

# HOUSE BILL ANALYSIS

## HB 1803

**Brief Description:** Eliminating unemployment compensation disqualification for participation in employer sponsored programs for voluntary work force reductions.

---

**Sponsors:** Representatives Wood, Conway, Gombosky, Cody, Kenney, O'Brien, Mason, Cole, Tokuda, Dunshee, Dunn, Veloria and Blalock

Hearing: February 20, 1997

### **BACKGROUND:**

A person who leaves work voluntarily and claims unemployment benefits is disqualified unless the person can show that he or she left for good cause.

Under an Employment Security Department rule, a person who participates in an employer's voluntary reduction in force is not disqualified from receiving benefits for leaving work without good cause if four criteria are met: (1) the employer announces a lay-off; (2) the employee claimant volunteers to be included in the lay-off; (3) the employer determines which individuals will be laid-off; and (4) the employee is laid-off.

The department has interpreted this rule to apply where an employer as part of a reduction-in-force reduces the number of its employees. Recent court cases and a recent commissioner's ruling have held that an employer must announce a lay-off and begin implementing a plan to lay-off specific employees before an employee who voluntarily quits under the employer's reduction-in-force may do so with good cause.

Because unemployment benefits are for those who are unemployed through no fault of their own, an employee who is not facing eminent lay-off may volunteer for an employer sponsored voluntary lay-off or retirement program and still be disqualified from receiving unemployment benefits.

### **SUMMARY OF BILL:**

A person who voluntarily participates in an employer initiated reduction-in-force is not disqualified from receiving unemployment insurance benefits if the following conditions are met: (1) the employer initiated a work force reduction program that involves voluntary lay-offs and may include incentives for participation; (2) the employee volunteers to participate

in a lay-off or a retirement program; (3) the employer retains discretion over which employees are released; and (4) the employer releases the employee.

**RULES AUTHORITY:** The bill does not contain provisions addressing the rule-making powers of an agency.

**FISCAL NOTE:** Requested on February 17, 1997.

**EFFECTIVE DATE:** The bill contains an emergency clause and takes effect immediately.