

HOUSE BILL REPORT

HB 1893

As Reported by House Committee On:
Labor & Workplace Standards

Title: An act relating to unemployment insurance benefits for striking or lockout workers.

Brief Description: Concerning unemployment insurance benefits for striking or lockout workers.

Sponsors: Representatives Doglio, Berry, Fosse, Reeves, Farivar, Hackney, Ryu, Ortiz-Self, Orwall, Callan, Macri, Goodman, Senn, Slatter, Riccelli, Tharinger, Bronoske, Ramel, Wylie, Pollet, Cortes, Chopp, Bergquist, Berg, Fey, Donaghy, Reed, Street, Stonier, Kloba, Leavitt, Mena, Simmons, Morgan, Alvarado, Walen, Taylor, Peterson, Ormsby, Stearns, Thai, Bateman, Duerr, Ramos, Rule, Gregerson, Lekanoff, Nance, Santos, Shavers and Davis.

Brief History:

Committee Activity:

Labor & Workplace Standards: 1/9/24, 1/26/24 [DPS].

Brief Summary of Substitute Bill

- Specifies that the provision disqualifying a worker for unemployment insurance (UI) benefits based on a labor strike terminates on the second Sunday following the first day of the strike, thereby allowing those workers to access UI benefits following that time period and the waiting week.
- Removes the provision disqualifying a worker for UI benefits based on an employer-initiated lockout resulting from a strike against another employer in a multi-employer bargaining unit.

HOUSE COMMITTEE ON LABOR & WORKPLACE STANDARDS

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass.

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

Signed by 6 members: Representatives Berry, Chair; Fosse, Vice Chair; Bronoske, Doglio, Ormsby and Ortiz-Self.

Minority Report: Do not pass. Signed by 3 members: Representatives Schmidt, Ranking Minority Member; Rude and Ybarra.

Staff: Kelly Leonard (786-7147).

Background:

Unemployment Insurance.

The unemployment insurance (UI) system, administered by the Employment Security Department (ESD), is designed to provide partial wage replacement for unemployed workers. A worker is eligible to receive benefits if he or she: worked at least 680 hours in covered employment in his or her base year, was separated from employment through no fault of his or her own or quit work for good cause, is able to work, and is actively searching for work. The current maximum weekly benefit amount is \$1,019. With some exceptions, a worker must be eligible for a one-week waiting period before receiving benefits.

Most employers are contribution-paying employers, referred to as taxable employers. For this category, benefits are financed through employer contributions, referred to as payroll taxes. An employer's contributions are determined by multiple factors, including an experience rating based on the benefits paid to its employees. By default, benefits are proportionally charged to base-year employers according to the amount of wages paid to the person by each employer in the person's base year compared to the wages paid by all employers. In some specific instances, benefits are charged only to the separating employer, and in other instances, benefits are not charged to any employer. If benefits are not charged to any employer, those costs are socialized and shared evenly by all employers participating in the UI system.

State and local governments, federally recognized tribes, and some nonprofit organizations qualify as reimbursable employers. For this category, the employer reimburses the ESD for benefits actually paid to separated employees, instead of paying payroll taxes.

Strikes and Lockouts.

A worker is disqualified from receiving benefits if he or she is unemployed because of either:

- a strike; or
- a lockout initiated by an employer, who is a member of a multi-employer bargaining unit, after another member of the multi-employer bargaining unit has been struck by its employees as a result of the multi-employer bargaining process.

The disqualification does not apply if the worker is not financing, or participating or

directly interested in the strike or lockout, and if the worker does not belong to a grade or class of workers financing, or participating or directly interested in the strike or lockout.

The disqualification coincides with the strike or lockout, and therefore ends when the strike or lockout is terminated.

Summary of Substitute Bill:

The disqualification based on a lockout of employees in a multi-employer bargaining unit is removed, thereby allowing those workers to qualify for UI benefits. For contribution-paying employers, the benefits paid to a locked out worker are charged to all base year employers, unless an exception applies for the particular claim.

The time period for which workers are disqualified from UI benefits based on a strike is modified, thereby allowing striking workers to receive benefits in some instances. The disqualification ends at the earlier of: (1) the second Sunday following the first day of the strike; or (2) the date the strike is terminated. The worker is subject to the one-week waiting period before receiving benefits. For contribution-paying employers, benefits paid to striking workers are not directly charged to the employers, meaning the costs are socialized and evenly shared by all employers participating in the UI system.

Substitute Bill Compared to Original Bill:

The substitute bill provides that the disqualification for UI benefits based on a labor strike ends on earlier of: (1) the second Sunday following the first date of the strike; or (2) the date the strike is terminated (rather than on the first Sunday following the earlier of: (1) the first date of the strike; or (2) the date the strike ends).

Appropriation: None.

Fiscal Note: Available.

Effective Date of Substitute Bill: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) Workers negotiate for better wages, benefits, and working conditions during collective bargaining. But some employers refuse to negotiate fairly with their workers. Strikes are always a last resort. Strikes pose a significant financial burden on workers, particularly low wage workers. Striking workers lose their income and sometimes their

health benefits. There are many instances where employers will drag out bargaining during a strike in order to cause as much financial strain as possible. These bad actors are willing to leverage people's homes and their ability to feed their families. Executives know that workers cannot go long without wages. At the same time those executives are still collecting their paychecks. This is not fair. Lifting the restriction on accessing UI benefits will reduce the economic hardship experienced by striking workers. It is only partial wage replacement to assist with basics, like housing and food. Plus the worker must wait at least two weeks to access benefits. The bill will not incentivize strikes. It will help low wage workers be able to negotiate for better wages and working conditions while also accessing this critical safety net. This is not a new concept. New York, New Jersey, and Maine also provide UI benefits to striking workers. This policy not only helps those striking workers, but also their landlords and other folks who rely on them. It is important to our entire economy. The bill will not have a significant impact on the UI Trust Fund.

(Opposed) The bill interferes with the collective bargaining process, and it provides an incentive for unions to prolong strikes and refuse to return to work. Unions already provide strike benefits; unions are supposed to weigh the costs of a strike during a labor dispute. By removing this financial pressure, employers will be placed in an unfair position. The UI system is not designed for this purpose. The system is set up to provide partial wage replacement to workers who lose their jobs through no fault of their own. That is not the case for labor strikes, which involve workers intentionally refusing to work in order to put pressure on the employer. Further, the UI system is funded exclusively by payroll taxes paid by employers. Workers do not pay into this system. The system is predicated on the idea that workers should get benefits when they lose their jobs based on the actions of employers. In this case the workers are choosing to go on strike. Socializing the costs of these benefits does not solve this problem. All employers should not be forced to pay for these benefits when it is the employees' decision to go on strike. The bill may affect the financial stability of the UI Trust Fund in the long-term.

Persons Testifying: (In support) Representative Beth Doglio, prime sponsor; April Sims, Washington State Labor Council, American Federation of Labor and Congress of Industrial Organizations; Bryan Shanafelt, United Food and Commercial Workers Union Local 367; Rachel Ybarra, Starbucks Workers United; Rob Perdue, United Auto Workers; Jerry Sinclair, Association of Flight Attendants, Alaska Airlines; Brenda Wiest, Teamsters 117; and Ben Heiselt, Sapir Guth, and Bill Rudd, The International Brotherhood of Electrical Workers 46.

(Opposed) Bob Battles, Association of Washington Business ; Bruce Beckett, Washington Retail Association; Jerry VanderWood, Associated General Contractors of Washington; Brad Boswell, Seattle Metropolitan Chamber of Commerce; Julia Gorton, Washington Hospitality Association; and Bruce Chattin, Washington Aggregates and Concrete Association.

Persons Signed In To Testify But Not Testifying: None.