

## **Cap on Maximum Weekly Unemployment Insurance (UI) Benefit; Assessment of Employer Contributions; Administration of UI System; SB 154**

**SB 154** revises provisions of the Employment Security Law, commonly referred to as Unemployment Insurance (UI), pertaining to the calculation of maximum weekly benefits, the assessment of employer contributions, and the administration of the UI System.

### ***Maximum Weekly Benefit Cap***

If a claimant is eligible for UI benefits, that individual has been eligible to receive weekly benefits equal to 4.25 percent of the individual's total wages paid during that calendar quarter from the individual's base period in which total wages were the highest. However, the amount of weekly benefits paid was capped at 60 percent of the average weekly wages paid to employees in insured work during the previous calendar year, as calculated annually by the Secretary of Labor (Secretary). The minimum weekly benefits remains equal to 25.0 percent of the maximum weekly benefit. The maximum weekly benefit cap, starting on July 1, 2015, is the greater of either \$474, which is the former maximum weekly benefit, or 55.0 percent of the average weekly wages paid to employees in insured work during the previous calendar year.

### ***Assessment of Employer Conditions***

For new employers who have an insufficient employment history to qualify for an experience rating and who are not engaged in the construction industry, the contribution rate decreases from 4.0 percent to 2.7 percent. The number of years that an entering and expanding employer is eligible for a contribution rate of 2.7 percent is decreased from 4 years to 3 years.

Starting in rate year 2016, employers with positive experience ratings, meaning employers who have contributed more to the UI Trust Fund than what that employer's unemployed workers have received in benefits, will be distributed among 27 rate groups. The standard rates for the positive groups range from 0.20 percent for rate group 1 and increase by units of two-tenths of a percent in each subsequent rate group until 5.4 percent is established for rate group 27. Under previous law, positive rated employers were arrayed across 51 rate groups. Employers with negative experience ratings, meaning employers who have contributed less to the UI Trust Fund than what that employer's unemployed workers have received in benefits, are distributed among 11 rate groups. The standard rates for the negative groups range from 5.6 percent for rate group N1 and increase by units of two-tenths of a percent in each subsequent rate group until 7.6 percent is established for rate group N11. Previously, negative rated employers were arrayed across 10 rate groups.

Also starting in rate year 2016, the planned yield calculation, which is the estimated amount of employer contributions necessary to finance the UI System for the year, is no longer utilized. Instead, a solvency adjustment is added to the standard employer contribution rates for both positive and negative classified employers. The solvency adjustment, which is based upon the UI Trust Fund's reserve ratio (the Trust Fund balance as of July 31, divided by total payroll for contributing employers) and the average high benefit cost rate (an average of the 3 highest ratios of benefits paid to total wages in the most recent 20 years), may range from a maximum of 1.60 percent to -0.50 percent.

## ***Administration of the UI System***

The Secretary must examine whether an individual has separated from employment for each week that UI benefits are claimed. Individuals who have been working on a part-time basis as substitute teachers while searching for work are not disqualified from receiving UI benefits.

The bill rephrases the language used to specify that when a decision of the Employment Security Board of Review becomes final, a decision may not be appealed for judicial review after 16 days have passed since the decision was mailed to the involved parties.

The bill repeals:

- The requirement of the Secretary to hold examinations to determine applicants' qualifications for UI jobs;
- The prohibition placed on employing individuals in the UI Division who are active in partisan politics; and
- The requirement that individuals administering the UI System remain nonpartisan.

Failure to remain nonpartisan, under previous law, required an employee to be discharged.