



WSLC

Legislative Update

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SSB 5963 stops bleeding on U.I. benefits

Unemployment Insurance reform bill is reformed by House committee

The House Commerce and Labor Committee, chaired by Rep. Steve Conway (D-Tacoma), made some significant improvements on March 27 to SB 5963, the Senate-approved Unemployment Insurance tax reform bill sought by employers. What previously was a one-sided giveaway of billions of dollars in permanent business tax breaks with almost no benefit to workers — and a bad labor vote — is now SSB (Substitute Senate Bill) 5963, which restores a measure of fairness to people who lose their jobs through no fault of their own.

The bill still saves Washington businesses hundreds of millions between 2010 and 2015. The actual amount will depend on the level of unemployment. Over the long run, employers will save billions and in the short run the system will save \$300 million in fines by bringing our UI tax system into compliance with federal standards.

But this comes at a cost. At the beginning of the year, the Department of Employment projected that the state's UI Trust Fund was sufficiently funded for 21 months of benefits. The tax cuts in SSB 5963—combined with the cost of the temporary economic-stimulus benefit increase approved at the beginning of the session—will lower the Trust Fund to a balance of between 12 and 15 months. That significantly lower cushion is acceptable IF the House substitute retains the following improvements included in SSB 5963:

- Maintaining limited discretion by the Employment Security Commissioner to determine “good-cause” voluntary quits, as decided in the 2008 Supreme Court *Spain-Batey* decision. This decision recognized that the 11 specific good-cause quits in the statute did not cover all reasonable situations. (Ms. Spain quit because her employer verbally abused and intimidated his employees regularly. Among other things, he made his employees stand in the parking lot in the rain while he berated them.) This commissioner discretion is used so infrequently, its cost to the system is negligible.

- Restoring the UI benefit multiplier to 4.0, where it was for decades before being lowered in 2005. In the four years since then, workers have lost \$68 million in benefits. For a worker earning \$30,000 a year (\$7,500 per quarter), restoring the multiplier from 3.85 to 4.0 would increase weekly benefits from \$288.75 to \$300. This permanent increase would not occur until next year when the temporary stimulus increase expires.

- Restoring the pre-2001 language allowing spouses to receive benefits if they must quit to follow a spouse whose jobs forces a move. This improvement, which was included in the Senate-approved version, has virtually no cost to the system because it qualifies the state for some \$98 million in federal dollars in the recently passed UI Modernization Act.

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The Association of Washington Business says SSB 5963 “ruptures the business community compromise over tax reform” because it includes these changes. While we all pause to wonder what compromise Big Business made with itself -- did

they “give up” even more permanent tax cuts when settling for just a few billion? -- it's important to remember that the new, improved SSB 5963 doesn't make workers whole, it just stops the bleeding.

From 2004 through 2008, laid-off workers in Washington lost \$367 million in unnecessarily reduced benefits: \$75 million due to three- and four-quarter averaging, \$68 million due to lowering benefit multiplier from 4.0 to 3.85; \$128 million from lowering maximum benefits; and \$96 million from reducing the maximum number of benefit weeks from 30 to 26.

All of the labor-supported improvements listed above are merely restorations of what unemployed workers previously got. These changes cost the system very little when compared to the permanent tax cuts that employers will enjoy.

Believe it or not, we are hearing that some Democratic state legislators are worried about angering the business community over the “small” multiplier increase to 4.0. We'll take a deep breath and set aside -- for now -- the notion of whose anger is justified and/or merits concern at this point

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of the session. It should suffice to say that \$11.25 a week may not sound like a lot of money to a politically sensitive state legislator, but to somebody who just lost their job, it means a few loaves of bread. It means a week's worth of school lunches for their kid. It means five gallons of gas. It means several more résumés printed and mailed to prospective employers.

And it sure as hell means more than placating a bunch of business lobbying groups that arbitrarily draw lines in the legislative sand just to squeeze a few more dollars out of the real victims of this recession.

The Washington State Labor Council strongly urges the full House to retain the committee-approved changes in SSB 5963. (The floor-vote cutoff is Friday, April 17.) The Council also strongly urges the Senate to concur with those changes.

House, Senate budgets target state employees

Last week, the House and Senate Democrats released proposed budgets that included extreme cuts in state programs. As anticipated in our last newsletter, the budget bell tolled loudly for state employees.

To close the estimated \$9 billion gap between anticipated revenue and the cost of maintaining existing public services, the budgets would result in an estimated 7,000 state employees (general government, higher education, etc.) losing their jobs. Those keeping their jobs would sacrifice not only their previously negotiated 2% cost-of-living increases, they would also face higher out-of-pocket health costs, though it's not yet clear how that will happen.

House Democrats propose shifting \$107 million in health costs from the state onto its employees, while Senate Democrats propose \$157 million in higher out-of-pocket costs. In order to maintain the current 12% premium share state workers now pay, those higher costs may come in the form of higher co-pays for doctor visits or other point-of-service fees.

It's also not clear whether those benefit cuts are subject to collective bargaining. When Gov. Chris Gregoire decided to unilaterally toss out the contracts she negotiated with state employees rather than put them to a vote of the Legislature, she left all state employees in collective bargaining limbo.

In many ways, the effect of Gregoire's actions has been to damage state employees' bargaining rights all together. The confusion surrounding this uncharted territory underscores why the courts and the legislature need to clarify that statute. But in the meantime, legislators should make every effort to retain the spirit and intent of that law by retaining as many aspects of the previously negotiated contracts as possible.

Will public safety be a budget casualty?

We will offer a more detailed analysis of the House and Senate budget proposals in this Friday's edition of the *WSLC Legislative Update*, but one potential casualty is clear: public safety.

The Associated Press report on the budgets found that generally, the Senate budget makes deeper cuts to prisons, including the closure of the McNeil Island Correction Center, which employs about 575 workers. The House budget, like the governor's proposal, anticipates more savings from the removal of community supervision for many offenders.

All session long, the Washington Federation of State Employees/AFSCME Council 28, alongside advocates for public safety and victims' rights, has opposed SB 5288, which would cut Community Corrections supervision of 12,000 dangerous criminals. It would save less than \$33 million in the 2009-11 biennium by cutting more than half of all Community Corrections officers.

"I think when you start cutting half the forces that are protecting the public with offenders getting out of prison, you're flirting with disaster in that area," said WFSE's Matt Zuvich at a House Ways and Means Committee hearing on Saturday. Saying SB 5288 and the House budget would take more than 300 Community Corrections officers off the street, he asked, "If you had a bill before you today that took half the State Patrol troopers off the street, would you do it?"

Contact your legislators!

In addition to calling legislators and urging them to support the changes made to the aforementioned SSB 5963 on Unemployment Insurance, union members and their supporters are urged to call the Legislative Hotline at 1-800-562-6000 in support of the following labor-supported legislation:

- SB 5873, which applies apprenticeship utilization requirements to four-year institutions of higher education construction projects and enhances compliance authority.
- EHB 1836, which applies the same payroll reporting requirements to out-of-state contractors and subcontractors as are currently applied to in-state contractors and subcontractors.
- HB 1402, which limits ex-parte communication between employers and an injured worker's doctor during the workers' compensation appeal process.
- A budget proviso of \$620,000 for the Labor Center at The Evergreen State College.
- HB 1329, granting collective bargaining rights to child care center workers.
- 2SHB 1355, an Opportunity Internship Program that includes a good definition for pre-apprenticeship.