



SENATE BILL 114: DES COVID Modifications and Technical Changes.

2021-2022 General Assembly

Committee:		Date:	February 25, 2022
Introduced by:		Prepared by:	Greg Roney Staff Attorney
Analysis of:	S.L. 2021-5		

OVERVIEW: *S.L. 2021-5 makes the following changes to the unemployment insurance (UI) system:*

- *Allows "back-to-back" extended benefit periods for UI claims in 2021.*
- *Prevents the base UI rate from automatically adjusting higher for UI tax due from employers in 2021.*
- *Makes technical changes requested by the NC Department of Commerce's Division of Employment Security (DES)*

The Act became effective March 30, 2021. However, many sections have different implementation periods as discussed in the Bill Analysis section.

CURRENT LAW, BILL ANALYSIS, AND EFFECTIVE DATE:

The Act, as SB 114, second edition, was reviewed by the staff of the US Department of Labor (USDOL) and found to be in conformity with federal unemployment insurance laws. SB 114, as filed, was a recommendation of the Joint Legislative Oversight Committee on Unemployment Insurance which also voted in favor of the second edition of the bill.

Bill Section G.S. §	Current Law and Bill Analysis	Effective Date
Bill Section 1 §96-14.16(a)	G.S. §96-14.16(a) allows "back-to-back" extended benefit periods for both COVID-related UI claims and regular UI claims until 12/31/21. Under current law, extra weeks of UI, called extended benefits (EB), can be triggered due to high unemployment. A waiting period applies between periods of extended benefits. DES requested the change.	3/10/20 until earlier of 12/31/21 or Governor rescinding Executive Order No. 116 [State of Emergency for COVID]
Bill Section 1 §96-14.16(b)	G.S. §96-14.16(b) makes a technical election allowed under the federal Pandemic Emergency Unemployment Compensation program (PEUC) to place UI claimants on federal UI benefits ahead of State UI benefits in certain situations. The election conserves the State's UI trust fund. The election also maximizes UI claimant's potential weeks of benefits by exhausting federal benefits first and conserving State weeks for future periods of unemployment. DES requested the election.	3/10/20 until earlier of 12/31/21 or Governor rescinding Executive Order No. 116 [State of

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Bill Section 1 §96-14.16(c)	<p>G.S. §96-14.16(c) prevents the base UI rate from automatically adjusting higher for UI tax due from employers in 2021. The lowest base rate will continue to apply in 2021, and employers will not pay higher UI taxes in 2021 due solely to the base rate changing.</p> <p>Under current law, the State UI tax rate base has 3 possible rates which adjust based on a formula to maintain solvency in the State UI trust fund. The lowest base rate applied in 2019. The middle base rate would apply in 2021 under current law. Each employer's rate is determined based on the base rate and the employer's experience rating (i.e., the employer's history of UI claims).</p>	3/10/20 until earlier of 12/31/21 or Governor rescinding Executive Order No. 116 [State of Emergency for COVID]
Bill Section 2 §96-14.14(a)	Section 2 makes a technical correction to cross references. The US Department of Labor (USDOL) requested the technical correction to §96-14.14(a). DES requested the change.	3/30/21
Bill Section 3 §96-14(b)	<p>Section 3 clarifies wages that reduce UI benefits must be earned in the same week as the benefits are paid.</p> <p>Under current law, UI benefits are reduced dollar-for-dollar after earnings allowance for any wages earned during the week. The earnings allowance is equal to 20% of the UI benefit. DES currently administers the UI law using wages earned during a benefit week. DES requested the change.</p>	3/30/21
Bill Section 4 §96-15(c)	Section 4 corrects punctuation error. DES requested the change.	3/30/21
Bill Section 5 §96-15(f)	Section 5 makes a technical correction by replacing references to "regulations" with "rules." DES requested the change.	3/30/21
Bill Section 6 §96-15(h)	Section 6 makes 2 technical changes: (1) allows electronic notification of a decision of the Board of Review in a manner identical to electronic notification for lower appeals decisions and (2) expressly limits the names/addresses that a claimant filing a judicial appeal can request to the names/addresses in DES' records. DES requested the changes.	6/1/21