

HOUSE BILL REPORT

HB 1730

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

Title: An act relating to unemployment compensation and benefits.

Brief Description: Changing eligibility and benefits for unemployment compensation.

Sponsor(s): Representatives Heavey, Prentice, R. King and Cole.

Brief History:

Reported by House Committee on:
Commerce & Labor, February 26, 1991, DPS.

**HOUSE COMMITTEE ON
COMMERCE & LABOR**

Majority Report: *That Substitute House Bill No. 1730 be substituted therefor, and the substitute bill do pass.*
Signed by 7 members: Representatives Heavey, Chair; Cole, Vice Chair; Franklin; Jones; R. King; O'Brien; and Prentice.

Minority Report: *Do not pass.* Signed by 4 members: Representatives Fuhrman, Ranking Minority Member; Lisk, Assistant Ranking Minority Member; Vance; and Wilson.

Staff: Chris Cordes (786-7117).

Background:

Voluntary quits for good cause

If an employee leaves his or her job without good cause, the employee is disqualified from unemployment compensation until the employee has returned to work and earned wages at least equal to his or her benefit amount in five different weeks. If the reason for leaving work involves marital status or domestic responsibilities, such as following a spouse to another location, the claimant may either work and earn the benefit amount in five weeks or report to the Employment Security Department for 10 weeks and search for work.

Claimants who quit work for good cause are not disqualified from benefits.

Disqualification for misconduct

A claimant who has been terminated from work for misconduct connected to the work is disqualified from unemployment compensation benefits until he or she has returned to work and earned wages at least equal to his or her benefit amount in five different weeks.

Reentrants to the work force

To be eligible for benefits, a claimant must have worked 680 hours in the first four of the last five completed calendar quarters preceding his or her application for benefits. Persons who have experienced a long absence from the work force generally will not qualify for benefits while they are searching for a new job.

Minimum benefits

The minimum weekly benefit for an unemployment compensation claimant is 15 percent of the average weekly wage.

The total allowable benefits are calculated as one-third of the claimant's base year wages or 30 weeks of the claimant's weekly benefit amount, whichever is less. In some cases, a claimant may have a maximum potential claim duration that is less than 30 weeks.

Summary of Substitute Bill:

Voluntary quits for good cause

Good cause for leaving work includes compelling personal reasons of the claimant, such as marital status or domestic responsibilities. The special requalification requirement for unemployment insurance claimants who leave work because of marital status or domestic responsibilities is deleted. The requalification requirement for a person who voluntarily quits work without good cause is changed to allow an option of reporting to the department for five weeks and certify that he or she is able to work and available for work.

Disqualification for misconduct

To be disqualified from unemployment insurance benefits for misconduct, the misconduct must be "intentional." To requalify, the claimant may report to the Employment Security Department for five weeks, certifying that he or she is able to work and available for work.

Minimum benefits

The maximum potential duration of a claim is not less than 15 weeks. The minimum weekly benefit is changed from 15 to 25 percent of the average weekly wage.

Benefits for claimants reentering the work force

Persons who are reentering the work force after an absence related to domestic responsibilities, marital status, or compelling personal reasons, such as providing care for family members, attending school, or recovering from a nonwork-related injury, are allowed to use the wage credits that were earned before leaving the work force to establish eligibility for benefits. The wage credits must have been earned within six years of reentering the work force.

Substitute Bill Compared to Original Bill: The substitute bill: (1) changes the requalification requirement for a person who voluntarily quits work without good cause to include, in addition to working and earning his or her weekly benefit amount in each of five weeks, an option for reporting to the department for five weeks, certifying that the person is able to work and available for work, including searching for work; (2) revises the section allowing "good cause" for quitting work because of compelling personal reasons to apply the current law's requirement that the claimant must notify the employer of the reason for the absence and promptly request reemployment, unless the action would be futile; (3) changes the requirement for disqualification for misconduct from "willful" misconduct to "intentional" misconduct; and (4) clarifies the requirements for establishing a base year for reentrants to the work force.

Fiscal Note: Available; requested for substitute bill on February 27, 1991.

Effective Date of Substitute Bill: The bill contains an emergency clause and section 4, establishing minimum benefits, takes effect on July 7, 1991, for new claims filed on or after July 7, 1991.

Testimony For: There is a growing number of unemployed people who do not collect unemployment insurance. Part of the problem may be the restrictions enacted in the law in the 1970's. "Good cause" for leaving a job should include compelling personal reasons as it did before 1977. For many workers, the choice is between job and family. Also, many workers cannot requalify after terminating their job without good cause because they cannot find a job with high enough wages to requalify. Termination of misconduct is becoming a

large loophole for employers. It should be harder to prove the misconduct. Too many workers who are reentering the work force cannot find work, but are denied unemployment benefits. A minimum floor is needed that provides reasonable benefits to unemployed workers. The trust fund is very solvent now and can afford these changes.

Testimony Against: The trust fund reserves are not high enough to protect the State from the costs of a major recession. The State has one of the highest benefit structures in the country. If the trust fund is depleted, employer taxes will have to be increased and that will cost the State jobs. Several studies that have reviewed the problem of the unemployed who do not collect benefits concluded that many of these individuals did not even apply for benefits.

Witnesses: (in favor): Jeff Johnson, Washington State Labor Council; Martha Lindley, Unemployment Law Project; and Don Hopps, Washington Association of Churches. (opposed): Clif Finch, and Norm Raffaell, Association of Washington Business; and Gary Smith, Independent Business Association. (no position): Graeme Sackrison, Employment Security Department.