



Colorado Unemployment Insurance Program At A Glance

By National Employment Law Project
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- **Unemployment rate:** The unemployment rate in Colorado was 5.8 percent in December 2002, over twice the pre-recession average rate of 2.7 percent 2000.¹ By February 8, 2003 there were over 46,000 individuals receiving weekly unemployment insurance benefits in Colorado.²
- **Long-term unemployment:** Those who are unemployed and still looking for work after six months account for 22% of the nation's jobless as of February 2003, up from 15% one year earlier and 11.2% when the recession began in March 2001. Long-term (greater than 26 weeks) unemployment has risen in this recession more than in any of the previous five recessions, and Colorado is no exception.

From the third quarter of 2000 to the third quarter of 2001, the percentage of unemployed who have exhausted their unemployment benefits has risen over 65%. From the third quarter of 2001 to the third quarter of 2002, that number rose again. Currently, 54.4 percent of Colorado's unemployed exhaust their state benefits. A total of almost 58,000 Colorado workers exhausted their state benefits in the year between September 2001 and September 2002.³

Although the federal Temporary Extended Unemployment Insurance program has helped many of these workers, as of the end of December 2002, 17,000 Colorado workers had exhausted TEUC benefits and were still unemployed. Over sixteen thousand Colorado workers are expected to exhaust all state and federal benefits between January 2003 and May 2003.

- **Proportion of Unemployed Workers Receiving UI Benefits:** In historic terms, Colorado has a low recipiency rate. Colorado paid benefits to only 24.6% of its unemployed workers over the time period 1967 to 1998.⁴ Only four jurisdictions have paid benefits to a smaller percentage of their unemployed workers over that time period. In the year from October 2001 to September 2002, only 34 percent of Colorado's unemployed received UI benefits. Colorado's UI program ranked 44th (of 53 jurisdictions) in terms of its recipiency rate for UI.

¹Data available at: <http://www.bls.gov/lau/home.htm>

² Data available at: <http://ows.doleta.gov/unemploy/page8/022703.html>

³ Data available at:

http://www.workforcesecurity.doleta.gov/unemploy/content/data_stats/datasum02/3rdqtr/benefits.asp#Colorado

⁴ Wayne Vroman, "Low Benefit Recipiency in State Unemployment Insurance Programs"

At the same time, the national reciprocity rate for the U.S. stood at 45 percent for the same twelve month period..

- **Wage Replacement by UI Benefits:** Colorado's average weekly UI benefit in the 3rd quarter of 2002 was \$314, which was 43.5% of the statewide average weekly wage. Colorado ranks fourteenth in the nation in the percentage of wages it replaced with UI.⁵ Colorado's maximum weekly benefit is 55% of the state's average weekly wage, and is currently \$398 a week. Its minimum benefit is \$25.00.⁶ Almost half of the recipients of UI in Colorado receive over \$300 per week in 2001.⁷
- **Trust Fund Balance:** Colorado's trust fund had a balance of over \$567 million at the end of September 2002. During a peak recession, Colorado would be able to pay benefits for about eight months of the year without collecting any additional taxes.⁸ In the middle of the recession, Colorado's trust fund is still relatively solvent: it ranked 21st out of the 53 jurisdictions in terms of its trust fund balance. When state trust funds becomes insolvent, they must borrow from the federal UI loan fund or seek private loans and must pay interest on on borrowed funds.
- **Solvency Surcharge:** In the late 1980s, Colorado's UI trust fund became insolvent. To avoid future occurrences, Colorado instituted a solvency surcharge which triggers when the trust fund balance falls below 0.9 percent of total private wages earned in the state. Economic forecasts predict that the solvency surcharge will trigger in 2003.
- **Employer Credit:** Beginning in Calendar year 2001 employers were eligible for a 20% credit against taxes otherwise due when the trust fund balance equals or exceeds 1.1% of the total amount of insured wages paid in Colorado in the calendar year immediately preceding the computation date. Originally implemented as a temporary credit, the Colorado General Assembly made the credit permanent in 2002.
- **Reed Act Money:** In March 2002, Colorado received an infusion of \$142 million dollars into its trust fund from the federal government. Called "Reed Act" distribution, this money can be used to increase access to the UI system for those who are left out now.⁹ Through supplemental budget requests, \$7 million of Reed Act money was allocated for use by the One-Stop Workforce Centers. An additional \$6.4 million was transferred to the Employment Support Fund and supplanted to the General Fund.
- **Alternate Base Period:** Colorado does not have the alternate base period, which means that three to six months of a worker's most recent earnings are not counted when a worker's eligibility for unemployment is determined. In 2002, four new states added an alternate base year. Currently, sixteen states have enacted this reform, and several have alternate base period bills pending in 2003, including Colorado's neighbor states of New Mexico, Kansas and Arizona.

⁵ Data available at:

http://www.workforcesecurity.doleta.gov/unemploy/content/data_stats/datasum02/3rdqtr/benefits.asp#Colorado

⁶ Data available at <http://ows.doleta.gov/unemploy/sigpro72002.asp>

⁷ Data supplied by DOL.

⁸ http://www.workforcesecurity.doleta.gov/unemploy/content/data_stats/datasum02/3rdqtr/finance.asp#Colorado

⁹ <http://www.nelp.org/pub115.pdf>

- **Earnings Requirements to Qualify for UI:** Colorado requires that workers earn at least \$2,500, or 40 times the projected weekly benefit amount, during the base period in order to qualify for benefits.
- **Part Time Workers and UI:** Colorado pays benefits to persons who are seeking part-time work if they have a history of part-time work. About twenty states allow part-time workers to receive UI.
- **Taxable Wage Base:** Employers in Colorado pay taxes on the first \$10,000 of a worker's earnings. In the year preceding September 2002, the average UI tax on employers (measured as a percent of total wages) was .3%. Colorado ranked among the lowest states in the country in terms of employer tax rates, 47 out of 53 jurisdictions.¹⁰
- **Temporary Help Firms:** Workers employed by a temporary help agency must call the temporary agency between assignments in order to qualify for benefits in Colorado.
- **Length of Time Workers Receive Benefits:** Colorado pays up to 26 weeks of regular UI benefits. Workers with low earnings can have a shorter duration of benefits than 26 weeks. In Colorado, due to its payment formula, many workers exhaust benefits well before their twenty-six weeks are up. In 2001, nearly three-quarters of all recipients who exhausted their benefits received less than 26 weeks, nearly double the national average of 38.2%.
- **Extended Benefits:** Under a federal program of "extended benefits," state benefits are available during periods of high unemployment for up to 13 additional weeks. Colorado has not adopted an optional federal formula that makes these additional benefits more easily available in the state. State extended benefits last triggered on in 1981.
- **Waiting Week:** Like all but seventeen states, Colorado has a "waiting week" during which otherwise eligible workers are not paid UI benefits in their initial week of unemployment. During the recession, five states have acted to suspend or rescind entirely their waiting week.

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¹⁰ http://www.workforcesecurity.doleta.gov/unemploy/content/data_stats/datasum02/3rdqtr/finance.asp#Colorado