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## SUBSTITUTE SENATE BILL 5319

State of Washington 61st Legislature 2009 Regular Session

By Senate Labor, Commerce & Consumer Protection (originally sponsored by Senator Kohl-Welles; by request of Governor Gregoire)

READ FIRST TIME 02/05/09.

- 1 ACT Relating to providing economic stimulus through the 2 unemployment insurance program; amending RCW 50.20.120, 50.29.021, 50.29.025, 50.22.150, 50.60.020, 50.60.030, 50.60.060, 3 50.60.070, 50.60.090, and 50.60.100; adding a new section to chapter 50.22 RCW; 4 5 adding a new section to chapter 50.20 RCW; creating a new section; 6 providing effective dates; providing an expiration date; and declaring 7 an emergency.
- 8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:
- 9 **Sec. 1.** RCW 50.20.120 and 2006 c 13 s 1 are each amended to read 10 as follows:
- 11 (1)((\frac{a}{a}) Subject to the other provisions of this title, benefits 12 shall be payable to any eligible individual during the individual's 13 benefit year in a maximum amount equal to the lesser of thirty times 14 the weekly benefit amount, as determined in subsection (2) of this 15 section, or one third of the individual's base year wages under this 16 title: PROVIDED, That as to any week which falls in an extended benefit period as defined in RCW 50.22.010(1), an individual's 17 18 eligibility for maximum benefits in excess of twenty six times his or

p. 1 SSB 5319

her weekly benefit amount will be subject to the terms and conditions set forth in RCW 50.22.020.

- (b) With respect to claims that have an effective date on or after the first Sunday of the calendar month immediately following the month in which the commissioner finds that the state unemployment rate is six and eight-tenths percent or less,)) Benefits shall be payable to any eligible individual during the individual's benefit year in a maximum amount equal to the lesser of twenty-six times the weekly benefit amount, as determined in subsection (2) of this section, or one-third of the individual's base year wages under this title.
- (2)(a) For claims with an effective date ((before January 4, 2004, an individual's weekly benefit amount shall be an amount equal to one twenty fifth of the average quarterly wages of the individual's total wages during the two quarters of the individual's base year in which such total wages were highest.
- (b) With respect to claims with an effective date on or after January 4, 2004, and before January 2, 2005, an individual's weekly benefit amount shall be an amount equal to one twenty-fifth of the average quarterly wages of the individual's total wages during the three quarters of the individual's base year in which such total wages were highest.
- (c)(i) With respect to claims with an effective date on or after January 2, 2005, except as provided in (c)(ii) of this subsection, an individual's weekly benefit amount shall be an amount equal to one percent of the total wages paid in the individual's base year.
- (ii) With respect to claims with an effective date on or after the first Sunday following)) April ((22)) 24, 2005, an individual's weekly benefit amount shall be an amount equal to three and eighty-five one-hundredths percent of the average quarterly wages of the individual's total wages during the two quarters of the individual's base year in which such total wages were highest.
- (b) Beginning Sunday, May 3, 2009, an individual's weekly benefit amount shall be the amount established under (a) of this subsection plus an additional forty-five dollars, subject to the following:
- (i) For claims with an effective date on or after May 3, 2009, and ending with claims with an effective date before January 3, 2010, an individual's weekly benefit amount shall be the amount established under (a) of this subsection plus an additional forty-five dollars.

- The additional forty-five dollars is payable for all weeks of regular, extended, emergency, supplemental, or additional benefits on that claim.
  - (ii) For claims with an effective date before May 3, 2009, an individual's weekly benefit amount shall be increased by forty-five dollars for weeks beginning May 3, 2009, subject to the following:

- (A) For individuals with a balance of regular unemployment benefits, the forty-five dollars is payable for all remaining weeks of regular, extended, emergency, supplemental, or additional benefits on that claim.
- (B) For individuals who have exhausted regular benefits but have a balance of training benefits as provided in RCW 50.22.150 or section 5 of this act, the forty-five dollars is payable for all remaining weeks of training benefits but not for weeks of extended, emergency, supplemental, or additional benefits on that claim unless specifically authorized under federal or state law.
  - (iii) The additional forty-five dollars authorized under this subsection shall increase the maximum amount payable weekly irrespective of the provisions of subsection (3)(a) of this section.
  - (iv) The additional forty-five dollars shall serve to increase the maximum benefits payable to the individual under subsection (1) of this section by a corresponding amount.
  - (v) Except as otherwise provided in this subsection (2)(b), payment of benefits for individuals whose weekly benefit amount includes the forty-five dollars established under this subsection shall be subject to the same terms and conditions under this title that apply to the payment of benefits to an individual whose weekly benefit amount is established under (a) of this subsection.
  - (vi) This subsection (2)(b) expires January 2, 2010. For claims effective on or after January 3, 2010, the maximum benefits payable will be determined under subsection (1) of this section, the weekly benefit amount will be determined under (a) of this subsection, and the maximum weekly benefit payable will be determined under subsection (3)(a) of this section.
- (3) The maximum and minimum amounts payable weekly shall be determined as of each June 30th to apply to benefit years beginning in the twelve-month period immediately following such June 30th.

p. 3 SSB 5319

(a)((i) With respect to claims that have an effective date before January 4, 2004, the maximum amount payable weekly shall be seventy percent of the "average weekly wage" for the calendar year preceding such June 30th.

- (ii))) With respect to claims that have an effective date on or after January 4, 2004, the maximum amount payable weekly shall be either four hundred ninety-six dollars or sixty-three percent of the "average weekly wage" for the calendar year preceding such June 30th, whichever is greater.
- 10 (b) The minimum amount payable weekly shall be fifteen percent of 11 the "average weekly wage" for the calendar year preceding such June 12 30th.
- 13 (4) If any weekly benefit, maximum benefit, or minimum benefit 14 amount computed herein is not a multiple of one dollar, it shall be 15 reduced to the next lower multiple of one dollar.
- **Sec. 2.** RCW 50.29.021 and 2008 c 323 s 2 are each amended to read 17 as follows:
  - (1) This section applies to benefits charged to the experience rating accounts of employers for claims that have an effective date on or after January 4, 2004.
  - (2)(a) An experience rating account shall be established and maintained for each employer, except employers as described in RCW 50.44.010, 50.44.030, and 50.50.030 who have properly elected to make payments in lieu of contributions, taxable local government employers as described in RCW 50.44.035, and those employers who are required to make payments in lieu of contributions, based on existing records of the employment security department.
  - (b) Benefits paid to an eligible individual shall be charged to the experience rating accounts of each of such individual's employers during the individual's base year in the same ratio that the wages paid by each employer to the individual during the base year bear to the wages paid by all employers to that individual during that base year, except as otherwise provided in this section.
- 34 (c) When the eligible individual's separating employer is a covered 35 contribution paying base year employer, benefits paid to the eligible 36 individual shall be charged to the experience rating account of only

the individual's separating employer if the individual qualifies for benefits under:

- (i) RCW 50.20.050(2)(b)(i), as applicable, and became unemployed after having worked and earned wages in the bona fide work; or
  - (ii) RCW 50.20.050(2)(b) (v) through (x).

- (3) The legislature finds that certain benefit payments, in whole or in part, should not be charged to the experience rating accounts of employers except those employers described in RCW 50.44.010, 50.44.030, and 50.50.030 who have properly elected to make payments in lieu of contributions, taxable local government employers described in RCW 50.44.035, and those employers who are required to make payments in lieu of contributions, as follows:
  - (a) Benefits paid to any individual later determined to be ineligible shall not be charged to the experience rating account of any contribution paying employer. However, when a benefit claim becomes invalid due to an amendment or adjustment of a report where the employer failed to report or inaccurately reported hours worked or remuneration paid, or both, all benefits paid will be charged to the experience rating account of the contribution paying employer or employers that originally filed the incomplete or inaccurate report or reports. An employer who reimburses the trust fund for benefits paid to workers and who fails to report or inaccurately reported hours worked or remuneration paid, or both, shall reimburse the trust fund for all benefits paid that are based on the originally filed incomplete or inaccurate report or reports.
  - (b) Benefits paid to an individual filing under the provisions of chapter 50.06 RCW shall not be charged to the experience rating account of any contribution paying employer only if:
  - (i) The individual files under RCW 50.06.020(1) after receiving crime victims' compensation for a disability resulting from a nonwork-related occurrence; or
    - (ii) The individual files under RCW 50.06.020(2).
- (c) Benefits paid which represent the state's share of benefits payable as extended benefits defined under RCW 50.22.010(6) shall not be charged to the experience rating account of any contribution paying employer.
- 37 (d) In the case of individuals who requalify for benefits under RCW 38 50.20.050 or 50.20.060, benefits based on wage credits earned prior to

p. 5 SSB 5319

the disqualifying separation shall not be charged to the experience rating account of the contribution paying employer from whom that separation took place.

- (e) Benefits paid to an individual who qualifies for benefits under RCW 50.20.050(2)(b) (iv) or (xi), as applicable, shall not be charged to the experience rating account of any contribution paying employer.
- (f) With respect to claims with an effective date on or after the first Sunday following April 22, 2005, benefits paid that exceed the benefits that would have been paid if the weekly benefit amount for the claim had been determined as one percent of the total wages paid in the individual's base year shall not be charged to the experience rating account of any contribution paying employer.
- (g) The forty-five dollar increase paid as part of an individual's weekly benefit amount as provided in RCW 50.20.120(2)(b) shall not be charged to the experience rating account of any contribution paying employer.
- (h) Training benefits paid to an individual under section 5 of this act shall not be charged to the experience rating account of any contribution paying employer.
- (4)(a) A contribution paying base year employer, not otherwise eligible for relief of charges for benefits under this section, may receive such relief if the benefit charges result from payment to an individual who:
- (i) Last left the employ of such employer voluntarily for reasons not attributable to the employer;
- (ii) Was discharged for misconduct or gross misconduct connected with his or her work not a result of inability to meet the minimum job requirements;
- (iii) Is unemployed as a result of closure or severe curtailment of operation at the employer's plant, building, worksite, or other facility. This closure must be for reasons directly attributable to a catastrophic occurrence such as fire, flood, or other natural disaster; or
- (iv) Continues to be employed on a regularly scheduled permanent part-time basis by a base year employer and who at some time during the base year was concurrently employed and subsequently separated from at least one other base year employer. Benefit charge relief ceases when

the employment relationship between the employer requesting relief and the claimant is terminated. This subsection does not apply to shared work employers under chapter 50.06 RCW.

(b) The employer requesting relief of charges under this subsection must request relief in writing within thirty days following mailing to the last known address of the notification of the valid initial determination of such claim, stating the date and reason for the separation or the circumstances of continued employment. The commissioner, upon investigation of the request, shall determine whether relief should be granted.

## **Sec. 3.** RCW 50.29.025 and 2007 c 51 s 1 are each amended to read as follows:

- (1) Except as provided in subsection (2) of this section, the contribution rate for each employer subject to contributions under RCW 50.24.010 shall be determined under this subsection.
- (a) A fund balance ratio shall be determined by dividing the balance in the unemployment compensation fund as of the September 30th immediately preceding the rate year by the total remuneration paid by all employers subject to contributions during the second calendar year preceding the rate year and reported to the department by the following March 31st. The division shall be carried to the fourth decimal place with the remaining fraction, if any, disregarded. The fund balance ratio shall be expressed as a percentage.
- (b) The interval of the fund balance ratio, expressed as a percentage, shall determine which tax schedule in (e) of this subsection shall be in effect for assigning tax rates for the rate year. The intervals for determining the effective tax schedule shall be:

29	Interval of the	
30	Fund Balance Ratio	Effective
31	Expressed as a Percentage	Tax Schedule
32	2.90 and above	AA
33	2.10 to 2.89	A
34	1.70 to 2.09	В
35	1.40 to 1.69	C

p. 7 SSB 5319

1	1.00 to 1.39	D
2	0.70 to 0.99	E
3	Less than 0.70	F

- (c) An array shall be prepared, listing all qualified employers in ascending order of their benefit ratios. The array shall show for each qualified employer: (i) Identification number; (ii) benefit ratio; (iii) taxable payrolls for the four calendar quarters immediately preceding the computation date and reported to the department by the cut-off date; (iv) a cumulative total of taxable payrolls consisting of the employer's taxable payroll plus the taxable payrolls of all other employers preceding him or her in the array; and (v) the percentage equivalent of the cumulative total of taxable payrolls.
- (d) Each employer in the array shall be assigned to one of twenty rate classes according to the percentage intervals of cumulative taxable payrolls set forth in (e) of this subsection: PROVIDED, That if an employer's taxable payroll falls within two or more rate classes, the employer and any other employer with the same benefit ratio shall be assigned to the lowest rate class which includes any portion of the employer's taxable payroll.
- (e) Except as provided in RCW 50.29.026, the contribution rate for each employer in the array shall be the rate specified in the following tables for the rate class to which he or she has been assigned, as determined under (d) of this subsection, within the tax schedule which is to be in effect during the rate year:

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26	Per	cent of								
27	Cur	Cumulative			Schedu	les of C	ontrib	utions	Rates	
28	Taxab	Taxable Payrolls			for Effective Tax Schedule					
29		]	Rate							
30	From	To C	Class	AA	A	В	C	D	E	F
31	0.00	5.00	1	0.47	0.47	0.57	0.97	1.47	1.87	2.47
32	5.01	10.00	2	0.47	0.47	0.77	1.17	1.67	2.07	2.67
33	10.01	15.00	3	0.57	0.57	0.97	1.37	1.77	2.27	2.87
34	15.01	20.00	4	0.57	0.73	1.11	1.51	1.90	2.40	2.98
35	20.01	25.00	5	0.72	0.92	1.30	1.70	2.09	2.59	3.08
36	25.01	30.00	6	0.91	1.11	1.49	1.89	2.29	2.69	3.18
37	30.01	35.00	7	1.00	1.29	1.69	2.08	2.48	2.88	3.27

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                                         35.01 40.00
                                                      8 1.19 1.48
                                                                      1.88 2.27 2.67 3.07 3.47
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                                         40.01 45.00
                                                      9 1.37 1.67
                                                                      2.07 2.47 2.87 3.27 3.66
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                                         45.01 50.00
                                                     10 1.56 1.86
                                                                      2.26  2.66  3.06  3.46  3.86
                                                     11 1.84 2.14
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                                         50.01 55.00
                                                                      2.45 2.85 3.25 3.66 3.95
                                         55.01 60.00
                                                     12 2.03 2.33
                                                                      2.64 3.04 3.44 3.85 4.15
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                                                                      2.83 3.23 3.64 4.04 4.34
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                                         65.01 70.00
                                                     14 2.40 2.71
                                                                      3.02 3.43 3.83 4.24 4.54
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                                         70.01 75.00
                                                     15 2.68 2.90
                                                                      3.21 3.62 4.02 4.43 4.63
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                                         75.01 80.00
                                                     16 2.87 3.09
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- (f) The contribution rate for each employer not qualified to be in the array shall be as follows:
- (i) Employers who do not meet the definition of "qualified employer" by reason of failure to pay contributions when due shall be assigned a contribution rate two-tenths higher than that in rate class 20 for the applicable rate year, except employers who have an approved agency-deferred payment contract by September 30 of the previous rate year. If any employer with an approved agency-deferred payment contract fails to make any one of the succeeding deferred payments or fails to submit any succeeding tax report and payment in a timely manner, the employer's tax rate shall immediately revert to a contribution rate two-tenths higher than that in rate class 20 for the applicable rate year; and
- (ii) For all other employers not qualified to be in the array, the contribution rate shall be a rate equal to the average industry rate as determined by the commissioner; however, the rate may not be less than one percent.
- (2) Beginning with contributions assessed for rate year 2005, the contribution rate for each employer subject to contributions under RCW 50.24.010 shall be the sum of the array calculation factor rate and the graduated social cost factor rate determined under this subsection, and the solvency surcharge determined under RCW 50.29.041, if any.
- (a) The array calculation factor rate shall be determined as follows:
- (i) An array shall be prepared, listing all qualified employers in ascending order of their benefit ratios. The array shall show for each qualified employer: (A) Identification number; (B) benefit ratio; and

p. 9 SSB 5319

(C) taxable payrolls for the four consecutive calendar quarters immediately preceding the computation date and reported to the employment security department by the cut-off date.

(ii) Each employer in the array shall be assigned to one of forty rate classes according to his or her benefit ratio as follows, and, except as provided in RCW 50.29.026, the array calculation factor rate for each employer in the array shall be the rate specified in the rate class to which the employer has been assigned:

9	Ben	efit Ratio	Rate	Rate
10	At least	Less than	Class	(percent)
11		0.000001	1	0.00
12	0.000001	0.001250	2	0.13
13	0.001250	0.002500	3	0.25
14	0.002500	0.003750	4	0.38
15	0.003750	0.005000	5	0.50
16	0.005000	0.006250	6	0.63
17	0.006250	0.007500	7	0.75
18	0.007500	0.008750	8	0.88
19	0.008750	0.010000	9	1.00
20	0.010000	0.011250	10	1.15
21	0.011250	0.012500	11	1.30
22	0.012500	0.013750	12	1.45
23	0.013750	0.015000	13	1.60
24	0.015000	0.016250	14	1.75
25	0.016250	0.017500	15	1.90
26	0.017500	0.018750	16	2.05
27	0.018750	0.020000	17	2.20
28	0.020000	0.021250	18	2.35
29	0.021250	0.022500	19	2.50
30	0.022500	0.023750	20	2.65
31	0.023750	0.025000	21	2.80
32	0.025000	0.026250	22	2.95
33	0.026250	0.027500	23	3.10
34	0.027500	0.028750	24	3.25
35	0.028750	0.030000	25	3.40
36	0.030000	0.031250	26	3.55

1	0.031250	0.032500	27	3.70
2	0.032500	0.033750	28	3.85
3	0.033750	0.035000	29	4.00
4	0.035000	0.036250	30	4.15
5	0.036250	0.037500	31	4.30
6	0.037500	0.040000	32	4.45
7	0.040000	0.042500	33	4.60
8	0.042500	0.045000	34	4.75
9	0.045000	0.047500	35	4.90
10	0.047500	0.050000	36	5.05
11	0.050000	0.052500	37	5.20
12	0.052500	0.055000	38	5.30
13	0.055000	0.057500	39	5.35
14	0.057500		40	5.40

- (b) The graduated social cost factor rate shall be determined as follows:
- (i)(A) Except as provided in (b)(i)(B) and (C) of this subsection, the commissioner shall calculate the flat social cost factor for a rate year by dividing the total social cost by the total taxable payroll. The division shall be carried to the second decimal place with the remaining fraction disregarded unless it amounts to five hundredths or more, in which case the second decimal place shall be rounded to the next higher digit. The flat social cost factor shall be expressed as a percentage.
- (B) If, on the cut-off date, the balance in the unemployment compensation fund is determined by the commissioner to be an amount that will provide more than ten months of unemployment benefits, the commissioner shall calculate the flat social cost factor for the rate year immediately following the cut-off date by reducing the total social cost by the dollar amount that represents the number of months for which the balance in the unemployment compensation fund on the cut-off date will provide benefits above ten months and dividing the result by the total taxable payroll. However, the calculation under this subsection (2)(b)(i)(B) for a rate year may not result in a flat social cost factor that is more than four-tenths lower than the calculation under (b)(i)(A) of this subsection for that rate year.

For the purposes of this subsection, the commissioner shall determine the number of months of unemployment benefits in the

p. 11 SSB 5319

- unemployment compensation fund using the benefit cost rate for the average of the three highest calendar benefit cost rates in the twenty consecutive completed calendar years immediately preceding the cut-off date or a period of consecutive calendar years immediately preceding the cut-off date that includes three recessions, if longer.
- (C) The minimum flat social cost factor calculated under this subsection (2)(b) shall be six-tenths of one percent, except that if the balance in the unemployment compensation fund is determined by the commissioner to be an amount that will provide:
- 10 (I) At least twelve months but less than fourteen months of unemployment benefits, the minimum shall be five-tenths of one percent; 12 or
  - (II) At least fourteen months of unemployment benefits, the minimum shall be five-tenths of one percent, except that, for employers in rate class 1, the minimum shall be forty-five hundredths of one percent.
    - (ii)(A) Except as provided in (b)(ii)(B) of this subsection, the graduated social cost factor rate for each employer in the array is the flat social cost factor multiplied by the percentage specified as follows for the rate class to which the employer has been assigned in (a)(ii) of this subsection, except that the sum of an employer's array calculation factor rate and the graduated social cost factor rate may not exceed six and five-tenths percent or, for employers whose North American industry classification system code is within "111," "112," "1141," "115," "3114," "3117," "42448," or "49312," may not exceed six percent through rate year 2007 and may not exceed five and seven-tenths percent for rate year 2008 and thereafter:
- 27 (I) Rate class 1 78 percent;

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- 28 (II) Rate class 2 82 percent;
  - (III) Rate class 3 86 percent;
- 30 (IV) Rate class 4 90 percent;
- 31 (V) Rate class 5 94 percent;
  - (VI) Rate class 6 98 percent;
- 33 (VII) Rate class 7 102 percent;
- 34 (VIII) Rate class 8 106 percent;
- 35 (IX) Rate class 9 110 percent;
- 36 (X) Rate class 10 114 percent;
- 37 (XI) Rate class 11 118 percent; and
- 38 (XII) Rate classes 12 through 40 120 percent.

- (B) For contributions assessed beginning July 1, 2005, through December 31, 2007, for employers whose North American industry classification system code is "111," "112," "1141," "115," "3114," "3117," "42448," or "49312," the graduated social cost factor rate is zero.
  - (iii) For the purposes of this section:

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- (A) "Total social cost" means the amount calculated by subtracting the array calculation factor contributions paid by all employers with respect to the four consecutive calendar quarters immediately preceding the computation date and paid to the employment security department by the cut-off date from the total unemployment benefits paid to claimants in the same four consecutive calendar quarters. To calculate the flat social cost factor for rate year 2005, the commissioner shall calculate the total social cost using the array calculation factor contributions that would have been required to be paid by all employers in the calculation period if (a) of this subsection had been in effect for the relevant period. To calculate the flat social cost factor for rate years 2010 and 2011, the forty-five dollar increase paid as part of an individual's weekly benefit amount as provided in RCW 50.20.120(2)(b) shall not be considered for purposes of calculating the total unemployment benefits paid to claimants in the four consecutive calendar quarters immediately preceding the computation date.
  - (B) "Total taxable payroll" means the total amount of wages subject to tax, as determined under RCW 50.24.010, for all employers in the four consecutive calendar quarters immediately preceding the computation date and reported to the employment security department by the cut-off date.
  - (c) For employers who do not meet the definition of "qualified employer" by reason of failure to pay contributions when due:
  - (i) The array calculation factor rate shall be two-tenths higher than that in rate class 40, except employers who have an approved agency-deferred payment contract by September 30th of the previous rate year. If any employer with an approved agency-deferred payment contract fails to make any one of the succeeding deferred payments or fails to submit any succeeding tax report and payment in a timely manner, the employer's tax rate shall immediately revert to an array calculation factor rate two-tenths higher than that in rate class 40; and

p. 13 SSB 5319

- 1 (ii) The social cost factor rate shall be the social cost factor 2 rate assigned to rate class 40 under (b)(ii) of this subsection.
  - (d) For all other employers not qualified to be in the array:
  - (i) For rate years 2005, 2006, and 2007:

- (A) The array calculation factor rate shall be a rate equal to the average industry array calculation factor rate as determined by the commissioner, plus fifteen percent of that amount; however, the rate may not be less than one percent or more than the array calculation factor rate in rate class 40; and
- (B) The social cost factor rate shall be a rate equal to the average industry social cost factor rate as determined by the commissioner, plus fifteen percent of that amount, but not more than the social cost factor rate assigned to rate class 40 under (b)(ii) of this subsection.
  - (ii) Beginning with contributions assessed for rate year 2008:
- (A) The array calculation factor rate shall be a rate equal to the average industry array calculation factor rate as determined by the commissioner, multiplied by the history factor, but not less than one percent or more than the array calculation factor rate in rate class 40;
- (B) The social cost factor rate shall be a rate equal to the average industry social cost factor rate as determined by the commissioner, multiplied by the history factor, but not more than the social cost factor rate assigned to rate class 40 under (b)(ii) of this subsection; and
- (C) The history factor shall be based on the total amounts of benefits charged and contributions paid in the three fiscal years ending prior to the computation date by employers not qualified to be in the array, other than employers in (c) of this subsection, who were first subject to contributions in the calendar year ending three years prior to the computation date. The commissioner shall calculate the history ratio by dividing the total amount of benefits charged by the total amount of contributions paid in this three-year period by these employers. The division shall be carried to the second decimal place with the remaining fraction disregarded unless it amounts to five one-hundredths or more, in which case the second decimal place shall be rounded to the next higher digit. The commissioner shall determine the history factor according to the history ratio as follows:

1		History		History
2		Ratio		Factor
3				(percent)
4		At least	Less than	
5	(I)		.95	90
6	(II)	.95	1.05	100
7	(III)	1.05		115

- (3) Assignment of employers by the commissioner to industrial classification, for purposes of this section, shall be in accordance with established classification practices found in the (("Standard Industrial Classification Manual" issued by the federal office of management and budget to the third digit provided in the standard industrial classification code, or in the)) North American industry classification system code.
- **Sec. 4.** RCW 50.22.150 and 2002 c 149 s 2 are each amended to read 16 as follows:
- 17 (1) This section applies to claims with an effective date before 18 April 5, 2009.
  - (2) Subject to availability of funds, training benefits are available for an individual who is eligible for or has exhausted entitlement to unemployment compensation benefits and who:
    - (a) Is a dislocated worker as defined in RCW 50.04.075;
  - (b) Except as provided under subsection  $((\frac{2}{2}))$  of this section, has demonstrated, through a work history, sufficient tenure in an occupation or in work with a particular skill set. This screening will take place during the assessment process;
  - (c) Is, after assessment of demand for the individual's occupation or skills in the individual's labor market, determined to need jobrelated training to find suitable employment in his or her labor market. Beginning July 1, 2001, the assessment of demand for the individual's occupation or skill sets must be substantially based on declining occupation or skill sets identified in local labor market areas by the local workforce development councils, in cooperation with

p. 15 SSB 5319

the employment security department and its labor market information division, under subsection (((10))) (11) of this section;

- (d) Develops an individual training program that is submitted to the commissioner for approval within sixty days after the individual is notified by the employment security department of the requirements of this section;
- (e) Enters the approved training program by ninety days after the date of the notification, unless the employment security department determines that the training is not available during the ninety-day period, in which case the individual enters training as soon as it is available; and
- (f) Is enrolled in training approved under this section on a fulltime basis as determined by the educational institution, and is making satisfactory progress in the training as certified by the educational institution.
- $((\frac{2}{2}))$  (3) Until June 30, 2002, the following individuals who meet the requirements of subsection  $((\frac{1}{2}))$  (2) of this section may, without regard to the tenure requirements under subsection  $((\frac{1}{2}))$  (2) (b) of this section, receive training benefits as provided in this section:
- (a) An exhaustee who has base year employment in the aerospace industry assigned the standard industrial classification code "372" or the North American industry classification system code "336411";
- (b) An exhaustee who has base year employment in the forest products industry, determined by the department, but including the industries assigned the major group standard industrial classification codes "24" and "26" or any equivalent codes in the North American industry classification system code, and the industries involved in the harvesting and management of logs, transportation of logs and wood products, processing of wood products, and the manufacturing and distribution of wood processing and logging equipment; or
- (c) An exhaustee who has base year employment in the fishing industry assigned the standard industrial classification code "0912" or any equivalent codes in the North American industry classification system code.
- $((\frac{3}{3}))$  (4) An individual is not eligible for training benefits under this section if he or she:
- 37 (a) Is a standby claimant who expects recall to his or her regular 38 employer;

- 1 (b) Has a definite recall date that is within six months of the 2 date he or she is laid off; or
  - (c) Is unemployed due to a regular seasonal layoff which demonstrates a pattern of unemployment consistent with the provisions of RCW 50.20.015. Regular seasonal layoff does not include layoff due to permanent structural downsizing or structural changes in the individual's labor market.
- $((\frac{4}{}))$  (5) The definitions in this subsection apply throughout this section unless the context clearly requires otherwise.
  - (a) "Educational institution" means an institution of higher education as defined in RCW 28B.10.016 or an educational institution as defined in RCW 28C.04.410, including equivalent educational institutions in other states.
  - (b) "Sufficient tenure" means earning a plurality of wages in a particular occupation or using a particular skill set during the base year and at least two of the four twelve-month periods immediately preceding the base year.
- 18 (c) "Training benefits" means additional benefits paid under this 19 section.
  - (d) "Training program" means:

- (i) An education program determined to be necessary as a prerequisite to vocational training after counseling at the educational institution in which the individual enrolls under his or her approved training program; or
  - (ii) A vocational training program at an educational institution:
- (A) That is targeted to training for a high demand occupation. Beginning July 1, 2001, the assessment of high demand occupations authorized for training under this section must be substantially based on labor market and employment information developed by local workforce development councils, in cooperation with the employment security department and its labor market information division, under subsection (((10))) (11) of this section;
- (B) That is likely to enhance the individual's marketable skills and earning power; and
- (C) That meets the criteria for performance developed by the workforce training and education coordinating board for the purpose of determining those training programs eligible for funding under Title I of P.L. 105-220.

p. 17 SSB 5319

"Training program" does not include any course of education primarily intended to meet the requirements of a baccalaureate or higher degree, unless the training meets specific requirements for certification, licensing, or for specific skills necessary for the occupation.

(((5))) (6) Benefits shall be paid as follows:

- (a)(i) Except as provided in (a)(iii) of this subsection, for exhaustees who are eligible under subsection  $((\frac{1}{1}))$  (2) of this section, the total training benefit amount shall be fifty-two times the individual's weekly benefit amount, reduced by the total amount of regular benefits and extended benefits paid, or deemed paid, with respect to the benefit year; or
- (ii) For exhaustees who are eligible under subsection  $((\frac{2}{2}))$  of this section, for claims filed before June 30, 2002, the total training benefit amount shall be seventy-four times the individual's weekly benefit amount, reduced by the total amount of regular benefits and extended benefits paid, or deemed paid, with respect to the benefit year; or
- (iii) For exhaustees eligible under subsection  $((\frac{1}{2}))$  of this section from industries listed under subsection  $((\frac{1}{2}))$  of this section, for claims filed on or after June 30, 2002, but before January 5, 2003, the total training benefit amount shall be seventy-four times the individual's weekly benefit amount, reduced by the total amount of regular benefits and extended benefits paid, or deemed paid, with respect to the benefit year.
- (b) The weekly benefit amount shall be the same as the regular weekly amount payable during the applicable benefit year and shall be paid under the same terms and conditions as regular benefits. The training benefits shall be paid before any extended benefits but not before any similar federally funded program.
- (c) Training benefits are not payable for weeks more than two years beyond the end of the benefit year of the regular claim.
- ((+6))) (7) The requirement under RCW 50.22.010(10) relating to exhausting regular benefits does not apply to an individual otherwise eligible for training benefits under this section when the individual's benefit year ends before his or her training benefits are exhausted and the individual is eligible for a new benefit year. These individuals

will have the option of remaining on the original claim or filing a new claim.

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- (((7))) <u>(8)</u>(a) Except as provided in (b) of this subsection, individuals who receive training benefits under this section or under any previous additional benefits program for training are not eligible for training benefits under this section for five years from the last receipt of training benefits under this section or under any previous additional benefits program for training.
- (b) With respect to claims that are filed before January 5, 2003, individual in the aerospace industry assigned the standard industrial code "372" or the North American industry classification system code "336411" who received training benefits under this section, and who had been making satisfactory progress in a training program but did not complete the program, is eligible, without regard to the fiveyear limitation of this section and without regard to the requirement of subsection  $((\frac{1}{2}))$  of this section, if applicable, to receive training benefits under this section in order to complete that training The total training benefit amount that applies to the individual is seventy-four times the individual's weekly benefit amount, reduced by the total amount of regular benefits paid, or deemed paid, with respect to the benefit year in which the training program resumed and, if applicable, reduced by the amount of training benefits paid, or deemed paid, with respect to the benefit year in which the training program commenced.
- ((+8+)) (9) An individual eligible to receive a trade readjustment allowance under chapter 2 of Title II of the Trade Act of 1974, as amended, shall not be eligible to receive benefits under this section for each week the individual receives such trade readjustment allowance. An individual eligible to receive emergency unemployment compensation, so called, under any federal law, shall not be eligible to receive benefits under this section for each week the individual receives such compensation.
- ((+9))) (10) All base year employers are interested parties to the approval of training and the granting of training benefits.
- (((10))) (11) By July 1, 2001, each local workforce development council, in cooperation with the employment security department and its labor market information division, must identify occupations and skill sets that are declining and occupations and skill sets that are in high

p. 19 SSB 5319

- 1 demand. For the purposes of RCW 50.22.130 through 50.22.150 and
- 2 section 9, chapter 2, Laws of 2000, "high demand" means demand for
- 3 employment that exceeds the supply of qualified workers for occupations
- 4 or skill sets in a labor market area. Local workforce development
- 5 councils must use state and locally developed labor market information.
- 6 Thereafter, each local workforce development council shall update this
- 7 information annually or more frequently if needed.
- 8  $((\frac{11}{11}))$  (12) The commissioner shall adopt rules as necessary to
- 9 implement this section.

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- NEW SECTION. Sec. 5. A new section is added to chapter 50.22 RCW to read as follows:
- 12 (1) This section applies to claims with an effective date on or 13 after April 5, 2009.
  - (2) Subject to availability of funds, training benefits are available for an individual who is eligible for or has exhausted entitlement to unemployment compensation benefits when:
  - (a) The individual is a dislocated worker as defined in RCW 50.04.075 and, after assessment of the individual's labor market, occupation, or skills, is determined to need job-related training to find suitable employment in the individual's labor market. The assessment of demand for the individual's occupation or skill sets must be substantially based on declining occupation or skill sets and high-demand occupations identified in local labor market areas by the local workforce development councils in cooperation with the employment security department and its labor market information division; or
  - (b) For claims with an effective date on or after July 5, 2009, the individual:
  - (i) During the base period, the result of total reported wages divided by total hours worked for that individual is less than one hundred thirty percent of the state minimum wage, and after assessment, it is determined that the individual's earning potential will be enhanced through vocational training;
- (ii) Served in the United States military during the twelve-month period prior to the application date, was honorably discharged from military service, and, after assessment, is determined to need job-related training to find suitable employment in the individual's labor market; or

(iii) Is disabled due to an injury or illness and, after assessment, is determined to be unable to return to his or her previous occupation and in need of job-related training to obtain suitable employment in the individual's labor market.

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- (3)(a) The individual must develop an individual training program that is submitted to the commissioner for approval within ninety days after the individual is notified by the employment security department of the requirements of this section;
- (b) The individual must enter the approved training program by one hundred twenty days after the date of the notification, unless the employment security department determines that the training is not available during the one hundred twenty days, in which case the individual enters training as soon as it is available;
- (c) The department may waive the deadlines established under this subsection for reasons deemed by the commissioner to be good cause.
  - (4) The individual must be enrolled in training approved under this section on a full-time basis as determined by the educational institution, except that less than full-time training may be approved when the individual has a physical, mental, or emotional disability that precludes enrollment on a full-time basis.
- (5) The individual must make satisfactory progress in the training as defined by the commissioner and certified by the educational institution.
- (6) An individual is not eligible for training benefits under this section if he or she:
- (a) Is a standby claimant who expects recall to his or her regular employer; or
- 28 (b) Has a definite recall date that is within six months of the 29 date he or she is laid off.
- 30 (7) The following definitions apply throughout this section unless 31 the context clearly requires otherwise.
- 32 (a) "Educational institution" means an institution of higher 33 education as defined in RCW 28B.10.016 or an educational institution as 34 defined in RCW 28C.04.410, including equivalent educational 35 institutions in other states.
- 36 (b) "High-demand occupation" means an occupation with a substantial 37 number of current or projected employment opportunities.

p. 21 SSB 5319

- 1 (c) "Training benefits" means additional benefits paid under this 2 section.
  - (d) "Training program" means:

- (i) An education program determined to be necessary as a prerequisite to vocational training after counseling at the educational institution in which the individual enrolls under his or her approved training program; or
- 8 (ii) A vocational training program at an educational institution 9 that:
  - (A) Is targeted to training for a high-demand occupation;
  - (B) Is likely to enhance the individual's marketable skills and earning power; and
  - (C) Meets the criteria for performance developed by the workforce training and education coordinating board for the purpose of determining those training programs eligible for funding under Title I of P.L. 105-220.

"Training program" does not include any course of education primarily intended to meet the requirements of a baccalaureate or higher degree, unless the training meets specific requirements for certification, licensing, or for specific skills necessary for the occupation.

- (8) Benefits shall be paid as follows:
- (a) The total training benefit amount shall be fifty-two times the individual's weekly benefit amount, reduced by the total amount of regular benefits and extended benefits paid, or deemed paid, with respect to the benefit year.
- (b) The weekly benefit amount shall be the same as the regular weekly amount payable during the applicable benefit year and shall be paid under the same terms and conditions as regular benefits.
- (c) Training benefits shall be paid before any extended benefits but not before any similar federally funded program.
- (d) Training benefits are not payable for weeks more than two years beyond the end of the benefit year of the regular claim.
- (9) The requirement under RCW 50.22.010(10) relating to exhausting regular benefits does not apply to an individual otherwise eligible for training benefits under this section when the individual's benefit year ends before his or her training benefits are exhausted and the

individual is eligible for a new benefit year. These individuals will have the option of remaining on the original claim or filing a new claim.

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- (10) Individuals who receive training benefits under RCW 50.22.150 or this section are not eligible for training benefits under this section for five years from the last receipt of training benefits.
- (11) An individual eligible to receive a trade readjustment allowance under chapter 2, Title II of the trade act of 1974, as amended, shall not be eligible to receive benefits under this section for each week the individual receives such trade readjustment allowance.
- (12) An individual eligible to receive emergency unemployment compensation under any federal law shall not be eligible to receive benefits under this section for each week the individual receives such compensation.
- 16 (13) All base year employers are interested parties to the approval 17 of training and the granting of training benefits.
  - (14) Each local workforce development council, in cooperation with the employment security department and its labor market information division, must identify occupations and skill sets that are declining and high-demand occupations and skill sets. Each local workforce development council shall update this information annually or more frequently if needed.
- 24 (15) The commissioner shall adopt rules as necessary to implement 25 this section.
- 26 **Sec. 6.** RCW 50.60.020 and 1983 c 207 s 2 are each amended to read 27 as follows:

Unless the context clearly requires otherwise, the definitions in this section apply throughout this chapter.

- (1) "Affected ((unit)) employee" means a specified ((plant, department, shift, or other definable unit consisting of one or more employees)) employee, to which an approved shared work compensation plan applies.
- (2) "Fringe benefits" include health insurance, retirement benefits under benefit pension plans as defined in section 3(35) of the employee retirement income security act of 1974, paid vacation and holidays, and

p. 23 SSB 5319

sick leave, which are incidents of employment in addition to cash remuneration.

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- (3) "Shared work benefits" means the benefits payable to ((employees in)) an affected ((unit)) employee under an approved shared work compensation plan as distinguished from the benefits otherwise payable under this title.
- (4) "Shared work compensation plan" means a plan of an employer, or of an employers' association, under which there is a reduction in the number of hours worked by employees rather than temporary layoffs.
- (5) "Shared work employer" means an employer, one or more of whose employees are covered by a shared work compensation plan.
- (6) "Usual weekly hours of work" means the normal number of hours of work for ((full-time employees in the affected unit)) the affected employee when ((that unit)) he or she is ((operating)) working on a full-time basis, not to exceed forty hours and not including overtime.
- (7) "Unemployment compensation" means the benefits payable under this title other than shared work benefits and includes any amounts payable pursuant to an agreement under federal law providing for compensation, assistance, or allowances with respect to unemployment.
- 20 (8) "Employers' association" means an association which is a party 21 to a collective bargaining agreement under which there is a shared work 22 compensation plan.
- 23 **Sec. 7.** RCW 50.60.030 and 1985 c 43 s 1 are each amended to read as follows:

An employer or employers' association wishing to participate in a shared work compensation program shall submit a written and signed shared work compensation plan to the commissioner for approval. The commissioner shall approve a shared work compensation plan only if the following criteria are met:

- 30 (1) The plan identifies the affected ((units)) employees to which 31 it applies;
  - (2) ((An)) <u>Each affected</u> employee ((in an affected unit are)) is identified by name, social security number, and by any other information required by the commissioner;
- 35 (3) The usual weekly hours of work for ((an)) each affected 36 employee ((in an affected unit)) are reduced by not less than ten 37 percent and not more than fifty percent;

(4) Fringe benefits will continue to be provided on the same basis as before the reduction in work hours. In no event shall the level of health benefits be reduced due to a reduction in hours;

- (5) The plan certifies that the aggregate reduction in work hours for each affected employee is in lieu of temporary layoffs ((which would have affected at least ten percent of the employees in the affected units to which the plan applies and)) which would have resulted in an equivalent reduction in work hours;
- 9 (6) ((The plan applies to at least ten percent of the employees in the affected unit;
  - (7)) The plan is approved in writing by the collective bargaining agent for each collective bargaining agreement covering any <u>affected</u> employee ((in the affected unit));
    - ((+8))) (7) The plan will not subsidize seasonal employers during the off season nor subsidize employers who have traditionally used part-time employees; and
    - $((\frac{(9)}{)})$  (8) The employer agrees to furnish reports necessary for the proper administration of the plan and to permit access by the commissioner to all records necessary to verify the plan before approval and after approval to evaluate the application of the plan.
- In addition to subsections (1) through  $((\frac{9}{}))$  (8) of this section, the commissioner shall take into account any other factors which may be pertinent.
- **Sec. 8.** RCW 50.60.060 and 1983 c 207 s 6 are each amended to read 25 as follows:
  - A shared work compensation plan shall be effective on the date ((specified in the plan or on)) agreed upon by the department and the employer but no later than the first day of the second calendar week after the date of the commissioner's approval, ((whichever is later)) unless a later date is requested by the employer. The plan shall expire at the end of the twelfth full calendar month after its effective date, or on the date specified in the plan if that date is earlier, unless the plan is revoked before that date by the commissioner. If a plan is revoked by the commissioner, it shall terminate on the date specified in the commissioner's order of revocation.

p. 25 SSB 5319

**Sec. 9.** RCW 50.60.070 and 1983 c 207 s 7 are each amended to read 2 as follows:

The commissioner may revoke approval of a shared work compensation plan for good cause. The revocation order shall be in writing and shall specify the date the revocation is effective and the reasons for the revocation. Good cause for revocation shall include failure to comply with the assurances given in the plan, unreasonable revision of productivity standards ((for the affected unit)), conduct or occurrences tending to defeat the intent and effective operation of the plan, and violation of the criteria on which approval of the plan was based.

Such action may be initiated at any time by the commissioner on his or her own motion, on the motion of any of the affected ((unit)) employees, or on the motion of the appropriate collective bargaining agents. The commissioner shall review each plan at least once within the twelve month period the plan is in effect to assure that it continues to meet the requirements of this chapter.

**Sec. 10.** RCW 50.60.090 and 1983 c 207 s 9 are each amended to read 19 as follows:

An individual is eligible to receive shared work benefits with respect to any week only if, in addition to meeting the conditions of eligibility for other benefits under this title, the commissioner finds that:

- (1) The individual was employed during that week as ((a member of)) an affected ((unit)) employee under an approved shared work compensation plan which was in effect for that week;
- (2) The individual was able to work and was available for additional hours of work and for full-time work with the shared work employer; and
- (3) Notwithstanding any other provision of this chapter, an individual is deemed to have been unemployed in any week for which remuneration is payable to him or her as an <u>affected</u> employee ((in an affected unit)) for less than his or her normal weekly hours of work as specified under the approved shared work compensation plan in effect for that week.

**Sec. 11.** RCW 50.60.100 and 1983 c 207 s 10 are each amended to read as follows:

- (1) The shared work weekly benefit amount shall be the product of the regular weekly unemployment compensation benefit amount multiplied by the percentage of reduction in the individual's usual weekly hours of work;
- (2) No individual is eligible in any benefit year for more than the maximum entitlement established for benefits under this title, including benefits under this chapter((, nor may an individual be paid shared work benefits for more than a total of twenty-six weeks in any twelve month period under a shared work compensation plan));
- (3) The shared work benefits paid an individual shall be deducted from the total benefit amount established for that individual's benefit year;
- (4) Claims for shared work benefits shall be filed in the same manner as claims for other benefits under this title or as prescribed by the commissioner by rule;
- (5) Provisions otherwise applicable to unemployment compensation claimants under this title apply to shared work claimants to the extent that they are not inconsistent with this chapter;
- (6)(a) If an individual works in the same week for an employer other than the shared work employer and his or her combined hours of work for both employers are equal to or greater than the usual weekly hours of work with the shared work employer, the individual shall not be entitled to benefits under this chapter or title;
- (b) If an individual works in the same week for both the shared work employer and another employer and his or her combined hours of work for both employers are less than his or her usual weekly hours of work, the benefit amount payable for that week shall be the weekly unemployment compensation benefit amount reduced by the same percentage that the combined hours are of the usual weekly hours of work((. A week for which benefits are paid under this subsection shall count as a week of shared work benefits));
- (7) An individual who does not work during a week for the shared work employer, and is otherwise eligible, shall be paid his or her full weekly unemployment compensation benefit amount((. Such a week shall not be counted as a week for which shared work benefits were received));

p. 27 SSB 5319

- 1 (8) An individual who does not work for the shared work employer
  2 during a week but works for another employer, and is otherwise
  3 eligible, shall be paid benefits for that week under the partial
  4 unemployment compensation provisions of this title. ((Such a week
  5 shall not be counted as a week for which shared work benefits were
  6 received.))
- NEW SECTION. Sec. 12. A new section is added to chapter 50.20 RCW to read as follows:
- 9 (1) An individual may choose to apply the increased weekly benefit 10 provided for under section 1 of this act towards the individual's basic 11 health plan monthly premium for the purpose of health coverage.
- 12 (2) This section is subject to the expiration date as provided for in section 1 of this act.
- NEW SECTION. Sec. 13. If any part of this act is found to be in 14 15 conflict with federal requirements that are a prescribed condition to 16 the allocation of federal funds to the state or the eligibility of employers in this state for federal unemployment tax credits, the 17 conflicting part of this act is inoperative solely to the extent of the 18 19 conflict, and the finding or determination does not affect the 20 operation of the remainder of this act. Rules adopted under this act 21 must meet federal requirements that are a necessary condition to the 22 receipt of federal funds by the state or the granting of federal 23 unemployment tax credits to employers in this state.
- NEW SECTION. Sec. 14. If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected.
- NEW SECTION. Sec. 15. Sections 1 through 3 of this act are necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and take effect May 3, 2009.
- 32 NEW SECTION. Sec. 16. Sections 4 through 12 of this act are

- 1 necessary for the immediate preservation of the public peace, health,
- 2 or safety, or support of the state government and its existing public
- 3 institutions, and take effect April 5, 2009.

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p. 29 SSB 5319