FINAL BILL REPORT
ESSB 5041

C 352 L 25
Synopsis as Enacted

Brief Description: Concerning unemployment insurance benefits for striking or lockout workers.

Sponsors: Senate Committee on Labor & Commerce (originally sponsored by Senators Riccelli, Conway, Hasegawa, Saldaña, Salomon, Stanford, Dhingra, Nobles, Trudeau, Valdez, Bateman, Lovelett, Cleveland, Frame, Orwall, Pedersen, Slatter, Wellman and Wilson, C.).

Senate Committee on Labor & Commerce
Senate Committee on Ways & Means
House Committee on Labor & Workplace Standards
House Committee on Appropriations

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.

Certain benefit payments are not charged to the experience rating accounts of employers paying contributions to the UI program.

Voluntary Contribution Program. The Voluntary Contribution Program allows an employer to reduce its experience rating by directly reimbursing the UI Trust Fund for unemployment benefits paid to its former employees. In order to qualify, an employer must have had an increase of at least eight experience rate classes from the previous calendar year and make payments resulting in a reduction of two experience rate classes. The due date for a timely

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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.

payment of a voluntary contribution is March 31st of that rate year.

Disqualification from Unemployment Insurance Benefits During Strike or Lockout. An individual is disqualified from UI benefits when the individual's unemployment is:

- due to a strike at the factory, establishment, or other premises where the individual is or was last employed; or
- due to a lockout by the employer who is a member of a multi-employer bargaining unit and who has locked out the employees at the factory, establishment, or other premises where the individual is or was last employed after one member of the multi-employer bargaining unit has been struck by its employees as a result of the multi-employer bargaining process.

The disqualification does not apply if:

- the individual is not participating in, financing, or directly interested in the strike or lockout that caused the unemployment; and
- the individual does not belong to a grade or class of workers participating in, financing, or directly interested in the strike or lockout.

The disqualification ends when the strike or lockout is terminated.

Dispute Resolution Services for Labor Disputes. The Public Employment Relations Commission (PERC) administers and enforces most public sector collective bargaining laws in Washington. PERC also offers mediation services to assist parties in resolving labor-management disputes. While PERC was established expressly for the public sector, it has statutory authority to provide mediation, arbitration, and other services to private sector employers and labor organizations.

The Federal Mediation and Conciliation Service (FMCS) is a federal agency that provides dispute resolution services to public and private employers and labor organizations, including mediation services to assist parties in resolving labor-management disputes.

Both PERC and FMCS rely on public funding and provide services at no cost to employers and labor organizations.

Summary: Unemployment Insurance Benefits for Strikes and Lockouts. The disqualification for striking workers is modified as follows:

- the disqualification for striking workers ends on the earlier of the second Sunday following the first date of the strike, provided that the strike is not found to be prohibited by federal or state law in a final judgment, or the date the strike ends;
- if a final judgment finds that a strike is prohibited by state or federal law, any benefits paid must be repaid by the workers;
- if retroactive wages are paid for any weeks the individual received benefits, ESD must issue an overpayment assessment to recover the benefits;
- the regular one-week waiting period applies after the disqualification ends; and

- for contribution-paying employers, benefits paid to striking workers are charged only to the experience rating of the separating employer.

If an individual is unemployed due to a strike, the individual may receive weekly benefits for no more than six calendar weeks. Any weekly benefits received unrelated to the individual's unemployment due to a strike may not be counted toward the six calendar weeks.

These provisions expire December 31, 2035, after which the provisions disqualifying a worker for the duration of a strike are reinstated.

The disqualification based on a lockout of employees in a multi-employer bargaining unit is removed, thereby allowing those individuals to qualify for UI benefits.

These provisions expire December 31, 2035, after which the provisions disqualifying a worker based on a lockout are reinstated.

Report. By December 31, 2026, and continuing annually each year until 2035, ESD must submit a report to the Legislature on the prevalence of strikes occurring within Washington and the impact of strikes on the UI Trust Fund. The report must include, at a minimum:

- the total number of strikes occurring that year within Washington, the industry sectors in which strikes occurred, the number of employees that participated in each strike, the number of unemployment claims paid to workers participating in the strike, the total amount of unemployment benefits paid, the number of employers who experienced a rate class increase in the year following a labor strike, including the rate class for each employer without identifying information for the year prior to the strike and for the year following the strike, any increase in the social cost factor rate from the year prior to the strike and the year following the strike, and the benefits paid which are charged to employers who make payments in lieu of contributions;
- the sum totals of all previous years' information required since the effective date of this section; and
- the sum totals of the information required for each year in the ten prior years prior to the effective date of the report requirements as well as the sum of those ten years.

Dispute Resolution Services for Labor Disputes. When benefits are issued due to a labor strike, ESD must notify the separating employer of the mediation services available through the PERC.

If referral to publicly supported dispute resolution services through the FMCS or other applicable federal agency is impracticable, or if those services are unavailable due to federal staffing or funding reductions, PERC may charge private sector employers and labor organizations a fee for covering the costs of services. Fees must be deposited into a nonappropriated account, which may be used for the administration, staffing, and other related expenses of private sector labor dispute resolution services.

Voluntary Contribution Program. If a contribution paying employer is charged benefits due to a strike, ESD may evaluate whether the employer is eligible to make a voluntary contribution under this section; and provide notice to eligible employers of ESD's determination of the employer's eligibility to make a voluntary contribution.

The due date for a timely payment of a voluntary contribution is March 1st of that rate year, instead of March 31st.

Votes on Final Passage:

Senate	28	21	
House	52	43	(House amended)
			(Senate refused to concur with House amendments/asked House for conference)

Conference Committee

House	51	45	
Senate	27	21	

Effective: July 27, 2025
January 1, 2026 (Sections 1 through 7)