

SENATE BILL REPORT

SB 5064

As of January 19, 2021

Title: An act relating to qualifications for unemployment insurance when an individual voluntarily leaves work.

Brief Description: Concerning qualifications for unemployment insurance when an individual voluntarily leaves work.

Sponsors: Senators Saldaña, Wilson, C., Das, Hasegawa, Keiser, Kuderer, Lovelett, Nguyen and Stanford.

Brief History:

Committee Activity: Labor, Commerce & Tribal Affairs: 1/20/21.

Brief Summary of Bill

- Expands a good cause quit for unemployment insurance purposes after January 2, 2022 to include: a separation from work because a child or a vulnerable adult in the claimant's care is inaccessible; alteration of the claimant's usual work shifts so as to make care for a child or vulnerable adult in the claimant's care inaccessible; or separation from work to relocate near a minor child.
- Makes benefits paid for alteration of the work shift, making care for a child or vulnerable adult in the claimant's care inaccessible, only chargeable to the separating employer's experience rating account.
- Makes benefits paid related to relocation near a minor child noncharged to contribution paying employers' experience rating account.

SENATE COMMITTEE ON LABOR, COMMERCE & TRIBAL AFFAIRS

Staff: Susan Jones (786-7404)

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.

Background: An unemployed individual (claimant) is eligible to receive unemployment insurance (UI) benefits if the individual: (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 able to work, available to work, and is actively searching for suitable work. The Employment Security Department (ESD) administers Washington State's unemployment insurance program. An individual is disqualified from benefits, if the individual has failed without good cause, either to apply for available, suitable work, or to accept suitable work when offered, or to return to the individual's self-employment. Washington State law enumerates 12 reasons for voluntarily quitting work with good cause.

Most employers pay contributions or UI taxes. Some nonprofit organizations, states and political subdivisions of the state, and Indian tribes may qualify as reimbursable employers. Reimbursable employers reimburse ESD for UI benefits actually paid to separated employees instead of paying unemployment contributions.

Certain benefits paid are not charged to a contribution paying employer's experience ratings or only the experience rating of the separating employer. The separating employer is the employer from whom the separation occurred. A contribution paying employer may request relief of certain benefit charges, including for UI benefits paid to an individual who last left the employment voluntarily for reasons not attributable to the employer. The regulation list reasons not attributable to the employer, including that the claimant's illness or disability or the illness, disability, or death of a member of the claimant's immediate family. The request for relief of benefit charges must be made in writing within 30 days of mailing of the notice of initial claim determination.

In 2020, Engrossed Substitute Senate Bill 5473 required ESD to study and report the impacts to Washington's UI trust fund and the contribution rates of employers if the law was amended to allow UI benefits for individuals who leave work voluntarily for the following reasons:

- because care for a child or a vulnerable adult in the claimant's care is inaccessible, so long as the claimant made reasonable efforts to preserve the employment status;
- the employer, without a commensurate change in pay, substantially increases the individual's job duties; or significantly changes the individual's working conditions; and
- 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.

ESD was also required to study the impacts to the trust fund if the UI benefits for the three reasons and the benefits were not charged to the employers' experience rating accounts. ESD was required to meet at least three times with representatives, a business association, and an organization, which assists people regarding their unemployment benefits, to discuss the information gathered by ESD.

ESD reports provided that 14 states consider quitting on account of inaccessible care to be good cause. Thirty-three states allow claimants to have good cause in situations where an employer changes a claimant's shift and it has a detrimental effect on the claimant. Every other state allows changed working conditions or increased job duties to provide grounds for good cause, under a variety of circumstances. Only California has a regulation allowing claimants to have good cause when they quit to relocate to be in closer proximity to a minor child. New York also allows quitting for this reason, but only through interpretation of its quit to follow spouse regulations. Three other states may allow this reason if there are also compelling circumstances for the child and parent being geographically close to each other.

ESD made assumptions for the number of claims, employer rate classes, wages and with these such assumptions, estimated the UI trust fund impact to a total approximately \$15 million in 2020. ESD estimated benefit charges of approximately: (1) \$4.3 million for care for a child or vulnerable adult; (2) \$9.6 million for change in working conditions or job duties without a commensurate pay increase; and (3) \$1.3 million for leaving a job to be in closer proximity to a minor child. ESD calculated an individual employer's taxes if the benefits are not charged and if they are charged under three different scenarios. This is provided in the report. ESD estimated that the proposed benefit charges will decrease the trust fund balance by approximately \$15 million in 2020. ESD provided that if the benefit charges are socialized, the non-charged employer's experience tax rate will not increase, but under this scenario, neither will the employers social tax rate. When the estimated reduction of the trust fund balance is included into the calculation, the flat social tax number remains the same, which results in no change to the social tax in 2020 for the non-charged employer.

Summary of Bill: The bill as referred to committee not considered.

Summary of Bill (Proposed Substitute): For claims on or after January 2, 2022, a good cause quit includes:

- a separation from work because a child or a vulnerable adult in the claimant's care is inaccessible so long as the claimant: (1) made reasonable efforts to preserve their employment status by requesting a leave of absence or changes in working conditions or schedule, by having promptly notified the employer of the reason for the absence, and requesting reemployment when able to assume employment; and (2) terminated their employment status, and is not entitled to be reinstated to the same position or a comparable or similar position;
- alteration of the claimant's usual work shifts so as to make care for a child or vulnerable adult in the claimant's care inaccessible; or
- separation from work to relocate outside the existing labor market because of the geographical location of, proximity to, or the separation from a minor child.

For claims on or after January 2, 2022, the term "immediate family" is changed to "family member" related to good cause quits for illness or death of a family member. Vulnerable adult is defined.

With respect to searching for work, unemployed individuals with caregiving responsibilities may restrict their hours or days of availability if they show that there is no other person to provide the care within their means, and that there is still a substantial market of employment open to them after the restrictions. In determining suitable work for job search requirements, the ESD Commissioner must consider the individuals's responsibilities to provide care for a child or vulnerable adult in the individual's care.

Benefits paid when a claimant's usual work shifts were altered so as to make care for a child or vulnerable adult in the claimant's care inaccessible are only chargeable to the separating employer's experience rating account.

Benefits paid when a claimant left work to relocate outside the existing labor market because of the geographical location of, proximity to, or the separation from a minor child are not charged to contribution paying employers.

Appropriation: None.

Fiscal Note: Requested on January 7, 2021.

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

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