

HOUSE BILL REPORT

ESB 5920

As Passed House
March 4, 1994

Title: An act relating to unemployment insurance deductions.

Brief Description: Changing limits for unemployment compensation deductions.

Sponsors: Senator Vognild.

Brief History:

Reported by House Committee on:
Commerce & Labor, February 25, 1994, DPA;
Passed House, March 4, 1994, 95-0.

HOUSE COMMITTEE ON COMMERCE & LABOR

Majority Report: Do pass as amended. Signed by 7 members: Representatives Heavey, Chair; G. Cole, Vice Chair; Conway; Horn; King; Springer and Veloria.

Minority Report: Do not pass. Signed by 2 members: Representatives Lisk, Ranking Minority Member; and Chandler, Assistant Ranking Minority Member.

Staff: Chris Cordes (786-7117).

Background: For unemployment insurance purposes, a claimant is unemployed if he or she performs no paid services or performs less than full-time work. However, the weekly compensation from the part-time work must be less than one and one-third times the claimant's weekly unemployment benefits plus \$5.

The weekly unemployment benefits paid to the claimant will equal his or her calculated weekly benefit amount with a deduction based on any part-time work. In computing the deduction, the first \$5 of weekly earnings is disregarded. If the claimant earns more than \$5 during the week, the weekly unemployment benefits are reduced by 75 percent of the earnings over \$5.

Summary of Bill: The Employment Security Department will undertake a pilot project to determine the effect of allowing unemployment insurance claimants to keep a greater portion of their weekly benefits when engaged in part-time

or temporary employment. The purpose of the pilot project is to encourage workers receiving unemployment compensation to seek employment opportunities and return to full-time employment. The department will develop a pilot project implementation plan that must be approved by the Unemployment Insurance Advisory Committee.

For the purposes of the pilot project, a claimant will be considered unemployed if his or her weekly compensation from the part-time work is less than one and one-half times the claimant's weekly unemployment benefits plus \$15.

In computing the deduction for claimants in the pilot project with part-time earnings, the first \$15 of weekly earnings is disregarded. If the claimant earns more than \$15 during the week, the weekly unemployment benefits are reduced by 66 and 2/3 percent of the earnings over \$15.

By December 31, 1996, the department must report on the pilot project to the appropriate committees of the Legislature.

The pilot project is funded with \$400,000 from the money designated for the Joint Task Force on Unemployment Insurance created in 1993.

The pilot project expires July 1, 1997.

Fiscal Note: Requested February 25, 1994.

Effective Date of Amended Bill: Ninety days after adjournment of session in which bill is passed, except for sections 1 and 2 (unemployment benefits deductions) which take effect July 3, 1994, and apply to weeks of unemployment beginning on and after July 3, 1994.

APPROPRIATION: \$400,000 from the unemployment insurance administrative contingency fund.

Testimony For: This bill is designed to give unemployment insurance claimants incentives to get back to work more quickly. A state wide study would be more appropriate than a pilot project because the results would be more reliable. The incentives for claimants to seek long-term employment should be applied to those with disabilities, whose full-time work might not be a 40-hour work week.

Testimony Against: None.

Witnesses: Senator Larry Vognild, prime sponsor; Graeme Sackrison, Employment Security Department; Robby Stern, Washington State Labor Council; and Martha Lindley,

Unemployment Law Project.