

HOUSE BILL REPORT

HB 2385

*As Reported By House Committee on:
Commerce & Labor*

Title: An act relating to unemployment compensation benefits.

Brief Description: Providing for unemployment compensation benefits.

Sponsor(s): Representatives Heavey, Fuhrman, Orr, Jones, G. Cole, Franklin, Brumsickle, O'Brien, Lisk, Paris, Wineberry, Chandler, J. Kohl and Mitchell; by request of Employment Security Department.

Brief History:

Reported by House Committee on:
Commerce & Labor, February 6, 1992, DP.

**HOUSE COMMITTEE ON
COMMERCE & LABOR**

Majority Report: *Do pass.* Signed by 11 members: Representatives Heavey, Chair; G. Cole, Vice Chair; Fuhrman, Ranking Minority Member; Lisk, Assistant Ranking Minority Member; Franklin; Jones; R. King; O'Brien; Prentice; Vance; and Wilson.

Staff: Chris Cordes (786-7117).

Background: Unemployment compensation benefits are subject to a number of limitations, including requirements for deductions because of social security pensions and part-time earnings, and residency requirements for aliens.

Social security pension deductions

An unemployment compensation claimant's benefits are reduced by 50 percent of the amount of the federal social security retirement pension that the claimant receives. Although federal law requires that most pensions based on prior employment be deducted from unemployment benefits, it no longer requires any deduction for social security pensions.

Deductions for part-time earnings

Claimants eligible for unemployment compensation are permitted to take temporary part-time work. The first \$5

earned in a week is disregarded in computing benefits. However, if the claimant earns more than \$5 during any week, the claimant's weekly unemployment benefit is reduced by 75 percent of the earnings over \$5.

Qualifications for alien claimants

In Washington, an alien is eligible for unemployment compensation benefits if the person has been lawfully admitted to the United States for permanent residence, was lawfully present for performing the services, or is otherwise residing in the United States under color of law. A new federal law addressing alien eligibility requires aliens to be lawfully admitted for permanent residence or otherwise residing under color of law, or lawfully present for performing services, at the time the services were performed.

Summary of Bill:

Social security pension deductions

To take into account an unemployment insurance claimant's contribution to the social security pension program, no deduction will be made from unemployment compensation benefits because of the claimant's federal social security pension.

Deductions for part-time earnings

The amount of a claimant's weekly earnings that will be disregarded for purposes of computing the claimant's unemployment compensation benefits is raised from \$5 to \$25.

Qualifications for alien claimants

The alien residency requirements are amended to clarify that an alien may receive unemployment compensation benefits only if the alien was lawfully admitted for permanent residence or permanently residing in the United States under color of law, or lawfully present for performing services, at the time the services were performed.

Fiscal Note: Requested January 24, 1992.

Effective Date: The bill takes effect July 5, 1992, for weeks of unemployment beginning on or after July 5, 1992.

Testimony For: This bill recognizes that the workforce is changing, that more retired people are working, and that many of them need to work to support themselves. Current law discriminates against older unemployed workers by

requiring a benefit deduction for social security pensions. The bill also encourages unemployed workers to find jobs by lessening the disincentives against taking part-time work.

Testimony Against: Unemployment compensation is not intended as supplemental income. If there is a need to increase the income of retired persons, then that issue should be addressed directly. Social security income should be treated like all other pension income. The bill does not balance the interests of employers and employees as currently drafted.

Witnesses: (In favor) Vernon Stoner, Graeme Sackrison, and Marie Brillante, Employment Security Department; Jack Hillier, American Association of Retired Persons; Jeff Johnson, Washington State Labor Council; and Evan Iverson, Washington Senior Lobby.

(Opposed) Clif Finch, Association of Washington Business.