

HOUSE BILL REPORT

ESSB 5473

As Reported by House Committee On: Labor & Workplace Standards

Title: An act relating to studying exceptions to provisions disqualifying individuals from receiving unemployment benefits for leaving work voluntarily without good cause.

Brief Description: Studying exceptions to provisions disqualifying individuals from receiving unemployment benefits for leaving work voluntarily without good cause.

Sponsors: Senate Committee on Labor & Commerce (originally sponsored by Senators Saldaña and Nguyen).

Brief History:

Committee Activity:

Labor & Workplace Standards: 2/20/20, 2/25/20 [DPA].

Brief Summary of Engrossed Substitute Bill (As Amended by Committee)

- Requires the Employment Security Department to study economic impacts if unemployment benefits were allowed for certain voluntary quits.

HOUSE COMMITTEE ON LABOR & WORKPLACE STANDARDS

Majority Report: Do pass as amended. Signed by 5 members: Representatives Sells, Chair; Chapman, Vice Chair; Gregerson, Hoff and Ormsby.

Minority Report: Do not pass. Signed by 2 members: Representatives Mosbrucker, Ranking Minority Member; Chandler, Assistant Ranking Minority Member.

Staff: Lily Smith (786-7175).

Background:

Unemployment Insurance.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

The unemployment insurance system is designed to provide partial wage replacement for workers who are unemployed. The Employment Security Department (Department) administers this system.

A claimant is eligible to receive unemployment benefits if the claimant: (1) worked at least 680 hours in the base year; (2) was separated from employment through no fault of the claimant's or quit work for good cause; and (3) is available to work and is actively searching for work.

Good Cause Quit.

A claimant may quit and maintain eligibility for benefits only under good cause quit circumstances listed in statute. These circumstances include when the separation was necessary because of the illness or disability of the claimant or death, illness, or disability of an immediate family member. This good cause quit circumstance requires that the claimant: (1) pursued all reasonable alternatives to preserve his or her employment status by requesting a leave of absence, having promptly notified the employer of the reason for the absence, and having promptly requested reemployment when able to work; and (2) terminated his or her employment status and is not entitled to be reinstated to the same, comparable, or similar position.

Benefit Charging.

Most employers pay contributions (payroll taxes) to finance unemployment benefits. An employer's tax rate is experience-rated so that the rate is determined, in part, by the benefits paid to its employees. Benefits are charged to base year employers on a pro rata basis according to the amount of wages paid to the claimant by the employer in the claimant's base year compared to the wages paid by all employers. Some benefits, such as those paid for certain good cause quits, are charged only to the separating employer.

Summary of Amended Bill:

The Department must study the impacts to Washington's unemployment insurance trust fund (trust fund) and the contribution rates of employers if the law was amended to allow unemployment insurance benefits for individuals who leave work voluntarily for the following reasons:

- the separation was necessary due to inaccessibility of care for a child or a vulnerable adult, if the claimant complies with certain conditions;
- the employer, without a commensurate change in pay, substantially increases the individual's job duties or significantly changes the individual's working conditions; or
- the individual left work to relocate outside the existing labor market because of the geographical location of or proximity to and the separation from a minor child.

The study must include the impacts to the trust fund if the benefits were not charged to the employer's experience rating accounts.

The Department may consider Washington law and other states' laws governing the disqualification of individuals from receiving unemployment benefits for leaving work

voluntarily without good cause, as well as any other information the Department deems relevant.

The Department must meet at least three times with a representative of the largest business association and a representative of an organization that provides low-cost representation or free advice and counsel to people regarding their unemployment benefits to discuss the information gathered by the Department.

By November 6, 2020, the Department must report to the Governor and the appropriate committees of the Legislature, providing the separate impacts described above and any recommendations for how the statutes and rules may be amended to address these circumstances while limiting adverse impacts to the trust fund and the contribution rates of employers.

Amended Bill Compared to Engrossed Substitute Bill:

The Department study is expanded to include impacts to the trust fund if employers were not charged for benefits from the potential new basis for voluntary quits.

The Department reporting requirement is modified to specify that it includes the separate impacts from each of the potential bases for allowing benefits.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Amended Bill: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) There is a strong need for this bill, as many people are denied benefits when they are essentially forced to quit and there is no other recourse under current law. Job separations may be classified as voluntary even when it was not a choice. This is an arbitrary classification. There have been quits after significant raises in hours for salaried employees, or from parents who cannot work a graveyard shift or otherwise cover childcare for a shift change on short notice. The safety net of unemployment insurance must be available to working mothers and caregivers, whose wages matter more than ever now. Voluntary quits create a disproportionate impact on women. Unemployment insurance law has not changed over the years along with the changing economy with more women participating in the workforce. This bill will make a great difference to workers around the state, and supports the purposes of unemployment insurance. The health of the trust fund should be considered, but so should the disproportionate economic impacts.

(Opposed) None.

(Other) The previous unemployment insurance system reform resulted in a redesign that worked and made it through the recession, unlike most other states. Bills like this one seem like a backslide into the same situation before the reforms. This should not be a statutory change; instead, the Department should reform the Unemployment Insurance Advisory Committee, which was noncontroversial and worked well. There used to be a process whereby those who understood the system from all sides could work to understand the numbers. This is a pretty complicated mathematical process.

Persons Testifying: (In support) John Tirpak and Andra Kranzler, Unemployment Law Project; and Maggie Humphreys, MomsRising.

(Other) Bruce Beckett, Washington Retail Association.

Persons Signed In To Testify But Not Testifying: None.