

Department of Legislative Services
Maryland General Assembly
2003 Session

FISCAL AND POLICY NOTE

Senate Bill 251

(Senator Kelley, *et al.*)

Finance

Unemployment Insurance - Eligibility - Part-Time Work

This bill makes individuals eligible for unemployment benefits if they are able and available to work only part-time.

Fiscal Summary

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

Unemployment Insurance Trust Fund (UITF): UITF expenditures could increase by \$37.1 million in FY 2004. Out-year estimates reflect projected increases in weekly benefit amounts and employer charge backs.

(\$ in millions)	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
NonBud Rev.	\$0	\$7.9	\$16.0	\$24.4	\$25.1
NonBud Exp.	37.1	38.1	39.4	40.4	41.7
Net Effect	(\$37.1)	(\$30.2)	(\$23.4)	(\$16.0)	(\$16.5)

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

Local Effect: None.

Small Business Effect: To the extent that small businesses are more likely to have part-time employees and more lay off employees, this bill could significantly increase their unemployment insurance costs.

Analysis

Current Law: In order to be eligible for unemployment benefits, an individual must be able to work, available for work, and actively seeking work. Although not explicitly stated in statute, this applies only to full-time work.

Background: The majority of states require employees to be able, available, and seeking full-time work. Some states provide part-time workers with benefits under certain circumstances. The following table lists those states that provide unemployment benefits for part-time workers and those that provide benefits to part-time workers under certain circumstances.

UI for Part-time Workers

<u>State</u>	<u>Eligibility</u>	<u>State</u>	<u>Eligibility</u>
Arkansas	Eligible	Missouri	Varies
California	Eligible	Nebraska	Eligible
Colorado	Eligible	New Jersey	Varies
Delaware	Eligible	New York	Eligible
DC	Varies	North Dakota	Eligible
Florida	Eligible	Oklahoma	Varies
Hawaii	Varies	Pennsylvania	Eligible
Illinois	Varies	Rhode Island	Varies
Iowa	Eligible	South Dakota	Eligible
Louisiana	Eligible	Vermont	Eligible
Massachusetts	Varies	Wyoming	Eligible
Minnesota	Eligible		

Source: U.S. Department of Labor, *Comparison of State Unemployment Insurance Laws: 2002*, pp. 5.23-5.24.

Unemployment Insurance Trust Fund Effect: UTF notes the following numbers were used to determine the fiscal impact of the bill on the trust fund:

- average weekly wage for part-time workers in Maryland is \$270;
- projected average weekly benefit from 2004 through 2008 is as follows: 2004 = \$147; 2005 = \$151; 2006 = \$156; 2007 = \$160; and 2008 = \$165;
- number of individuals projected to receive part-time benefits is 16,608 based on the assumption that the same percentage of part-time workers that will receive benefits will be the same as the overall percentage of workers that receive benefits (4.8%);

- average duration of benefit paid to individual – 15.2 weeks (actual 2002 average); and
- amount of benefit charged back to employers – 63.89%.

Assuming that approximately 16,608 individuals receive the \$147 average weekly benefit for 15.2 weeks, UITF expenditures will increase by \$37.1 million in fiscal 2004. Of that amount, \$7.9 million (or 63.89%) will be charged back to one or more previous employers over a three-year period beginning the year following benefits payment. The \$13.4 million that cannot be charged back to employers is, ultimately, recovered through premiums paid by all employers. The amount of premium increase for any individual firm could be significant, and the \$13.4 million itself could increase any premium increases or surcharges by approximately .1 - .2% each year a surcharge is assessed.

Out-years reflect the projected increases in weekly benefit amount, while the number of individuals (16,608), duration of benefit (15.2 weeks), and percentage charged back to employers (62%) all remain the same.

Additional Information

Prior Introductions: None.

Cross File: None.

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

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