
Labor & Workforce Development Committee

HB 1396

Brief Description: Changing the unemployment insurance shared work program by adopting short-time compensation provisions in the federal middle class tax relief and job creation act of 2012.

Sponsors: Representatives Manweller, Sells, Chandler, Reykdal, Condotta, Hunt, Wylie, Van De Wege, Green, Appleton and Morrell; by request of Employment Security Department.

Brief Summary of Bill

- Makes changes to the shared work program consistent with 2012 federal legislation.
- Provides that shared work benefits are not charged to employers for a three year period.

Hearing Date: 2/6/13

Staff: Joan Elgee (786-7106).

Background:

The unemployment compensation system provides partial wage replacement benefits for workers who are unemployed through no fault of their own. Eligible unemployed workers receive benefits based on their earnings in their base year. The Employment Security Department (Department) administers this system.

Most covered employers pay contributions (payroll taxes) to finance benefits. The tax rate for these employers, known as "contributing employers," is experience rated and, with some exceptions, benefits are charged to employers. Some employers, including the state and qualified nonprofit corporations that have elected to do so, make payments in lieu of contributions and are known as "reimbursable employers." Reimbursable employers reimburse the Department for benefits paid to former employees.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

The shared work program was established in 1983. The program provides for the payment of partial unemployment compensation benefits in situations where employers elect to retain employees at reduced hours rather than institute layoffs. Employers submit shared work plans to the Department, which reviews and approves plans under specified criteria.

The federal Middle Class Tax Relief and Job Creation Act (Act) of 2012 requires states operating a shared work program to conform to certain requirements. The Act also provides for federal reimbursement to states of shared work benefits until August 22, 2015. In addition, under the Act, states may apply for federal grants to implement or improve their shared work programs and to promote and enroll employers.

Summary of Bill:

Changes to the shared work program are made consistent with the Act. Shared work is available only to permanent employees, and part-time employees may participate. If an employer reduces benefits to employees who are not shared work participants, the employer may also reduce benefits for shared work participants. Other changes include requiring employers to estimate the number of layoffs that would have occurred absent shared work.

For weeks of benefits paid for the three year period between July 1, 2012 and June 28, 2015, shared work benefits are not charged to the experience rating accounts of contributing employers or to reimbursable employers.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill contains an emergency clause and takes effect immediately.