and Main Street alike -- unemployment insurance (UI) has taken on increased importance. Millions of individuals in the United States are currently unemployed (as of early 2009, an estimated 7.5 percent of the workforce, a figure expected only to rise), with millions of others working part-time or reduced schedules (the so-called “underemployed”). And still millions more have given up on finding work altogether. As a result, it is essential for companies and their employees to understand how unemployment works.

What is Unemployment Insurance?

An illustration showing a stylized factory with two smokestacks on the left and a building with a chimney on the right. A large sign with the word "CLOSED" in bold, capital letters is placed in front of the factory. The sign is tilted and has a shadow. The background is a light green gradient.

UI programs typically are federal/state partnerships established decades ago to provide temporary financial assistance to “eligible” (see sample criteria below) unemployed workers. UI programs reinforce economic stability to workers, families, communities and the economy as a whole in distressing times. Via an employer-only tax, contributed on a quarterly basis, companies pay into a general UI Trust Fund from which benefits are drawn -- in 2007, employers nationwide contributed \$31.5 billion in UI taxes. Utah’s UI reserve fund, as compared to other more financially-strapped states (which are having either to borrow money or increase employer contribution rates as a percentage of payroll), remains adequate (with approximately \$850 million), and is deemed sufficient to cover current and forecasted benefit outlays.

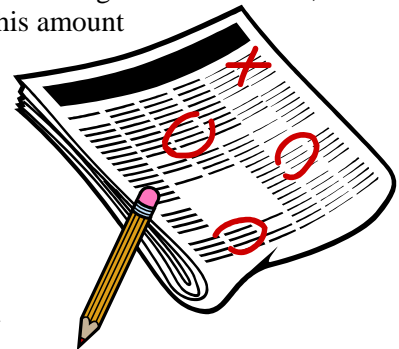
In the state of Utah, the current maximum weekly benefit amount an individual can receive is \$444 per week, up to a base duration of 26 weeks -- the actual benefit amount and duration of benefits is based on a claimant’s earnings history; in addition, note that the weekly amount and length of time a claimant can draw unemployment has been (and may continue to be) temporarily increased and extended due to recently enacted federal legislation.

Who can receive Unemployment Insurance? (Eligibility Requirements)

Claimant eligibility for UI benefits is based on wages workers have earned across a base wage period, not on individual or family financial resources. Wages earned as a 1099 or Independent Contractor are not taxed for UI; these wages do not count toward receiving or qualifying for unemployment benefits. Additionally, workers must be able and available to accept full-time work to qualify for UI benefits. As such, UI is not considered welfare, Social Security, workers compensation or disability assistance.

In more detail, to be eligible for Unemployment Insurance, a worker (claimant) must meet the following criteria:

- Be partially or totally unemployed through no fault of his / or her own doing...
 - If a claimant was *discharged* with cause (a justified firing) or *quit* a job of their own accord, this worker can be deemed ineligible for benefits
 - In disputed “discharge” cases, an employer must establish three things to deny a claimant benefits:
 - Knowledge: the former employee knew (was made aware) that such behavior and actions were unacceptable and in violation of company expectations, workplace rules and guidelines (often, verbal and / or written warnings, as well as sample company policies and guidelines, would be used as evidence of such knowledge being conveyed to and received by the claimant)
 - Culpability: a former employee’s behavior or actions caused material harm to the company and as a result a discharge was called for, the only option (instances cited here might include monetary losses, replacement costs, etc.)
 - Control: the behavior or actions that led to the discharge were within the former employee’s control to change and/or modify.
 - In disputed “quit” cases, the claimant has the burden of proof to prove good cause for quitting, including establishing such elements as:
 - Adverse Effect: there was harm to the claimant’s personal, economic, mental or physical well being by remaining employed
 - Control: The harm could not be controlled or prevented by taking some kind of action, such as a request for leave or transfer or an effort to explain the problem to the employer in an effort to resolve the matter
 - Relevant Labor Department data
 - In 2007 (most recent data available), employers nationwide disputed 26% of UI claims
 - 16% related to “discharge” cases (a more than doubling since the late 1980s)
 - 10% related to “quit” cases
 - Employers win approximately 1/3 of the cases they contest
 - If a claimant continues to work part-time, in Utah their wages must not exceed more than 30% of their weekly benefit amount or the claimant may risk losing their UI benefits, as well as owe any unemployment benefits collected above this amount
 - For example, if a claimant is entitled to receive \$444 in weekly UI benefits (the current maximum), s/he can make up to \$133 in part-time earnings without jeopardizing their benefits
- Be a US citizen or legally authorized to work in the US.
- Have filed a valid Utah claim.
- File a weekly claim (update).
- Be able, available and actively seeking full-time work.
- Have sufficient earnings in the base period to establish a monetary entitlement.
 - Must have earned at least \$3000 during the base period. Additionally, total base period earnings must be at least 1 ½ times the highest quarter of wages during your base period;



if the proceeding situation does not apply, claimants may also qualify by documenting 20 weeks of employment during the base period with earnings of at least \$150 in each week.

Some examples of other issues that may affect eligibility for UI benefits include:

- School attendance
- Strike or labor disputes
- Self employment or corporate officers
- Refusal of a job offer
- Illness or injury
- School employee

How does a worker file for Unemployment Insurance?



In Utah, new claims for unemployment insurance benefits can be expedited if filed online. To file a new claim for unemployment insurance benefits, go to:

<http://jobs.utah.gov/ui/Jobseeker.asp>

Claimants will need the following information:

- Social Security number.
- A valid driver's license or state issued identification card.
- If not a citizen of the United States, an Alien Registration number and card.
- The business names, complete addresses including zip codes, and phone numbers of all employers for whom the claimant worked during the last two years.
- The dates work started and ended for those employers.
- An estimate of total gross earnings from those employers.
- The reason you are no longer working for those employers.
- If a claimant has worked active military duty for at least one day in the last two years, s / he will need to provide the DD214, Member 4, Certificate of Release or Discharge from Active Duty.

New claims can also be filed by telephone. To file by phone, please call the numbers listed below between 7:00 a.m. and 5:30 p.m. Monday through Thursday. Call volumes may result in longer hold times, especially on Mondays.

Salt Lake County: 526-4400

Utah County: 375-4067

Weber and North Davis Counties: 612-0877

Balance of state or out of state, Toll Free: (888) 848-0688

The claims center is closed on all legal holidays.

*For more information, please contact us:
Payday Resources
Human Resources Support
801.404.5241*