

SS SB 673 -- EMPLOYMENT SECURITY

SPONSOR: Kehoe (Barnes)

COMMITTEE ACTION: Voted "Do Pass" by the Committee on Workforce Development and Workplace Safety by a vote of 8 to 1.

This bill changes the laws regarding employment security.

UNEMPLOYMENT BENEFITS

Currently, the maximum duration for an individual to receive unemployment benefits is 20 weeks. The bill specifies that the duration of benefits payable during any benefit year must be limited to:

- (1) 20 weeks if the Missouri average unemployment rate is 9% or higher;
- (2) 19 weeks if the Missouri average unemployment rate is between 8 1/2% and 9%;
- (3) 18 weeks if the Missouri average unemployment rate is 8% up to and including 8 1/2%;
- (4) 17 weeks if the Missouri average unemployment rate is between 7 1/2% and 8%;
- (5) 16 weeks if the Missouri average unemployment rate is 7% up to and including 7 1/2%;
- (6) 15 weeks if the Missouri average unemployment rate is between 6 1/2% and 7%;
- (7) 14 weeks if the Missouri average unemployment rate is 6% up to and including 6 1/2%; and
- (8) 13 weeks if the Missouri average unemployment rate is below 6%.

"Missouri average unemployment rate" means the average statewide unemployment rate during the three months of the most recent third calendar year quarter.

UNEMPLOYMENT COMPENSATION TRUST FUND

Currently, when the average balance of the Unemployment Compensation Trust Fund, less any federal advances, is between \$600 million and \$750 million, an employer's contribution rate is

reduced by 7% for the following year. The bill changes that threshold to between \$720 million and \$870 million. Currently, when the average balance of the fund exceeds \$750 million, an employer's contribution rate is reduced by 12% for the following year unless the employer's calculated contribution rate is 6% or greater, in which case the reduction may be no more than 10%. The bill changes that threshold to \$870 million.

#### BOARD OF UNEMPLOYMENT FUND FINANCING

In the event that the amount of moneys owed by the Unemployment Compensation Trust Fund for total advancements by the federal government exceeds \$300 million, the bill requires the Board of Unemployment Fund Financing to meet to consider authorizing the issuance, sale, and delivery of credit instruments under Section 288.330, RSMo, for the entire amount of the debt owed. If credit instruments are issued, the required interest assessment must continue to be paid and used to fully finance the instruments and must be paid at the same rate applicable at the time of issuance for all subsequent years until the instruments are fully financed.

PROPONENTS: Supporters say that increasing the minimum average balance in the Unemployment Compensation Trust Fund that triggers employer contribution rate reductions allows the fund to build up in good economic times and would delay the necessity of resorting to a federal loan. Tying the duration of unemployment benefits to the state's average unemployment rate is a common sense move and will save the state's employers millions of dollar, which they will reinvest.

Testifying for the bill were Senator Kehoe; Missouri Chamber of Commerce and Industry; Associated Industries of Missouri; and National Federation of Independent Business.

OPPONENTS: Those who oppose the bill say that most of the problems it attempts to address already are being dealt with by the Department of Labor and Industrial Relations, and the meeting requirement for the Board of Unemployment Fund Financing does not require any actual action by the board beyond the meeting.

Testifying against the bill was Department of Labor and Industrial Relations.