

UNEMPLOYMENT COMPENSATION SOCIAL SECURITY OFFSET
(April 14, 2009)

- House Bill 8 of the 2004 General Session provided that only 50 percent of an individual's Social Security retirement benefit would be used to offset (reduce) an individual's unemployment compensation benefit entitlement. Prior to the law change, 100 percent of the Social Security retirement benefits were used to reduce one's potential unemployment compensation benefit amount. The law had a 3-year sunset provision.
- House Bill 18 of the 2006 General Session voted to extend the sunset provision an additional four years. HB 18 also codified that all benefit costs attributable to this provision will be charged to federal Reed Act Funds.
- DWS was notified in May 2006 by the U.S. Department of Labor that Utah's non-charging provision does not conform to federal law; all benefit costs must be charged back to the employer causing the unemployment, not to the federal Reed Act Funds. Senate Bill 11 of the 2007 General Session provided that all future benefit costs would be charged back to employers and not Reed Act Funds.
- If no legislation is enacted in the 2010 General Session any unemployment claims with an effective date after June 27, 2010 will be reduced by 100% of any social security retirement benefits.
- Workforce Employment Advisory Council agenda item for May 12, 2009
- Impact on Claimants, Employers, and Benefit Costs:
 - FY 2006: 539 Claimants, 553 Employers, \$717,344
 - FY 2007: 511 Claimants, 606 Employers, \$581,003
 - FY 2008: 652 Claimants, 789 Employers, \$929,915
 - FY 2009 (Thru 3-30): 1,124 Claimants, 1,178 Employers, \$1,421,323

National Trend for 2008:

- Puerto Rico and the Virgin Islands have a 100 percent offset
- 7 states currently have a 50 percent social security offset. However, 2 of these states have no reduction provided their UI Trust Fund balance is adequate and 1 state has no reduction if base period wages earned while claimant was already qualified to receive social security retirement benefits.
- 43 states currently have no social security offset provisions.