

UNEMPLOYMENT COMPENSATION ABUSES SUBCOMMITTEE
OF THE
HOUSE AND SENATE COMMITTEES ON LABOR AND INDUSTRIAL RELATIONS

Report to Members of the
Second Session of the Sixty-seventh General Assembly

State of Iowa
1978

FINAL REPORT

UNEMPLOYMENT COMPENSATION ABUSES SUBCOMMITTEE
OF THE
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December 19, 1977

Pursuant to House Concurrent Resolution 44, a Joint Subcommittee of the Senate and House Committees on Labor and Industrial Relations was established to study the administration of the Department of Job Service and to investigate the alleged abuses in the unemployment compensation system.

One joint committee meeting of the full standing committees was approved and two joint subcommittee meetings were approved with the following members appointed:

Senator Fred Nolting, Co-chairperson
Representative John Connors, Co-chairperson
Senator Milo Merritt
Senator Cloyd Robinson
Senator Merlin Hulse
Senator John Nystrom
Representative Thomas Gilloon
Representative Wally Horn
Representative Terry Branstad
Representative Sonja Egenes

Co-chairpersons Nolting and Connors scheduled four public hearings to which the members of the Senate and House Committees on Labor and Industrial Relations were invited. The meetings were held on October 17, 1977 in Dubuque, Davenport, Council Bluffs and Sioux City.

At these public hearings reference was made by witnesses giving testimony to the following areas of concern:

1. The need to standardize the review of protested claims because of a lack of uniformity of decisions issued by hearing officers.

2. The need to make access more convenient to participants in a hearing scheduled on a protested claim for unemployment compensation.

3. Opinions were received concerning the benefit level, the need or lack of it to reintroduce the one-week waiting period, and the need to provide part-time unemployment compensation that will provide an incentive to seek work.

4. The need for employers to assist the Department of Job Service to provide information on individuals that may not actively

be seeking work. It was suggested that the Department of Job Service establish a hot line to report unemployment compensation abuses.

5. The possibility of providing a varying maximum unemployment compensation based upon the number of dependents of the claimant.

6. The need to review the extensive delays in the receipt of benefits often involved in unemployment compensation protested cases.

7. The need to evaluate the attachment to the work force requirements to insure that the eligibility requirement properly reflect that an individual is sufficiently attached to the work force to warrant unemployment benefits.

8. The need to clarify the procedure to collect from claimants overpayments of unemployment benefits to which the claimant is not legally entitled.

9. A concern for the payment of unemployment compensation during a period when an individual has compensation in the form of vacation pay.

10. The need to clarify the justifications allowed for an employee to quit a job and be eligible for unemployment compensation.

11. The need to clarify the actions for which an employee can be discharged and be denied benefits. The suggestion was made that if the employee has negotiated a contract with the employer which allows for the discharge of the employee under certain circumstances, these same circumstances would qualify as valid reasons to deny unemployment compensation benefits.

12. The need to simplify the merit position steps necessary to hire a full-time employee for the Department of Job Service.

13. The problems that arise under the rule allowing intermittent employees to be hired for only 120 days rather than the former period of 1,040 hours. It was stressed that the variable work burdens on local offices of Job Service may necessitate the need for an employee for four hours a day for two days a week and that the day limitation forces the Department to lay employees off and thus add to the substantial unemployment compensation claims paid by the Department of Job Service for former employees.

14. It was suggested that all governmental subdivisions and agencies list job openings with the job placement division of the Department of Job Service.

15. The need to clarify what "reasonable assurances for reemployment" means which justifies the denial of unemployment compensation benefits for certain school employees between school sessions. It was pointed out that many people denied benefits because of this provision are not, in fact, subsequently reemployed and therefore have been denied benefits when they do not have a valid contract upon which they may seek damages which result from the breach of the contract.

16. Consideration should be given to, as four states have done, exempting labor lockout from the definition of labor dispute during which an individual is not eligible for unemployment compensation. The exemption would apply when the lockout is not the result of a difference in negotiation objectives between labor and an employer but rather the sole decision by an employer to close a facility without an actual labor dispute or disagreement when the labor force is willing to work for the employer upon terms specified by the employer.

17. A review of Form 243 which is sent by the job placement division of the Department of Job Service to the unemployment insurance division when an unemployed individual places unusual restrictions on the types of jobs he or she will accept.

18. The need to clarify what qualifies as "suitable work" which must be accepted by an employee or result in unemployment benefit disqualification. Employees are uncertain as to what kind of employment can be rejected without a disqualification of benefits.

The Subcommittee met for a two-day meeting on November 16 and 17, 1977. The Subcommittee reviewed the unemployment compensation claims procedures, appeals procedures, hearing officer training, job placement procedures, the use of the Information Form 243 sent by job placement to the job insurance division of Job Service and the Subcommittee toured a local Job Service office. The Subcommittee also reviewed the data processing requirements of Job Service, employer late payment procedures, overpayment and collection procedures, and other miscellaneous information.

In addition to copies of testimony submitted by members of the public appearing at the public hearing, the Subcommittee received the following information to assist in the evaluation of the Department of Job Service and of the unemployment compensation program:

1. A state-by-state comparison of such data as benefit amounts, duration tax base, tax rates maximum and minimum, trust fund balances, average weekly wage and average weekly benefit cost rate.

2. Iowa information concerning:

- a. Average weekly benefit amounts.

- b. Benefit amount and duration data.
- c. Comparisons of disqualifications among the states for misconduct.
- d. Dependency claim information.
- e. Trust fund comparisons.
- f. Wages and employment requirements for benefits.
- g. The need for greater flexibility in the use of intermittent employees.
- h. The sequence of events necessary to create a new position in the Department of Job Service.
- i. Training programs for hearing officers.

SUMMARY AND RECOMMENDATIONS

After a careful review of all the information presented to the Subcommittee at the public hearings in Sioux City, Council Bluffs, Dubuque and Davenport on October 17, and a review of the information solicited by the Committee members and provided by the Department of Job Service for the November 16 and 17, 1977 meetings, the Subcommittee voted to approve legislation designed to eliminate the inequity which results when an employee is laid off by an employer, applies for unemployment compensation, has a protest made by a former employer that discharged the employee for misconduct and a determination that the employee should be penalized a certain number of weeks of benefits for the former discharge, which penalty is applied against the valid claim for unemployment compensation made against the employer that laid the employee off. A copy of this bill is attached to this report. The House members voted to recommend the listing with the job placement division of the Department of Job Service by governmental subdivisions and state agencies of all job openings.

The Subcommittee was informed that the November 11, 1977 unemployment compensation trust fund balance was \$63.4 million compared to \$87.5 million the previous year, and that \$84 million has been paid in unemployment compensation benefits in the first three quarters of 1977 compared to \$92 million during the same period the previous year.

HOUSE FILE _____

By COMMITTEE ON LABOR AND
INDUSTRIAL RELATIONS

Passed House, Date _____ Passed Senate, Date _____

Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____

Approved _____

A BILL FOR

1 An Act relating to unemployment benefit disqualifications
2 resulting from a discharge for misconduct.

3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 Section 1. Section ninety-six point five (96.5), subsection
2 two (2), Code 1977, is amended by adding the following new
3 lettered paragraph:

4 NEW LETTERED PARAGRAPH.

5 d. Benefits forfeited under this subsection shall be
6 forfeited only against the wage credits of the employer who
7 discharged the individual for misconduct and shall not delay
8 payments made against the wage credits of a subsequent employer
9 for benefit payments an individual is otherwise eligible to
10 receive.

11 Sec. 2. This bill shall take effect January 1, 1979.

12 EXPLANATION

13 This bill requires that penalties which result from a
14 discharge for misconduct shall be a penalty against the wage
15 credits of the employer from whom the individual was discharged
16 for misconduct.

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