

**RS 31114 UI Indexing Weeks of Duration
to 10-14 for Jobseekers and to 16-20 for Employer Attached
Impact on Unemployment Insurance**

Fiscal Impact

- RS 31114 demonstrates high effectiveness at reducing benefits during economic downturns, while in periods of economic strength, it allows for additional payments.
- Over the most recent five years, RS 31114 would have incurred an additional \$66 million in benefits payments.
- RS 31114 works in the opposite direction of the current law. During the Great Recession from 2008-2016, it would have saved the trust fund \$300 million, averaging an annual savings of \$33.3 million.
- Conversely, during economic expansions like 2027-2023, RS 31114 would have allowed for an extra \$80 million in benefits, averaging an annual increase of \$11.4 million.
- If RS 31114 were in effect, in 2024 the unemployment insurance base rate of 1.231% would have increased to 1.263 or 2.6% higher than the current base rate.
- RS 31114 is a significant change to the Unemployment Insurance program and the Department of Labor anticipates \$236,300 in one-time cost for implementation. This legislation will require changes to the department's online unemployment insurance system to automate the process; estimated programming costs are \$186,300. Claimants and businesses will need to be informed of the new process. Estimated outreach costs are \$50,000 and include mailers, emails, webinars, website updates and social media.

Background

Current law (72-1367) indexes the maximum allowable weeks of benefits to the unemployment insurance rate and base period wages. The statutory formula sets how many weeks an individual can receive benefits and rewards those who earn consistent wages.

Per the formula, base period wages are divided by the highest base period quarter creating a ratio that corresponds to 17 rows in code. A ratio of 1.25 represents an individual who earned significantly more in one quarter than the other four and is eligible for a maximum of 10 weeks while a ratio of closer to 4 represents someone with wages fairly evenly distributed across the quarters and eligible for 20-26 weeks.

The formula is also indexed to the unemployment insurance rate. The maximum weeks of benefits range from a low of 20 weeks when the unemployment insurance rate is below 3% with one-week incremental increase for each percentage increase in the unemployment rate to a high of 26 weeks when the rate is 8% or higher.

RS 31114 would collapse the 17 rows of ratios down to two and eliminates the index to the unemployment insurance rate. Under RS 31114 a ratio below 2 has a maximum eligibility of 10 weeks while a ratio above 2 is eligible for 14 weeks. Attached workers are eligible for an additional six weeks of benefits so the 10-week maximum becomes 16 and the 14-week maximum becomes 20.

Capping the maximum weeks at 14 for work-seeking claimants provides a savings to the trust fund as fewer benefits will be paid. However, that savings is moderated during times of low unemployment as most claimants are not exhausting benefits. The average number of weeks claimed is about nine weeks. RS 31114 also increases the maximum number of weeks to 14 for claimants currently only eligible for 10, 11, 12, or 13 weeks, which is a cost to the trust fund.

Current rule allows a claimant to be employer attached for 16 weeks. This means employers have the option to classify their workers as job attached by waiving their work search requirement and retain the ability to recall their trained labor force when the business cycle resumes or within the first 16 weeks of the claim. This is particularly important for industries that may need to shut down due to weather or other seasonal business cycles throughout the year. After that time, claimants can continue to collect benefits if they have eligibility, but they become work seeking. RS 31114 allows an additional six weeks of benefits for all attached workers which could be more than an attached claimant is currently eligible to receive.

Current law treats employer attached and union attached the same. RS 31114 does not provide additional weeks for union attached workers. Per rule, union attached workers could still be attached rather than job seeking but they would not be eligible for more than 10 or 14 weeks depending on the claimant ratio.

Impact on Claimants

Using 2023 data, 51% of claimants who would qualify for 10 weeks classified as employer attached, would automatically receive a 60% benefit increase to 16 or even 20 weeks. Additionally, 49% of claimants who would qualify for 14 weeks under RS 31114 would get 42% additional benefits when reset to 20 weeks.

Ratio Ranges for Job Seeking and Employer Attached

Claimant Type 2023	Bill				Grand Total
	Ratio >=1.25 to <=2.0		Ratio > 2.0 to 4.0		
	10 Weeks	16 Weeks	14 Weeks	20 Weeks	
Job Seeking	1,664		11,849		13,513
Employer Attached		1,752		11,412	13,164
Grand Total	1,664	1,752	11,849	11,412	26,677

Using 2023 data, approximately 700 union workers would have been reset to 10 or 14 weeks, but would not have to look for work during the duration of the unemployment. Claimants in approved training programs and all dislocated workers are reduced to 10 or 14 weeks.

Claims 2023

Current Claimant Type		Bill				Grand Total
		Job Seeking		Employer Attached		
	Type	10 Weeks	14 Weeks	16 Weeks	20 Weeks	
Current Law	Employer Attached			1,538	10,534	12,072
	In Approved Training	1	3			4
	Union Attached	101	609			710
	Work Seeking	1,259	9,679			10,938
Grand Total		1,361	10,291	1,538	10,534	23,724

In periods of low unemployment or worker shortages, current law is more effective at keeping claimants out of the system, thus providing savings to the trust fund. Over the next few years, as the economy continues to grow, RS 31114 would be the least effective at providing savings over current law and would increase payments, and, therefore, tax rates. However, during an economic slowdown, RS 31114 produces more savings.

RS 31114 would have saved \$219 million from 2008 to 2023. During the Great Recession, RS 31114 would have cut \$300 million in benefits but would also have allowed for \$80 million in extra payments during the current economic expansion.

Economic Period	Year	UI Claims	Current Law Benefits Paid	Bill Benefits Paid	Bill Savings to Trust Fund
Recession and Recovery	2008	73,316	293,637,134	233,542,532	60,094,602
	2009	89,990	360,957,915	284,939,925	76,017,990
	2010	72,748	243,872,554	202,085,465	41,787,089
	2011	62,369	199,422,940	166,141,804	33,281,136
	2012	53,170	162,357,664	137,487,322	24,870,342
	2013	44,225	129,828,936	111,235,233	18,593,703
	2014	36,988	116,044,752	97,924,794	18,119,958
	2015	31,963	101,111,611	87,284,239	13,827,372
Growth and Expansion	2016	29,293	101,501,868	89,170,825	12,331,043
	2017	29,209	87,437,546	93,166,327	-5,728,781
	2018	26,213	78,257,637	86,165,525	-7,907,888
	2019	26,923	89,341,714	97,759,517	-8,417,803
	2020	95,949	264,849,092	292,479,223	-27,630,131
	2021	24,043	77,095,654	87,928,113	-10,832,459
	2022	23,332	83,972,840	96,665,015	-12,692,175
	2023	26,677	89,571,758	95,982,295	-6,410,537
Grand Total		746,408	2,479,261,615	2,259,958,154	219,303,461

Impact on Idaho Employers

Industries with the largest share of job attachment are in the construction sector, where almost three of every four claimants are employer attached. Following closely, manufacturing is the second largest industry with a disproportionate amount of employer attached individuals. On the other hand, industries like health care and social assistance, as well as professional services among others, exhibit a lower proportion of employer attached workers.

Industries with low proportions of employer attached claimants provide the most savings under RS 31114. Conversely, the most seasonal industries consume a portion of the savings from the most stable industries (see the claimant distribution by industry table). This dynamic arises because employer attached claimants, predominantly found in seasonal industries, are eligible for 16 or 20 weeks under RS 31114, while everyone else is at 10 or 14 weeks.

Allowing differing eligibility criteria for the employer attached leads to disparities at the employer account level in terms of tax rates, contributions and reserves. A deficit employer will continue to accumulate negative reserves at a faster pace as their claimants claim for extended durations. Under current law, no claimant classified as employer attached eligible for 14 weeks could ever receive 20 weeks.

The following two tables depict the number of claimants by industry that RS 31114 classifies at 10 and 14 weeks, along with the number of job attached claimants eligible for 16 or 20 weeks.

Using the agriculture sector as example, in 2023 there were 200 claimants with ratios at or below 2, automatically given a 10-week duration. However, only 41 get 10 weeks and 159 or 80% of those qualifying for 10 weeks under the new ratio rules are now eligible for 16 weeks.

Similarly, for ratios above 2, about 86% or 825 of the 962 of claimants who would normally get 14 weeks are now eligible for 20 weeks under RS 31114.

Industry Sector	Ratio Ranges	Job Seeking		Employer Attached		Grand Total
		10 Weeks	14 Weeks	16 Weeks	20 Weeks	
Agriculture, Forestry, Fishing and Hunting	Ratio 1.25 - 2.0	41 21%		159 80%		200
	Ratio >2.0		137 14%		825 86%	962
Grand Total		1,515 6%	11,238 45%	1,538 6%	10,534 42%	24,825 100%

Like the agricultural sector, the following table depicts the claimant type makeup for all industry sectors.

Claimant Distribution by Industry Sectors 2023

Industry Sector	Ratio Ranges	Bill				Grand Total
		Job Seeking		Employer Attached		
		10 Weeks	14 Weeks	16 Weeks	20 Weeks	
Accommodation and Food Services	Ratio 1.25 - 2.0	102 49%		106 51%		208
	Ratio >2.0		574 58%		421 42%	995
Administrative and Support and Waste Management and Remediation Services	Ratio 1.25 - 2.0	208 45%		252 55%		460
	Ratio >2.0		1,259 45%		1,510 55%	2,769
Agriculture, Forestry, Fishing and Hunting	Ratio 1.25 - 2.0	41 21%		159 80%		200
	Ratio >2.0		137 14%		825 86%	962
Arts, Entertainment, and Recreation	Ratio 1.25 - 2.0	35 34%		67 66%		102
	Ratio >2.0		96 33%		199 67%	295
Construction	Ratio 1.25 - 2.0	228 36%		406 64%		634
	Ratio >2.0		1,271 32%		2,732 68%	4,003
Educational Services	Ratio 1.25 - 2.0	25 86%		4 14%		29
	Ratio >2.0		278 88%		38 12%	316
Finance and Insurance	Ratio 1.25 - 2.0	51 94%		3 6%		54
	Ratio >2.0		606 93%		46 7%	652
Health Care and Social Assistance	Ratio 1.25 - 2.0	113 74%		39 26%		152
	Ratio >2.0		1,093 72%		420 28%	1,513
Information	Ratio 1.25 - 2.0	36 88%		5 12%		41
	Ratio >2.0		328 93%		23 7%	351
Management of Companies and Enterprises	Ratio 1.25 - 2.0	4 100%				4
	Ratio >2.0		35 83%		7 17%	42
Manufacturing	Ratio 1.25 - 2.0	140 50%		139 50%		279
	Ratio >2.0		1,379 43%		1,859 57%	3,238
Mining	Ratio 1.25 - 2.0	6 26%		17 74%		23
	Ratio >2.0		55 26%		153 74%	208
Other Services (except Public Administration)	Ratio 1.25 - 2.0	45 68%		21 32%		66
	Ratio >2.0		339 70%		146 30%	485
Professional, Scientific, and Technical Services	Ratio 1.25 - 2.0	96 72%		37 28%		133
	Ratio >2.0		1,079 81%		246 19%	1,325
Public Administration	Ratio 1.25 - 2.0	51 53%		46 47%		97
	Ratio >2.0		213 57%		163 43%	376
Real Estate and Rental and Leasing	Ratio 1.25 - 2.0	29 63%		17 37%		46
	Ratio >2.0		203 77%		60 23%	263
Retail Trade	Ratio 1.25 - 2.0	169 68%		80 32%		249
	Ratio >2.0		1,171 68%		558 32%	1,729
Transportation and Warehousing	Ratio 1.25 - 2.0	81 41%		118 59%		199
	Ratio >2.0		547 39%		842 61%	1,389
Utilities	Ratio 1.25 - 2.0	5 63%		3 38%		8
	Ratio >2.0		27 40%		40 60%	67
Wholesale Trade	Ratio 1.25 - 2.0	50 72%		19 28%		69
	Ratio >2.0		548 69%		246 31%	794
Grand Total		1,515 6%	11,238 45%	1,538 6%	10,534 42%	24,825 100%