

**CONFIDENTIAL**  
**LEGISLATIVE BILL REVIEW FORM: 2014**

Bill Number:    H.646    Name of Bill:    Unemployment Insurance   

Agency/ Dept:    LABOR    Author of Bill Review:    ANNIE NOONAN   

Date of Bill Review:    5/8/14    Status of Bill: (check one):

Upon Introduction       As passed by 1<sup>st</sup> body       As passed by both house and senate

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**Recommended Position:**

Support       Oppose       Remain Neutral       Support with modifications identified in #8 below

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**Analysis of Bill**

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**1. Summary of bill and issue it addresses. Describe what the bill is intended to accomplish and why.**

The UI bill has various components - none of which have been controversial. Section 1: A technical change requiring an employer, against whom a UI claim is filed against them, to send the Department a response to the specific allegation. Previously the employer was simply sending back the form with no information.

There is a section that requires all employers to file their quarterly wages electronically. If the employer does not have the means to file electronically they can file an exemption to the Department and continue to file their quarterly wages in the traditional manner.

The bill also adds the Self-employment assistance program. This program is for employees who have lost their job and are profiled by standards established by USDOL. ETA are likely to exhaust their unemployment benefits. This will allow the unemployed to engage in self employment development under the tutoring/mentoring of Vermont Small Development Council. In this program, an unemployed person can be working to start their own business and continue to collect unemployment without the work search requirement.

The bill will also allow unemployment benefits to a person who gives their resignation of employment in advance but the employer separates from the employee before their resignation. This does not apply to an employee who is fired for misconduct or gross misconduct.

There is also a correction required by the USDOL for the Short Term Compensation Program (STC). Previously, benefits paid to an employee were charged to an employer's experience rating. The feds have advised up that all employers in the base period must be charged. If this is not fixed then the USDOL will find the VDOL out of compliance and Vermont employers could lose their FUTA tax credit.

The UI claimant/worker earning disregard language in the bill helps workers on unemployment to keep more of their earnings from part-time work and to stay connected to the workforce. Employers have advised VDOL that they believe this will be helpful to their workforce staffing needs.

The last part of the bill is commonly called "Trailing Military Spouse" legislation. It allows spouses of military personnel, and members of the foreign service of the United States, to collect unemployment if they are required to relocate by the US government and are not able keep their job.

**2. Is there a need for this bill? Please explain why or why not.**

Yes.

1. Requiring employers to file electronically will expedite our work processes and data collection; and allows the department to get an employer "up and running" in the event of a loss of their data, such as occurs during a disaster.

The Self-employment Assistance program will help people who have skills and talent get back into the workforce.

help improve Vermont's economy by adding businesses and jobs for Vermonters. It can help reduce unemployment.

The technical correction for the STC program is required to get VDOL in compliance with the USDOL.

Earnings disregard was requested by labor community, allowing workers to keep more of their earnings.

Trailing spouse legislation is an important bill for the military community and helps to keep military families together.

**3. What are likely to be the fiscal and programmatic implications of this bill for this Department?**

Fiscal: SEA, Earnings Disregard and the Trailing Military Spouse will all have some impact to the UI Trust Fund, but can also reconnect unemployed workers back to the workforce, so the costs projections are balanced. We estimated Earning Disregard as the largest cost at \$1.2M possibility, but project more hiring of the participants due to their continued connection to the workforce. The Department has the infrastructure to handle new programs presented.

**4. What might be the fiscal and programmatic implications of this bill for other departments in state government, and what is likely to be their perspective on it?**

This bill will not impact other departments.

**5. What might be the fiscal and programmatic implications of this bill for others, and what is likely to be their perspective on it? (for example, public, municipalities, organizations, business, regulated entities, etc)**

The bill has had wide support from stakeholders.

**6. Other Stakeholders:**

**6.1 Who else is likely to support the proposal and why?**

Employees with specialized skills will support the bill. The Military Community will support the bill also.

**6.2 Who else is likely to oppose the proposal and why?**

The bill has not had any opposition and it passed roll call in the House unanimously.

**7. Rationale for recommendation: *Justify recommendation stated above.***

This bill could bolster Vermont's economy in the long run with the Self-Employment Assistance Program. The employees that could take advantage of this program would be drawing from the UI trust fund with or without this program. Giving them an avenue to start their own business and take the time to gain more knowledge and training on self-employment, they could have a positive impact on the UI Trust Fund.

The STC correction is required due to Federal conformity.

The bill protects employees, and helps military spouses that have to leave their job at no fault of their own.

**Specific modifications that would be needed to recommend support of this bill:** *Not meant to rewrite bill, but rather, an opportunity to identify simple modifications that would change recommended position.*

None

**Commissioner has reviewed this document: *Annie Noonan, VDOL Commissioner* Date: *5/8/14***\_\_\_\_\_

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