

BILL ANALYSIS

S.B. 788
By: Williams
Economic Development
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Current state law requires the Texas Workforce Commission (TWC) to pay for the first seven consecutive days of unemployment (the "waiting week") after the worker has collected benefits for three subsequent weeks of unemployment. However, this discourages people from returning to work during the fourth week because those who remain unemployed will receive benefits both for this week and the waiting week.

Most states do not treat the waiting week as a period of unemployment for which workers are later paid. Those states use the first week of unemployment to validate that workers are truly unemployed and the claimants are not eligible to receive benefits for that week. However, the total amount of benefits that workers are eligible to receive remains the same; only the starting point for receiving benefits is delayed.

S.B. 788 removes an incentive to remain unemployed and will help motivate claimants to return to work more quickly. This will be accomplished by following the examples of 29 other states and making the waiting week non-compensable. S.B. 788 protects the unemployment benefit trust fund by reducing benefit payouts.

RULEMAKING AUTHORITY

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

ANALYSIS

SECTION 1. Repeals Section 207.021(c) (pertaining to an individual being eligible to receive benefits on the individual's waiting period claim), Labor Code.

SECTION 2. Makes application of this Act prospective.

SECTION 3. 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.