

HOUSE BILL REPORT

HB 2264

As Reported by House Committee On:
Labor & Workplace Standards

Title: An act relating to unemployment insurance benefits for workers separated from employment as a result of employer-initiated layoffs or workforce reductions.

Brief Description: Concerning unemployment insurance benefits for workers separated from employment as a result of employer-initiated layoffs or workforce reductions.

Sponsors: Representatives Berry, Scott, Reed, Obras, Parshley, Thomas, Ormsby, Fosse and Pollet.

Brief History:

Committee Activity:

Labor & Workplace Standards: 1/13/26, 1/16/26 [DP].

Brief Summary of Bill

- Allows a person to access unemployment insurance benefits when voluntarily participating in an employer-initiated layoff or reduction in force plan so long as their termination is the result of the plan.

HOUSE COMMITTEE ON LABOR & WORKPLACE STANDARDS

Majority Report: Do pass. Signed by 9 members: Representatives Berry, Chair; Fosse, Vice Chair; Scott, Vice Chair; Schmidt, Ranking Minority Member; Ybarra, Assistant Ranking Minority Member; Bronoske, McEntire, Obras and Ortiz-Self.

Staff: Kelly Leonard (786-7147).

Background:

The unemployment insurance (UI) system, administered by the Employment Security

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.

Department, is designed to provide partial wage replacement for unemployed workers. A worker is eligible to receive UI benefits if he or she: worked at least 680 hours in covered employment in his or her base year, was separated from employment through no fault of his or her own or quit work for good cause, is able to work, and is actively searching for work. Eligible workers can receive up to 26 weeks of UI benefits in a benefit year. The weekly benefit amount is calculated based on the eligible worker's earnings in the prior base year and then adjusted based on a statutory formula. The current maximum weekly benefit amount is \$1,152.

The Employment Security Department's rules provide that a worker is considered to have been separated from employment through no fault of his or her own if the worker volunteers to participate in an employer-initiated layoff or reduction in force plan. However, the following steps must be taken:

1. the employer must take the first action in the separation process by announcing to its employees that the employer plans to reduce its workforce through a layoff or reduction in force, and that employees can offer to be among those included in the layoff or reduction in force;
2. the worker offers to be one of the employees included in the layoff or reduction in force; and
3. the employer takes the final action in the separation process by accepting the offer, thereby ending the employment relationship.

State courts have found that the requirement for the employer to take the final action in the separation process applies broadly, effectively prohibiting benefits if the employer does not retain final authority to choose which volunteers it ultimately terminates or if an employee is allowed to rescind his or her offer.

Summary of Bill:

The bill modifies the steps required for a worker to retain UI eligibility when voluntarily participating in an employer-initiated layoff or reduction in force plan by removing the requirement that the employer take "the final action" in the separation process. Instead, for claims on or after June 14, 2026, the separating employer need only terminate the person's employment as a result of the employer's layoff or reduction in force plan. The separating employer may allow an employee to rescind an offer, and allowing this option does not disqualify a person from UI benefits.

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) This bill is an effort to clarify ambiguous language in an agency rule. While current law and administrative rules allow for workers to receive UI benefits when voluntarily participating in an employer-initiated layoff or reduction in force plan, courts have disqualified workers for benefits on the basis of a worker having the option to rescind their participation. The courts are broadly interpreting the phrase "final action." This has been baffling to both employers and workers, who were operating with the belief that the worker would be eligible for UI benefits. In fact, there have been instances where workers were incentivized to volunteer for a layoff while being told they would qualify for UI benefits, only then to be denied benefits. The personal financial consequences were catastrophic. The bill primarily codifies the existing agency rule while addressing the ambiguity causing these issues. This bill ensure that workers who voluntarily opt in to an employer-initiated layoff plan will receive UI benefits.

(Opposed) None.

(Other) If a worker is receiving severance or retirement, particularly a large payout from an employer, it should be taken into account when determining eligibility and benefit calculations. The state should closely examine impacts of this bill and other bills on the solvency of the UI Trust Fund. The state should ensure that a worker who is laid off as a result of a business closure is properly cared for in the UI system.

Persons Testifying: (In support) Representative Liz Berry, prime sponsor; Rory O'Sullivan, Washington Employment Benefits Advocates; Timothy Fiser; Anne Paxton, Unemployment Law Project; and Anne Paxton.

(Other) Patrick Connor, NFIB.

Persons Signed In To Testify But Not Testifying: None.