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Unemployment Compensation Law

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Unemployment Compensation Law

The employees who lose their jobs unfairly get wage replacement payments through the unemployment compensation law to cushion them from the challenging economic times that they may experience due to the loss of their sources of livelihoods. The loss of employment may be due to a natural calamity or any other cause that the employees have no direct or indirect touch with. This, therefore, necessitates all the employment agencies, institutions, organizations, and companies to be submitting to the state unemployment insurance fund payments as required by the laws of that particular state in line with the federal labor laws to help achieve the purpose for the insurance fund. Unemployment compensation laws and regulations provide for policies in which the affected citizens who suffer job loss through no fault of their own get monetary funding until such a time that they get a new job that can sustain them as that of before (Isaacs, 2018). Additionally, as observed by Schuckers & Bradley (n.d), the Pennsylvania state legislatures in 1936 enacted a law, in line with the federal government's requirement and to help the citizens out of depression due to tough economic times that generally had a purpose of giving unemployment compensation grant to the unemployed citizens. Throughout the paper, there is a discussion of the summary of the law, how unemployment compensation law affects the employer and employee about human resources, any statutes at both the state and federal government guiding the same, and the law's impact at the workplace.

Summary of the Law

The law requires that those who suffer a loss of jobs through no fault of their application for unemployment compensation from the state government, after which their eligibility to receive the funding will be determined. To be considered for this funding, they must meet

specific qualifications without which they will not qualify for the same. These qualifications include; must be out of work through fault not of their own, must meet minimum job earning and employment tenure requirements, can work, are available to work as well as actively looking for a job opportunity. Dau-Schmidt et al. (2021) agree with the qualifications mentioned above and adds that whoever resigns or is fired from their job does not qualify for the funding because it is considered loss of job due to own fault when fired or resigns. Upon the application for the fund also, a combination of both the federal and state laws are used in determining who is qualified, the amount to give and the period to give the funding and being that different states have different laws regarding the unemployment compensation funding, they legislate their laws regarding the same. Still, they must be approved by the secretary of the state for labor (Isaacs, 2018). The federal and state taxes also support this fund as a way of making it robust when it comes to helping those who have lost their jobs for genuine reasons resulting from fault, not of their own making.

Effect of The Law On Employers and Employees

The law requires the employers to respond to the claim made by the former as it is required that the employer must reject or accept the claim as per the terms and conditions that led to their former employee losing a job at their station. The employer must ascertain that the response they give to the state unemployment office concerning the termination of their former employee is the truth and nothing but the truth. If they are found lying about the same, they are likely to be hit by heavy penalties more taxation. In most cases, the SUTA is derived by determining its size through its revenue and the number of claimed unemployment funding. The basis of SUTA tax for the next quarter is arrived at, making most companies contest various claims to reduce taxation (SHRM, 2021). In connection to this, the employers have no choice.

Still, they must remit the unemployment compensation tax failure to which they are made to pay heavy penalties due to their negligence (Avdagic, 2015). The employers, therefore, play a significant role in ensuring the realization of the law is achieved. In some genuine cases, there could be a time that the company may lack an option but lay off some of its workers due to hard economic times; however, it comes with challenges in terms of subsequent UI taxation of the company. So this makes the work of the employees difficult in managing their human resources because keeping more workers means that the employers have to pay more for the workmanship these employees offer in the company. Again, laying them off means attracting more taxes for the subsequent years for the company, which complicates the employers' work when it comes to human resource management. As Stone & Chen (2014) added, these management difficulties often make some employers unceremoniously fire their staff with no legitimate reason or through their legal officers, constantly resort to the contestation of such claims whenever they arise from their former employees. Every company always puts all considerations possible to achieve the best in terms of profit realization. So the challenging economic times, but most companies in making complex decisions regarding managing their human resources for employers have to weigh which options are cheaper between laying off workers or paying more SUTA taxes in the subsequent years.

On the other hand, employees are on the receiving end, for they have to apply for the fund to be considered. After sending a claim to the state unemployment office, they are requested to clearly state the reasons for their dismissal from the work they previously did. It is not automatic to get the funding because their previous employers can reject their claim (Charlot et al., 2016). Also, many UI may make the employees embrace job informality due to the significant benefits found from the insurance (Charlot et al., 2016). If an employer rejects a

claim, the former employee can appeal the case, giving the state unemployment officer a phone interview with both the employee and employer to ascertain the truth. Therefore, the unemployment compensation law can provide room for mismanagement of the human resource as per the employer's interest.

Statutes at Both the Federal and State Government

The federal law requires the states to form unemployment compensation laws by deriving their authorization and powers from the federal social security act. The Act gives powers to congress to amend as deem fit all the laws governing the unemployment insurance and temporary programs regarding the funding (Whittaker & Isaacs, 2019). The Act also gives the secretary of the state for labor to approve all the state laws before the various states implement them. The federal government-state taxes finance the funding under FUTA and SUTA (Whittaker & Isaacs, 2019). The Act requires that all the state laws regarding unemployment, even though they may vary according to states but at all given time, must conform to the federal requirements of such provision by the federal law.

On the achievement of the same, the states are required by law to formulate the rules, regulations, and laws guiding the provision according to their independent situation through their local legislative assembly. It is a requirement by law that the state implements unemployment compensation through their state unemployment officers (Whittaker & Isaacs, 2019). The statute, therefore, guides the distinct roles of the state and federal government in the implementation of the law.

Impact of This Law on Workplaces

For employees also have a significant role to play in the realization of the unemployment compensation law. They have to ensure that they follow all the workplace codes of ethics and do everything required to avoid being fired. During challenging economic times, the employers, through their human resource management departments, do all they can to thin their workforce as much as they can, and by so doing, they don't hesitate in firing an employee who proves to be a liability by violating their work rules and regulations. Employers are usually faced with a challenge between laying off their workers and attracting more SUTA taxation or keeping unmanageable employees during challenging economic times (Stone & Chen, 2014). Therefore in consideration of such a hard decision to make, employers might resort to firing their employees who make correctable mistakes to achieve their core objective of thinning their workforce and realize more profits. When this situation is not looked at well by the governing bodies that protect the workers' rights, more workers can be sent out of a job without any compelling reason. In this situation, they have to submit to all sorts of mistreatment geared towards them by their employers at workplaces, for they know too well that the moment they get fired, they will not be viable to get the unemployment funding.

Conclusively, the unemployment compensation law gives a provision under which the citizens, who suffer job losses, not due to their faults, get monetary funding to help them during the challenging economic times until they get another job or a time decided best by the state unemployment officers. The SUTA and FUTA taxations fund the policy many times. Still, many companies in complex decision-making situations during harsh economic times because retaining more workforces requires a bigger budget to maintain. Laying off the workers also means attracting higher taxation in the subsequent quarters. Even though the state unemployment

compensation laws might seem different, they are all drawn from the federal law: Social Security Act.

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