

- SUBJECT:** Counting wages owed in computing unemployment benefits
- COMMITTEE:** Economic Development — favorable, without amendment
- VOTE:** 5 ayes — Deshotel, Straus, Dunnam, Ortiz, Veasey
0 nays
2 absent — Kolthorst, Morrison
- WITNESSES:** For — (*Registered, but did not testify:* Michael Cunningham, Texas Building and Construction Trades Council, AFL-CIO; Becky Moeller, AFL-CIO; Garland Pruitt)
Against — None
On — Chuck Ross, Texas Workforce Commission
- BACKGROUND:** The Texas Workforce Commission (TWC) oversees the administration of the Texas Payday Law, found in Labor Code, ch. 61, which concerns wages owed by an employer and payment of these wages following a wage claim hearing. The Unemployment Compensation Act — Labor Code, ch. 201 — stipulates that an individual is entitled to unemployment benefits based upon wages actually received during the individual's base period of employment. Currently, wages owed to an individual are not counted in determining whether an individual qualifies monetarily for unemployment benefits.
- DIGEST:** HB 2120 would amend Labor Code, ch. 207 to state that TWC must consider, in a determination for eligibility for unemployment insurance benefits, wages that an employer owed an individual for work during the individual's base period. These would include wages that the employer had not yet paid to the employee following a TWC determination that the individual was owed these wages. TWC would credit these wages on the date that the payment of wages was due. The bill would grant TWC the discretion to determine the method for crediting wages.

The bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take

effect September 1, 2007, and would apply only to an unemployment compensation claim filed with TWC on or after that date.

**SUPPORTERS
SAY:**

HB 2120 would help workers who had earned sufficient wages to qualify for unemployment benefits but could not receive the benefits because their employers had not paid their wages. It is only fair that workers who have earned enough money to qualify for unemployment benefits be able to draw the benefits if they need them. These individuals should not be placed at a disadvantage due to the refusal of their employers to pay wages that TWC has determined are owed.

The impact of this bill would be limited as it would affect only 10 out of every 1,000 applicants for unemployment benefits, or about 1 percent of applicants per year. The Legislative Budget Board (LBB) estimates only a very small loss to the Unemployment Insurance Fund over the next five years, which would be a small price to pay compared to the importance of treating workers fairly.

**OPPONENTS
SAY:**

HB 2120 would reduce the amount in the Unemployment Insurance Fund by encouraging more people to apply for benefits and allowing more workers to qualify. According to the fiscal note, the bill would cost the fund more than \$200,000 in fiscal 2008-12.

NOTES:

According to the LBB, the bill would require a one-time technology cost of \$196,000 in federal funds in fiscal 2008 to update the Payday Law Internet application. The bill would cost the Unemployment Insurance Trust Fund a total of \$201,630 through fiscal 2012, according to LBB estimates, \$40,326 each fiscal year.