

HOUSE BILL REPORT

ESB 5920

As Reported By House Committee On:
Commerce & Labor

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.

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.

If a claimant accepts temporary or part-time employment and voluntarily quits the employment without good cause, the claimant will be disqualified from further benefits for five weeks and until he or she requalifies by earning specified wages.

Summary of Amended Bill: From July 3, 1994, until January 6, 1996, the deduction for unemployment insurance claimants with part-time earnings is changed. The first \$15, instead of the first \$5, 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, instead of reducing the earnings by 75 percent.

The department must report on the impact of the revised deduction calculation by January 1, 1996.

Qualified claimants whose base year wages are based on full-time, long-term employment are not disqualified from benefits if they accept temporary or part-time work and subsequently voluntarily leave employment to actively seek suitable long-term employment.

Amended Bill Compared to Engrossed Bill: The striking amendment deletes the pilot project to encourage workers receiving unemployment benefits to seek employment. The amendment adds provisions that reduce, from July 3, 1994, through January 6, 1996, the amount of deductions that will be taken from benefits for part-time earnings. The Employment Security Department will report on the impacts of the revised deduction calculation by January 1, 1996.

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.

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.