

PUBLICATION

Tennessee Unemployment Reform to Benefit Employers

May 10, 2012

On May 9, 2012, Tennessee Governor Bill Haslam signed into law a series of unemployment reforms designed to reduce fraud and assist employers. Claimants who are terminated for "misconduct" are disqualified from receiving unemployment benefits. Previously, the definition of "misconduct" was somewhat ambiguous and difficult for employers to prove. Under the new law, employers only need to show that the claimant violated one of the employer's policies in order to establish misconduct. A violation of an employer's policy will automatically establish misconduct, unless the claimant can show that he did not know and could not reasonably have known of the employer's policy, or the employer's policy is unlawful or not reasonably related to the job.

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Additional reforms include:

- Implementing an internet based system to facilitate notice to employers of employee claims and the employer's response to claims.
- Requiring the Department of Labor and Workforce Development to randomly audit claims to determine if claimants are actually seeking work.
- Redefining an offer of "suitable work." Under the new law, the longer that a claimant is out of work the less that a new job would need to pay to constitute "suitable work."
- Claimants receiving severance payments or wages in lieu of notice will not be entitled to unemployment.
- Claimants who are incarcerated for four or more days in a work week will be disqualified from receiving unemployment compensation for that week.
- Seasonal employees will no longer be eligible for unemployment benefits year-round.

These measures will take effect at various times between now and September 1, 2012.