

SENATE BILL REPORT

SB 6526

As Reported by Senate Committee On:
Labor, Commerce & Consumer Protection, February 2, 2010

Title: An act relating to allowing certain individuals to seek part-time employment while maintaining eligibility for unemployment insurance in order to qualify for the unemployment insurance modernization incentive provisions of the American recovery and reinvestment act of 2009.

Brief Description: Allowing certain individuals to seek part-time employment while maintaining eligibility for unemployment insurance in order to qualify for the unemployment insurance modernization incentive provisions of the American recovery and reinvestment act of 2009.

Sponsors: Senators Kohl-Welles, Franklin, Regala, Keiser, McDermott and Kline; by request of Employment Security Department.

Brief History:

Committee Activity: Labor, Commerce & Consumer Protection: 1/21/10, 2/02/10 [DP, DNP].

SENATE COMMITTEE ON LABOR, COMMERCE & CONSUMER PROTECTION

Majority Report: Do pass.

Signed by Senators Kohl-Welles, Chair; Keiser, Vice Chair; Franklin and Kline.

Minority Report: Do not pass.

Signed by Senators Honeyford and King.

Staff: Mac Nicholson (786-7445)

Background: An individual is eligible to receive unemployment benefits if the person worked at least 680 hours in covered employment in his or her base year; was separated from employment through no fault of his or her own or quit work for good cause; and is able to work, available for work, and actively seeking suitable work.

Suitable work generally means full-time employment in an occupation in keeping with the individual's prior work experience, education or training. Individuals who earned wages in 40 or more weeks in their base year but did not earn wages in more than 17 hours per week

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are considered part-time workers. For part-time workers, suitable work includes work of 17 or fewer hours per week.

Unemployment insurance modernization incentive payments are available for qualifying states under the federal American Recovery and Reinvestment Act of 2009. Washington received one-third of the incentive payment, approximately \$49 million, but has not qualified to receive the other two-thirds of the incentive payment. In order to qualify for the remaining two-thirds, state law must provide for at least two of the following:

- no denial of benefits to part-time workers seeking only part-time work;
- no disqualification from benefits for separating from employment for certain compelling family reasons;
- continuation of weekly benefits for exhaustees in state-approved training; or
- dependents' allowances of at least \$15 per dependent per week.

Summary of Bill: An otherwise eligible individual cannot be denied benefits solely because the individual is seeking only part-time work if the Employment Security Department (ESD) determines that a majority of the weeks of work in the individual's base year were for part-time work (less than 35 hours per week). A part-time claimant must seek work that has comparable hours to the claimant's work experience, except that the claimant must be available for at least 20 hours of work per week.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: The bill takes effect on January 2, 2011.

Staff Summary of Public Testimony: PRO: This bill represents the final step in what is necessary for the state to secure almost \$157 million in unemployment insurance (UI) modernization funds. Washington already qualified for one-third of available funds; however, the state must make changes to UI laws in order to receive the balance of incentive funds. If the state doesn't claim the remainder, it will be distributed to other states. State law currently allows benefits for some part-time work, but it's very restrictive and only 168 out of 20,500 individuals qualified last year. This proposal would allow individuals who worked part time in their base year to search for part-time work of at least 20 hours per week. UI is meant to be a safety net for working individuals who become unemployed through no fault of their own. This safety net shouldn't exclude individuals who want to work less than full time.

CON: A lot of folks who work part time are folks who choose to work part time. This bill is guaranteed to increase UI taxes, which is concerning in these economic times. The UI modernization funds are one time funds, but the tax increase is permanent. The experience rating of employers would have been significantly increased if the additional \$45 benefit was charged to the employer, and that rating would be affected for four years due to the way taxes are calculated. The current laws are being applied too liberally. Businesses are suffering and will not be able to afford to hire part-time people. UI taxes will be doubled again next year

and businesses will have to layoff more people. The looseness of the laws should be addressed. Rates are increasing regardless of whether employers had to lay people off or not. The current system works, and benefits should not be increased because the department can't get good numbers on how many people would qualify for benefits under this legislation.

OTHER: The ability of workers to search for part-time work should be more expansive than what is contained in the bill. In these economic times, businesses aren't filling full-time positions, so laid off workers should be able to search for any available work. The bill should be expanded so all workers otherwise eligible for UI benefits should not be denied simply on the basis of part-time work. In the construction industry unemployment is high, and there is no expectation of work returning in the near future. There should be an extension or re-implementation of HB 1906, which was the additional \$45 stimulus bill. The trust fund has a balance high enough to add additional benefits, which helps more unemployed workers and puts more purchasing power on the street. In the current climate, the extra \$45 has been significant and should be continued. Workers are looking for work and there is none. The state is in a good position to further extend the safety net.

Persons Testifying: PRO: Karen Lee, Commissioner; Joel Sacks, ESD.

CON: Mark Johnson, Washington Retail Association; Patrick Connor, National Federation of Independent Business; Jeff Kirby, Washington State Security Council; Carolyn Logue, Washington Food Industry.

OTHER: Rebecca Johnson, Jeff Johnson, Washington State Labor Council; David Johnson, Washington State Building and Construction Trades Council; Bruce Durham, Plumbers and Pipefitters.