

Unemployment insurance laws: legislative revisions in 1982

In a move to ease effects of high unemployment, a new Federal program temporarily extends the duration of jobless benefits beyond the maximum of 39 weeks; the new benefits vary from 6 to 10 weeks, depending on the State

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Moving in response to the recession and high unemployment, the Federal Government took action last year to extend the duration of unemployment insurance benefits beyond the maximum of 39 weeks. Additional benefits vary from 6 to 10 weeks, depending on the level of insured unemployment in a State.

The Tax Equity and Fiscal Responsibility Act of 1982 established a Federal Supplemental Compensation program, enabling participating States to provide the new benefits between September 12, 1982, and March 31, 1983, when the special payments expire. The legislation also directs the Secretary of Labor to develop model legislation for States wishing to establish short-time compensation (or work-sharing) programs.

By yearend, almost all States had entered agreements with the U.S. Department of Labor to extend benefits, and three States (Arizona, California, and Oregon) had already developed temporary work-sharing programs.

Under the Miscellaneous Revenue Act of 1982, more ex-servicemembers became eligible for unemployment compensation but may receive no more than 13 weeks of benefits. This legislation excluded from coverage, for 1 year, fishing boat crews of fewer than 10 members which receive any share of the catch or its proceeds. The Tax Equity and Fiscal Responsibility Act will ex-

clude full-time students who work in organized summer camps this year.

The Federal Government now assesses interest on all loans made to States on or after April 1, 1982, and before January 1, 1988. Six States¹ amended their laws to establish funds for this purpose.

As a result of the Omnibus Reconciliation Act of 1981, almost all States² repealed the national trigger which provided for payment of benefits when the insured unemployment rate reached a certain percentage, under the Federal-State Extended Benefits program. Also, most of the States excluded extended benefit claimants in determining the insured unemployment rate, and modified the State triggers. The States now require claimants for extended benefits to work at least 20 weeks in full-time insured employment or earn the equivalent in insured wages, and no longer deny benefits under the trade readjustment assistance program because of enrollment in approved training or because of leaving unsuitable work to enter such training. States now require that an individual filing a new claim must disclose whether he or she owes child support. Any amount owed will be deducted from benefits and forwarded to the appropriate State or local child support enforcement agency to satisfy the obligation.

Nine States changed their pension offset provision to reflect a variety of options available under the Federal law. Eight³ offset a pension only if the pension or retired pay, annuity, or similar periodic payment is under a

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plan maintained by (or contributed to) a base period or chargeable employer. Seven States⁴ permit benefits to be reduced on less than a dollar-for-dollar basis by taking into consideration the amount of contributions made by the individual for the pension. Seven States⁵ disregard pension payments if the base-period employment did not affect eligibility for, or increases the amount of, the pension. Excluded from this exemption are pensions paid under the Social Security Act and the Railroad Retirement Act.

The following is a summary of some significant changes in State unemployment insurance laws during 1982.

Alabama

Disqualification. If an individual is awarded retroactive pension payments which covered a period for which the individual received benefits, the payments shall constitute a disqualification and any benefits paid during this period shall be recovered.

Alaska

Benefits. The maximum weekly benefit amount was increased from \$150 to \$156 with base-period wages of \$16,000. Provides for 13 weeks of supplemental State benefits if an individual exhausts rights to regular benefits and is ineligible for Federal-State Extended Benefits because of insufficient base period wages. Alaska included in the definition of wages remuneration for insured work, noninsured work, or self employment and back pay awards.

Coverage. The legislature exempted from coverage the services performed by an employee of a corporation if the corporation is incorporated under the Alaska law; if it is not a government corporation; if the employee is an executive officer of the corporation who directly or indirectly owns 25 percent or more of the voting securities of the corporation; and if the executive officer agrees that the services not be covered employment. Also, excluded from coverage are services performed as a prospective or impeached juror in a court.

Financing. An employer who makes a deduction from a back pay award to an individual who received benefits for which she or he is ineligible by reason of the back pay award shall pay into the unemployment fund an amount equal to the deduction. However, if a reimbursing employer already reimbursed the department, the employer's account shall be credited.

Arizona

Benefits. The high-quarter wage qualifying requirement was increased from \$752 to \$1,000, and the maximum weekly benefit amount was increased from \$95 to \$115.

Coverage. Work study students are excluded from coverage, regardless of age.

California

Benefits. The maximum weekly benefit amount was increased from \$136 to \$166. The Regional Employment Assessment, Job Service Assistance, and Placement Services for Displaced Workers Act of 1982 was enacted. It will provide displaced workers with regional employment assessment, job search assistance, and placement services to avoid adverse effects of job loss and long-term unemployment. Any unemployed individual who is otherwise eligible for benefits under the demonstration project for training or retraining and who has exhausted all other rights to benefits may receive 26 weeks of additional

benefits if the individual had been laid off from work as a result of plant closure or a reduction in employment at the workplace. An individual who is currently receiving any kind of unemployment benefits may also receive additional weeks up to a combined maximum of 52 weeks. State-extended duration benefits will be triggered on when the insured unemployment rate is 6 percent or greater and regular benefits are exhausted and Federal-State Extended Benefits are not available.

Disqualification. A student is not considered able to and available for work if prospects for full-time employment because of school attendance are substantially reduced. However, a student who restricts availability to part-time work due to school attendance may be considered able to and available for work if the claimant has a history of at least 2 years of part-time work while attending school; the claim is based on part-time work; the claimant is actively seeking and willing to accept work under the same conditions as existed when the wage credits were earned; and if the claimant imposes no other restriction and is in a labor market where a reasonable demand exists for the part-time services which are offered by the claimant. An individual who has left a job to accompany a spouse to a place from which it would have been impractical to commute has resigned with good cause.

Financing. Beginning January 1, 1983, the taxable wage base will be \$7,000. The fund requirements and rates for the least-favorable schedule will be 1.7 percent of payrolls with rates ranging from 1.1 to 4.7 percent and for the most-favorable schedule 1.9 percent of payrolls, with rates ranging from 0.7 to 4.1 percent. Any employer with a reserve account balance (except agricultural) whose average base payroll increased 25 percent or more above the average base payroll on the preceding computation date must pay into the fund contributions at the next lower rate than the rate for the other employers but not less than 1.3 percent under the least-favorable schedule or 0.9 percent under the most-favorable schedule. No employer (including new employers) is eligible for a contribution rate of more or less than 3.4 percent (previously 2.7 percent) of wages paid for any rating period unless his reserve account has been subject to benefit charges during the 12 consecutive calendar quarters ending on the computation date. The balance account tax was repealed and, instead employers with a reserve account balance must pay an additional tax equal to 0.1 percent of wages to be used for an employee training program. State extended benefits and Federal-State Extended Benefits will be charged to the base period employer and if more than one employer is involved, the charged will be in proportion such that the total wages paid bears to the total wages paid for all employers during the base period. Also, benefits shall be charged as stated above if an appeal is reversed denying benefits. A special account known as the Employment Training Fund has been established in the State Treasury for this tax.

Penalties. Any individual who, with the intent to defraud, reports or registers a fictitious employer or employee and wages in order to obtain benefits or increase any benefit payment in an amount of \$400 or more and any employing unit who, with the intent to defraud, reports wages earned for the purpose of obtaining or increasing benefits is to be punished by imprisonment in jail for at least 1 year or by a fine of not more than \$5,000.

Colorado

Benefits. The base period qualifying requirement was increased from 30 to 40 times the weekly benefit amount. Also in-

creased were the qualifying wages needed for a second benefit year from \$750 to \$1,000.

Coverage. Services performed by elementary and secondary school employees of a church, convention, association of churches, or other religiously affiliated organization are excluded from coverage.

Connecticut

Benefits. The freeze on the maximum weekly benefit amount was extended to October 1983.

Disqualification. An individual who participates in an illegal strike as determined under State or Federal laws is disqualified for misconduct.

Financing. The taxable wage base was increased to \$7,000.

Florida

Coverage. The exclusion from coverage of aliens performing agricultural labor was extended to January 1, 1984.

Georgia

Benefits. An individual must earn insured wages of at least 8 times the weekly benefit amount in order to requalify for a second benefit year or for an individual who voluntarily retired to receive a pension.

Coverage. Excluded from coverage were services performed by a child under the age of 21 in the employ of the father or mother.

Disqualification. An individual is disqualified for misconduct if separated from approved training due to the individual's failure to abide by rules of the training facility.

Financing. If a base period contributing employer responds timely, her or his account is not charged for benefits paid to an individual who left voluntarily with good cause connected with the work to enter approved training or if the claimant refuses suitable work while in training approved under the Trade Act of 1974.

Idaho

Benefits. During calendar year 1982, an individual may receive up to 13 additional weeks of State-funded benefits if the individual exhausted all other benefits and continues to meet the eligibility requirements for extended benefits, and is not eligible for any other unemployment benefits. A contributing employer will not be charged for the additional extended benefits, but a reimbursing employer will be charged an amount equal to the additional extended benefits paid to an individual.

Disqualification. A claimant is not denied benefits while attending a training course assigned by a representative of the director if the claimant submits with each claim a written certification (from the trainer) that she or he is attending and satisfactorily completing the training course. However, a claimant will be denied benefits if, for any week, she or he fails to attend a training course to which assigned by the director if the course is available at no cost to the claimant.

Indiana

Disqualification. The requirement that denied unemployment benefits to temporary employees of the general assembly was repealed.

Financing. The fund balance required for determining the range of rates for the least favorable rate schedule was

changed from 0.9 percent of payrolls to 0.85 percent of payrolls and the rates will range from 1.3 to 4.5 percent (previously 2.7 to 3.3 percent).

Kansas

Disqualification. The disqualification periods for voluntarily leaving without good cause, [and] breach of duty connected with the individual's work, and for refusal of suitable work were changed from the 6 consecutive weeks following the week of separation or refusal to 10 consecutive weeks following the week of filing a valid claim or the week of refusal. Also, the individual's benefit entitlement will be reduced equal to 10 times the individual's weekly benefit amount. An individual shall have left work voluntarily with good cause for either work related or personal reasons if, after pursuing all reasonable alternatives, the circumstances causing the separation were of such urgent, compelling, or necessitous nature as to provide no alternative but to leave the work voluntarily, or the reasons for the separation were of such nature that a reasonable and prudent individual would leave the employment under the same circumstances.

Financing. Negative account balance employers will pay a surcharge based on the size of the employer's negative reserve ratio to be credited to the negative account balance employer's account. The surcharge is a percent of taxable wages and will range from 0.1 percent to 1.0 percent.

Administration. The time period for appealing either a claims adjudicator, referee, or board-of-review decision has been extended from 12 to 16 calendar days after mailing or delivery of the decision.

Kentucky

Benefits. The qualifying wages needed in both the high-quarter and outside the high-quarter were increased from \$500 to \$750. The total base-period wages needed to qualify for benefits was changed from not less than 1-3/8 times high-quarter wages to not less than 1-1/2 times high-quarter wages. An individual's weekly benefit amount will be computed as 1.185 percent of total base-period wages. Beginning July 1, 1982, the maximum weekly benefit amount will not escalate over the previous year's rate if the trust fund balance as of December 31 is less than \$120 million.

Disqualification. The disqualifications for voluntarily leaving or misconduct will apply to separations from any work that occurred after the first day of the worker's base period. No individual will be disqualified if separated from employment pursuant to a labor management contract or an established employer plan that permits the employer to close the plant for purposes of vacation or maintenance. There will be no recoupment or recovery of improperly paid benefits if the benefits were paid as a result of departmental error, unless there had been a false statement, misrepresentation, or concealment of material information by a recipient of benefits.

Financing. The taxable wage base was increased from \$6,000 to \$8,000. Also, the standard rate of contribution was increased to 3.0 percent. The rate schedule in effect will depend on the trust fund balance as of December 31 of the preceding year and will range from \$350 million dollars for the most favorable schedule to \$150 million dollars for the least favorable schedule. The charging of benefits was changed from proportionately among all employers in the base year to the most recent employer who employed the individual for at least 30 days. Any new domestic or foreign corporation engaged in the contract construction trades will pay contributions at a rate

equal to the average rate paid by all contract construction employers, subject to the law, for the year preceding the year in which the employer first hired workers, until the employer is eligible for experience-rating.

Maine

Coverage. Aliens who harvest apples were excluded from coverage.

Maryland

Benefits. The maximum weekly benefit amount was increased from \$140 to \$153 and also increased were the high-quarter wages needed to qualify for the maximum amount from \$3,336.01 to \$3,648.01. Beginning September 26, 1982, through June 4, 1983, added a temporary additional benefits program of 13 weeks for individuals who have exhausted their regular benefits. However, an individual may not receive additional benefits if she or he received both regular and Federal-State Extended Benefits for a total of 39 weeks.

Massachusetts

Disqualification. The between-terms denial will apply to individuals who perform services in an educational institution while in the employ of an educational service agency.

Minnesota

Benefits. The requirement that an individual have at least \$750 in wage credits in the base period for benefit eligibility was deleted. However, to qualify for benefits, an individual must have 15 credit weeks for each of which wages equal or exceed 3 percent of the State average weekly wage. The maximum weekly benefit amount has been limited to \$184 for 1982, \$191 for 1983, and \$198 for 1984. If an individual earned credit weeks in seasonal employment, benefits will be payable only if the individual also earned 15 credit weeks in nonseasonal employment.

Disqualification. The between-terms denial extended to individuals who work in a public or nonpublic school for an educational cooperative service unit. The disqualification for voluntarily leaving, discharge for misconduct, gross misconduct, and refusal of suitable work was changed from the duration of the individual's unemployment and until the individual earns wages of 4 times the weekly benefit amount, to an elapsed period of 4 calendar weeks and earns wages equal to 4 times the weekly benefit amount. An individual will be disqualified from benefits for the duration of any disciplinary suspension of 30 days or less resulting from the individual's conduct. A separation from work will be considered good cause attributable to the employer if it occurs because of sexual harassment.

Financing. The taxable wage base will be determined annually as 60 percent of the average annual wage, rounded to the nearest \$100. An employer who pays the minimum contribution rate will pay on an \$8,000 wage base and all other employers will pay on an \$8,300 wage base. Effective January 1, 1983, the maximum rate for new employers will be increased from 2.4 to 2.7 percent; and effective January 1, 1984, a new construction industry employer will pay a maximum of 7.5 percent. For calendar year 1984, the total number of months of experience used for calculating an employer's experience rate will increase to 48 and for 1985, to 60 months. The amount of change that can occur in an employer's rate from year to year will be limited.

Administration. Any benefits paid erroneously due to a claimant's own mistake, agency error, or a claimant's fraudulent

misrepresentation will not be charged to a contributing or reimbursing employer's account. Nonfraud and fraud overpayments may be collected by civil action. Also, if an individual has been overpaid benefits from another State and that State notifies the unemployment agency and requests recovery of the overpayment, the commissioner may authorize the overpayment to be deducted from future benefits. Beginning April 1, 1984, each covered employer must provide quarterly wage reports.

Mississippi

Benefits. The maximum weekly benefit amount was increased from \$90 to \$105 and the minimum from \$10 to \$30. Also, the base period wages needed to qualify for benefits was increased from 36 to 40 times the weekly benefit amount.

Disqualification. Work is considered suitable if after 8 weeks of unemployment the job offered pays the minimum wage or higher and the wage is that prevailing for the individual's customary occupation or similar work in the locality. A disqualification was added for gross misconduct connected with the work that will continue for the duration of the individual's spell of unemployment and until the individual earns 8 times the weekly benefit amount.

Financing. A base period employer's account will not be charged for benefits paid to an individual who is still working for the employer on a regular part-time basis under the same conditions as hired. If a political subdivision is a reimbursing employer which elects to pay to the fund 0.5 percent of the taxable wages paid during the year, it will be relieved of liability for benefits paid under the same conditions for non-charging as a contributing employer.

New Hampshire

Coverage. The exclusion from coverage of services performed for a hospital by a patient of the hospital was deleted. Also deleted was the age 22 limitation exclusion for services performed by students in a work-study program. Therefore, a student in a work-study program will be excluded from coverage regardless of age.

Oklahoma

Financing. Benefits will be noncharged when an individual is separated from employment as a result of a major natural disaster on the basis that the individual would have been entitled to disaster unemployment benefits if she or he has not received unemployment benefits. The tax rate for employers who do not qualify for a reduced rate based on experience was increased from 2.7 to 3.0 percent.

Oregon

Disqualification. The requalifying requirement for purging a disqualification for discharge or suspension from work for misconduct, voluntarily leaving, and failure to apply for or accept suitable work was changed from wages equal to or in excess of the weekly benefit amount in 4 separate weeks subsequent to the week of occurrence to wages which equal or exceed 4 times the weekly benefit amount.

Financing. The minimum tax rate was decreased under the most favorable schedule from 1.2 to 0.9 percent and under the least favorable schedule from 2.6 to 2.2 percent.

South Carolina

Benefits. To qualify as an insured worker, an individual is required to have been paid wages of at least \$900 (previously

\$300) in the base period and \$540 (previously \$180) in the high-quarter of the base period. This is in addition to the requirement that the individual have been paid base-period wages of at least 1-1/2 times the high-quarter wages.

Coverage. An exclusion from coverage was added for services performed in agricultural labor by students who are enrolled and regularly attending classes for at least 5 months during a particular year at a secondary school, accredited college, university, or technical school. Also excluded were services performed in agricultural labor by part-time persons who do not qualify as students, and who would not qualify for benefits at the conclusion of their job.

Disqualification. The between-terms denial will apply to employees hired by a governmental entity which is established and operated exclusively to perform services for one or more educational institutions. In addition, school employees will be denied benefits for any holiday or vacation period when that period has been placed on the school calendar for the school year. Also, an individual's weekly benefit amount will be reduced by the amount of wages in lieu of notice, termination leave pay, severance pay, separation pay, or dismissal payments the claimant receives. Lump sum payments will be prorated weekly on the basis of the most recent weekly wage of the individual. An individual will not be ineligible for benefits if separated, through no fault of his own, from the most recent bona fide employer, as defined. If an individual is disqualified for misconduct, the benefit rights will be reduced equal to the weeks of disqualification. The disqualification for refusal of suitable work was changed to a duration disqualification that continues until the individual earns at least 8 times the weekly benefit amount. Deleted were the provisions that provided for an equal reduction of benefits at the Commission's discretion for refusal of suitable work and that a reduction, because of a single act, would not reduce potential benefits to less than 2 weeks. Also deleted, in cases of repeated refusals of suitable work, was the provision that the disqualification could extend until the individual was reemployed and earned wages of at least 8 times the weekly benefit amount.

South Dakota

Benefits. The maximum weekly benefit amount was frozen at \$129 until June 30, 1983.

Financing. The contribution rate for negative balance employers was increased from 5.5 to 7.5 percent. Effective January 1, 1983, an employer with a negative-balance-experience-rating account will be required to pay a 4-percent interest rate per year on the negative balance in the account. No employer will pay contributions (including the adjustment percentage) at a rate of more than 9 percent. Added were new noncharging provisions to apply in the case of benefits paid to a claimant voluntarily separated without good cause, discharge or suspension for misconduct, or voluntarily separated because of pregnancy or for the purpose of assuming the duties of mother or housewife and in the case of benefits paid on the basis of total base period wages of less than \$100 earned with one employer. Such noncharged benefits will be prorated among all employer experience-rating accounts.

Tennessee

Benefits. The qualifying wages were increased from base period earnings of 36 to 40 times the weekly benefit amount.

Disqualification. The disqualification for discharge for misconduct will apply to discharges from the most recent work. Also,

the wages needed to purge a disqualification for misconduct and refusal of suitable work was increased from 5 to 10 times the weekly benefit amount.

Financing. The taxable wage base was increased from \$6,000 to \$7,000. The rate of contributions will be based on a 6-month period depending on the trust fund balance instead of a 1-year period. The level of fund requirements in the trust for the most favorable schedule was changed from \$350 million to \$300 million with rates ranging from 0.15 percent to 4.7 percent (previously 0.25 to 3.9) and for the least favorable schedule from \$200 million to \$100 million with rates ranging from 0.65 percent to 7.0 percent (previously 0.75 to 4.4). Also, added was a special rate schedule for governmental entities which consist of contributing employers with rates ranging from 0.3 to 3.0 percent.

Texas

Financing. The maximum tax rate for the most favorable schedule was increased from 4.0 percent to 6.0 percent. For 1982 and 1983, the fund balance for the most favorable schedule will be \$500 million (previously \$325 million) and \$225 million for the least favorable schedule. Thereafter, there will be an automatic index on fund balances. For 1983 and 1984 the tax increase will be limited to no more than 0.5 percent.

Utah

Benefits. Effective July 4, 1982, the maximum weekly benefit amount of \$166 will be frozen for 1 year. To qualify for benefits an individual must have base period wages of \$1,200 (previously \$700) and 20 weeks of work with wages of \$50 in each week (previously 19 weeks at \$20 per week). The maximum duration of benefits was reduced from 36 to 26 weeks and the ratio of base period wages to high-quarter wages for determining weeks of duration was reduced from 1.6-3.3 to 1.6-2.8.

Disqualification. All earnings in the base year will be considered in the determination of suitable work and the kinds of work that may be considered suitable will change the longer the claimant is unemployed and less likely to secure local work in her or his customary occupation. It will not be considered good cause for voluntarily leaving if the individual left to accompany, follow, or join a spouse to, or in a new locality.

Financing. For calendar year 1982 the taxable wage base was frozen at \$12,000.

Vermont

Disqualification. A denial of benefits was added for school employees during established vacation period or holiday recesses.

Virginia

Coverage. The exclusion from coverage for services performed by individuals in the employ of the State as a temporary employee of the General Assembly was deleted.

Disqualification. An individual will be presumed unavailable for work if she or he left the labor market area for the major portion of a week unless the claimant can establish that a bonafide search for work was conducted in the labor market area where the major part of the week was spent. An individual will be disqualified for benefits upon conviction and after release from prison or jail if the separation arose as a result of the unlawful act and the absence due to confinement caused a disruption of the employer's operations. An individual will be disqualified for benefits upon separation from the last

employing unit for whom the individual worked 30 days or from any subsequent employing unit.

Financing. Back pay awards will be included in definition of wages and will be allocated to the quarter in which they would have been earned.

Washington

Benefits. Until February 26, 1983, provides for 13 weeks of State-funded additional benefits for individuals who have exhausted their regular and Federal-State Extended Benefits. The additional benefits will only trigger on if the Governor determines it necessary. However, no additional benefit period may begin while a Federal program is in effect.

Disqualification. A disqualification for a gross misconduct discharge because of a felony or gross misdemeanor begins with the first day of the week in which discharge occurs and all benefits paid during this period are recoverable. Also provides that alcoholism may not constitute a defense from disqualification for misconduct. Specifies that only work-connected factors may be considered in determining whether an individual has left work voluntarily without good cause.

Wisconsin

Administration. The time period for appealing a tribunal decision was extended from 14 to 21 days for benefit cases and from 20 to 21 days for nonbenefit cases. □

FOOTNOTES

¹ Colorado, Iowa, Minnesota, Missouri, Texas, and Wisconsin.

² All except Illinois and Massachusetts. (Nevada was granted a delay because the legislature did not meet in 1982.)

³ Alabama, California, Kansas, Kentucky, Maine, Minnesota, Missouri, and Oklahoma.

⁴ Alabama, Arizona, California, Kansas, Kentucky, Maine, and Minnesota.

⁵ Alabama, California, Kansas, Kentucky, Maine, Missouri, and Oklahoma.

Erratum

There was a typographical error in the formula presented in "Import price indexes for crude petroleum," by Edward E. Murphy and Mark McEneaney, *Monthly Labor Review*, November 1982. The second equation at the top of the first column on page 30 should read:

$$(2) = \frac{\sum_{ij} W_{ij} \times P_{ij}^t / P_{ij}^0}{\sum_{ij} W_{ij}} \times 100$$