

SUBJECT: Unemployment benefits for people with disabilities who worked part time

COMMITTEE: Economic Development —favorable, without amendment

VOTE: 7 ayes — Ritter, B. Cook, Anchia, Deshotel, Kolkhorst, McCall, Seaman
0 nays

WITNESSES: For — Shirley Ann Everitt; Amber McCarthy, National Multiple Sclerosis Society; William Greer, Coalition of Texans with Disabilities; (*Registered, but did not testify*: Joseph R. Arabie, Texas AFL-CIO; Ron Cranston; Enrique Flores, Jr., United Auto Workers; Currie Hallford, Communications Workers of America - District 6; Dwight Harris, Texas Federation of Teachers; Lori Henning, Texas Association of Goodwills; Marc House, UAW Local 218; Diana Kern, National Alliance for the Mentally Ill of Texas; Richard Landry, Pace International Union; Rick Levy, Texas AFL-CIO; John Meinkowsky, ARCIL, Inc.; Amy Mizcles, The ARC of Texas; Caroline O'Connor, Texas State Employees Union; Luz Riley, Communication Workers of America Local 6132; Jill Smith; James Templeton)

Against — None

On — Susan M. Maxwell, Texas Council for Developmental Disabilities; Steve Riley, Texas Workforce Commission; Cheryl A. Zaremba, TWC, Commissioner Representing Labor

BACKGROUND: Unemployment insurance is an employer-paid insurance program that provides temporary financial benefits to unemployed people based on their previous earnings while they are looking for other work. The Unemployment Trust Fund is supported by employer taxes and reimbursements. A part of the employer's unemployment tax is based on the unemployment benefits paid to former employees of that employer and charged to that employer's account. This part of the tax is called the experience-rated portion.

To establish a payable claim, individuals must be unemployed through no fault of their own, must have received enough wages to meet the requirements, and must meet ongoing work search and work availability

requirements. Under Labor Code, sec. 207.021, two eligibility requirements are that the person be able to work and be available to work. TWC defines "able" as being physically and mentally able to perform full-time work. "Available" is being ready and willing to accept full-time employment.

The base period is one element of the equation for determining unemployment benefits. The statutory definition of a base period is generally a one year period that ends on the last day of the nearest TWC defined quarter that precedes the day a person files an initial benefit claim.

The Federal Social Security Disability Insurance (SSDI) program, administered under 42 U.S.C. Section 423, provides assistance to people with disabilities. SSDI pays benefits to those who have paid Social Security taxes and who are classified by Social Security as being disabled.

DIGEST:

HB 481 would identify certain people with disabilities as available for work under sec. 207.021(a)(4) of the Labor Code, making them eligible in some cases to receive partial unemployment benefits.

A person with a disability who was receiving federal Social Security Disability Insurance benefits because of a disability that limited the number of hours that person could work, and who was available for part-time employment, could become eligible under the bill.

That person's benefit would be calculated based on the lesser of:

- the number of hours that the employee worked during the preceding year (base period); or
- the number of hours of employment the individual was seeking

The bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2005.

**SUPPORTERS
SAY:**

HB 481 would recognize that all work performed by people with disabilities had value and merit and would bring Texas law in step with national trends. California, Colorado, Delaware, Maine and Arkansas already allow appropriate unemployment benefits for people with disabilities who are unable to work full time yet are looking for part-time work.

Texas needs to adapt to a changing workforce by acknowledging that unemployment benefit rules should not limit the eligibility of certain part-time workers, such as those with disabilities. Part-time work has become a significant part of the economy, and many part-time workers are as connected with the workforce as full-time workers.

The cost to the unemployment trust fund from this bill would not be expected to be as high as the fiscal note estimates. Other entities estimate that the yearly cost to the unemployment trust fund could be significantly lower, around \$1.28 million, based on the relatively low average weekly UI benefit amount and the low number of eligible people. Unemployment benefits would be lower for unemployed, part-time workers than for other workers. The bill also would focus on a specific, limited population – those with disabilities who are receiving federal SSDI insurance benefits, who have a part-time work history, and who are laid off or appropriately discharged in such a way that they could be eligible for unemployment benefits. Also, SSDI recipients are subject to an upper-income limit in order to receive their SSDI insurance benefits.

The fact that maximum wage and employment requirements are not specified in the bill will be addressed by a floor amendment excluding the section determining the basis for benefits because existing law includes calculations for monetary eligibility under Labor Code, secs. 207.002(a), 207.003, and 207.005.

**OPPONENTS
SAY:**

This bill might set a precedent for other populations of workers to be made eligible for unemployment benefits, even if they were able or available only to work part time. Although the bill would address a concisely defined population, future populations could be defined more broadly. Such a trend could open the door for all part-time workers to be eligible for benefits, which could be harmful to the unemployment trust fund and to Texas employers whose taxes pay for the fund.

A person eligible only for part-time work who received unemployment benefits could receive them for more weeks than the average person because it could take longer for a part-time worker to find new work, given that the pool of part-time jobs is smaller. This could create a higher experience-rated portion of the unemployment tax for certain employers.

The LBB estimates that the cost of this bill to the unemployment trust fund could be more than \$3.8 million per year. The state should ensure

that the unemployment compensation trust fund has enough funds to cover unemployment compensation payments. If the fund fell too low, Texas employers could end up footing part of the bill.

HB 481 mentions the method of calculation of unemployment benefits for certain people with disabilities but does not specify wages or number of hours needed for the applicant to meet the monetary requirements for unemployment compensation. Specific maximum wage and employment requirements should be included in the bill.

NOTES:

The fiscal note for HB 481 anticipates no impact to general revenue related funds for the upcoming biennium but a probable yearly cost to the unemployment trust fund estimated between \$3.85 million (in fiscal 2006) and \$4.2 million (in fiscal 2010). This is based on an estimated 2,300 people being eligible to receive about \$100 in benefits for about 17 weeks.

Rep Hochberg plans to offer a floor substitute that would consider a permanently disabled person to be able to work and available for work under the Labor Code, making that person eligible in some cases for partial unemployment benefits if certain other criteria were met, including that the person:

- was unable to work full time ;
- had worked part time during a substantial part of the previous year (base period);
- was seeking part-time work consistent with the limitations imposed by that person's disability; and
- was receiving federal disability insurance benefits (SSDI).