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unemployment benefits after the U.S. Labor Department said some parts are not in compliance with federal law.

Jul. 16, 2013

State legislators will have to make changes to the recently signed law that cuts state unemployment benefits after the U.S. Labor Department said some parts are not in compliance with federal law.

Gay Gilbert, with the federal Office of Unemployment Insurance, said in a July 9 letter that the legislature cannot deny benefits to certain individuals who have lost their jobs. Gilbert identified several conformity concerns about the state law.

However, Gilbert said the Labor Department did not have an issue with the law reducing, as of July 1, maximum weekly benefits from \$535 to \$350, and maximum number of benefit weeks from 26 weeks to 20 weeks.

Legislators disqualified the state from federal extended unemployment insurance benefits because they chose to alter North Carolina's standards without federal government approval. The changes are projected to affect 165,000 residents between July 1 and Dec. 31.

Economists say it may take several months, if not into the early part of 2014, to determine whether the reduced jobless benefits and the promise of a quicker reduction of a \$2.15 billion debt to the federal government will spur employers, particularly small businesses, to increase hiring.

Gilbert's 13-page letter was sent to Dale Folwell, assistant secretary for the N.C. Division of Employment Security. The legislature has 30 days, or until Aug. 8, to conform the state law to federal law.

Otherwise, the U.S. Labor secretary could choose not to certify North Carolina,

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have little to do with who qualifies for benefits.

One non-conformity example is that U.S. Labor officials interpreted the new N.C. law as saying any individual who quits their job would not be eligible for any unemployment benefits for a benefit year.

However, the benefit year is subject to the departure date from an employer. If an individual quits a job, gets hired for a new job within the year and then their job is eliminated for no fault of their own, they are eligible to draw benefits from the second employer.

Another area of conformity conflict involves the new state law saying that an individual is disqualified from their remaining benefits if they fail to apply for suitable work when directed by an employment office, fail to accept suitable work when offered, or fail to return to customary self-employment when directed by the division. It also means an individual could be disqualified from benefits if they don't return to their job if recalled within the first four weeks of a layoff.

“For employment separations, a total reduction of benefit rights may be imposed only if the individual is discharged for misconduct connected with work, fraud in connection with a claim for compensation, or receipt of disqualifying income,” Gilbert wrote.

Gilbert said individuals who are enrolled in vocational school or training programs approved by the state division cannot be disqualified from receiving benefits if they turn down work during the training sessions. State law allows an individual to not have to complete the weekly work-search requirement.

Another key element is that if North Carolina were to qualify for federal extended benefits in the future, the reduced state benefits would lead to a reduction in federal benefits.

The N.C. Justice Center, a left-leaning think tank, said legislators need to respond to

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