

SENATE BILL REPORT

EHB 1396

As of March 27, 2013

Title: An act relating to changing the unemployment insurance shared work program by adopting short-time compensation provisions in the federal middle class tax relief and job creation act of 2012.

Brief Description: Changing the unemployment insurance shared work program by adopting short-time compensation provisions in the federal middle class tax relief and job creation act of 2012.

Sponsors: Representatives Manweller, Sells, Chandler, Reykdal, Condotta, Hunt, Wylie, Van De Wege, Green, Appleton and Morrell; by request of Employment Security Department.

Brief History: Passed House: 3/08/13, 97-0.

Committee Activity: Commerce & Labor: 3/25/13.

SENATE COMMITTEE ON COMMERCE & LABOR

Staff: Mac Nicholson (786-7445)

Background: The unemployment insurance (UI) shared work program allows employers to temporarily reduce employee hours rather than lay off workers, and allows the workers to collect partial unemployment benefits. Eligibility is limited to full-time employees who are paid on an hourly basis, and there must be a 10 to 50 percent reduction in usual weekly work hours. Employers seeking to participate in a shared work plan must submit a plan to the Employment Security Department and must have been registered in Washington for at least six months prior to applying for the program. A shared work plan can last up to one year.

Employees participating in a shared work plan must be eligible for regular unemployment benefits, and be able and available to work all hours offered by the employer. Fringe benefits must continue to be provided to participating employees on the same basis as before the reduction in work hours, and health benefits cannot be reduced due to a reduction in hours.

UI benefits made to employees under a shared work plan are charged back to the employer.

Recent federal legislation modified federal law concerning shared work programs, and provides temporary funding to reimburse states for certain shared work benefit and

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administrative costs. States seeking to operate a shared work program after August 2014 must conform state shared work law requirements to federal law.

Summary of Bill: Changes are made to the shared work program including the following:

- participating employers must have at least two employees, one of which is covered by a shared work plan;
- part-time employees may participate in a shared work plan; and
- participating employees must have been hired on a permanent basis.

Health care benefits, retirement benefits, and paid vacation, holiday, and sick leave benefits must continue to be provided to shared work employees under the same terms and conditions as when the employee worked usual weekly hours. A change in such benefits applicable to non-participating employees may also apply to participating employees.

The shared work plan must include an estimate of the number of layoffs that would have occurred, and when feasible, must include a plan to give advance notice to employees who will see a reduction in usual weekly hours. Employers must also attest that participation in a shared work plan is consistent with employer obligations under federal and state law.

Any amount of shared work benefits paid between July 1, 2012 and June 28, 2015 that are reimbursed by the federal government will not be charged to employers.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony: PRO: This bill does two important things. It keeps us eligible for federal funds, and encourages employers to not lay off people completely. The bill allows employers to have everybody take a bit of a hit rather than lay off one or two people. The bill was drafted prior to sequestration, so there is a possibility that the feds can't reimburse completely. The bill provides that if feds do not cover all the costs then the employer is responsible for the costs and the costs will not be socialized. If the bill does not pass this year, it must pass next year or the state will not be able to operate a shared work program.

Persons Testifying: PRO: Representative Manweller, prime sponsor; Neil Gorrell, ESD.