

BILL # HB 2295

TITLE: unemployment insurance; eligibility; full-time students

SPONSOR: McGuire

STATUS: As Introduced

PREPARED BY: Jay Chilton

FISCAL ANALYSIS

Description

This bill would prohibit the Department of Economic Security (DES) from presumptively disqualifying an individual from receiving unemployment insurance benefits due to attending school as a full-time student.

Estimated Impact

The impact of this bill is unknown. The bill expands unemployment insurance coverage and, therefore, could result in an increase to the unemployment insurance tax rate paid by employers; but the magnitude of change is unknown because the number of people that the change would affect is unknown.

DES does not have an estimate for the cost of this bill.

Analysis

Unemployment insurance benefits are intended for people who were working full-time, became unemployed, and are available for and seeking new full-time employment. Under current policy, if an applicant for benefits is attending school full-time, DES presumes that the individual is not available for full-time work. The individual can request that DES review the case and if the individual can demonstrate availability for work, he or she can become eligible to receive benefits. This bill would remove the automatic presumption that the individual is unavailable for work because the individual is a full-time student.

The number of individuals that would fit into the category is unknown because DES does not track full-time student status separately from other reasons an individual may be unavailable for work and, therefore, disqualified from receiving unemployment insurance benefits, such as lack of transportation or lack of child care.

The unemployment insurance tax is paid by Arizona employers and is deposited in the Unemployment Insurance Trust Fund. The rate is adjusted based on the level of assets available in the fund and on the usage of the fund. If the number of people eligible for unemployment insurance benefits increases and usage therefore increases, the rate paid by employers could also increase. As noted, the number of people that would be affected by the changes in this bill is unknown, so the increase in usage and the effect on the amount of assets in the fund and on the tax rate is also unknown.

Local Government Impact

Local government entities in Arizona do not pay the unemployment insurance tax, but each entity is billed quarterly by the Department of Economic Security's Unemployment Insurance Administration for the cost of unemployment insurance benefits paid out to that entity's former employees. While an increase in the rate would not affect local governments, an increase in unemployment insurance coverage could increase the number of claims and, therefore, increase the cost to local governments. As above, the magnitude of the cost is unknown.