

AMENDMENT TO ALLOW JOB SERVICE TO SUSPEND THE UNEMPLOYMENT INSURANCE WAITING PERIOD

Background

As part of the original Cares Act, and now with the American Rescue Plan, Congress is providing states with an incentive to waive the waiting period for Unemployment Insurance (UI) benefits that claimants must serve during the pandemic. The federal government will pay for all the benefit costs for the first week of benefits paid if a state has no waiting period or suspends their waiting period temporarily.

The waiting period is a long-standing aspect of the UI program. It provides additional time for the agency administering the UI program to investigate claims and it serves as somewhat of a “deductible” for claimants. It does not reduce the amount of benefits claimants receive, but delays payments for a week and helps prevent manipulation of the UI program.

Why is the federal government providing reimbursement?

- The reimbursement serves two purposes:
 1. Speeds benefit payments to individuals finding themselves unemployed
 2. Helps employers by covering costs normally expended from the state UI Trust Fund
 - a. Ultimately helps trust fund solvency which positively impacts employer UI tax rates

Financial Information

- To date, this reimbursement amounts to \$49 million based upon the claims North Dakota has already experienced
- It is expected that going forward, if the waiting period is suspended to September when the federal reimbursement ends, and claims remain at their current level, an additional \$5.3 million will be reimbursed to North Dakota, with the potential for much more if claims should rise

Why an amendment now?

- Job Service recognizes that the current method being utilized to suspend the waiting period, Governor’s Executive Order, is not a solution that will likely remain through September 2021. For this reason, we began looking for a method that would allow Job Service to suspend the waiting period under a very specific situation such as we find ourselves in at this time.
- The duration of the national pandemic and the continued federal extensions of programs and reimbursements were not foreseen, or Job Service would have introduced this language at the beginning of session
- Without reimbursement from the federal government, Job Service would not be introducing this type of language. However, understanding the stress employers have been under in 2020 and into 2021, this reimbursement provides a great benefit and helps to keep UI taxes down. If the reimbursement from the federal government for the waiting period did not occur, the benefit payments made to claimants would remain the same, but the employers of the state would be paying the entire amount

Amendment

The solution we have identified is the addition of language to statute that gives Job Service the ability to suspend the waiting period when the federal government is providing reimbursement for benefits paid during the suspended period. This language was created in such a way as to ensure that the agency could not just waive the period for any purpose, which would lend itself to external or political pressures.

Our legal counsel at the Attorney General's office is currently putting the new language into amendment format, and Job Service is requesting this amendment be made to SB 2016, our appropriation bill, and that an emergency clause be added to ensure that should the Executive Order be ended, the opportunity to continue to receive this federal reimbursement remains at the current time.

Following is the language Job Service drafted:

52-06-01 subsection 4:

4. The individual has been unemployed for a waiting period of one week. The Executive Director may suspend the waiting period for periods of time when federal reimbursement for benefit charges incurred for the suspended waiting period are made available to the bureau. Any suspension of the waiting period will apply to all new initial claims filed with an effective date that falls within the time period in which the waiting period is suspended. No week may be counted as a week of unemployment for the purposes of this subsection:

a. Unless it occurs within the benefit year which includes the week with respect to which the individual claims payment of benefits;

b. If benefits have been paid with respect thereto; and

c. Unless the individual was eligible for benefits, with respect thereto as provided in this section and section 52-06-02; and

Need emergency clause as well