Changes in unemployment insurance legislation during 1984

Many States increased employer taxes and some tightened benefit eligibility and disqualification provisions in efforts to maintain or restore the solvency of their unemployment insurance programs.

Diana Runner

The Deficit Reduction Act of 1984 made two changes affecting the unemployment compensation program which may require changes in State laws. The law included tips in the definition of wages for purposes of the Federal Unemployment Tax Act, and extended, for calendar years 1983 and 1984, the permitted exclusion from coverage of services performed on certain fishing boats.

During 1984, Oklahoma amended its law to allow deductions from unemployment benefits to pay for health insurance premiums if the individual elects to have the deductions made and the deductions are made under a program approved by the U.S. Secretary of Labor. Delaware established a program to provide counseling, training, and placement to dislocated workers. Massachusetts established a similar reemployment assistance program, which provides for counseling, placement, and training to employees terminated in plant closings and partial closings. Massachusetts also provided that an individual who is eligible for reemployment assistance benefits will also be eligible for health insurance benefits if the individual was, at the time of termination, covered by an individually purchased health insurance plan and is not able to be covered under any health insurance plan carried by a member of the family. Both of these programs are funded from general revenues and not from the State’s unemployment insurance tax. Other actions taken by the States during the legislative year focused on efforts to either restore or maintain the solvency of their unemployment insurance programs.

Following is a summary of some significant changes in State unemployment insurance laws during 1984.
Alabama

Financing. If the State receives advances from the Federal Government, contributing employers will be assessed a special tax.

Disqualification. No individual will be denied benefits if on jury duty.

Alaska

Benefits. The maximum and minimum weekly benefit amounts were increased to $188 and $38, respectively. An individual's weekly benefit amount will be reduced if, during any week, he or she receives severance or termination payments.

Financing. The range of solvency adjustment rates was increased to -0.4 to 1.1 percent.

Disqualification. An individual will not be considered unemployed in a week if he or she is on leave from the regular employer for a period of no more than 4 weeks, and the leave is part of a work schedule with alternating periods of work and leave which average at least 40 hours per week.

Arizona

Benefits. For benefit years beginning after September 2, 1984, new alternate qualifying criteria require that an individual have earned wages in at least two quarters of the base period; an amount of wages in one quarter sufficient to qualify the individual for the maximum weekly benefit amount; and total base-period wages equal to or greater than the taxable wage base.

Financing. Beginning January 1, 1985, the following changes will be effective: (1) new employers will pay a contribution rate of 2.7 percent until they can be experience rated; (2) if an employer's reserve equals zero, his contribution rate shall be 2.7 percent, subject to a yield adjustment; and (3) the 2.9-percent rate of contribution for negative-balance employers is deleted and a rate table is added for negative-balance employers, with rates ranging from 2.9 to 5.4 percent, depending on the size of the negative reserve.

California

Financing. Effective January 1, 1985, the fund requirements for the most favorable schedule will decrease to 1.8 percent of payrolls, with rates ranging from 0.3 to 5.4 percent. The fund requirements for the least favorable schedule will be lowered to less than 1.0 percent of payrolls, with rates ranging from 1.3 to 5.4 percent. Employers will be charged a 15-percent emergency solvency surcharge rate if the balance in the fund falls below 0.8 percent of payrolls. Employers are required to reimburse the unemployment fund for the amount of unemployment benefits that is deducted from backpay awards based upon wrongful discharge findings.

Disqualification. An individual who is furnished a notice of charges.

Colorado

Financing. The surcharge assessment for ineffectively charged benefits will not apply to any employer whose benefit-charge account balance is zero, and the estimated taxable payroll of such employers will not be included in the calculation of the surcharge tax rate.

Disqualification. A disqualification for voluntary leaving is adopted. The period of disqualification for voluntary leaving and for discharge for misconduct was changed from 12 to 25 weeks to 1 to 25 weeks.

Penalties. Benefit overpayments may be waived if the State agency determines that such repayment would be inequitable, uncollectible, or administratively impracticable.

Connecticut

Financing. The maximum basic rate of contributions is increased to 5.4 percent. Therefore, the maximum rate of contributions for the least favorable schedule (which includes fund solvency adjustment) rises to 6.4 percent.

Florida

Financing. The period needed to qualify for experience rating was changed from twelve to eight calendar quarters. The maximum contribution rate increased to 5.4 percent.

Georgia

Financing. No employer's contribution rate may be reduced below 2.7 percent. Newly covered employers will pay a rate of 2.7 percent. The rate of contribution for positive-balance employers will range from 0.04 to 2.16 percent, and for negative-balance employers, from 2.2 to 5.4 percent. However, this contribution rate may be increased or decreased by 10 percent to 70 percent, depending on the reserve fund balance.

Hawaii

Financing. Beginning January 1, 1985, the maximum contribution rate will increase to 5.4 percent. The maximum rate for the most and least favorable schedules (includes the fund solvency rate) will increase to 5.4 percent. Also, beginning January 1, 1985, new or newly covered employers will pay a contribution rate of 3.6 percent plus the fund solvency contribution rate determined for the year until they are experience rated. However, no employer's rate can be more than 5.4 percent, and an employer with a negative reserve ratio will not have a rate less than his or her basic contribution rate. Any extended benefits paid to an individual will be charged to the employer's base-period account.

Illinois

Administration. The Bureau of Employment Security was made a separate department. Previously, the Bureau was part of the Illinois Department of Labor.

Indiana

Benefits. All weekly benefit amounts shall be computed to the lower dollar.

Iowa

Financing. Any employer who has an excess of 7.5 percent or more in his or her experience-rating account will have a zero contribution rate. Previously, these employers paid at a rate of 0.5 percent when the two least favorable schedules were in effect. Benefits paid to an individual who continues to perform services for the base-period employer in the same employment as during the base period may be noncharged if the employer appeals for a recomputation of the rate within 30 days of notification of charges.

Disqualification. An individual who voluntarily leaves employment in lieu of exercising a right to bump a fellow employee with less seniority or priority will not be disqualified for failure to apply for or to accept suitable work.

Kansas

Coverage. The age limit was increased from 18 to 21 for excluding from coverage services performed by a child in the employ of the father or mother. Also excluded from coverage are services performed by an individual as a licensed real estate agent.

Benefits. If contributing employers and rated governmental employers are not assessed a surcharge for calendar year 1984, the maximum weekly benefit amount for
years commencing on July 1, 1984, and July 1, 1985, shall not be more than $175.

**Financing.** The taxable wage base was raised from $7,000 to $8,000.

**Kentucky**

**Benefits.** An employer will not be considered to be an individual’s most recent employer unless the individual worked for the employer in each of 10 weeks.

**Financing.** New domestic and foreign corporations engaged in construction trades will pay contributions at the maximum contribution rate. Interest on Federal advances will be paid by the penalty and interest fund. If funds are insufficient to pay the interest, employers will be assessed a surcharge to cover the remainder of the interest owed. For calendar years 1984, 1985, and 1986, employers will be assessed a surcharge if there are insufficient funds in the penalty and interest account for the payment of interest on Federal advances.

**Disqualification.** An individual will not be disqualified from benefits for leaving the next most recent suitable work to return to work with the usual employer or to avoid imminent layoff by accepting other work; for leaving work which was concurrent with his or her most recent work; or for leaving part-time work which preceded the most recent suitable work to accept the most recent suitable work.

**Louisiana**

**Financing.** The provisions regarding voluntary contributions will not be in effect with respect to any year in which additional surtaxes or solvency rates apply.

**Michigan**

**Benefits.** All weekly benefit amounts will be computed to the lower full dollar.

**Mississippi**

**Benefits.** The maximum weekly benefit amount was increased from $105 to $115. The high-quarter wages needed to qualify for benefits was raised to 26 times the minimum weekly benefit amount.

**Financing.** Beginning January 1, 1985, the maximum contribution rate will be 6.4 percent if the reserve ratio is less than 4 percent. Through December 31, 1984, the contribution rate for unrated employers will be 4 percent (previously 2.7 percent), and on January 1, 1985, the rate will increase to 5.4 percent. Beginning January 1, 1985, the rate for newly covered employers will be the higher of 1 percent or the current minimum rate for eligible employers, up to 2.7 percent. Benefits will be charged to an employer’s account if the gross amount of wages paid by the employer to the individual was employed by the employer longer than a probationary period of 28 days (previously 3 weeks or, if on a monthly compensation basis, 1 month).

Beginning January 1, 1985, the fund requirements for the most favorable schedule will increase to $400 million, and requirements for the least favorable schedule, to $200 million. If the balance in the trust fund is less than $200 million, an employer’s contribution rate shall be increased by 30 percent. If the balance is more than $400 million, the rate shall be decreased by 10 percent. Therefore, the maximum rate for the least favorable schedule will be 7.8 percent, and for the most favorable schedule, 5.4 percent.

**Disqualification.** The disqualification for discharge for misconduct was changed from 1 to 16 weeks to 4 to 16 weeks. The mis-
contribute at the reduced rate of 2.7 percent until experience rated. Also, the maximum rate for the most and least favorable schedules will increase to 5.4 percent.

New York

Benefits. The base period was extended for an individual who had insufficient weeks of employment and who received workers' compensation or any benefits paid under the volunteer firefighters benefit law by the number of weeks the individual received the payment (but not to exceed 6 months).

Financing. Beginning January 1, 1985, the fund requirements for the most favorable schedule will decrease to 5 percent of payrolls. The fund requirements for the least favorable schedule are reduced to less than the total amount of yearly payrolls and less than $12 million in general account. Also, the range of rates for the schedules will be 0.0 to 5.4 percent and 2.1 to 6.4 percent, respectively. A special rate that may be elected by an employer in the canning and freezing industry or the construction industry will increase from 3.2 percent to 3.7 percent in 1985; 4.1 percent in 1986; 4.6 percent in 1987; 5.0 percent in 1988; and 5.4 percent in 1989. The special rate for the apparel industry will increase from 3.0 percent to 3.5 percent in 1985; 4.0 percent in 1986; 4.5 percent in 1987, 5.0 percent in 1988; and 5.4 percent in 1989. These special rates, which are currently elected for 3 years and then are renewable in the same manner for the same period of time, may be elected for only 1 year beginning in 1985.

Oklahoma

Coverage. Excluded from coverage are services performed by a licensed real estate agent.

Benefits. The extended-benefit qualifying requirement that an individual have base-period wages of $1,000 and 1 1/2 times the high-quarter wages was deleted.

Rhode Island

Financing. Beginning January 1, 1985, the maximum rate for the most and least favorable schedules will increase to 5.4 percent. Eighty percent of benefits paid to an individual unemployed due to a labor dispute shall be noncharged. However, if in any week, more than 50 percent of the work force are replacement workers, any benefits paid shall be charged to the account of the employer involved.

Disqualification. The disqualification for unemployment caused by a labor dispute...
Lockouts are excluded from the labor dispute, 4 weeks of work with earnings in each week of 20 times the minimum hourly wage. No disqualification for voluntary leaving, or one-third of the weekly benefit amount to $25.

South Dakota
Benefits. The maximum weekly benefit amount was frozen indefinitely at $129.

Financing. Employers who terminate new employees within 60 days of hiring will not be charged for any benefits paid to those employees. The new-employer tax rate was changed from 3.5 percent for 3 years to 3.5 percent for the first year and 2.7 percent for the second and third years, if that employer has a positive account balance. Newly covered construction employers will pay at the maximum rate until experience rated.

Administration. The period for appealing a referee decision was increased from 7 to 14 days after notification of mailing.

Tennessee
Benefits. To qualify for benefits, an individual must have base-period wages in a quarter other than the two highest quarters of the base period. However, if the trust fund balance is $300 million or more, an individual may qualify with wages in the two highest quarters of his or her base period. Qualifying wages remain the same.

Administration. The period for appealing a Board of Review decision to the appropriate court was increased to 30 days.

Vermont
Financing. New employers will pay a contribution rate that is the higher of 1.0 percent or that percent represented by rate class II (2.6 percent to 2.0 percent, depending on the rate schedule in effect), not to exceed 5.4 percent. The provision that required an emergency tax of 0.5 percent when the fund benefit ratio reached certain levels was repealed. The fund requirements for the most favorable schedule decreased to 2.5 times the highest benefit/cost rate, with rates ranging from 4.0 percent.

Disqualification. An individual now may not be eligible for benefits in any week if he or she fails without good cause to attend a job workshop or a training or retraining course directed by the Department, and such workshop or course is available at the public expense.

West Virginia
Financing. Benefits were formerly charged to the most recent employer with whom the individual worked for 30 working days, but now shall be charged to all base-period employers in proportion to the wages earned by the individual with each employer. No base-period employer's account will be charged for benefits if the employer furnishes, within 14 days, separation information which results in the individual's disqualification for voluntary leaving, or which would have resulted in such a disqualification except for subsequent employment by another employer. Also deleted was the provision that benefits would not be charged if paid after expiration of a period of disqualification that began when an individual failed without good cause to apply for or accept suitable work, or to return to his or her customary self-employment when directed to do so by the Commissioner. Also deleted was the 2.7-percent contribution rate for foreign corporations engaged in construction trades.

Wisconsin
Disqualification. Employees who lose their jobs as a result of a lockout will be excluded from the labor dispute disqualification.

Wyoming
Benefits. The amount by which the weekly benefit amount of $90 or more may be reduced when trust fund revenues are insufficient to pay benefits or repay loans was changed from 3.4 percent of high-quarter wages to 85 percent of the maximum weekly benefit amount. The minimum weekly benefit amount is now 4 percent of the minimum qualifying wage in the high quarter. The provisions that reduced the maximum weekly benefit amount to 46.75 percent of the Statewide average weekly wage and specified that the minimum could not be less than $20 until trust fund solvency was restored were repealed. Qualifying wages were changed from $600 in the high quarter and $900 in the base period to 5 percent of the Statewide average annual wage in the high quarter and 8 percent of the Statewide annual wage in the base period, rounded to the lower $50.

Financing. The taxable wage base shall be determined as 55 percent of the State-
wide average annual wage rounded to the lower $100. The base contribution rate for 1984 will be 6.5 percent; 7 percent for 1985; 7.5 percent for 1986; and 8.5 percent thereafter. The fund requirements for the least favorable schedule were raised to less than 4 percent of payrolls; the requirements for the most favorable schedule were increased to 5 percent of payrolls. The contribution rate for experience-rated employers will be an employer's benefit ratio, but not more than 8.5 percent in addition to the adjustment factor. A new employer will pay contributions equal to the average rate of contributions paid by his major industrial classification for the calendar year preceding the year in which he or she first employed workers in the State. The adjustment factors for noncharged and ineffectively charged benefits may not exceed 1.25 percent (previously 2.28 percent).

Disqualification. The disqualification for voluntary leaving and for failure to apply for or accept available suitable work was changed from a period equal to 90 percent of the number of weeks of entitlement to the duration of the individual's unemployment, and until he or she has been employed for a period of at least 12 weeks in any 12-month period and has earned at least 12 times the weekly benefit amount. An individual will also be disqualified from benefits if he or she receives severance payments and termination allowances (previously wages instead of notice). Also deleted was the provision for a reduction of 90 percent of all benefits, including accrued benefits, for voluntary leaving and refusal of suitable work. The disqualification for conviction of fraudulent misrepresentation was changed from 4 weeks for each week of fraud and forfeiture of all accrued benefits to 2 years following conviction.

Penalties. The penalty for fraudulent misrepresentation was increased from $150 to $2,000.

Shiskin award nominations

The Washington Statistical Society invites nominations for the sixth annual Julius Shiskin Award in recognition of outstanding achievement in the field of economic statistics.

The award, in memory of the former Commissioner of Labor Statistics, is designed to honor an unusually original and important contribution in the development of economic statistics, or in the use of economic statistics in interpreting the economy. The contribution could be in statistical research, in the development of statistical tools, in the application of computers, in the use of economic statistics to analyze and interpret the economy, in the management of statistical programs, or in developing public understanding of measurement issues, to all of which Mr. Shiskin contributed. Either individuals or groups can be nominated.

The prize will be presented, with an honorarium of $250, at the Washington Statistical Society’s annual dinner in June 1985. A nomination form may be obtained by writing to the Julius Shiskin Award Committee, American Statistical Association, 806 15th Street, N.W., Washington, D.C. 20005. Completed nomination forms must be received by April 1, 1985.