

Chapter 815. UNEMPLOYMENT INSURANCE

PROPOSED RULES WITH PREAMBLE TO BE SUBMITTED TO THE *TEXAS REGISTER*. THIS DOCUMENT WILL HAVE NO SUBSTANTIVE CHANGES BUT IS SUBJECT TO FORMATTING CHANGES AS REQUIRED BY THE *TEXAS REGISTER*.

ON AUGUST 31, 2010, THE TEXAS WORKFORCE COMMISSION PROPOSED THE BELOW RULES WITH PREAMBLE TO BE SUBMITTED TO THE *TEXAS REGISTER*.

Estimated Publication Date of the Proposal in the *Texas Register*: **September 17, 2010**
Estimated End of Comment Period: **October 18, 2010**

The Texas Workforce Commission (Commission) proposes the following new section to Chapter 815, relating to Unemployment Insurance:

Subchapter B. Benefits, Claims, and Appeals, §815.29

PART I. PURPOSE, BACKGROUND, AND AUTHORITY
PART II. EXPLANATION OF INDIVIDUAL PROVISIONS
PART III. IMPACT STATEMENTS
PART IV. COORDINATION ACTIVITIES

PART I. PURPOSE, BACKGROUND, AND AUTHORITY

The Commission proposes new rules to comply with the benefit coordination provisions of the Unemployment Compensation Extension Act of 2010, Public Law (P.L.) 111-205, enacted July 22, 2010.

P.L. 111-205 §3, Coordination of Emergency Unemployment Compensation with Regular Compensation, speaks to circumstances in which an individual qualifies for a new benefit year pursuant to Texas Labor Code §201.011(5) but retains entitlement for emergency unemployment compensation (EUC) benefits from an immediately prior benefit year. In such cases, the Commission must determine whether the individual qualifies for a weekly benefit amount of regular compensation that is at least either \$100 or 25 percent less than the individual's weekly benefit amount in the prior benefit year. The purpose of this section is to address cases in which individuals take intermittent, part-time work to augment their unemployment benefits. Such part-time work, inconsistent with their normal occupation and wage, comprises the base period wage credits of a new benefit year, qualifying the individual for a substantially reduced weekly benefit amount.

In such instances, the Act dictates that a state shall implement procedures that allow an individual to continue receiving the higher weekly benefit amount by continuing payment of EUC before payment of regular compensation or by paying both types of claims simultaneously. P.L. 111-205 allows the state to use one of the following options:

(A) The state shall, if permitted by state law, establish a new benefit year, but defer the payment of regular compensation with respect to that new benefit year until exhaustion of all emergency unemployment compensation payable with respect to the prior benefit year;

(B) The state shall, if permitted by state law, defer the establishment of a new benefit year (which uses all the wages and employment that would have been used to establish a benefit year but for the application of this section), until exhaustion of all emergency unemployment compensation payable with respect to the prior benefit year;

(C) The state shall pay, if permitted by state law:

(i) regular compensation equal to the weekly benefit amount established under the new benefit year, and

(ii) emergency unemployment compensation equal to the difference between that weekly benefit amount and the weekly benefit amount for the expired benefit year; or

(D) The state shall determine rights to emergency unemployment compensation without regard to any rights to regular compensation if the individual elects to not file a claim for regular compensation under the new benefit year.

In evaluating the options available under the federal law, the Commission has determined that Option A—establishing a new benefit year, but deferring the payment of regular compensation until exhaustion of all emergency unemployment compensation payable with respect to the prior benefit year—is the most financially sound, efficient, and beneficial method to comply with this new, temporary requirement. After exhaustive analysis, the Commission believes this option can be implemented through a mix of automation changes in the unemployment insurance (UI) Benefits System and changes to existing manual staff processes.

Option B—deferring the establishment of a new benefit year (which uses all the wages and employment that would have been used to establish a benefit year), until exhaustion of all emergency unemployment compensation payable with respect to the prior benefit year—is not permitted under Texas Labor Code §201.011.

Option C—paying regular compensation under the new benefit year and paying emergency unemployment compensation from the prior benefit year equal to the difference between the two weekly benefit amounts—requires extensive, costly modifications to the Commission's UI Benefits System as well as extensive changes to the UI claims-taking process. This option would pay benefits immediately from the already strained state unemployment compensation fund. Accordingly, the Commission has determined that it is not a cost-effective option.

Option D—allowing the individual to elect not to file a claim for regular compensation under the new benefit year—could be implemented within a relatively short period of time, but it puts claimants at the greatest risk of losing benefits eligibility. It requires claimants to make complex decisions about receipt of benefits based on potential future monetary eligibility. The Commission has found that Option A presents less risk to claimants than found under Option D.

PART II. EXPLANATION OF INDIVIDUAL PROVISIONS

SUBCHAPTER B. BENEFITS, CLAIMS, AND APPEALS

The Commission proposes the following amendment to Subchapter B:

§815.29. Coordination of Emergency Unemployment Compensation with Regular Compensation

New §815.29 adds a temporary provision. It establishes a new benefit year, but defers the payment of regular compensation for that new benefit year until exhaustion of all emergency unemployment compensation payable for the prior benefit year—if the weekly benefit amount of regular compensation in a new benefit year is at least \$100 or 25 percent less than the individual's weekly benefit amount in the immediately preceding benefit year. This section is repealed when the federal requirement no longer exists.

PART III. IMPACT STATEMENTS

Randy Townsend, Chief Financial Officer, has determined that for each year of the first five years the rules will be in effect, the following statements will apply:

There are no additional estimated costs to the state and local governments expected as a result of enforcing or administering the rules.

There are no estimated reductions in costs to the state and to local governments as a result of enforcing or administering the rules.

There are no estimated losses or increases in revenue to the state or to local governments as a result of enforcing or administering the rules.

There are no foreseeable implications relating to costs or revenue of the state or local governments as a result of enforcing or administering the rules.

There are no anticipated economic costs to persons required to comply with the rules.

There is no anticipated adverse economic impact on small or microbusinesses as a result of enforcing or administering the rules.

Mark Hughes, Director of Labor Market and Career Information, has determined that there is no significant negative impact upon employment conditions in the state as a result of the rules.

LaSha Lenzy, Director of the Unemployment Insurance Division, has determined that for each year of the first five years the rules are in effect, the public benefit anticipated as a result of enforcing the proposed amendment will be to ensure compliance with federal and state requirements.

The Agency hereby certifies that the proposal has been reviewed by legal counsel and found to be within the Agency's legal authority to adopt.

PART IV. COORDINATION ACTIVITIES

Comments on the proposed rules may be submitted to TWC Policy Comments, Workforce Policy and Service Delivery, attn: Workforce Editing, 101 East 15th Street, Room 440T, Austin, Texas 78778; faxed to (512) 475-3577; or e-mailed to TWCPolicyComments@twc.state.tx.us. The Commission must receive comments postmarked no later than 30 days from the date this proposal is published in the *Texas Register*.

The rules are proposed under Texas Labor Code §301.0015 and §302.002(d), which provide the Commission the authority to adopt, amend, or repeal such rules as it deems necessary for the effective administration of Agency services and activities.

The proposed rules will affect Texas Labor Code, Title 4, the Texas Unemployment Compensation Act.

Chapter 815. UNEMPLOYMENT INSURANCE

SUBCHAPTER B. BENEFITS, CLAIMS, AND APPEALS

§815.29. Coordination of Emergency Unemployment Compensation with Regular Compensation.

- (a) The Commission shall establish a new benefit year, but defer the payment of regular compensation with respect to that new benefit year until exhaustion of all emergency unemployment compensation payable with respect to the prior benefit year if the individual's weekly benefit amount of regular compensation in the new benefit year is at least \$100 or 25 percent less than the individual's weekly benefit amount in the immediately preceding benefit year.
- (b) This section continues in effect as long as the provisions of P.L. 111-205 §3, or any amendments thereto, remain in effect. At such time that these federal provisions are no longer in effect, this section is repealed.