

SENATE BILL REPORT

SB 5540

As Reported by Senate Committee On:
Labor & Commerce, February 14, 2025

Title: An act relating to students' eligibility to receive unemployment insurance benefits.

Brief Description: Concerning students' eligibility to receive unemployment insurance benefits.

Sponsors: Senators Hasegawa and Nobles.

Brief History:

Committee Activity: Labor & Commerce: 2/11/25, 2/14/25 [DP, DNP, w/oRec].

Brief Summary of Bill

- Removes the law disqualifying certain students from receiving unemployment insurance benefits.

SENATE COMMITTEE ON LABOR & COMMERCE

Majority Report: Do pass.

Signed by Senators Saldaña, Chair; Conway, Vice Chair; Alvarado, Ramos and Stanford.

Minority Report: Do not pass.

Signed by Senators MacEwen and Schoesler.

Minority Report: That it be referred without recommendation.

Signed by Senator King, Ranking Member.

Staff: Susan Jones (786-7404)

Background: Unemployment Insurance Benefits. The Employment Security Department (ESD) administers Washington State's Unemployment Insurance Program. An unemployed

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individual is eligible to receive unemployment insurance benefits (UI benefits) if the individual:

- worked at least 680 hours in the base year;
- was separated from employment through no fault of the claimant 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.

Student Disqualification from Unemployment Insurance Benefits. Any individual registered at an established school in a course of study providing scholastic instruction of 12 or more hours per week, or the equivalent thereof, is disqualified from receiving benefits or waiting period credit for any week during the school term. The disqualification:

- begins with the first week of such scholastic instruction or the week of leaving employment to return to school, whichever is the earlier; and
- ends with the week immediately before the first full week in which the individual is no longer registered for twelve or more hours of scholastic instruction per week.

Registration for less than twelve hours must be for a period of sixty days or longer.

Exception to the Student Disqualification. This disqualification will not apply to any individual who:

- is in an approved training or self-employment assistance program; or
- demonstrates to the ESD commissioner, by a preponderance of the evidence, the individual's actual availability for work.

In arriving at this determination, the commissioner must consider the following factors: prior work history, scholastic history, past and current labor market attachment, and past and present efforts to seek work.

The term school includes primary schools, secondary schools, and institutions of higher education.

Summary of Bill: The bill repeals the law disqualifying certain students from receiving unemployment insurance benefits.

Appropriation: None.

Fiscal Note: Requested on February 8, 2025.

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: This bill was brought up by students who were seeing a problem that needed to be fixed. If a person works the qualifying number of hours for unemployment, but happen to be going to school, even though they are working, they are disqualified from collecting unemployment insurance. That doesn't seem right.

We're asking people to improve themselves and upgrade their skills. The sponsor told a story of being black-balled by some organizations, not able to work. He decided to go back and finish school. He collected unemployment insurance. There is not a better deal for the state than to invest in its students. When students don't have to choose between paying rent and staying in school, they're more likely to graduate, and contribute to our economy long term.

Student and work schedules are more variable and flexible now than when this statute was put in place. Many students are enrolled in online programs where they work at their own pace and there are many night and weekend programs.

Students enrolled in school are disqualified from receiving unemployment benefits, even if they meet all other eligibility criteria. This outdated restriction ignores the fact that more than 60 percent of college students and nearly 30 percent of high school students work while at school, many out of necessity. Their families need their support now more than ever. Losing that source of income can be the difference between living comfortably and being unhoused.

The pandemic showed how vulnerable student workers are. Many students lost their jobs when businesses shut down, but were denied unemployment benefits, simply because there were students. They and their families struggled greatly.

Within four year undergraduate institutions, 20 percent of dependent and 42 percent of independent undergraduate students live in poverty. Sixty-four percent of college students work, with 40 percent of them working full time. More than 22 percent of teens having a job and 46 percent saying their family families depend on their income for living expenses.

The bill could have positive impact on the economy as well. It reduced the financial burdens of stress should students lose their job, which means it could allow the avoidance of taking on excessive student debts. It allows students to continue to be part of some members of their local companies, giving them the necessary funds to regularly purchase goods and services.

Workers bear the burden of proof through the UI inquiry and appeals process. They must demonstrate they are capable of working full-time. If they miss a deadline, they must

provide even more documentation. This is an unnecessary administrative burden for the workers, ESD and the Office of Administrative Hearings, and does not reflect the experience of students or of the modern workforce.

Persons Testifying: PRO: Senator Bob Hasegawa, Prime Sponsor; Felix Goodman, Lake Washington High School, Capitol Classroom; Kimiko Low, Lake Washington High School, Capitol Classroom; Kira Munson, Washington State Labor Council, AFL-CIO.

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