

Unemployment Insurance Update

A Report from the Women's Policy Education Fund

March 3, 2003

Unemployment has risen in the past two years in Georgia from 3.7% to its current level of 4.6%. Hundreds of thousands of Georgians remain out of work and thousands are exhausting their unemployment benefits without having found new jobs. Georgia lost more jobs in 2001 than any other state in the country, and was 4th highest in job losses in 2002.

However, as the General Assembly has passed the midpoint of the 2003 session, there are few proposals moving forward to address the needs of unemployed workers, while legislation to reduce tax costs to employers moves ahead.

Some fast facts on how Georgia's unemployment system ranks in the states (as of most recent USDOL reports for end of 3rd quarter 2002):

- *130,000 net jobs lost in past 2 years*
- *Georgia's Trust Fund balance - \$1.4 Billion --- 9th largest in U.S.*
- *Georgia retains enough funds to pay out benefits with no more funds coming in for nearly one and one-half years --- 11th healthiest Trust Fund balance in the U.S.*
- *Georgia continues to have the lowest effective tax rate of any state in the U.S.*
- *Georgia pays out benefits for the fewest number of weeks of any state in the country.*
- *Georgia remains in the bottom third of all states in the percentage of unemployed workers who receive unemployment insurance (33rd in U.S.)—Only 4 out of unemployed workers in Georgia get unemployment benefits.*

Here is a brief summary of the key legislation affecting unemployment insurance in Georgia this year, and its current status:

H.B. 591 – Unemployment Benefits for Part Time Workers and to Address Undue Family Hardship

Georgia law now requires employers to pay unemployment insurance taxes on all workers on the first \$8,500 in wages paid each year – whether the employee works 8 hours per week or 80. However, when a part time worker is laid off and goes to replace that job with another part time job, they find they are barred from receiving unemployment benefits unless they commit to be available for full time work. 71% of part time workers in Georgia last year were women – many struggling to help pay the bills and balance the demands of work and family by working part time. Rep. Nan Grogan Orrock’s Bill would address this by providing that people can collect benefits whether they work part time or full time. Of course, part time workers would receive proportionally lower benefits than a full time worker, based on the reduced wages.

Further, the Bill would allow for an expanded definition of “good cause” for leaving work to incorporate those circumstances where family emergencies demand that a worker leave one job to find another closer to home, with a different work schedule, with reduced hours, or more flexible schedule, etc. if that change is necessary to meet the demands of family life, such as fleeing from domestic violence, caring for a minor child or aging parent, or caring for a sick or disabled family member, etc.

Many other states have adopted these provisions in recent years to bring the unemployment system up to date with the needs of the workforce that contains so many working women (who were not part of the system when unemployment was enacted in response to the Great Depression more than 65 years ago).

The legislation was introduced last week. Rep. Orrock will be seeking a hearing in Subcommittee on Unemployment of the House Committee on Industrial Relations at the earliest possible date.

H.B. 112 – Employee discharge due to absenteeism

Under current Georgia law, if a worker loses his or her job due to absences caused by their own illness or that of a family member, if they kept the employer informed they can still receive unemployment insurance. H.B. 112 proposes to close this small way that Georgia law presently addresses the need of workers to balance the demands of work and family by effectively eliminating this provision. Advocates for employees are working with the author to address these concerns.

H.B. 117 – Military transfer of spouses

This Bill introduced by Rep. Ken Birdsong of Gordon, Georgia, would expand the definition of “good cause” for leaving a job to include the spouses of military personnel who must leave a job due to a spouse’s military reassignment. A number of other states provide unemployment benefits for “trailing spouses” beyond the military setting. This legislation would be the first effort to provide for the trailing spouse situation in Georgia.

H.B. 117 passed out of the Unemployment Subcommittee of the House Industrial Relations Committee last week, and is scheduled to be heard in the full Committee Monday March 3 with good prospects for passage.

S.B. 167 – Extension of the Unemployment Insurance Tax through 2004

In 1999 Georgia enacted a “tax holiday” that eliminated the obligation to pay unemployment insurance taxes for most employers in Georgia. This “tax holiday” saved employers a projected \$1 Billion in lost revenue to the Unemployment Insurance Trust Fund. This was the largest unemployment tax break ever passed by any state. It came on top of a decade of cuts in Georgia’s unemployment insurance tax rate that left Georgia with the lowest effective tax rate of any state in the Country (a distinction it continues to hold today even without the tax holiday). Last year, the Governor passed legislation to extend the tax holiday through 2003 despite the recession (at an estimated cost of \$250 million). S.B. 167 proposes to extend that holiday through 2004 (at an additional cost of \$250 million) despite the acknowledgement of employers that resumption of the tax is probably necessary to preserve the health of the Trust Fund and meet the unemployment system’s obligations to unemployed Georgia workers.

The Chamber of Commerce, the National Federation of Independent Businesses and the Textile Manufacturers testified in favor of S.B. 164 and 167 at a hearing last week where S.B. 164 was amended to incorporate both bills and passed out of the Senate Committee on Labor and Insurance. (See below re: S.B. 167.) The Women’s Policy Group, the Coalition for Georgia’s Working Families, the AFL-CIO, UAW/GM, the SEIU and Rep. Nan Grogan Orrock testified against the Bills and about the importance of funding the Trust Fund adequately so that the needs of working families can be met during times of elevated unemployment.

S.B. 164 – Elimination of Employer Surcharge for 2004

This legislation introduced by the new Chair of the Senate Insurance and Labor Committee, Robert Lamutt of Cobb County, proposes to eliminate the surcharge on employer payment of unemployment insurance taxes which is predicted to impose an increase of 25-75% on the unemployment insurance tax employers pay, depending on the level of funds in the Unemployment Insurance trust Fund this June. When the Fund gets low due to high unemployment (or due to non payment of unemployment insurance taxes), this surcharge automatically kicks in to replenish the Fund so that money is available to pay unemployment benefits when they are needed most. No fiscal note was presented to explain how much money this would “cost” the Trust Fund.

The Bill had a hearing last week where it was amended and passed out of the Senate Committee on Labor and Insurance. (See discussion of S.B. 167, above.)

S.B. 165 – Administrative Assessment for UI

Fees from the federal government to fund the administration of the unemployment insurance programs in the states can be inadequate to meet the full cost of administering the program. In 1987, Georgia enacted an administrative surcharge of .08% on the first \$8,500 of wages employees earn to be paid to help administer the unemployment insurance system. This money goes to a separate administrative fund. The payment of \$6 million per year has grown to approximately \$17 million per year according to a

testimony in the Senate Insurance and Labor Committee last week. No accounting was immediately available as to how these funds were being spent. (However, testimony was offered from the Georgia Department of Labor that they had not expended any of the \$49 million in Reed Act funds appropriated to the Department last year to administer unemployment system.) This highly unusual Bill would divert one half of the administrative assessment to the Unemployment Trust Fund to help pay for unemployment benefits for workers. While increased funds are desirable to pay benefits, it is believed that the cost of administration of the unemployment system likely also has increased with the increase in unemployment claims.

This Bill passed out of the Senate Insurance and Labor Committee last week.

Georgia Works!

The Commissioner of Labor has proposed a plan, not yet fully fleshed out, that he says will create job opportunities for workers by using unemployment insurance checks in lieu of compensation while workers voluntarily work for employers for 8 weeks. Employers will receive the employee's labors free of charge. The employee keeps his/her unemployment check and will receive a \$30 per week training supplement. If the employer does not hire the employee at the end of 8 weeks, the employee receives a certificate to confirm that they worked for 8 weeks at the position in question. The Commissioner believes this will inspire employers to hire people they otherwise would not hire. Advocates have expressed concern that based on experience with a similar program in Oregon, this will not create new jobs, but merely subsidize employers by the nonpayment of wages for low wage positions.

Legislation has not been proposed to create this program.

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