

SENATE BILL REPORT

SB 5425

As Reported by Senate Committee On:
Labor, Commerce & Tribal Affairs, February 15, 2021

Title: An act relating to extended benefits in the unemployment insurance system.

Brief Description: Concerning extended benefits in the unemployment insurance system.

Sponsors: Senators Stanford, Das, Hasegawa, Keiser, Kuderer, Nguyen and Saldaña; by request of Employment Security Department.

Brief History:

Committee Activity: Labor, Commerce & Tribal Affairs: 2/11/21, 2/15/21 [DPS, DNP, w/oRec].

Brief Summary of First Substitute Bill

- Allows unemployment insurance claimants to be eligible for extended benefits regardless of whether their 52-week benefit year has expired.
- Allows the state's extended benefit program to "trigger on" without having to wait the 13 weeks between extended benefit periods.
- Amends a job search provision, for the purposes of federal conformity, regarding denying extended benefits for failing to accept an offer of, or apply for, suitable work.

SENATE COMMITTEE ON LABOR, COMMERCE & TRIBAL AFFAIRS

Majority Report: That Substitute Senate Bill No. 5425 be substituted therefor, and the substitute bill do pass.

Signed by Senators Keiser, Chair; Conway, Vice Chair, Labor; Stanford, Vice Chair, Commerce & Tribal Affairs; King, Ranking Member; Honeyford, Robinson and Saldaña.

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 Senator Schoesler.

Minority Report: That it be referred without recommendation.

Signed by Senator Braun.

Staff: Susan Jones (786-7404)

Background: Unemployment Insurance Benefits. An unemployed individual is eligible to receive unemployment insurance (UI) benefits if the individual meets certain criteria. The Employment Security Department (ESD) administers the state's UI program, which must comply with various federal requirements.

Generally, an individual's claim for benefits must be drawn within the individual's benefit year, which is 52 weeks, beginning with the week the individual files a claim. An individual cannot file a new claim until their benefit year is over, even if the individual has received all their benefits.

Federal acts adopted to address the COVID-19 pandemic have provided additional UI benefits to individuals. In general, the Pandemic Emergency Unemployment Compensation act (PEUC) provides 24 weeks of additional benefits, through March 13, 2021, to eligible individuals who have exhausted their regular UI claims.

Extended Benefits Program. During periods of high unemployment, the Extended Benefits Program (EB) provides additional weeks of benefits to eligible individuals who have exhausted all their regular UI and other benefits, such as PEUC benefits.

Whether a state is in high unemployment, is based on statutory criteria that considers unemployment rates within a specified period. If the statutory criteria are met, the state's EB program is "triggered on." Depending on how high the unemployment rate is, the additional weeks of benefits range from 13 to 20 weeks. A state's EB period ends—triggers off—when the criteria for being in the EB is no longer met. Once the EB period is off it cannot be triggered on again before the 14th week after the end of the prior EB period. Thus, there is a 13 week period between the time a state ends an EB period and when a subsequent EB period is triggered on again.

Generally, the federal government and the state share the cost of extended benefits under the Federal-State Extended Unemployment Compensation Act (EUCA) of 1970. The federal acts adopted to address the COVID-19 pandemic, the federal government is fully funding the state's EB program until March 13, 2021. The 50 percent paid by the federal government under the EUCA is subject to a 5.7 percent reduction starting with weeks ending on September 26, 2020 and ending with weeks ending on September 26, 2021.

Job Search Requirements. Typically, individuals receiving benefits under the EB program must comply with specific job search requirements. Extended benefits will be denied for

any week the individual fails to accept an offer, or apply for, suitable work or fails to actively engage in seeking work. However, extended benefits will not be denied if the offer of work was not in writing and the position was not listed with the ESD.

Summary of Bill (First Substitute): Extended Benefit Period Determination. Beginning November 1, 2020, through December 31, 2021, or subsequent date provided by the ESD in rule, regarding the periods in which a state's extended benefit program may trigger on, the state must disregard the requirement that a subsequent extended benefit period may not commence until the 14th week following the end of a previous extended benefit period. Therefore, the state may trigger on into an extended benefits period without having to wait 13 weeks between extended benefit periods. ESD may not adopt a subsequent date by rule if the federal share of extended benefits is less than 50 percent minus any reductions required by the federal Budget Control Act of 2011.

Extended Benefits Eligibility. Beginning December 27, 2020, through April 12, 2021, or a subsequent date provided by the ESD in rules, regarding an individual's eligibility period to receive extended benefits, an individual's eligibility period includes any week that is within an extended benefit period, after the individual has exhausted all PEUC benefits. Therefore, the individual may be eligible for extended benefits without regard to whether the individual's 52-week benefit period has expired.

Job Search Requirements. Regarding the job search requirements for individuals receiving compensation under the extended benefits program, extended benefits may not be denied for any week an individual fails to accept a job offer or apply for suitable work if either the job was not offered in writing or the job was not listed with the ESD.

EFFECT OF CHANGES MADE BY LABOR, COMMERCE & TRIBAL AFFAIRS COMMITTEE (First Substitute):

- Specifies that the Employment Security Department may not adopt a subsequent date if the federal share of extended benefits is less than 50 percent, minus any reductions required by the federal Budget Reconciliation Act.

Appropriation: None.

Fiscal Note: Available.

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

Effective Date: The bill contains an emergency clause and takes effect immediately.

Staff Summary of Public Testimony on Original Bill: *The committee recommended a different version of the bill than what was heard.* PRO: This lines us up with federal programs. National and state response to COVID has led to historic use of the

unemployment insurance. ESD has stood up several programs and paid over \$14.3 billion in benefits to over one million Washingtonians, including extended benefits. Currently, extended benefits serve as a last stop when claimants have used up all other unemployment benefits. The bill would allow ESD to make the necessary changes so claimants may receive the maximum federally provided benefits under the recently enacted federal COVID response bill.

The bill allows claimants to receive the full amount of federal benefits even if their 52 week benefit period has expired. It also waives the 13 week freeze period between extended benefit periods. This bill is linked to federal law. If the dates are altered or extended, ESD by rule can extend the dates. If they are not extended, these provisions are not applicable. There is no cost to implement this program. The bill corrects the technical federal conformity on the job search requirement as required by the Department of Labor. Unemployment is a federal-state partnership. ESD may not implement a rule that is not in federal conformity.

The state of Washington should do everything it can to make sure its residents have access to as much unemployment benefits as possible until the state reopens and more jobs become available. This will enhance unemployment benefits for Washington workers.

Persons Testifying: PRO: Senator Derek Stanford, Prime Sponsor; Dan Zeitlin, Washington ESD; Sybill Hyppolite, Washington State Labor Council, AFL-CIO.

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