

## **BILL ANALYSIS**

H.B. 580  
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.

These Unemployment Insurance rules have not kept pace with changes in the labor market, including growing low-wage and part-time work. This bill would provide for an "alternative base period." Basically, an Alternative Base Period (ABP) tracks an individual's recent earnings that are needed by many workers to satisfy the state's monetary eligibility rules. 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.

H.B. 580 calls for the Alternative Base Period (ABP) to be used in calculating legality for Unemployment Insurance.

### **RULEMAKING AUTHORITY**

It is the opinion of the committee that 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 as follows:

Section 201.013 (a) Defines "base period" as any four consecutive completed calendar quarters in the last five consecutive completed calendar quarters before the first day of an individual's benefit year.

(b) States that an individual with a verifiable injury or medical illness shall include this time in his/her base period if he/she files an initial claim no later than 24 months after the injury or illness occurred.

(c) Establishes that the base period for an individual who does not have sufficient benefit wage credits to qualify for benefits under Subsection (a) or (b) is the four most recent calendar quarters before the first day of an individual's benefit year.

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

SECTION 4. States the effective date for this Act.

### **EFFECTIVE DATE**

This Act takes effect September 1, 2007.

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