

**SUBJECT:** Defining work in “blind workshops” as employment

**COMMITTEE:** Economic Development — favorable, without amendment

**VOTE:** 8 ayes — Solis, Keffer, Clark, Deshotel, Homer, McClendon, Seaman, Yarbrough

0 nays

1 absent — Luna

**WITNESSES:** For — Glen Crosby, Norma Crosby, and Zena Percy, National Federation of the Blind of Texas

Against — None

**BACKGROUND:** The Texas Workforce Commission (TWC) collects unemployment insurance (UI) taxes for deposit into the unemployment compensation trust fund to pay unemployment benefits. Certain types of work are exempt from this taxation and its associated benefits, including work performed in a facility (such as a “blind workshop”) that provides paying work for individuals who, because of their impaired physical or mental capacity, cannot be readily absorbed into the competitive labor market. Since the work done by these individuals is not considered employment, they are not eligible for unemployment benefits. Up to 25 percent of a workshop’s workforce may be sighted individuals, for which the workshop must pay unemployment taxes.

**DIGEST:** HB 694 would amend the Labor Code to include in the definition of “employment” work performed by blind persons in a sheltered workshop operated by a charitable organization. Training would not be included in the definition of employment, but these organizations would have to have a timeline for completion of the training and a plan for employment upon completion of the training.

The bill would take effect September 1, 2001, and would apply only to a claim for unemployment compensation benefits on or after that date.

**SUPPORTERS  
SAY:**

HB 694 would amend the Labor Code to ensure that blind persons who worked at “blind workshops” were eligible for unemployment benefits. Under current statute, blind persons employed at these facilities are ineligible for unemployment benefits if laid off from their jobs, while their sighted colleagues who perform the same work are able to collect unemployment benefits. These workers should have the same right as all other employees to receive unemployment benefits when laid off.

Many of these employers would not have to pay additional unemployment insurance taxes because as non-profits they have the option of reimbursing the state for any former workers who received benefits rather than paying taxes. These employers only would have to pay the state if they chose to lay off an employee. Those employers who receive a profit from the employment of blind persons ought to pay taxes as they do on their other employees since they receive the same benefit from the employee.

**OPPONENTS  
SAY:**

HB 694 could increase taxes or reimbursement payments for “blind workshops.” These facilities often employ individuals who are unable to find work in the competitive labor market, and if their taxes were raised, or if they had to pay higher reimbursement payments, they might not be able to provide employment to as many of these individuals.