OLR Bill Analysis

sHB 5480

AN ACT CONCERNING UNEMPLOYMENT COMPENSATION BENEFITS.

SUMMARY

This bill makes several changes in the unemployment system. Among other things, it:

1. increases the minimum weekly unemployment benefit for non-construction workers from $15 to $50;
2. increases the minimum earnings these claimants need to qualify for the minimum benefit from $600 to $2,000; and
3. prohibits annual increases in the maximum weekly unemployment benefit if the unemployment trust fund holds less than 70% of the amount needed to provide one year of benefits at a recession level payout rate.

Current law generally prohibits claimants from receiving benefits during any week for which they received severance pay but makes an exception if, as a condition for receiving the severance pay, a claimant was required to forfeit a right or claim against an employer. The bill eliminates this exception.

By law, employees are ineligible for unemployment benefits if they were terminated after three separate instances of being absent from work without either good cause or notifying the employer. Under current law, an "instance" of absence can be either one day or two consecutive days (thus, an employee who is absent for two consecutive days counts as one absence). The bill instead requires each day of being absent without good cause or notice to be counted as an instance of absence.

EFFECTIVE DATE: October 1, 2018

MINIMUM BENEFITS AND EARNINGS

Starting with any benefit year commencing on or after the first Sunday in October 2018, the bill increases non-construction workers' minimum weekly unemployment benefit from $15 to $50. Because the law generally requires claimants to have earned at least 40 times their weekly benefit during their base period to qualify for benefits, increasing the minimum benefit also increases what these claimants must earn over the course of their base period to qualify for the minimum benefit (CGS § 31-235). Thus, to qualify for the bill's $50 minimum weekly benefit, claimants must have earned at least $2,000 ($50 x 40) over their base period, instead of the $600 required by current law.

MAXIMUM BENEFIT CAP FREEZE

Current law caps the maximum benefit allowed for any unemployment claimant at 60% of the average wage paid to the state's production (i.e., manufacturing) workers. The labor commissioner must adjust the cap on the first Sunday of each October but cannot increase it more than $18 each year.

The bill further prohibits the commissioner from increasing the cap in any benefit year starting on or after the first Sunday in October 2018 if the balance in the unemployment trust fund results in an average high cost multiple (AHCM) less than 0.7, as calculated by law. The AHCM is a formula that expresses how many years the unemployment trust fund can pay out benefits at a recession-level payout rate. If the AHCM is 1.0, the fund should be able to cover one year of benefits in a recession that is the average magnitude of the last three recessions.

BACKGROUND

Related Bill

sHB 5478, reported favorably by the Labor and Public Employees Committee, requires the maximum unemployment benefit to be calculated as 50% of the average wage of all workers in the state, rather than 60% of the average wage paid to the state's production workers.

COMMITTEE ACTION

Labor and Public Employees Committee

Joint Favorable Substitute
Yea 13 Nay 0 (03/20/2018)