

BILL ANALYSIS

C.S.H.B. 14
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Economic & Small Business Development
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Currently, a person who is laid off or whose employment is otherwise terminated may be eligible for both severance benefits and unemployment benefits at the same time, creating a loophole that allows the former employee to double dip.

C.S.H.B. 14 seeks to close this loophole and require a person to wait until the person no longer is receiving severance benefits before becoming eligible for unemployment benefits by adding severance pay to the other forms of remuneration, the receipt of which disqualifies an individual for unemployment compensation benefits for as long as the individual is receiving or has received that remuneration.

RULEMAKING AUTHORITY

It is the committee's opinion that rulemaking authority is expressly granted to the Texas Workforce Commission in SECTION 1 of this bill.

ANALYSIS

C.S.H.B. 14 amends the Labor Code to disqualify an individual for unemployment compensation benefits for a benefit period for which the individual is receiving or has received remuneration in the form of severance pay. The bill defines "severance pay" as dismissal or separation income paid on termination of employment in addition to the employee's usual earnings from the employer at the time of termination. The bill excludes from the term any remuneration received by an employee under a release of claims or settlement agreement entered into between the employee and the employer based on an alleged violation of the federal Civil Rights Act of 1991 or pursuant to a claim or cause of action filed in connection with the employment relationship or any remuneration received by an employee under a written contract, including a collective bargaining agreement, negotiated with the employer before the date of separation from employment of the employee. The bill authorizes the Texas Workforce Commission to adopt rules as necessary to administer the bill's provisions.

EFFECTIVE DATE

September 1, 2011.

COMPARISON OF ORIGINAL AND SUBSTITUTE

C.S.H.B. 14 differs from the original by amending an existing statute to add severance pay to the forms of remuneration the receipt of which disqualify an individual for unemployment compensation benefits for a benefit period for which the individual is receiving or has received that remuneration, whereas the original adds a new statutory provision to disqualify an individual specifically for the receiving severance pay.

C.S.H.B. 14 omits a provision included in the original specifying that an individual remains

disqualified for the number of weeks computed by dividing the individual's gross severance package by the individual's gross weekly wage during the individual's benefit year.

C.S.H.B. 14 differs from the original in the definition of "severance pay" by qualifying the term as consisting of dismissal or separation income paid on termination of employment, excluding from the meaning of the term remuneration received under a release of claims between an employee and employer, and specifying as the bases for such release of claims or a settlement agreement an alleged violation of the federal Civil Rights Act of 1991 or a claim or cause of action filed in connection with the employment relationship, whereas the original does not qualify the income paid, does not address a release of claims, and specifies bases of the settlement agreement as an alleged sexual harassment or other alleged employer misconduct.

C.S.H.B. 14 contains a provision not included in the original authorizing the Texas Workforce Commission to adopt rules.

C.S.H.B. 14 differs from the original in nonsubstantive ways.

C.S.H.B. 14 differs from the original by making the bill effective September 1, 2011, whereas the original makes the bill effective immediately upon receiving the necessary two-thirds vote or September 1, 2011, if it does not receive the necessary vote.