

Unemployment Insurance Model Policy

Missouri's antiquated unemployment insurance system needs to be modernized and reformed. Below is a list of worthwhile reforms with examples of how revisions to existing law can achieve the identified objectives.

1. Tie Benefits to Wages and Prevent Them from Exceeding Paychecks

This reform can be achieved by adjusting the maximum benefit amount from a fixed dollar amount to be a percentage of the average Missouri annual wage and ban the total benefit amount regardless of funding source from ever exceeding the worker's prior paycheck. One way to implement this reform is to modify the existing law (italicized, with edits in yellow) as follows:

288.038. Maximum weekly benefit amount defined. — *With respect to initial claims filed during calendar years 2004 and 2005, the "maximum weekly benefit amount" means four percent of the total wages paid to an eligible insured worker during that quarter of the worker's base period in which the worker's wages were the highest, but the maximum weekly benefit amount shall not exceed two hundred fifty dollars in the calendar years 2004 and 2005. With respect to initial claims filed during calendar years 2006 and 2007 the "maximum weekly benefit amount" means four percent of the total wages paid to an eligible insured worker during that quarter of the worker's base period in which the worker's wages were the highest, but the maximum weekly benefit amount shall not exceed two hundred seventy dollars in calendar year 2006 and the maximum weekly benefit amount shall not exceed two hundred eighty dollars in calendar year 2007. With respect to initial claims filed during calendar year 2008 and each calendar year thereafter through 2023, the "maximum weekly benefit amount" means four percent of the total wages paid to an eligible insured worker during the average of the two highest quarters of the worker's base period, but the maximum weekly benefit amount shall not exceed three hundred twenty dollars. With respect to initial claims filed during calendar year 2024 and each calendar year thereafter, the "maximum weekly benefit amount" means four percent of the total wages paid to an eligible worker during the average of the two highest quarters of the worker's base period, but the maximum weekly benefit amount shall not exceed one percent of the Missouri average annual wage. Under no circumstance shall claimants receive weekly benefits—inclusive of any supplemental unemployment benefit payments paid by the federal government that are in any way facilitated by the state of Missouri—in excess of seven- and one-half percent of the total wages paid to an eligible insured worker during that quarter of the worker's base period in which the worker's wages were highest. If the federal government institutes supplemental benefit payments that cause the total payment to a claimant to exceed this threshold, the state shall reduce its contribution to the total payment as much as possible to bring the total payment back under this threshold. If such state benefit amount is not a multiple of one dollar, such amount shall be reduced to the nearest lower full dollar amount.*

2. Shorten Benefit Duration and Improve the Link with Economic Conditions

This reform can be achieved by reducing the number of weeks claimants can receive benefits, and adjusting the criteria for benefit duration to be based on the ratio of unemployed to job openings instead of the unemployment rate. Modifying the existing law (italicized, with edits in yellow) is one way to achieve this reform, as follows:

288.060. Benefits, how paid — wage credits — limitation on duration of benefits — benefits due decedent — benefit warrants cancelled, when — electronic funds transfer system, allowed — remote claims filing procedures required, contents, duties.

5. The duration of benefits payable to any insured worker during any benefit year shall be limited to:

- ~~(1) Twenty weeks if the Missouri average unemployment rate is nine percent or higher;~~
- ~~— (2) Nineteen weeks if the Missouri average unemployment rate is between eight and one-half percent and nine percent;~~
- ~~— (3) Eighteen weeks if the Missouri average unemployment rate is eight percent up to and including eight and one-half percent;~~
- ~~— (4) Seventeen weeks if the Missouri average unemployment rate is between seven and one-half percent and eight percent;~~
- ~~— (5) Sixteen weeks if the Missouri average unemployment rate is seven percent up to and including seven and one-half percent;~~
- ~~— (6) Fifteen weeks if the Missouri average unemployment rate is between six and one-half percent and seven percent;~~
- ~~— (7) Fourteen weeks if the Missouri average unemployment rate is six percent up to and including six and one-half percent;~~
- ~~— (8) Thirteen weeks if the Missouri average unemployment rate is below six percent.~~
- (1) Eighteen weeks if the Missouri average unemployed persons per job opening ratio is higher than five;
- (2) Seventeen weeks if the Missouri average unemployed persons per job opening ratio is four and one-half up to and including five;
- (3) Sixteen weeks if the Missouri average unemployed persons per job opening ratio is four up to and including four and one-half;

(4) Fifteen weeks if the Missouri average unemployed persons per job opening ratio is three and one-half up to and including four;

(5) Fourteen weeks if the Missouri average unemployed persons per job opening ratio is three up to and including three and one-half;

(6) Thirteen weeks if the Missouri average unemployed persons per job opening ratio is two and one-half up to and including three;

(7) Twelve weeks if the Missouri average unemployed persons per job opening ratio is below two and one-half.

As used in this subsection, the phrase ~~"Missouri average unemployment rate"~~ "Missouri average unemployed persons per job opening ratio" means the average of the seasonally adjusted statewide ~~unemployment rates~~ unemployed persons per job opening ratio as published by the United States Department of Labor, Bureau of Labor Statistics as part of its Job Openings and Labor Turnover Survey, for the time periods of January first through March thirty-first and July first through September thirtieth. The average of the seasonally adjusted statewide ~~unemployment rates~~ unemployed persons per job opening ratio for the time period of January first through March thirty-first shall be effective on and after July first of each year and shall be effective through December thirty-first. The average of the seasonally adjusted statewide ~~unemployment rates~~ unemployed persons per job opening ratio for the time period of July first through September thirtieth shall be effective on and after January first of each year and shall be effective through June thirtieth;

3. Reduce Fraud from Improper Payments

This reform can be achieved through (1) participation in the National Association of Workforce Agencies' State Information Data Exchange System and Integrity Data Hub to reduce multi-state claimant fraudulent activity, and (2) expansion of new hire reporting requirements to include independent contractors getting paid more than \$600 in a calendar year. These adjustments can be brought about by modifying the existing law (italicized, with edits in yellow) as follows:

285.300. Withholding form, completion required — forwarding to state agencies — state directory of new hires, cross-check of unemployment compensation recipients — compliance by employers with employees in two or more states. — 1. A service recipient is a person or entity engaged in a trade or business who pays an individual for services rendered in the course of such trade or business. ~~±~~ 2. Every employer doing business in the state shall require each newly hired employee to fill out a federal W-4 withholding form. A copy of each withholding form or an equivalent form containing data required by section 285.304 which may be provided in an electronic or magnetic format shall be sent to the department of revenue by the employer or service recipient within twenty days after the date the employer hires the employee—or the service recipient hires an independent contractor that it expects to pay more than \$600 over the calendar year—or in the case of an employer transmitting a report magnetically or electronically, by two monthly transmissions, if necessary, not less than twelve days nor more

than sixteen days apart. For purposes of this section, the date the employer hires the employee or service recipient hires the independent contractor shall be the earlier of the date the employee signs the W-4 form or its equivalent, or the first date the employee or independent contractor reports to work, or performs labor or services.

4. Broaden and Index the Taxable Wage Base

This reform requires that the taxable wage base be tied to the Missouri average annual wage, allowing for a broader base and a lower rate. One way that the adjustment to the taxable wage base can be achieved is by modifying the existing language (italicized, with edits in yellow) as set forth below. Note: the unemployment tax rates will need to be adjusted downward to offset the direct effects of the broader tax base.

288.036. Wages defined — state taxable wage base.

2. The increases or decreases to the state taxable wage base for the remainder of calendar year 2004 shall be eight thousand dollars, and the state taxable wage base in calendar year 2005, and each calendar year thereafter, shall be determined by the provisions within this subsection. On January 1, 2005, the state taxable wage base for calendar year 2005, 2006, and 2007 shall be eleven thousand dollars. The taxable wage base for calendar year 2008 shall be twelve thousand dollars. The state taxable wage base for each calendar year thereafter 2009 through 2023 shall be determined by the average balance of the unemployment compensation trust fund of the four preceding calendar quarters (September thirtieth, June thirtieth, March thirty-first, and December thirty-first of the preceding calendar year), less any outstanding federal Title XII advances received pursuant to section 288.330, less the principal, interest, and administrative expenses related to any credit instrument issued under section 288.030, and less the principal, interest, and administrative expenses related to any financial agreements under subdivision (17) of subsection 2 of section 288.330. When the average balance of the unemployment compensation trust fund of the four preceding quarters (September thirtieth, June thirtieth, March thirty-first, and December thirty-first of the preceding calendar year), as so determined is:

(1) Less than, or equal to, three hundred fifty million dollars, then the wage base shall increase by one thousand dollars; or

(2) Six hundred fifty million or more, then the state taxable wage base for the subsequent calendar year shall be decreased by five hundred dollars. In no event, however, shall the state taxable wage base increase beyond twelve thousand five hundred dollars, or decrease to less than seven thousand dollars. For calendar year 2009, the tax wage base shall be twelve thousand five hundred dollars. For calendar year 2010 and each calendar year thereafter, in no event shall the state taxable wage base increase beyond thirteen thousand dollars, or decrease to less than seven thousand dollars.

The state taxable wage base for each calendar year beginning in 2024 shall be equal to the most recent Missouri average annual wage.

5. Streamline Short-Time Compensation

This reform requires enhancing the flexibility of short-time compensation and expediting the approval process for shared work plans. This reform may be achieved by modifying the existing law (italicized, with edits in yellow) as follows:

288.500. Shared work program created — definitions — plan, requirements — plan denied, submission of new plan, when — contribution by employer, how computed — benefits — severability clause.

4. *The division may approve a shared work plan if:*

(4) *The shared work plan reduces the normal weekly hours of work for an employee in the affected unit by not less than ~~twenty~~ **ten** percent and not more than ~~forty~~ **sixty** percent;*

~~(5) *The shared work plan applies to at least ten percent of the employees in the affected unit;*~~

7. *The division shall approve or deny a shared work plan not later than the ~~thirtieth~~ **tenth** day after the day on which the shared work plan is received by the division. The division shall approve or deny a plan in writing. If the division denies a plan, the division shall notify the employer of the reasons for the denial. Approval or denial of a plan by the division shall be final and such determination shall be subject to review in the manner otherwise provided by law. If approval of a plan is denied by the division, the employer may submit a new plan to the division for consideration. ~~no sooner than forty-five calendar days following the date on which the division disapproved the employer's previously submitted plan.~~*

8. *The division may revoke approval of a shared work plan and terminate the plan if it determines that the shared work plan is not being executed according to the terms ~~and intent~~ of the shared work unemployment compensation program, or if it is determined by the division that the approval of the shared work plan was based, in whole or in part, upon information contained in the plan which was either false or substantially misleading.*

10. *An employer may modify a shared work plan created under this section to meet changed conditions if the modification conforms to the basic provisions of the shared work plan as originally approved by the division. The employer shall report the changes made to the plan in writing to the division ~~at least seven days~~ before implementing such changes. The division shall reevaluate the shared work plan and may approve the modified shared work plan if it meets the requirements for approval under subsection 4 of this section. ~~The division shall notify the employer of its decision within three days of receipt.~~ The approval of a modified shared work plan shall not, under any circumstances, affect the expiration date originally set for the shared work plan. If modifications cause the shared work plan to fail to meet the requirements for*

approval, the division shall deny approval of the modifications as provided in subsection 7 of this section.

12. An individual who is otherwise entitled to receive regular unemployment insurance benefits under this chapter shall be eligible to receive shared work benefits with respect to any week in which the division finds that:

(3) The individual's normal weekly hours of work have been reduced by at least ~~twenty ten~~ percent but not more than ~~forty sixty~~ percent, with a corresponding reduction in wages; and

6. Reduce the Penalty for Part-Time Work

Instead of reducing the weekly benefit amount by \$1 for each \$1 of wages that a worker earns in a part-time job while looking for full-time work, this reform would change the offset amount from \$1 to \$0.50. Such a change may be achieved by revising the existing law (italicized, with edits in yellow) as follows:

288.060. Benefits, how paid — wage credits — limitation on duration of benefits — benefits due decedent — benefit warrants cancelled, when — electronic funds transfer system, allowed — remote claims filing procedures required, contents, duties.

3. Each eligible insured worker who is partially unemployed in any week shall be paid for such week a partial benefit. Such partial benefit shall be an amount equal to the difference between his or her weekly benefit amount and that part of his or her wages for such week in excess of twenty dollars, and, if such partial benefit amount is not a multiple of one dollar, such amount shall be reduced to the nearest lower full dollar amount. For calendar year 2007 and each year thereafter, such partial benefit shall be an amount equal to the difference between his or her weekly benefit amount and that part of his or her wages for such week in excess of twenty dollars or twenty percent of his or her weekly benefit amount, whichever is greater, and, if such partial benefit amount is not a multiple of one dollar, such amount shall be reduced to the nearest lower full dollar amount. ~~For calendar year 2007 and each year thereafter, such partial benefit shall be an amount equal to the difference between his or her weekly benefit amount and that part of his or her wages for such week in excess of twenty dollars or twenty percent of his or her weekly benefit amount, whichever is greater, and, if such partial benefit amount is not a multiple of one dollar, such amount shall be reduced to the nearest lower full dollar amount.~~ ~~For calendar year 2025 and each year thereafter, such partial benefit shall be an amount equal to the difference between his or her weekly benefit amount and one half of that part of his or her wages for such week in excess of twenty dollars or twenty percent of his or her weekly benefit amount, whichever is greater, and, if such partial benefit amount is not a multiple of one dollar, such amount shall be reduced to the nearest lower full dollar amount.~~ Pay received by an eligible insured worker who is a member of the organized militia for training or duty authorized by Section 502(a)(1) of Title 32, United States Code, shall not be considered wages for the purpose of this subsection.