

SENATE BILL REPORT

ESB 5920

AS PASSED SENATE, FEBRUARY 15, 1994

Brief Description: Changing limits for unemployment compensation deductions.

SPONSORS: Senator Vognild

SENATE COMMITTEE ON LABOR & COMMERCE

Majority Report: That Substitute Senate Bill No. 5920 be substituted therefor, and the substitute bill do pass.

Signed by Senators Moore, Chairman; Prentice, Vice Chairman; Fraser, McAuliffe, Sutherland, Vognild and Wojahn.

Staff: Patrick Woods (786-7430)

Hearing Dates: January 25, 1994; February 4, 1994

HOUSE COMMITTEE ON COMMERCE & LABOR

BACKGROUND:

Currently, for the purposes of unemployment insurance (UI), an individual is considered unemployed and eligible to receive some adjusted UI benefits if they have worked less than full time or less than one and one-third their weekly UI benefit amount plus \$5, e.g., weekly benefit amount \$200, weekly earning of less than \$266 plus \$5, individual is considered unemployed.

In addition, an individual receiving unemployment benefits is required to report any weekly wages to the Employment Security Department. The individual's weekly benefit amount is then adjusted by subtracting 75 percent of the earnings (above \$5) from the claimant's weekly benefits, e.g., \$200 in weekly UI benefits, \$105 weekly earnings results in an adjusted weekly benefit amount of \$125.

SUMMARY:

A pilot project to encourage individuals drawing unemployment insurance to seek part-time or temporary employment is established within the Department of Employment Security. For the purposes of the pilot project, the following provisions apply:

The definition of unemployed is modified to include an individual that has worked less than full time or is paid less than one and one-half their weekly benefit amount plus \$15, e.g., \$200 weekly UI benefits, earnings less than \$300 plus \$15 individual is considered unemployed.

The method of adjusting a UI beneficiary's weekly benefits due to earned income is changed from:

A) weekly benefit amount minus 75 percent of weekly wages above \$5, e.g., \$200 UI benefits, \$105 weekly earnings result in an adjusted weekly benefit amount of \$125 to;

B) weekly benefit amount minus 66 2/3 percent of weekly wages above \$15, e.g., \$200 weekly UI benefits, \$115 weekly earnings results in an adjusted weekly benefit amount of \$133.33.

Appropriation: none

Revenue: none

Fiscal Note: requested

TESTIMONY FOR:

This bill will encourage individuals drawing unemployment benefits to seek employment as they will be able to keep a greater percentage of their weekly UI benefit. In doing this, they will continue to be a part of the labor force and have a greater chance of finding full-time employment and so reduce the costs to the trust fund.

TESTIMONY AGAINST:

Employers are concerned about the potential cost to the UI fund by allowing beneficiaries to keep a greater percentage of their benefits.

TESTIFIED: Judy Johnson, Employment Security; Clif Finch, AWB
(con)

HOUSE AMENDMENT(S):

The pilot project to encourage individuals drawing unemployment insurance to reenter the workforce is modified as follows:

(1) The project is not limited to one site. The department is directed to design the pilot project. The existing Unemployment Insurance Advisory Committee must approve the plan prior to implementation.

(2) The funding from the UI trust fund for the pilot project is increased from \$200,000 to \$400,000.