

SENATE BILL REPORT

SB 5777

As Reported by Senate Committee On:
Labor & Commerce, January 16, 2024

Title: An act relating to unemployment insurance benefits for striking or lockout workers.

Brief Description: Concerning unemployment insurance benefits for striking or lockout workers.

Sponsors: Senators Keiser, Conway, Lovick, Valdez, Trudeau, Shewmake, Randall, Van De Wege, Dhingra, Stanford, Hasegawa, Nguyen, Hunt, Kauffman, Liias, Frame, Kuderer, Nobles, Pedersen, Salomon and Wilson, C..

Brief History:

Committee Activity: Labor & Commerce: 1/09/24, 1/16/24 [DP, DNP].

Brief Summary of Bill

- Deletes a provision that disqualifies employees in a multi-employer bargaining unit from unemployment insurance benefits when the employees have been locked out following a strike against the employers in the bargaining unit.
- Modifies the period of disqualification from unemployment insurance benefits for striking workers to end at the earlier of the Sunday following the first day of the strike or at the end of the strike.

SENATE COMMITTEE ON LABOR & COMMERCE

Majority Report: Do pass.

Signed by Senators Keiser, Chair; Conway, Vice Chair; Saldaña, Vice Chair; Hansen and Stanford.

Minority Report: Do not pass.

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.

Signed by Senators King, Ranking Member; Braun and MacEwen.

Staff: Susan Jones (786-7404)

Background: Unemployment Insurance Benefits. The Employment Security Department administers Washington State's unemployment insurance program. An unemployed individual is eligible to receive unemployment insurance benefits (UI benefits) if the individual:

- worked at least 680 hours in the base year;
- was separated from employment through no fault of the claimant's or quit work for good cause; and
- is able to work, available to work, and is actively searching for suitable work.

A claimant must be unemployed for a one-week waiting period before being eligible for UI benefits.

Certain benefit payments are not charged to the experience rating accounts of employers paying contributions to the unemployment insurance program (contributing paying employers).

Disqualification from Unemployment Insurance Benefits During Strike or Lockout. An individual is disqualified from UI benefits when the individual's unemployment is:

- due to a strike at the factory, establishment, or other premises where the individual is or was last employed; or
- due to a lockout by the employer who is a member of a multi-employer bargaining unit and who has locked out the employees at the factory, establishment, or other premises where the individual is or was last employed after one member of the multi-employer bargaining unit has been struck by its employees as a result of the multi-employer bargaining process.

The disqualification does not apply if:

- the individual is not participating in or financing or directly interested in the strike or lockout that caused the unemployment; and
- the individual does not belong to a grade or class of workers of which, immediately before the strike or lockout, there were members employed at the premises where the strike or lockout occurs, any of whom are participating in or financing or directly interested in the strike or lockout.

The disqualification ends when the strike or lockout is terminated.

Summary of Bill: The provision that disqualifies employees in a multi-employer bargaining unit from UI benefits when the employees have been locked out following a strike against the employers in the bargaining unit is deleted.

Disqualification for striking workers ends at the earlier of the Sunday following:

- the first day of the strike; or
- at the end of the strike.

The individual is subject to the one week waiting period.

Contribution paying employers experience rating accounts are not charged for UI benefits paid where the individual's unemployment is due to a strike at the separating employer's premises where the individual is or was last employed.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

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

Staff Summary of Public Testimony: PRO: This legislation has been proposed and passed in other states. Low wage workers are stressed just to pay their rent and put food on the table. To go on strike puts a financial burden on them. The bill addresses this burden. It offers a critical financial lifeline.

Workers have the right to join together to fight for fair wages and working conditions. Strikes are a powerful tool for workers to use to achieve these gains. Workers consider strikes carefully because they involve uncertainty, risk and sacrifices, including loss of income, healthcare coverage, and pension credits. The bill would provide a safety net for housing and food. They earn UI and should be able to use it when they need it most.

Some employers illegally refuse to bargain and hope to starve out the unions. Many workers do not have savings to go on strike. There is a power imbalance between employers and workers. Although workers vote to go on strike, the circumstances are not always within their control.

The Bureau of Labor Statistics has tracked major labor disputes going back to the 40s. In the decade before 2022, there have been 11 tracked labor disputes. Three lasted more than 14 days. This is a nominal impact to the trust fund.

CON: Years ago, a workgroup worked to have stability and predictability to the UI program. It provides the highest benefits in the nation. The workgroup was successful, and the program survived the Great Recession without a loan and performed well during Covid. The program is set up to provide benefits for workers who are unemployed through no fault of their own. Certain voluntary separations have been added but not related to labor disputes. The bill will impact rates and every employer in the state because the benefit

costs are socialized. The premiums are paid by employers.

CBA's are negotiated and have a balanced give and take. The bill will upset the balance and may prolong strikes. California's Governor vetoed this law. The bill cost is ranging from \$9 to \$14 million and \$140 million to payouts. The bill may impact other safety net programs.

Persons Testifying: PRO: Senator Karen Keiser, Prime Sponsor; April Sims, Washington State Labor Council, AFL-CIO; Bryan Shanafelt, UFCW 367; Rachel Ybarra, Starbucks Workers United; Rob Perdue, United Auto Workers 492; Jerry Sinclair, AFA Alaska Airlines; Brenda Wiest, Teamsters 117; Croix Frigo, IBEW 46.

CON: Bob Battles, Association of Washington Business; Bruce K Beckett, Wa. Retail Association; Jerry VanderWood, AGC of Washington; Cory Shaw, Washington Aggregates & Concrete Association; Brad Boswell, Seattle Metropolitan Chamber of Commerce; Julia Gorton, Washington Hospitality Association; Neil Strege, Washington Roundtable.

Persons Signed In To Testify But Not Testifying: No one.