

# FINAL BILL REPORT

## EHB 1396

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Synopsis as Enacted

**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.

**House Committee on Labor & Workforce Development**  
**Senate Committee on Commerce & Labor**

#### **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.

The Shared-Work Program (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 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 Programs and to promote and enroll employers.

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*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.*

**Summary:**

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

Changes to the 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 paid vacation, holiday, and sick leave benefits to employees who are not Program participants, the employer may also reduce these benefits for Program participants. Other changes include requiring employers to estimate the number of layoffs that would have occurred absent shared work.

**Votes on Final Passage:**

House	97	0
Senate	48	0

**Effective:** July 28, 2013