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Schools Excluded From Fed UC Benefits

The Tennessee General Assembly quietly passed legislation in June that is costing and will continue to cost school boards, non-profit agencies and other local governmental entities lots of money on extended unemployment benefits that were made available according to Utrust Administrator Dan Tollett, "There have been three extensions of unemployment benefits in recent months, he said. "The federal government funded the first two emergency benefit extensions. The third was optional, left to individual states to decide whether to participate. Our state elected to participate."

For the third, optional extension, reimbursing employers such as school districts, non-profit agencies and other governmental entities did not receive federal funding like other employers. Instead they must fund 100% of the costs of these benefits.

This placed an unfunded mandate on all school systems in the state and put a huge burden on school systems to not only fund unemployment for the regular period but also to fund an additional 20 weeks. This resulted in a huge liability for school systems already having serious funding issues. Even worse, the media led us all to believe that extended benefits were funded entirely by the federal government. There was no notification to the contrary from the state or federal government so that organizations adversely affected by this liability could at least budget for it.

"The effect to Utrust is that claims since July are about double and the hurt is not over," according to Kristi Coleman, Utrust Director of Finance and Administration. "We predict that the total claims for the fiscal year for Utrust will be twice as much as projected."

"We know that it would work an undue hardship for our member school boards to attempt to come up with additional funds in this budget year to cover these costs," Tollett added. "Therefore, Utrust will cover this unforeseen liability for its members. We are pleased to have been able to help our members avoid retroactive charges and mid-year increases."

Utrust had already opted to delay the additional costs for an increase in the taxable wage base limit and the retroactive rate increase that the state imposed. Because of these and the extended benefit costs, Utrust expects an increase in rates for the next fiscal year.