FEDERAL COURT DECISIONS AND TRA

This chapter of the Digest will be devoted to cases which share a federal focus. Most of the reported decisions will be from the Federal court system - U.S. District Courts, U.S. Courts of Appeals and the United States Supreme Court. There may or may not be a Michigan element to the case digested.

This chapter will also contain decisions from the Federal or Michigan courts which address issues concerning any of a variety of federal unemployment benefit programs. The Trade Readjustment Assistance (TRA) program is currently the prime example of such a program. The reader should keep in mind that not all federal program cases will be in this chapter, but may be found elsewhere in the Digest if the decision is significant for a reason unrelated to the specific federal program. Alasri v MESC, a TRA case found in Chapter 8, the "Filing For Benefits" chapter, is an example of such a case. The reader is encouraged to always consult the Subject Word Index.

FEDERAL COURT DECISIONS AND TRA

Section NA

TRA, Qualifying employment, Sick pay

CITE AS: U.A.W. v Brock, 816 F2nd 767 (D.C. Cir 1987).

Appeal pending: No

Plaintiff: International Union U.A.W. et al
Defendant: William Brock, Secretary U.S. Department of Labor
Docket No: NA

U.S. COURT OF APPEALS, DISTRICT OF COLUMBIA CIRCUIT HOLDING: For purposes of the TRA program, the term "employment" ordinarily includes weeks of paid vacation and sick leave.

FACTS: To qualify for TRA benefits a worker has to have "at least 26 weeks of employment at wages of $30 or more a week in adversely affected employment". The Department of Labor interpreted qualifying employment as weeks of actual physical labor, not including weeks when the worker received sick pay, workers compensation, holiday pay, back pay, etc.

DECISION: TRA claimants who were denied benefits because they were not credited for weeks prior to October, 1981 in which they received vacation pay, holiday pay, sick leave, workers compensation or other enumerated types of compensation during the 52 week period preceding their separation from adversely affected employment, may request reopening of their TRA claims. On November 17, 1987 the U.S.D.O.L. issued revised definitions for the terms "employment" and "wages" as used in Section 231(2) of the Trade Act of 1974, in conformity with the court order.

RATIONALE: "The actual language of the statute, the clear remedial purpose of the 1974 Congress, and the demonstrably unreasonable results that flow from the Secretary's definition of 'employment' make clear that his interpretation of section 231 of the Trade Act conflicts with congressional intent. Because the Secretary's interpretation can find no support in the statute or its legislative history, and because it is so thinly justified as to be unreasonable, we reject it as an invalid construction of the Trade Act."

TRA, Training benefits, 210-Day Rule, UA Rule 210

CITE AS: U.A.W. v Dole, No. 89-1922 (6th Cir August 21, 1990).

Appeal pending: No

Plaintiffs: International Union U.A.W. et al
Defendants: Elizabeth H. Dole, Secretary, U.S. Department of Labor
Docket No: NA

SIXTH CIRCUIT COURT OF APPEALS HOLDING: Application of Michigan's "waiver for good cause" rule is not inconsistent with the 210 day filing deadline contained in the Trade Act of 1974 related to training benefits.

FACTS: In addition to providing basic "TRA" benefits, the Trade Act of 1974 permits an additional 26 weeks of benefits to assist affected workers complete approved training. Workers must file a bona fide application for training within 210 days after the date of the worker's separation. Due to internal MESC practices these claimants were not instructed to file until just prior to exhaustion of their state unemployment benefits, which was often beyond the 210 day limit. The MESC sought approval from the U.S. Department of Labor to apply Michigan's "waiver for good cause" rule (MESC Rule 210). That request was denied.

DECISION: Remanded for further proceedings by the District Court, Secretary of Labor and MESC. Michigan's waiver for good cause rule may be applied to claimants denied additional weeks of TRA benefits after January 1, 1988 due to operation of the 210 day rule if the MESC's determination of good cause includes findings of genuine interest in training and the absence of dilatory conduct on the part of the certified worker.

RATIONALE: "Despite the Secretary's admission that the rule was designed to facilitate workers' access to additional TRA benefits, she nevertheless argues that because neither the statute nor the parallel regulation provide for any waiver, workers who fail to comply with the 210-day rule are absolutely barred from obtaining additional benefits. Since the Act is silent on the issue of waiver, however, and may, therefore, leave room for more than one interpretation, it should be construed in such a way as to give effect to the general intent of the legislature....

When a cooperating state agency determines that no dilatory conduct has occurred, however, and, instead, concludes that application of the 210-day rule does nothing to further the Act's remedial purpose and everything to frustrate it, we are hard-pressed to conclude that the Secretary's interpretation is consistent with Congress' intent."

Section NA

REFUSAL OF WORK, Freedom of Religion, U.S. Constitution, First Amendment

CITE AS: Frazee v Illinois Department of Employment Security, et al, 450 US 707 (1989).

Appeal pending: No

Claimant: William A. Frazee
Employer: Kelly Services
Docket No: U.S. Supreme Court No. 87-1945

UNITED STATES SUPREME COURT HOLDING: Where a claimant has a sincere belief that religion required him or her to refrain from the work in question they may invoke the protections of the First Amendment. It is not required that the claimant belong to an established religious sect for the claimant's religious beliefs to be protected.

FACTS: Claimant refused a temporary position offered him by Kelly Services because the job required Sunday work. Claimant told Kelly that, as a Christian, he could not work on "the Lord's day." Claimant applied for unemployment benefits and was denied for his refusal to accept work on Sunday. Claimant was denied at every stage of the appeal process until the U.S. Supreme Court. The lower courts recognized the sincerity of his professed religious belief but found it was not entitled to First Amendment protection as he was not a member of an established sect or church and did not claim his refusal of work was based on a tenet of an established religious sect.

DECISION: Claimant's refusal to work was based on a sincerely held religious belief. As such he was entitled to invoke the First Amendment protection and should not be denied benefits.

RATIONALE: In earlier cases the Court held where a claimant was forced to choose between fidelity to religious belief and employment, the forfeiture of unemployment benefits for choosing the former over the latter brings unlawful coercion to bear on the employee's choice. In each case the Court concluded the denial of unemployment benefits violated the 1st and 14th Amendments. Though those claimants were members of a particular religious sect, none of those decisions turned on that fact, or on any tenet that forbade the work the claimants refused. The claimants' judgments in those cases rested on the fact each had a sincere belief religion required him or her to refrain from the work he or she refused to perform.

MISCONDUCT, Freedom of religion, Refusal to work on Saturday, Seventh Day Adventist

CITE AS: Hobbie v Unemployment Appeals Com'n of Florida, 480 U.S. 136 (1987).

Appeal pending: No

Claimant: Paula Hobbie
Employer: Lawton and Company
Docket No: S.Ct. No. 85 993

UNITED STATES SUPREME COURT HOLDING: When a State denies receipt of a benefit because of conduct mandated by religious belief, thereby putting substantial pressure on an adherent to modify his behavior and violate his beliefs, that denial must be subjected to strict scrutiny and can be justified only by proof of a compelling state interest. The First Amendment protects the free exercise rights of employees who adopt religious beliefs or convert from one faith to another after being hired.

FACTS: Claimant worked for the employer for 2.5 years before her religious conversion and baptism into the Seventh Day Adventist Church. At that point she informed her supervisor that she could no longer work on her sabbath - sundown Friday to sundown Saturday. Although her supervisor agreed to substitute for her whenever she was scheduled on her sabbath, the supervisors' supervisor would not agree to that arrangement and instructed claimant to work as scheduled or resign. When claimant refused to do either she was discharged.

DECISION: Florida's refusal to award unemployment compensation benefits to claimant violated the Free Exercise Clause of the First Amendment.

RATIONALE: The timing of claimant's conversion in immaterial to the question of whether her free exercise rights have been burdened. Claimant was forced to choose between fidelity to her religious belief and continued employment. The forfeiture of unemployment benefits for choosing the former over the latter brings unlawful coercion to bear on the employee's choice.

Section NA

SOCIAL SECURITY ACT, Payment of Benefits when due

CITE AS: California Human Resources Department v Java, 402 U.S. 121 (1971).

Appeal pending: No

Claimant: Judith Java
Employer: NA
Docket No: U.S. S.Ct. 507 (1970)

UNITED STATES SUPREME COURT HOLDING: Benefits due a claimant after an initial finding of eligibility may not be held in abeyance pending the employer's appeal.

FACTS: Claimants were discharged from employment. They applied for benefits. They were given an eligibility interview which the employer could have, but did not, attend. As a result of the interview both claimants were found eligible for benefits and received benefits. The employer then appealed. At that point payments automatically stopped in accordance with California law and practice. At the Referee level, Hudson was ruled eligible but Java was found to be ineligible.

The procedure used by California in stopping payment of benefits upon employer protest resulted in a median 7 week delay in payments to eligible claimants. Employers were successful in less than 50% of appeals.

DECISION: Procedure used by California was not in compliance with the Social Security Acts' directive to pay unemployment compensation "when due".

RATIONALE: The Social Security Act requires administration of the Unemployment Compensation Fund in a manner reasonably calculated to insure full payment of benefits when due. The objective of Congress was to provide for benefit payments on the nearest pay day following the termination of employment to the extent administratively possible in order to provide the unemployed worker with cash at a time when he/she would otherwise have nothing to spend. "When due" as contained in Section 303(a)(1) of the Social Security Act is construed to mean when benefits are allowed after a hearing of which both parties have notice and have an opportunity to present their respective positions.

MISCONDUCT, Freedom of religion, Peyote

CITE AS: Employment Div, Oregon Dept. of Human Res. v Smith, 110 S.Ct. 1595 (1990).

Appeal pending: No

Claimant: Alfred Smith and Galen Black
Employer: NA
Docket No: S.Ct. 88-1213

UNITED STATES SUPREME COURT HOLDING: Claimants discharged for using illegal drugs as part of a religious sacrament may be disqualified from receipt of unemployment compensation benefits without violation of First Amendment protections of the free exercise of religion.

FACTS: Claimant's were discharged from their jobs at a private drug rehabilitation organization because they ingested peyote for sacramental purposes at a ceremony of the Native American Church of which both are members. They were determined to be disqualified for benefits because their discharge was for work related misconduct.

DECISION: Claimants are disqualified for unemployment compensation benefits when their discharge results from the use of illegal drugs even though the drug is part of a religious sacrament.

RATIONALE: If a State has prohibited through its criminal laws certain kinds of religiously motivated conduct without violating the First Amendment it follows that the State may impose the lesser burden of denying unemployment compensation benefits to persons who engage in that conduct. The right of free exercise of religion does not relieve an individual of the obligation to comply with a valid and neutral law of general applicability.

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Section: N/A

CONSTITUTIONAL RIGHTS, Substantive due process, Equal protection, Refusal to rehire

CITE AS: Valot v Southeast Local School Dist. Board Of Education, 107 F.3d 1220 (6th Cir. 1997)

Appeal pending: No

Claimant: Sally Ann Valot
Employer: Southeast Local School District (Ohio)
Docket No. N/A

U.S. COURT OF APPEALS HOLDING: School board did not violate drivers' substantive due process or equal protection rights by refusing to rehire them.

FACTS: Plaintiffs were substitute bus drivers with nine month contracts with a school district in Ohio. They applied for and were paid unemployment compensation. As the employer did not have a practice of providing "reasonable assurance" to such employees, they were not ineligible for benefits by means of the Ohio school denial period provision. In the fall, the employer refused to rehire drivers who had collected benefits. Plaintiff drivers argued their constitutional rights were violated in that seeking and obtaining unemployment benefits is protected by the constitutional right of access and the right to petition for redress of a grievance.

DECISION: Affirmed dismissal of all federal claims.

RATIONALE: Employer's interest in promoting efficiency of public service and protecting public funds is legitimate and outweighs claimants' interest in seeking unemployment compensation. Employer's action was related to legitimate state interest. No substantive due process rights violated. Nor was there a violation of equal protection. Employer's decision not to rehire claimants was rationally related to a legitimate state interest.

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N/A