

SENATE BILL REPORT

SB 5356

As of February 1, 2013

Title: An act relating to 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.

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: Senators Holmquist Newbry, Conway, Kohl-Welles, Rolfes and Kline; by request of Employment Security Department.

Brief History:

Committee Activity: Commerce & Labor: 2/04/13.

SENATE COMMITTEE ON COMMERCE & LABOR

Staff: Mac Nicholson (786-7445)

Background: The unemployment insurance (UI) shared work program allows employers to temporarily reduce employee hours rather than lay-off workers, and allows the workers to collect partial unemployment benefits. Eligibility is limited to full-time employees who are paid on an hourly basis, and there must be a 10 to 50 percent reduction in usual weekly work hours. Employers seeking to participate in a shared work plan must submit a plan to the Employment Security Department and must have been registered in Washington for at least six months prior to applying for the program. A shared work plan can last up to one year.

Employees participating in a shared work plan must be eligible for regular unemployment benefits, and be able and available to work all hours offered by the employer. Fringe benefits must continue to be provided to participating employees on the same basis as before the reduction in work hours, and health benefits cannot be reduced due to a reduction in hours.

UI benefits made to employees under a shared work plan are charged back to the employer.

Recent federal legislation modified federal law concerning shared work programs, and provides temporary funding to reimburse states for certain shared work benefit and

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administrative costs. States seeking to operate a shared work program after August 2014 must conform state shared work law requirements to federal law.

Summary of Bill: Changes are made to the shared work program as follows:

- participating employers must have at least two employees, one of which is covered by a shared work plan;
- part-time employees may participate in a shared work plan; and
- participating employees must have been hired on a permanent basis.

Health care benefits, retirement benefits, and paid vacation, holiday, and sick leave benefits must continue to be provided to shared work employees under the same terms and conditions as when the employee worked usual weekly hours. A change in such benefits applicable to non-participating employees may also apply to participating employees.

The shared work plan must include an estimate of the number of layoffs that would have occurred, and when feasible, must include a plan to give advance notice to employees who will see a reduction in usual weekly hours. Employers must also attest that participation in a shared work plan is consistent with employer obligations under federal and state law.

Shared work benefits paid between July 1, 2012 and June 28, 2015 will not be charged to employers.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

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