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MEMORANDUM

To: Senate Committee on Economic Development, Housing & General Affairs
Cc: House Committee on Commerce and Economic Development
From: Michael Harrington, Commissioner of Labor
Date: January 22, 2021
Subject: Follow up to Department testimony on 1/21/21 regarding S.10

This memorandum is a follow up to the Department's testimony before the committee on January 21, 2021 regarding the legislation outlined in S.10. More specifically, the Department believes it is relatively aligned with the Committee in the overarching goal of the legislation and would like to take the opportunity to reiterate its position on various components of the bill.

With regards to employer charge relief, the Department shared with the Committee that to date, no charge relief has been administered. This is because charge relief must be finalized by March 31st each year in order to begin the "rate run" process. Upon completion of the rate run process, which looks at charges for the prior year, experience ratings are set for all covered employers in the state. The new experience ratings take effect each July and determine an employer's UI contribution rate. As part of S. 10, the Department is seeking to amend current legislation outlined in Act 91 that would allow for universal charge relief to be applied to all chargeable claims that occurred between March 15, 2020 – December 31, 2020. This is due to the significant number of claims received by the Department during this time period and the fact that charge relief is a manual process that must be administered to each individual claim. Additionally, while Act 91 outlined a series of COVID-qualifying reasons for allowing charge relief, the Department's antiquated mainframe system does not have a method for capturing COVID-qualifying attestations from employers. And with the large number of employers, and subsequently employees, who were impacted by COVID-19, this administrative task is not achievable before the rate run deadline.



For the 2021 calendar year, the Department is proposing an application process for employers to request charge relief by certifying to one of the COVID-qualifying criteria already outline in Act 91. With the reduced number of claimants currently filing in the system, the Department believes that an application-based system could be more easily managed. This charge relief would apply during the 2021 calendar year, for as long as the charge relief is authorized, and would be part of the calculation and rate that would be set in 2022.

Under Act 91 employer charge relief was dependent on an employer's rehiring of the impacted employee. The Department supports this premise but recommends the statute be amended to allow the Commissioner of Labor to rescind charge relief in cases where an employer has demonstrated a willful neglect of this requirement by choosing to hire someone other than the originally displaced worker. Additionally, this provision reduces the risk that an individual required to quarantine would lose their job as a result of temporarily leaving employment.

In closing, the Department of Labor is supportive of the legislative intent of S.10 and we look forward to continuing this important work with the committees of jurisdiction.

