

Department of Legislative Services

Maryland General Assembly

2001 Session

FISCAL NOTE

Senate Bill 665 (Senator Ruben)

Finance

Unemployment Insurance - Voluntary Quit for New and Better Employment

This bill adds to the circumstances under which voluntarily quitting employment does not disqualify an individual from receiving unemployment insurance benefits.

The bill allows the Secretary of the Department of Labor, Licensing, and Regulation (DLLR) to find that voluntarily leaving work for a cause directly attributable to, arising from, or connected with the conditions of what is determined to be new and better employment may constitute good cause, and thus does not disqualify an individual from receiving unemployment insurance benefits. The bill requires DLLR to adopt regulations by September 30, 2001 enumerating the circumstances under which voluntarily quitting employment for new and better employment may constitute good cause. This bill applies to all determinations of eligibility and appeals pending on or after September 30, 2001.

This bill is effective June 30, 2001.

Fiscal Summary

State Effect: The bill would not directly affect governmental operations or finances.

Unemployment Insurance Trust Fund: Unemployment Insurance Trust Fund (UITF) expenditures and revenues could increase by \$6.3 million in FY 2002. Out-year estimates reflect projected increases in weekly benefit amounts.

(in dollars)	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
NonBud Rev.	\$6,300,000	\$6,600,000	\$6,900,000	\$7,100,000	\$7,400,000
NonBud Exp.	6,300,000	6,600,000	6,900,000	7,100,000	7,400,000
Net Effect	\$0	\$0	\$0	\$0	\$0

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect

Local Effect: None.

Small Business Effect: Minimal.

Analysis

Current Law: An individual who is otherwise eligible to receive unemployment insurance benefits is disqualified from receiving benefits if the Secretary finds that unemployment results from voluntarily leaving work without good cause. The Secretary may find that a cause for voluntarily leaving work is good cause if an individual:

- is laid off through no fault of the individual;
- obtains employment that pays weekly wages that total less than 50% of the weekly wages the individual earned at his or her previous place of employment; and
- leaves the subsequent employment to attend an approved training program.

Background: In determining eligibility for unemployment benefits, the Unemployment Insurance Office (UIO) researches a person's previous 18-month work history. Among the variety of factors the UIO considers is a person's employment track record and job tenure. The UIO charges employers based on a variety of factors; however, when a person leaves employment for good cause the employer is not charged.

Prior to August 2000, if an individual voluntarily quit a job for a better job, then through no fault of the individual became unemployed from the new job, the individual may have been determined to have voluntarily left work for good cause. To be considered good cause the new job had to have a definite start date and the employment period had to at least equal the employment duration of the previous job. Other tangible factors such as salary, benefits, etc. were also considered.

In August 2000 the Maryland Court of Appeals ruled that voluntarily quitting a job for a new job could not be considered good cause. The UIO advises that if this bill is enacted there would be no practical change in the way good cause was determined before the court ruling.

Unemployment Insurance Trust Fund Effect: The UIO advises that 1,962 individuals quit work voluntarily for good cause in fiscal 2000. The UIO also advises that the average duration of benefits is 14 weeks. The average weekly benefit amount is expected to be \$225 in fiscal 2002. Assuming that approximately 1,962 individuals receive the \$225 average weekly benefit for 14 weeks, UITF expenditures will increase by \$6.3 million in fiscal 2002.

It is anticipated that a portion of the unemployed insurance benefits paid as a result of this bill will be chargeable to former employers for which the recipient worked. Those benefits not chargeable to an employer will be socialized through a statewide unemployment insurance premium increase. However, the size of any such increase to any individual firm is expected to be minimal.

Additional Information

Prior Introductions: None.

Cross File: HB 1038 (Delegate Busch) - Economic Matters.

Information Source(s): Department of Labor, Licensing, and Regulation (Office of Unemployment Insurance); Department of Legislative Services

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ncs/jr

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