#### SECOND REGULAR SESSION

## SENATE BILL NO. 673

#### 95TH GENERAL ASSEMBLY

INTRODUCED BY SENATOR PEARCE.

Pre-filed December 1, 2009, and ordered printed.

3229S.01I

TERRY L. SPIELER, Secretary.

### AN ACT

To repeal sections 23.295, 160.575, 178.761, 178.762, 178.764, 286.005, and 288.040, RSMo, and to enact in lieu thereof seven new sections relating to unemployment.

Be it enacted by the General Assembly of the State of Missouri, as follows:

Section A. Sections 23.295, 160.575, 178.761, 178.762, 178.764, 286.005,

- 2 and 288.040, RSMo, are repealed and seven new sections enacted in lieu thereof,
- 3 to be known as sections 23.295, 160.575, 178.761, 178.762, 178.764, 286.005, and
- 4 288.040, to read as follows:
  - 23.295. If an employee is displaced because a program is sunset,
- 2 reorganized, or continued, the state agency and the [division] office of [workforce
- 3 development in the department of economic development] job development and
- 4 training shall make a reasonable effort to relocate the displaced employee.
  - 160.575. 1. The department of elementary and secondary education shall
- 2 develop a "ready to work" endorsement program that enables high schools to
- 3 endorse a certificate for students who meet certain standards that demonstrate
- 4 that such students are deemed ready to work. The program shall be available no
- 5 later than June 30, 2007.
- 6 2. The program shall include, but not be limited to, the following:
- 7 (1) Voluntary participation by high school seniors who choose to 8 participate;
- 9 (2) Academic components;
- 10 (3) Work readiness components;
- 11 (4) Assessment tools and techniques for a third-party, independent, and
- 12 objective assessment and endorsement of individual student achievement through

EXPLANATION—Matter enclosed in bold-faced brackets [thus] in this bill is not enacted and is intended to be omitted in the law.

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- 13 an existing workforce investment service delivery system; and
- 14 (5) An easily identifiable guarantee to potential employers that the 15 entry-level employee is ready to work.
- 3. In developing such standards, the department shall involve representatives of the [division] office of [workforce development] job development and training, employers, students, career center providers, local workforce investment boards, and school district personnel.

178.761. A community college district, with the approval of the department of [economic development] labor and industrial relations in consultation with the office of administration, may enter into an agreement to establish a project and provide program services to an employer. As soon as possible after initial contact between a community college district and a potential employer regarding the possibility of entering into an agreement, the district 6 shall inform the [division] office of [workforce development of the department of economic development] job development and training and the office of administration about the potential project. The [division] office of [workforce 9 development] job development and training shall evaluate the proposed 10 project within the overall job training efforts of the state to ensure that the 11 12 project will not duplicate other job training programs. The department of 13 [economic development] labor and industrial relations shall have fourteen 14 days from receipt of the application to approve or disapprove projects. If no response is received by the community college within fourteen days, the projects 15 16 are approved. Any project that is disapproved must be in writing stating the 17 reasons for the disapproval. If an agreement is entered into, the district and the employer shall notify the department of revenue within fifteen calendar days. An 18 agreement may provide, but is not limited to: 19

- (1) Payment of program costs, including deferred costs, which may be paid from one or a combination of the following sources:
- (a) Funds appropriated by the general assembly from the Missouri community college job retention program fund and disbursed by the division of workforce development in respect of retained jobs credit from withholding to be received or derived from retained employment resulting from the project;
- (b) Tuition, student fees, or special charges fixed by the board of trustees to defray program costs in whole or in part;
- 28 (c) Guarantee of payments to be received under paragraph (a) or (b) of this 29 subdivision;

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30 (2) Payment of program costs shall not be deferred for a period longer 31 than ten years if program costs do not exceed five hundred thousand dollars, or 32 eight years if program costs exceed five hundred thousand dollars from the date 33 of commencement of the project;

- (3) Costs of on-the-job training for employees shall include wages or salaries of participating employees. Payments for on-the-job training shall not exceed the average of fifty percent of the total percent of the total wages paid by the employer to each participant during the period of training. Payment for on-the-job training may continue for up to six months from the date of the employer's capital investment;
- 40 (4) A provision which fixes the minimum amount of retained jobs credit 41 from withholding, or tuition and fee payments which shall be paid for program 42 costs;
  - (5) Any payment required to be made by an employer is a lien upon the employer's business property until paid and has equal precedence with ordinary taxes and shall not be divested by a judicial sale. Property subject to the lien may be sold for sums due and delinquent at a tax sale, with the same forfeitures, penalties, and consequences as for the nonpayment of ordinary taxes. The purchasers at tax sale obtain the property subject to the remaining payments.

178.762. If an agreement provides that all or part of program costs are to be met by receipt of retained jobs credit from withholding, such retained jobs credit from withholding shall be determined and paid as follows:

- (1) Retained jobs credit from withholding shall be based upon the wages paid to the employees in the retained jobs;
- 6 (2) A portion of the total payments made by the employer under section 143.221, RSMo, shall be designated as the retained jobs credit from 7 withholding. Such portion shall be an amount equal to two and one-half percent 8 of the gross wages paid by the employer for each of the first one hundred jobs 10 included in the project and one and one-half percent of the gross wages paid by the employer for each of the remaining jobs included in the project. If business 11 or employment conditions cause the amount of the retained jobs credit from 12 13 withholding to be less than the amount projected in the agreement for any time period, then other withholding tax paid by the employer under section 143.221, 14 RSMo, shall be credited to the Missouri community college retained job training 15 fund by the amount of such difference. 16
- 17 The employer shall remit the amount of the retained jobs credit to the

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department of revenue in the manner prescribed in section 178.764. When all program costs, including the principal, premium, and interest on the certificates have been paid, the employer credits shall cease;

- 21(3) The community college district participating in a project shall 22 establish a special fund for and in the name of the project. All funds 23appropriated by the general assembly from the Missouri community college job 24training retention program fund and disbursed by the [division] office of 25[workforce development] job development and training for the project and 26 other amounts received by the district in respect of the project and required by the agreement to be used to pay program costs for the project shall be deposited 2728 in the special fund. Amounts held in the special fund may be used and disbursed by the district only to pay program costs for the project. The special fund may be 29divided into such accounts and subaccounts as shall be provided in the 30 agreement, and amounts held therein may be invested in investments which are 31 legal for the investment of the district's other funds; 32
  - (4) Any disbursement in respect of a project received from the [division] office of [workforce] job development and training under sections 178.760 to 178.764 and the special fund into which it is paid may be irrevocably pledged by a community college district for the payment of the principal, premium, and interest on the certificate issued by a community college district to finance or refinance, in whole or in part, the project;
- 39 (5) The employer shall certify to the department of revenue that the credit 40 from withholding is in accordance with an agreement and shall provide other 41 information the department may require;
- 42 (6) An employee participating in a project will receive full credit for the 43 amount designated as a retained jobs credit from withholding and withheld as 44 provided in section 143.221, RSMo;
  - (7) If an agreement provides that all or part of program costs are to be met by receipt of retained jobs credit from withholding, the provisions of this subsection shall also apply to any successor to the original employer until such time as the principal and interest on the certificates have been paid.

178.764. 1. There is hereby established within the state treasury a special fund, to be known as the "Missouri Community College Job Retention Training Program Fund", to be administered by the [division] office of [workforce] job development and training. The department of revenue shall credit to the community college job retention training program fund, as received,

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all retained jobs credit from withholding remitted by employers pursuant to section 178.762. The fund shall also consist of any gifts, contributions, grants, or bequests received from federal, private, or other sources. The general 8 assembly, however, shall not provide for any transfer of general revenue funds into the community college job retention training program fund. Moneys in the 10 11 Missouri community college job retention training program fund shall be 12 disbursed to the [division] office of [workforce] job development and training pursuant to regular appropriations by the general assembly. The division shall 13 14 disburse such appropriated funds in a timely manner into the special funds established by community college districts for projects, which funds shall be used 15 to pay program costs, including the principal, premium, and interest on 16 certificates issued by the district to finance or refinance, in whole or in part, a 17 project. Such disbursements by the [division] office of [workforce] job 18 19 development and training shall be made to the special fund for each project in the same proportion as the retained jobs credit from withholding remitted by the 20 employer participating in such project bears to the total retained jobs credit from 2122withholding remitted by all employers participating in projects during the period for which the disbursement is made. Moneys for retained jobs training programs 23established under sections 178.760 to 178.764 shall be obtained from  $^{24}$ 25appropriations made by the general assembly from the Missouri community  $^{26}$ college job retention training program fund. All moneys remaining in the 27Missouri community college job retention training program fund at the end of any 28 fiscal year shall not lapse to the general revenue fund, as provided in section 33.080, RSMo, but shall remain in the Missouri community college job retention 29 30 training program fund.

2. The department of revenue shall develop such forms as are necessary to demonstrate accurately each employer's retained jobs credit from withholding paid into the Missouri community college job retention training program fund. The retained jobs credit from withholding shall be accounted as separate from the normal withholding tax paid to the department of revenue by the employer. Reimbursements made by all employers to the Missouri community college job retention training program fund shall be no less than all allocations made by the [division] office of [workforce] job development and training to all community college districts for all job retention projects. The employer shall remit the amount of the retained job credit to the department of revenue in the same manner as provided in sections 143.191 to 143.265, RSMo.

286.005. 1. There is hereby created a "Department of Labor and Industrial Relations" to be headed by a labor and industrial relations commission as provided by section 49, article IV, Constitution of Missouri. All the powers, duties and functions of the industrial commission are transferred by type I transfer to the labor and industrial relations commission and the industrial commission is abolished. The commission shall nominate and the governor shall appoint, with the advice and consent of the senate, the director of the department to be the chief administrative officer of the department. Members of the industrial commission on May 2, 1974, shall become members of the commission 9 and the terms of the commission members shall be the same as provided by law 10 for the industrial commission. Individuals appointed as members of the industrial 11 commission shall serve the remainder of the term to which they were appointed 12 as members of the commission. The members of the commission shall receive an 13 annual salary of seventy-two thousand seven hundred thirty-five dollars plus any 14salary adjustment provided pursuant to section 105.005, RSMo, payable out of the 15 state treasury. The board of rehabilitation is abolished as hereinafter set out and 16 on May 2, 1974, no compensation shall be paid to any person as a member of the 17 board of rehabilitation, other provisions of the law notwithstanding. The director 18 of the department shall appoint other division heads in the department. For the 19 20 purposes of subsections 6, 7, 8 and 9 of section 1 of the reorganization act of 1974, 21the director of the department shall be construed as the head of the department 22 of labor and industrial relations.

- 23 2. All powers, duties, and functions vested by law in the division of 24 employment security, chapter 288, RSMo, and others, are transferred by type II 25 transfer to the department.
- 3. All powers, duties, and functions vested by law in the division of workers' compensation, chapter 287, RSMo, and others, are transferred by type II transfer to the department.
- 4. All the powers, duties, and functions of the board of rehabilitation, chapter 287, RSMo, and others, are transferred by type I transfer to the division of workers' compensation of the department and the board of rehabilitation is abolished.
- 5. All powers, duties and functions vested by law in the division of industrial inspections and the division of mine inspections, chapters 286, 290, 291, 292, 293, 294 and 444, RSMo, which were previously transferred by type I transfer to the inspection section of the department, are transferred to the

division of labor standards of the department. Employees of the division performing duties related to the mine safety and health act and the occupational safety health act shall be selected in accord with chapter 36, RSMo.

- 6. All the powers, duties, and functions vested by law in the state board of mediation under chapter 295, RSMo, and others, are transferred by type II transfer to the department.
- 7. All employees of the division of employment security shall be selected in accord with chapter 36, RSMo.
- 8. The Missouri commission on human rights, and all the authority, powers, duties, functions, records, personnel, property, matters pending and other pertinent vestiges thereof vested in the Missouri commission on human rights under chapters 213, 296, 314, and others, RSMo, are transferred by type III transfer to the department. Members of the Missouri commission on human rights shall be nominated by the director for appointment by the governor, by and with the advice and consent of the senate.
  - 9. The department shall act as the administrative entity for the governor's council on disability. The federal and state funds necessary for the administration and implementation of the programs and services provided by the governor's council on disability shall be appropriated through the department.
  - Training" within the division of employment security in the department of labor and industrial relations. All of the powers, duties, functions, records, personnel, property, matters pending and other pertinent vestiges vested by executive order No. 99-3, statute, or rule in the division of workforce development relating to the administration of free public employment offices, employment assistance programs, and job development training and placement are transferred by a Type I transfer to the office of job development and training in the division of employment security in the department of labor and industrial relations.
- 288.040. 1. A claimant who is unemployed and has been determined to 2 be an insured worker shall be eligible for benefits for any week only if the deputy 3 finds that:
- 4 (1) The claimant has registered for work at and thereafter has continued 5 to report at an employment office in accordance with such regulations as the 6 division may prescribe;

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- 7 (2) The claimant is able to work and is available for work. No person shall be deemed available for work unless such person has been and is actively and earnestly seeking work. Upon the filing of an initial or renewed claim, and 9 10 prior to the filing of each weekly claim thereafter, the deputy shall notify each claimant of the number of work search contacts required to constitute an active 11 12 search for work. No person shall be considered not available for work, pursuant to this subdivision, solely because he or she is a substitute teacher or is on jury 13 14 duty. A claimant shall not be determined to be ineligible pursuant to this subdivision because of not actively and earnestly seeking work if: 15
  - (a) The claimant is participating in training approved pursuant to Section 236 of the Trade Act of 1974, as amended, (19 U.S.C.A. Sec. 2296, as amended);
  - (b) The claimant is temporarily unemployed through no fault of his or her own and has a definite recall date within eight weeks of his or her first day of unemployment; however, upon application of the employer responsible for the claimant's unemployment, such eight-week period may be extended not to exceed a total of sixteen weeks at the discretion of the director;
  - (3) The claimant has reported in person, by phone, or by email to an office of the division as directed by the deputy, but at least once every four weeks, except that a claimant shall be exempted from the reporting requirement of this subdivision if:
  - (a) The claimant is claiming benefits in accordance with division regulations dealing with partial or temporary total unemployment; [or]
  - (b) The claimant is temporarily unemployed through no fault of his or her own and has a definite recall date within eight weeks of his or her first day of unemployment; [or]
  - (c) The claimant resides in a county with an unemployment rate, as published by the division, of ten percent or more and in which the county seat is more than forty miles from the nearest division office;
  - (d) The director of the division of employment security has determined that the claimant belongs to a group or class of workers whose opportunities for reemployment will not be enhanced by reporting [in person], or is prevented from reporting due to emergency conditions [that limit access by the general public to an office that serves the area where the claimant resides], but only during the time such circumstances exist; or
- 41 (e) The state unemployment rate is six percent or greater.
- 42 Ineligibility pursuant to this subdivision shall begin on the first day of the week

which the claimant was scheduled to claim and shall end on the last day of the week preceding the week during which the claimant does report [in person] to the division's office;

- (4) Prior to the first week of a period of total or partial unemployment for which the claimant claims benefits he or she has been totally or partially unemployed for a waiting period of one week. No more than one waiting week will be required in any benefit year. During calendar year 2008 and each calendar year thereafter, the one-week waiting period shall become compensable once his or her remaining balance on the claim is equal to or less than the compensable amount for the waiting period. No week shall be counted as a week of total or partial unemployment for the purposes of this subsection unless it occurs within the benefit year which includes the week with respect to which the claimant claims benefits;
- (5) The claimant has made a claim for benefits within fourteen days from the last day of the week being claimed. The fourteen-day period may, for good cause, be extended to twenty-eight days;
- (6) The claimant has reported to an employment office to participate in a reemployment assessment and reemployment services as directed by the deputy or designated staff of an employment office, unless the deputy determines that good cause exists for the claimant's failure to participate in such reemployment assessment and reemployment services. For purposes of this section, "reemployment services" may include, but not be limited to, the following:
  - (a) Providing an orientation to employment office services;
  - (b) Providing job search assistance; and
  - (c) Providing labor market statistics or analysis;
- Ineligibility under this subdivision shall begin on the first day of the week which the claimant was scheduled to report for the reemployment assessment or reemployment services and shall end on the last day of the week preceding the week during which the claimant does report [in person] to the employment office for such reemployment assessment or reemployment services;
- (7) The claimant is participating in reemployment services, such as job search assistance services, as directed by the deputy if the claimant has been determined to be likely to exhaust regular benefits and to need reemployment services pursuant to a profiling system established by the division, unless the deputy determines that:
  - (a) The individual has completed such reemployment services; or

- 79 (b) There is justifiable cause for the claimant's failure to participate in 80 such reemployment services.
- 2. A claimant shall be ineligible for waiting week credit or benefits for any week for which the deputy finds he or she is or has been suspended by his or her most recent employer for misconduct connected with his or her work. Suspensions of four weeks or more shall be treated as discharges.
  - 3. (1) Benefits based on "service in employment", defined in subsections 7 and 8 of section 288.034, shall be payable in the same amount, on the same terms and subject to the same conditions as compensation payable on the basis of other service subject to this law; except that:
  - (a) With respect to service performed in an instructional, research, or principal administrative capacity for an educational institution, benefits shall not be paid based on such services for any week of unemployment commencing during the period between two successive academic years or terms, or during a similar period between two regular but not successive terms, or during a period of paid sabbatical leave provided for in the individual's contract, to any individual if such individual performs such services in the first of such academic years (or terms) and if there is a contract or a reasonable assurance that such individual will perform services in any such capacity for any educational institution in the second of such academic years or terms;
  - (b) With respect to services performed in any capacity (other than instructional, research, or principal administrative capacity) for an educational institution, benefits shall not be paid on the basis of such services to any individual for any week which commences during a period between two successive academic years or terms if such individual performs such services in the first of such academic years or terms and there is a contract or a reasonable assurance that such individual will perform such services in the second of such academic years or terms;
  - (c) With respect to services described in paragraphs (a) and (b) of this subdivision, benefits shall not be paid on the basis of such services to any individual for any week which commences during an established and customary vacation period or holiday recess if such individual performed such services in the period immediately before such vacation period or holiday recess, and there is reasonable assurance that such individual will perform such services immediately following such vacation period or holiday recess;
  - (d) With respect to services described in paragraphs (a) and (b) of this

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subdivision, benefits payable on the basis of services in any such capacity shall be denied as specified in paragraphs (a), (b), and (c) of this subdivision to any individual who performed such services at an educational institution while in the employ of an educational service agency, and for this purpose the term "educational service agency" means a governmental agency or governmental entity which is established and operated exclusively for the purpose of providing such services to one or more educational institutions.

- (2) If compensation is denied for any week pursuant to paragraph (b) or (d) of subdivision (1) of this subsection to any individual performing services at an educational institution in any capacity (other than instructional, research or principal administrative capacity), and such individual was not offered an opportunity to perform such services for the second of such academic years or terms, such individual shall be entitled to a retroactive payment of the compensation for each week for which the individual filed a timely claim for compensation and for which compensation was denied solely by reason of paragraph (b) or (d) of subdivision (1) of this subsection.
- 4. (1) A claimant shall be ineligible for waiting week credit, benefits or shared work benefits for any week for which he or she is receiving or has received remuneration exceeding his or her weekly benefit amount or shared work benefit amount in the form of:
- (a) Compensation for temporary partial disability pursuant to the workers' compensation law of any state or pursuant to a similar law of the United States;
- (b) A governmental or other pension, retirement or retired pay, annuity, or other similar periodic payment which is based on the previous work of such claimant to the extent that such payment is provided from funds provided by a base period or chargeable employer pursuant to a plan maintained or contributed to by such employer; but, except for such payments made pursuant to the Social Security Act or the Railroad Retirement Act of 1974 (or the corresponding provisions of prior law), the provisions of this paragraph shall not apply if the services performed for such employer by the claimant after the beginning of the base period (or remuneration for such services) do not affect eligibility for or increase the amount of such pension, retirement or retired pay, annuity or similar payment.
- (2) If the remuneration referred to in this subsection is less than the benefits which would otherwise be due, the claimant shall be entitled to receive for such week, if otherwise eligible, benefits reduced by the amount of such

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remuneration, and, if such benefit is not a multiple of one dollar, such amount shall be lowered to the next multiple of one dollar.

- (3) Notwithstanding the provisions of subdivisions (1) and (2) of this subsection, if a claimant has contributed in any way to the Social Security Act or the Railroad Retirement Act of 1974, or the corresponding provisions of prior law, no part of the payments received pursuant to such federal law shall be deductible from the amount of benefits received pursuant to this chapter.
- 5. A claimant shall be ineligible for waiting week credit or benefits for any week for which or a part of which he or she has received or is seeking unemployment benefits pursuant to an unemployment insurance law of another state or the United States; provided, that if it be finally determined that the claimant is not entitled to such unemployment benefits, such ineligibility shall not apply.
  - 6. (1) A claimant shall be ineligible for waiting week credit or benefits for any week for which the deputy finds that such claimant's total or partial unemployment is due to a stoppage of work which exists because of a labor dispute in the factory, establishment or other premises in which such claimant is or was last employed. In the event the claimant secures other employment from which he or she is separated during the existence of the labor dispute, the claimant must have obtained bona fide employment as a permanent employee for at least the major part of each of two weeks in such subsequent employment to terminate his or her ineligibility. If, in any case, separate branches of work which are commonly conducted as separate businesses at separate premises are conducted in separate departments of the same premises, each such department shall for the purposes of this subsection be deemed to be a separate factory, establishment or other premises. This subsection shall not apply if it is shown to the satisfaction of the deputy that:
- 178 (a) The claimant is not participating in or financing or directly interested 179 in the labor dispute which caused the stoppage of work; and
- 180 (b) The claimant does not belong to a grade or class of workers of which, 181 immediately preceding the commencement of the stoppage, there were members 182 employed at the premises at which the stoppage occurs, any of whom are 183 participating in or financing or directly interested in the dispute.
  - (2) "Stoppage of work" as used in this subsection means a substantial diminution of the activities, production or services at the establishment, plant, factory or premises of the employing unit. This definition shall not apply to a

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strike where the employees in the bargaining unit who initiated the strike are participating in the strike. Such employees shall not be eligible for waiting week credit or benefits during the period when the strike is in effect, regardless of diminution, unless the employer has been found guilty of an unfair labor practice by the National Labor Relations Board or a federal court of law for an act or actions preceding or during the strike.

- 7. On or after January 1, 1978, benefits shall not be paid to any individual on the basis of any services, substantially all of which consist of participating in sports or athletic events or training or preparing to so participate, for any week which commences during the period between two successive sport seasons (or similar periods) if such individual performed such services in the first of such seasons (or similar periods) and there is a reasonable assurance that such individual will perform such services in the later of such seasons (or similar periods).
- 8. Benefits shall not be payable on the basis of services performed by an alien, unless such alien is an individual who was lawfully admitted for permanent residence at the time such services were performed, was lawfully present for purposes of performing such services, or was permanently residing in the United States under color of law at the time such services were performed (including an alien who was lawfully present in the United States as a result of the application of the provisions of Section 212(d)(5) of the Immigration and Nationality Act).
- (1) Any data or information required of individuals applying for benefits to determine whether benefits are not payable to them because of their alien status shall be uniformly required from all applicants for benefits.
- (2) In the case of an individual whose application for benefits would otherwise be approved, no determination that benefits to such individual are not payable because of such individual's alien status shall be made except upon a preponderance of the evidence.
- 9. The directors of the division of employment security and the division of workforce development shall submit to the governor, the speaker of the house of representatives, and the president pro tem of the senate no later than October 15, 2006, a report outlining their recommendations for how to improve work search verification and claimant reemployment activities. The recommendations shall include, but not limited to how to best utilize "greathires.org", and how to reduce the average duration of unemployment insurance claims. Each calendar year thereafter, the directors shall submit a report containing their

223 recommendations on these issues by December thirty-first of each year.

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