

## **BILL ANALYSIS**

C.S.S.B. 1569  
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Business & Industry  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

The Federal Unemployment Insurance Modernization provision of the American Recovery and Reinvestment Act of 2009 (ARRA) provides a \$7 billion distribution to the states from the Federal Unemployment Account before October 1, 2011. A state's portion is based upon its proportionate share of total Federal Unemployment Tax Act taxes paid, estimated to be \$555 million for Texas.

C.S.S.B. 1569 adopts specific provisions outlined in ARRA that will draw down federal funds for unemployment insurance. This is achieved by first adopting an alternative base period allowing the state to receive one-third of the estimated \$555 million. This bill adopts unemployment insurance benefits for part-time employees and benefits for an individual forced to quit his or her job for compelling family reasons. The bill creates the Task Force on Unemployment Compensation Reform.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

C.S.S.B. 1569 amends the Labor Code to establish for purposes of the Texas Unemployment Compensation Act and subject to this bill's provisions, that an individual's base period is the four consecutive completed calendar quarters, prescribed by the Texas Workforce Commission (TWC), in the five consecutive completed calendar quarters preceding the first day of an individual's benefit year. The bill provides that, for an individual precluded because of a medically verifiable illness or injury from working during a major part of a calendar quarter of the period that would otherwise be the individual's base period, the base period is the first four calendar quarters of the five consecutive calendar quarters preceding the calendar quarter in which the illness began or the injury occurred, if the individual files an initial claim for benefits not later than 24 months after the date on which the individual's illness or injury began or occurred. The bill provides that, for an individual who does not have sufficient benefit wage credits to qualify for unemployment compensation benefits under the computation of the base period, the base period is the four most recently completed calendar quarters preceding the first day of the individual's benefit year.

C.S.S.B. 1569 makes changes in provisions relating to chargebacks. The bill removes a provision prohibiting benefits computed on benefit wage credits of an employee or former employee from being charged to the account of an employer if the employee's last separation from employment before the employee's benefit year was caused by a medically verifiable illness of the employee's minor child. The bill adds provisions prohibiting such a charge to the account of an employer if the employee's last separation from employment before the employee's benefit year resulted from the employee leaving the workplace for protection against family violence, as evidenced by reasonable and confidential documentation that causes the employee

to reasonably believe that continued employment would jeopardize the safety of the employee or of any member of the employee's immediate family; if the employee's last separation resulted from a move from the employee's area of employment that was made with the employee's spouse, is to a location from which it is impractical for the individual to commute, and is due to a change in the location of the spouse's employment; and if the employee's last separation resulted from the employee leaving the workplace because of the illness or disability of a member of the employee's immediate family, rather than to care for the employee's terminally ill spouse. The bill removes provisions conditioning this prohibition on whether the employee's spouse is a member of the armed forces of the United States and has undergone a permanent change of station of longer than 120 days or a tour of duty of longer than one year. The bill defines "disability," "illness," "member of the employee's immediate family," and "reasonable documentation" for these purposes.

C.S.S.B. 1569 establishes that an unemployed individual is available for work even if the individual is seeking and available only for part-time work. The bill provides that, for these purposes, "part-time work" means employment of at least 20 hours per week.

C.S.S.B. 1569 makes changes in provisions relating to benefit eligibility that conform to the changes in the above chargeback provisions.

C.S.S.B. 1569 provides that "last work" and "person for whom the claimant last worked," when used in connection with an initial claim, refer to the last person for whom the claimant actually worked if the claimant worked for that person for at least 30 hours during a week or the employer for whom the claimant last worked.

C.S.S.B. 1569 repeals the following sections in the Labor Code:

- Section 201.011(1), defining "base period"
- Section 207.045(e), relating to a medically verified illness of a minor child

C.S.S.B. 1569 requires the governor, not earlier than January 1, 2010, to appoint a nine-member Task Force on Unemployment Compensation Reform, and establishes the required composition of that task force. The bill requires representatives from the office of the governor, TWC, Legislative Budget Board, house of representatives, senate, and the comptroller of public accounts to advise the members of the task force. The bill establishes that the charge of the task force is to study the administration, financing, and benefit eligibility relating to the Texas Unemployment Compensation Act and enumerates certain activities the task force must undertake in that regard. The bill requires the task force to identify findings and make recommendations to TWC not later than January 1, 2012, and, at that time, requires TWC to determine whether any of the unemployment insurance compensation reforms required under the American Recovery and Reinvestment Act of 2009 warrant continuation.

### **EFFECTIVE DATE**

On passage, or, if the act does not receive the necessary vote, the act takes effect September 1, 2009.

### **COMPARISON OF ORIGINAL AND SUBSTITUTE**

C.S.S.B. 1569 removes a provision in the original establishing that the bill does not make an appropriation and making the bill effective only if federal funds are provided to the State of Texas under the American Recovery and Reinvestment Act in an amount not less than \$555 million for unemployment insurance modernization.