

BILL ANALYSIS

H.B. 558
By: Deshotel
Economic Development
Committee Report (Unamended)

BACKGROUND AND PURPOSE

All states use base periods to calculate eligibility for Unemployment Insurance (UI). The income earned during the base period determines eligibility and benefit levels. A base period is typically four calendar quarters (January-March, April-June, July-September, October-December). Historically, most states define the base periods as the first of the last five completed calendar quarters. Depending on when a UI claim is filed and the definition of the base period, wages as far back as 18 months may be considered. H.B. 558 calls for the Alternative Base Period (ABP) to be used in calculating legality for Unemployment Insurance. The current system specifies that wages earned during the first four out of the last five consecutive quarters be used to determine eligibility. The ABP would change the requirement to any four out of the last five quarters. More workers would be eligible for benefits if states were to compute benefits based on an alternative base period calculation. The current base period disproportionately hurts vulnerable population groups. It also makes UI benefits unavailable to most hard-working Texans.

RULEMAKING AUTHORITY

This bill does not expressly delegate any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

SECTION 1. Repeals Section 201.011(1), Labor Code.

SECTION 2. Amends Subchapter B, Chapter 201, Labor Code, by adding Section 201.013 to read as follows:

Section 201.013. DEFINITION OF BASE PERIOD; ALTERNATE BASE PERIODS. (a) Defines an individual's base period as the four consecutive completed calendar quarters, set by the commission, in the five consecutive completed calendar quarters preceding the first day of an individual's benefit year. (b) States that an individual with a verifiable injury or medical illness during a major part of a calendar quarter shall include this time in their base period if the individual files an initial claim for benefits not later than 24 months after which the individual's injury or illness began. (c) Provides the criteria for an individual lacking sufficient benefit wage credits to qualify for benefits under the computation of base period by Subsection (a) or (b).

SECTION 3. This Act applies only to eligibility for unemployment compensation benefits based on a claim that is filed with the Texas Workforce Commission on or after the effective date of this Act.

SECTION 4. Provides the effective date of this Act.

EFFECTIVE DATE

Upon passage, or, if the Act does not receive the necessary vote, the Act takes effect September 1, 2005.