

SUBJECT: Unemployment benefits paid to public school employees

COMMITTEE: Economic Development — committee substitute recommended

VOTE: 6 ayes — Oliveira, Yarbrough, Davis, Luna, Raymond, Van de Putte
3 nays — Moffat, Shields, Solomons

WITNESSES: For — None
Against — None
On — John Jennings, Texas Employment Commission

BACKGROUND: Section 207.041(a) and (b) of the Labor Code states, in part, that unemployment compensation benefits are not available between academic years to instructional, research and principal administrative employees or other non-professional employees of an educational institution if there is reasonable assurance that they will perform services in the second year.

DIGEST: CSHB 2337 would provide that a reasonable assurance does not exist if the person is offered substantially less favorable economic conditions in the second year.

In addition, the bill would require the Texas Employment Commission (TEC) to report to the Legislature by December 1, 1996, the results of an analysis of the issues related to eligibility of education institution employees for unemployment benefits.

The bill would take effect September 1, 1995.

SUPPORTERS SAY: CSHB 2337 would allow educational institution employees the opportunity to receive unemployment benefits between years if they are offered a substantially lower paying job for the second academic year. The federal government adopted this position in 1991. This problem most often arises when a non-professional school employee is denied benefits because the

school still employs the person for the second year, but in a lesser paying position.

For example, the person might have been employed as a custodian and a bus driver in the first academic year. The custodial position pays much higher wages than the sideline bus driving job, but the bus driving position was good extra money. The school then might offer only the bus driving job for the second academic year. At this time, the TEC would not allow the person to receive unemployment compensation during the summer. A person under these circumstances should be able to receive benefits because of the severe financial hardship the change in employment causes.

This bill would not allow teachers or people who come back to the same job to receive unemployment compensation benefits in the summer. In addition, the bill would not result in a financial burden to the state. Businesses in Texas pay a 6.2 percent federal unemployment tax, but receive a 5.4 percent credit if they paid a timely state unemployment tax. Although the original bill would have resulted in a loss of tax credit and negative financial ramifications, the language of the substitute and the federal language match up so as to allow the state unemployment fund to receive federal tax credit.

**OPPONENTS
SAY:**

CSHB 2337 raises questions about the public policy of allowing people to receive benefits during the summer or interim when the job description clearly indicates that pay received during the year should compensate the person throughout the summer. Trying to determine what is substantially less pay would be difficult and could produce arbitrary results.

NOTES:

The original version would have denied benefits only if the individual would be performing substantially the same services in the second academic year: the committee substitute clarified intent under the definition of "reasonable assurance" to match the federal language.