

Elected officials can help Utahns outlast recession

By Allison Rowland

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Newly revised figures from Utah's Department of Workforce Services show that job loss in the state has been much more severe than previously estimated. As it turns out, more than 71,000 jobs disappeared from June 2008 to June 2009 -- 71,000 Utah workers who have lost their jobs not because of poor performance, but because of global economic factors far beyond their control.

The struggles of these unfortunate families continue to reverberate through local economies. Their dramatically reduced expenditures affect everyone they once did business with. With job loss, purchases must immediately be cut to the bare necessities, and in many cases family homes must be put up for sale in an already-saturated market.

Given the interrelated nature of local communities -- the way job loss for one creates a ripple that reaches far beyond the immediate household -- it makes sense for state government to help minimize these ongoing effects of the recession. This objective remains important despite signs that the current downturn is beginning to hit bottom because the job market typically takes longer to recover than other parts of the economy.

Utah lawmakers could take a step toward minimizing the damage of job loss by reforming the state's unemployment insurance program, extending benefits to workers who are excluded under outdated eligibility rules. Currently, only about half of Utah's unemployed workers collect these benefits, which provide workers who have lost their jobs through no fault of their own with small cash payments while they actively seek new work.

This means that too few Utah families who are faced with a sudden loss of income receive temporary assistance to pay mortgages, buy groceries and keep their children in school.

The small weekly payments that UI provides are also critical in helping Utah businesses maintain

access to valuable local workers -- people who have already proven their worth in the labor market. UI helps laid-off workers remain in their communities, available to return to work as soon as firms begin hiring again.

In addition, by adopting UI reforms now, Utah would receive \$61 million in federal stimulus funds. This amount would cover expanded UI benefits for six years -- far longer than the job market will need to recover. Twenty-five other states already have adopted similar measures to take advantage of this incentive.

Some Utah lawmakers have expressed concern that the changes needed to receive the \$61 million in federal monies might result in higher costs for businesses over the long run. The reasoning, presumably, is that federal funding for the newly eligible unemployed Utahns will eventually run out, leaving Utah companies to pick up the tab.

This argument, however, is an oversimplification.

In fact, a great number of variables go into calculations of UI rates for individual companies, and the primary determinant of these rates is the overall health of Utah's economy. Simply put: As the economy rebounds, fewer workers will need to claim UI benefits, and companies will pay less.

Besides, in the unlikely event that this reform does not live up to expectations, the Legislature can repeal it. Either way, the \$61 million will remain in the state's Unemployment Compensation Fund.

No clear policy objective is served by delaying reform to Utah's UI system. Major stakeholders in the business world, including the Salt Lake Chamber and the Department of Workforce Services Advisory Council, have announced their support for adopting at least part of the UI reform package. Given this broad base of support by employers, Utah's elected officials should act promptly to ensure that additional aid reaches the families who need it most.

Allison Rowland is director of budget and policy at Voices for Utah Children, a nonpartisan, nonprofit, multi-issue child advocacy organization. Additional information on this issue can be found at www.utahchildren.org.