

HOUSE BILL REPORT

ESHB 1106

As Amended by the Senate

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: House Committee on Labor & Workplace Standards (originally sponsored by Representatives Fosse, Reeves, Reed, Berry, Doglio, Wylie, Kloba, Santos and Ormsby).

Brief History:

Committee Activity:

Labor & Workplace Standards: 1/10/23, 1/20/23 [DPS].

Floor Activity:

Passed House: 3/3/23, 51-44.

Senate Amended.

Passed Senate: 4/6/23, 26-20.

Brief Summary of Engrossed Substitute Bill

- Expands access to unemployment insurance benefits by adding circumstances where a person may voluntarily quit for good cause.

HOUSE COMMITTEE ON LABOR & WORKPLACE STANDARDS

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 6 members: Representatives Berry, Chair; Fosse, Vice Chair; Bronoske, Doglio, Ormsby and Ortiz-Self.

Minority Report: Do not pass. Signed by 3 members: Representatives Robertson, Ranking Minority Member; Schmidt, Assistant Ranking Minority Member; Connors.

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.

Staff: Kelly Leonard (786-7147).

Background:

General.

The unemployment insurance (UI) system, administered by the Employment Security Department (ESD), is designed to provide partial wage replacement for unemployed workers. Eligible unemployed workers receive benefits based on their earnings in their base year, which is typically the first four of the last five completed calendar quarters. A person who is seeking benefits, referred to as a "claimant," is eligible if he or she:

- worked at least 680 hours in the base year;
- voluntarily quit for good cause or was otherwise separated from employment through no fault of his or her own; and
- is available to work and is actively searching for work.

Quitting for Good Cause.

A claimant may voluntarily quit and maintain eligibility for benefits only under one of 12 specifically permitted "good cause" circumstances, also referred to as "voluntary quits." This includes, for example, quitting due to illness or disability, or quitting due to safety issues that were unaddressed by the employer.

It is good cause to quit if the separation was necessary because of the illness or disability of the claimant or the death, illness, or disability of an immediate family member. Under this circumstance, the claimant must have:

- made reasonable efforts to preserve the claimant's employment status by requesting a leave of absence, by having promptly notified the employer of the reason for the absence, and by having promptly requested reemployment when again able to assume employment; and
- terminated the claimant's employment status, and is not entitled to be reinstated to the same position or a comparable or similar position.

Suitable Work.

To be considered "available for work," a claimant must be ready, able, and willing to accept any suitable work. Suitable work is employment in an occupation in keeping with the claimant's prior work experience, education, and training. Other criteria apply if the claimant has no work experience. In determining whether work is suitable, the ESD must consider certain factors.

Benefit Charging.

Most employers pay contributions (payroll taxes) to finance benefits. An employer's tax rate is experience rated so that the rate is determined, in part, by the benefits paid to its employees. By default, benefits are proportionally charged to base-year employers according to the amount of wages paid to the person by each employer in the person's base year compared to the wages paid by all employers. However, state law directs some

benefits to be charged only to the separating employer, while directing others not to be charged to any employer. A contribution-paying employer may also request relief of certain benefit charges, including for those paid to a person who last left the employment voluntarily for reasons not attributable to the employer. Benefits not directly charged to any employer are pooled within the UI system or "socialized," meaning the costs are evenly shared by all employers participating in the system.

Summary of Engrossed Substitute Bill:

Quitting for Good Cause.

Additional circumstances where a person may voluntarily quit for good cause are established.

Beginning September 3, 2023, a claimant has good cause and is not disqualified from benefits when separation from employment was necessary because of the death, illness, or disability of a family member (rather than immediate family only). Beginning July 7, 2024, a claimant has good cause and is not disqualified from benefits when separation from employment was necessary because the person was unable to access care for a child or a vulnerable adult. The eligibility criteria for accessing benefits due to a death, illness, or disability are modified, and are also applied to the circumstance involving caregiving inaccessibility. In either circumstance, the claimant must have:

- made reasonable efforts to preserve the claimant's employment status by requesting changes in working conditions or work schedule that would accommodate the death, illness, disability, or caregiving inaccessibility, or by requesting a leave of absence, promptly notifying the employer of the reason for the absence, and promptly requesting reemployment when again able to assume employment; and
- terminated the claimant's employment status, and is not entitled to be reinstated to the same position or a comparable or similar position.

Beginning July 7, 2024, a person has good cause and is not disqualified from benefits when the person had a regularly scheduled shift or split shift start or end time for the prior 90 calendar days, and the employer, without request by the person and not based on a system of seniority, changes the regularly scheduled shift or split shift start or end time by six or more hours for that shift on a non temporary basis.

Beginning July 7, 2024, a person has good cause and is not disqualified from benefits when the person: left work to relocate in order to follow a minor child who moved outside of his or her labor market; remained employed as long as was reasonable prior to relocating; and had parental rights over the minor child at the time of the job separation. These benefits are not directly charged to contribution-paying employers.

EFFECT OF SENATE AMENDMENT(S):

The Senate amendments make multiple changes to the provision allowing for

unemployment insurance (UI) benefits when a person's separation from employment is necessary because he or she is unable to access care for a child or a vulnerable adult, including:

- limiting claims to separations occurring on or after July 7, 2024, and before July 8, 2029 (rather than allowing claims for separations occurring from July 7, 2024 onward);
- providing that benefits are not charged to the experience rating account of any contribution paying employer, thereby socializing the costs of benefits to all employers participating in the UI system; and
- requiring the Employment Security Department to submit a report to the Legislature including details on the number of claims, the impact on the trust fund and employer experience ratings, and other related trends, by November 1, 2028.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) Washington has the most restrictions on good cause quits in the country. Those restrictions currently burden workers with the impossible choice between caring for a loved one and making ends meet. It is misleading to refer to these circumstances as "voluntary quits." They are involuntary. These caretaking functions are essential. This has been particularly challenging during the pandemic, and has had a disproportionate effect on women, who are often responsible for caregiving.

There are many examples where persons make arrangements with employers for certain work schedules, and those are changed with little to no notice. For example, a mother returning from parental leave was told by an employer that she must work a different schedule, despite having previously arranged a schedule to account for her childcare demands. It was too late to make changes. In a different instance, a nurse's position was eliminated, but instead of terminating her employment, the hospital moved her to the night shift. She was forced to quit because she had children.

This bill addresses this problem with a reasonable expansion of good cause quits, helping persons maintain a basic income while searching for more suitable employment. This will have a minimal impact on the UI Trust Fund. It is a commonsense expansion that benefits everyone.

(Opposed) The childcare shortage is a pressing issue affecting both employers and employees. Lack of childcare poses a significant barrier to employment, and employers are

also seeking solutions. The intent of the bill is positive; however, reliance on the UI system is not the correct approach. Employers should not have to bear the cost of this larger social issue through increased payroll taxes. This bill will significantly increase costs. Further, the approach is not workable because someone who is unable to work due to caretaking responsibilities cannot then certify to the ESD that they are able and available to work. The Legislature should explore other ways of addressing the problem.

Persons Testifying: (In support) Representative Mary Fosse, prime sponsor; Anne Paxton, Unemployment Law Project; Maggie Humphreys, MomsRising; and Sybill Hyppolite, Washington State Labor Council, American Federation of Labor and Congress of Industrial Organizations.

(Opposed) Bob Battles, Association of Washington Business; and Tammie Hetrick, Washington Food Industry Association.

Persons Signed In To Testify But Not Testifying: None.