

SUBJECT: Expanding eligibility for shared work benefits under shared work plans

COMMITTEE: Business and Industry — favorable, without amendment

VOTE: 7 ayes — C. Turner, Hefner, Crockett, Lambert, Ordaz Perez, Shine, S. Thompson

2 nays — Cain, Patterson

WITNESSES: For — Jonathan Lewis, Every Texan; Rene Lara, Texas AFL-CIO; *(Registered, but did not testify: TJ Patterson, City of Fort Worth; Elizabeth Colvin, RAISE Texas; Ann Baddour, Texas Appleseed; Ashley Harris, United Ways of Texas; Susana Carranza; Dorothy Ann Compton; Linda Guy)*

Against — None

On — *(Registered, but did not testify: Chris Oakley, Texas Workforce Commission)*

BACKGROUND: Labor Code sec. 215.001(6) defines a “shared work benefit” as an unemployment compensation benefit that is payable to a participating employee. Sec. 215.041(b) makes an individual eligible to receive shared work benefits for a week in which the individual’s normal weekly hours of work have been reduced by at least 10 percent but not more than 40 percent, with a corresponding reduction in wages, among other requirements.

Sec. 215.001(7) defines a “shared work plan” as a plan for reducing unemployment under which employees who are members of an affected unit share the work remaining after a reduction in their normal weekly hours of work. Sec. 215.022(a) allows the Texas Workforce Commission to approve a shared work plan if the plan, among other requirements, reduces the normal weekly hours of work for an employee in the affected unit by at least 10 percent but no more than 40 percent.

**DIGEST:** HB 157 would raise the cap on reduced weekly hours with respect to eligibility for shared work benefits and shared work plans from 40 percent to 60 percent.

The bill would apply only to an initial shared work plan or a shared work plan modification submitted by an employer to the Texas Workforce Commission (TWC) on or after the bill's effective date. A shared work plan modification submitted to TWC on or after the bill's effective date that reduced an individual's normal weekly hours of work more than 40 percent would be considered a substantial modification, and the modified plan would have to be evaluated and approved by the commission before implementation.

The bill would take effect September 1, 2021.

**SUPPORTERS SAY:** HB 157 would incentivize employers to take advantage of the shared work program by increasing the number of weekly hours an employee's work could be reduced by to qualify for shared work unemployment benefits. The shared work program offers an alternative to layoffs for employers during economic downturns, but currently is underutilized. The bill would encourage employers to use shared work plans and retain skilled and experienced labor by increasing eligibility for shared work benefits. The bill would not create a new public benefit, but merely expand an existing successful program.

**CRITICS SAY:** HB 157 would inappropriately expand a public benefit and grow the size of Texas government.