

SENATE BILL REPORT

ESHB 1106

As Passed Senate - Amended, April 6, 2023

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

Committee Activity: Labor & Commerce: 3/16/23, 3/27/23 [DP, DNP, w/oRec].

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

Brief Summary of Bill (As Amended by Senate)

- Expands access to unemployment insurance (UI) benefits by adding circumstances where a person may voluntarily quit for good cause.
- Requires a report to the legislature regarding UI claims related to benefits for separations from employment because of inaccessible care for a child or vulnerable adult.

SENATE COMMITTEE ON LABOR & COMMERCE

Majority Report: Do pass.

Signed by Senators Keiser, Chair; Conway, Vice Chair; Saldaña, Vice Chair; Robinson and Stanford.

Minority Report: Do not pass.

Signed by Senators King, Ranking Member; Braun and MacEwen.

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.

Minority Report: That it be referred without recommendation.

Signed by Senator Schoesler.

Staff: Susan Jones (786-7404)

Background: Unemployment Insurance—Generally. 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—claimant—is eligible if the person:

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

Good Cause Quits. 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, ESD must consider certain factors.

Benefit Charging. Most employers pay contributions 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.

The 2020 SB 5473 directed ESD to study and prepare a report on the law surrounding voluntary quits in Washington, including the impacts to the UI trust fund and the contribution rates of employers if the law was amended to allow UI benefits for individuals who leave work voluntarily related to inaccessible care for a child or vulnerable adult, change in job duties or working conditions, and relocation by a minor child; and if the benefits were not charged to the employers' experience rating accounts.

Summary of Amended Bill: Additional Good Cause Quits for Unemployment Insurance. Additional circumstances where a person may voluntarily quit for good cause are established.

Death, Illness, or Disability of Family Member or Caregiving Inaccessible. 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 and through July 8, 2029, 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; and these benefits are not directly charged to contribution-paying employers.

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.

Relocation to Follow Minor Child. Beginning July 7, 2024, a person has good cause and is not disqualified from benefits when the person (1) left work to relocate to follow a minor child who moved outside of the person's labor market, (2) remained employed as long as was reasonable prior to relocating, and (3) had parental rights over the minor child at the time of the job separation. These benefits are not directly charged to contribution-paying employers.

Change in Shift. 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.

Report to the Legislature—Inaccessible Care. By November 1, 2028, ESD must submit a report to the Legislature that details the number of UI benefit claims, the impact on the trust fund and employer experience ratings, and any trends for utilization by industries for claims allowed for separations on or after July 7, 2024, and before July 2, 2028, which were necessary because care for a child or a vulnerable adult in the claimant's care was inaccessible.

Appropriation: None.

Fiscal Note: Available.

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

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

Staff Summary of Public Testimony: PRO: There is a cruel gap in the UI system that is hard for working families. Parents shouldn't have to choose between providing care for their children or vulnerable adult or keeping their jobs. This will be very impactful for Washington families. It will provide a safety net and will stabilize the economy. The change is intended for a schedule changes of at least 6 hours. Forty-seven other states allow for this. Washington has one of the most restrictive systems for voluntary quits.

CON: It is not the responsibility of employers to address these issues though unemployment insurance. This will expand an exclusive list to include items that are not under the control of the employer. This will create a huge drain on the fund.

Persons Testifying: PRO: Representative Mary Fosse, Prime Sponsor; Sybill Hyppolite, Washington State Labor Council, AFL-CIO; Anne Paxton, Unemployment Law Project; Maggie Humphreys, MomsRising.

CON: Katie Beeson, Washington Food Industry Association (WFIA); Bob Battles, Association of Washington Business (AWB); John Ficker, Adult Family Home Council.

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