

SENATE BILL REPORT

HB 2264

As Reported by Senate Committee On:
Labor & Commerce, February 23, 2026

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: Passed House: 2/10/26, 94-0.

Committee Activity: Labor & Commerce: 2/20/26, 2/23/26 [DP, w/oRec].

Brief Summary of Bill

- Allows an individual to be eligible for unemployment benefit when voluntarily participating in an employer-initiated layoff or reduction in force so long as the separating employer terminates the employment as a result of the layoff or reduction in force plan.

SENATE COMMITTEE ON LABOR & COMMERCE

Majority Report: Do pass.

Signed by Senators Saldaña, Chair; Alvarado, Vice Chair; Conway, Vice Chair; King, Ranking Member; Hunt, MacEwen and Stanford.

Minority Report: That it be referred without recommendation.

Signed by Senator Schoesler.

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: Unemployment Insurance Benefits. The Employment Security Department (ESD) administers Washington State's unemployment insurance (UI) program. An unemployed individual is eligible to receive UI benefits if the individual:

- worked at least 680 hours in the base year;
- was separated from employment through no fault of the claimant's or quit work for a specified good cause; and
- is able and available to work and is actively searching for suitable work.

A claimant must be unemployed for a one-week waiting period before being eligible for UI benefits. 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.

Disqualification from Benefits. An individual is disqualified from UI benefits beginning with the first day of the calendar week in which the individual left work voluntarily without good cause and for seven calendar weeks thereafter and until the claimant obtains bona fide work and earned wages equal to seven times the individual's weekly benefit amount. Exceptions apply.

Exception for Planned Layoffs. An ESD rule provides that an individual will not be considered to have been separated from employment for a disqualifying reason when:

- the employer takes the first action in the separation process by announcing in writing to its employees that the employer plans to reduce its work force through a layoff or reduction in force, and that employees can offer to be among those included in the layoff or reduction in force;
- the employee offers to be one of the employees included in the layoff or reduction in force; and
- the employer takes the final action in the separation process by accepting the employee's offer to be one of the employees included in the layoff or reduction in force, thereby ending the employment relationship.

The rule does not apply to situations where an employer modifies benefits or otherwise encourages early retirement or early separation, but the employer and employee do not follow the required steps.

Summary of Bill: The ESD rule regarding UI eligibility for an employee voluntarily participating in an employer-initiated layoff or reduction in force is codified in statute for separations beginning June 14, 2026, and modified by:

- removing the requirement that the employer take the final action in the separation process by accepting the employee's offer to be included in the layoff or reduction in force, and instead requiring only that the separating employer terminate the individual's employment as a result of the layoff or reduction in force plans; and
- providing that a separating employer may allow employees to rescind an offer; and

allowing the option to rescind an offer does not disqualify an individual from benefits, provided that the separation from employment met the other requirements.

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: Workers who are laid off automatically receive benefits. When an employer engages in reduction in force, a question arises whether they were laid off or whether the person by opting into the lay-off plan quit. ESD engaged in rulemaking on this issue. However, a few court cases stated that employers must take the final action; and the employee having the option to opt out at the end gives the worker the last or final action. Therefore, the workers would be denied UI. The bill clarifies that even if a worker can rescind their decision to opt in, it does not prevent the worker from receiving UI benefits.

A former employee testified that he worked for a company and applied to be part of the layoff. He was told he could be eligible for UI benefits as part of a workforce reduction, and the employer would not contest the claims. That was critical to his decision making in accepting the separation as opposed to waiting and having a smaller severance package. His claim was denied because of participation in the layoff and because the employer controlled who was accepted. It was treated as a voluntary quit because of the last action the bill is trying to fix.

Persons Testifying: PRO: Marrene Franich, Washington Employment Benefits Advocates; Timothy Fiser.

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