

HOUSE BILL REPORT

SHB 1458

As Passed Legislature

Title: An act relating to unemployment insurance benefits for individuals participating in an apprenticeship program.

Brief Description: Concerning unemployment insurance benefits for apprenticeship program participants.

Sponsors: House Committee on Labor & Workplace Standards (originally sponsored by Representatives Shavers, Fosse, Santos, Berry, Simmons, Alvarado, Doglio, Ormsby, Gregerson and Pollet).

Brief History:

Committee Activity:

Labor & Workplace Standards: 2/1/23, 2/10/23 [DPS].

Floor Activity:

Passed House: 2/28/23, 86-11.

Passed Senate: 3/22/23, 41-7.

Passed Legislature.

Brief Summary of Substitute Bill

- Requires the Employment Security Department to convene a work group for the purpose of identifying and addressing legal and procedural barriers faced by eligible claimants participating in apprenticeship programs when those claimants seek timely access to unemployment insurance benefits.

HOUSE COMMITTEE ON LABOR & WORKPLACE STANDARDS

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 9 members: Representatives Berry, Chair; Fosse, Vice Chair; Robertson, Ranking Minority Member; Schmidt, Assistant Ranking Minority Member; Bronoske,

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

Connors, Doglio, Ormsby and Ortiz-Self.

Staff: Kelly Leonard (786-7147).

Background:

The unemployment insurance (UI) system, administered by the Employment Security Department (ESD), is designed to provide partial wage replacement for unemployed workers. Eligible unemployed workers receive benefits based on their earnings in their base year, which is typically the first four of the last five completed calendar quarters. A person who is seeking benefits, referred to as a "claimant," is eligible if he or she: (1) worked at least 680 hours in the base year; (2) voluntarily quit for good cause or was otherwise separated from employment through no fault of his or her own; and (3) is available to work and is actively searching for work. Funding for UI benefits are sourced from payroll taxes paid by employers. An employer's tax rate is experience-rated so that the rate is determined, in part, by the UI benefits paid to its employees.

Individuals who leave work to enter certain apprenticeship programs are considered to have left work for good cause and, therefore, are not disqualified from receiving UI benefits. The apprenticeship program must be approved by the Washington State Apprenticeship Training Council. Benefits are payable beginning the Sunday of the week prior to the week in which the claimant begins active participation in the apprenticeship program. These UI benefits are not charged to employers' experience rating accounts.

Summary of Substitute Bill:

The ESD must convene a work group for the purpose of identifying and addressing legal and procedural barriers faced by eligible claimants participating in apprenticeship programs when those claimants seek timely access to UI benefits. The work group must include representatives of apprenticeship programs and ESD staff, as well as other appropriate stakeholders. The ESD must submit a report with findings and recommendations, including a status update on applicable administrative efforts to reduce procedural barriers identified by the work group, to the Governor and Legislature by December 1, 2023.

Appropriation: None.

Fiscal Note: Available.

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

Staff Summary of Public Testimony:

(In support) Apprentices are currently eligible for UI benefits when leaving work to receive

instruction. However, they deal with significant hurdles to receive those benefits. Even when the check finally comes in the mail, it is usually not enough to support a family and pay for the collateral costs of the training, like gas money. The financial burden makes these periods of training very difficult, and some apprentices are forced to leave the program to pursue stable income elsewhere. Waiving the waiting week will help to alleviate some of this financial burden. It will provide an extra week of benefits, helping apprentices make ends meet. There is precedent for waiving the waiting week; it was done during the pandemic.

It is very important to assess ESD procedures for processing the UI claims of apprentices. By identifying current barriers, the state can improve the delivery of existing benefits and help keep persons in apprenticeship programs. This is critical during the current labor shortage.

(Opposed) Many industries struggle with the costs of training workers. This is not unique to apprentices. Yet most employers must pay their employees during this time. Apprentices are unique in their ability to access UI benefits during training. This is already unfair to employers and workers in other industries. Waiving the waiting week generates additional costs to all employers. Since these benefits are socialized, the apprentices' employers don't bear the burden. There is no reason this category of workers is more entitled to extra benefits, through waiving the waiting week or otherwise, than anyone else. In addition, waiving the waiting week jeopardizes federal funding for the entire UI system.

(Other) It is important for all eligible claimants to receive their benefits in a timely fashion, and the ESD wants to improve the claimants' experience in the UI system. However, waiving the waiting week will not speed up the delivery of benefits; it just affects the amount of the benefits. Claims still need to be adjudicated. If the goal is to improve the delivery of services, then this can be achieved through the work group.

By waiving the waiting week, the state will lose federal funding for the first week of extended benefits for all claimants in the UI system.

Persons Testifying: (In support) Representative Clyde Shavers, prime sponsor; Bryan Johnson, Ironworkers Local 86; Braeden Barnes, Ironworkers; Chance Lemar, Ironworkers Apprenticeship; and Josh Swanson, Operating Engineers Local 302.

(Opposed) Julia Gorton, Washington Hospitality Association; Bob Battles, Association of Washington Business; and James King, Independent Business Association.

(Other) Caitlyn Jekel, Washington State Employment Security Department.

Persons Signed In To Testify But Not Testifying: None.