



# WSLC

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# Legislative Update

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A weekly report from the Washington State Labor Council, AFL-CIO



# A balanced approach: Easy as 1-2-3

## Senate urged to concur with all three changes to Unemployment Insurance bill

With Washington's unemployment rate hitting 9.2% in March—a level not seen since May 1984—the Washington State Labor Council is urging State Senators to concur with all three House amendments to SSB 5963.

This bill grants \$224 million in Unemployment Insurance tax rebates to employers. When our state emerges from recession, employers' tax savings will grow into billions of dollars.

SSB 5963 is balanced by important benefit improvements. Here are some critical details about the three amendments:

■ The bill restores the benefit formula to 4.0 next year, where it was from 1970 until being lowered to 3.85 in 2005. That means that workers will get an extra \$8 to \$19 a week starting in 2010. If the Senate were to strip the 4.0 provision from the bill, weekly benefits will drop from \$45 and \$71 on Jan. 1, 2010, with the expiration of the temporary economic-stimulus benefit increase approved earlier this year. Restoring to 4.0 on that date will mitigate that drop in benefits.

The formula will not return to 4.0 until additional state and federal dollars expire. Should the federal government continue to provide \$25 in additional weekly benefits in 2010, the formula would not be restored to 4.0 until 2011.

If the U.I. Trust Funds balance drops too low, the formula returns to 3.85. If at any point between 2010 and 2015, the trust fund balance can cover only 8 months of benefits, then the formula reverts to 3.85 until the trust fund is out of solvency danger. At the beginning of this year, the state projected that the trust fund was sufficiently funded for 21 months of benefits. The tax cuts and benefit improvements in SSB 5963 -- combined with the temporary economic-stimulus benefit increase -- are expected to lower the trust fund to a balance of between 12 and 15 months.

■ SSB 5963 also upholds a Supreme Court decision granting the commissioner of the Employment Security Department some flexibility in determining whether workers who have quit their jobs for extraordinary reasons should receive benefits. The Supreme Court case involved an outrageously abusive employer who acted like a drill sergeant in a boot

camp rather than an employer. The court found in favor of the worker even though her reasons for quitting did not meet any of the 11 black-and-white "good-cause quit" descriptions in the statute. Since that Supreme Court decision last June, ESD has reviewed 23,000 voluntary-quit claims and has reversed in favor of the worker in only 300 of them. Under SSB 5963, the bar will remain extraordinarily high and the costs will be very small. But the ESD commissioner will retain some important discretion for egregious circumstances.

■ Finally, the House fixed a glitch in our law that will allow workers in Washington who have exhausted their U.I. benefits for the year to receive extended federal benefits. This change has no cost to our state because the U.S. Government picks up 100% of the tab for these extended benefits.

The Washington State Labor Council thanks and congratulates the State Representatives who supported these reasonable changes and restored some balance to SSB 5963. Here is last Friday's roll call for the 53-45 vote on final passage (Democrats are listed in bold):

**VOTING YES:** Appleton, Blake, Campbell, Carlyle, Chase, Chopp, Clibborn, Cody, Conway, Darneille, Dickerson, Driscoll, Dunshee, Eddy, Flannigan, Goodman, Green, Hasegawa, Hudgins, Hunt, Hurst, Jacks, Kagi, Kelley, Kenney, Kirby, Liias, Linville, Maxwell, McCoy, Miloscia, Moeller, Morrell, Nelson, Ormsby, Orwall, Pedersen, Pettigrew, Probst, Roberts, Rolfes, Santos, Seaquist, Sells, Simpson, Springer, Sullivan, Takko, Upthegrove, Van De Wege, White, Williams, Wood

**VOTING NO:** Alexander, Anderson, Angel, Armstrong, Bailey, Chandler, Condotta, Cox, Crouse, Dammeier, DeBolt, Ericks, Ericksen, Finn, Grant-Herriot, Haigh, Haler, Herrera, Hinkle, Hope, Hunter, Johnson, Kessler, Klippert, Kretz, Kristiansen, McCune, Morris, O'Brien, Orcutt, Parker, Pearson, Priest, Quall, Roach, Rodne, Ross, Schmick, Shea, Short, Smith, Taylor, Wallace, Walsh, Warnick

## Public employee job cuts hurt our economy, too

When Gov. Chris Gregoire unveiled the new task force designed to retain jobs at Boeing and other aerospace compa-

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nies in Washington state, she reminded everyone that all of us have an interest in this issue because good-paying Boeing jobs support many other jobs.

This week, the business-lobbying echo chamber reverberated with a new Washington Research Council report that imagines the disappearance of all 72,000 Boeing jobs. (The WRC is a conservative think tank funded by Boeing and other large corporations.) The report suggests that every Boeing job supports another three jobs, so if Boeing were to vanish tomorrow, the state would lose 285,000 jobs. Unlike the Deloitte/Boeing report issued last week, which suggests that good family wages put Washington at a competitive disadvantage with low-wage Southern states, the WRC report cites Boeing's good family wages as the reason that additional jobs exist in Washington.

As Sen. Mike Hewitt (R-Walla Walla) puts it, "Even though you don't work at Boeing, you might work at a sandwich shop or grocery store where Boeing employees spend their paychecks. If those jobs go, yours could too."

Our state lawmakers should be just as concerned about the ripple effects in the private sector from disappearing government jobs. Every single day in this state, we read about recession-related job cuts at our state agencies, school districts, universities, prisons, and county and city governments. Advocates for public employees tend to talk about the negative effect those job cuts have on our children, safety, economic development, workforce training, and our most vulnerable citizens who rely on the public services to survive.

But for those legislators who weigh each decision by how it affects private-sector businesses, please remember that public employees also buy sandwiches and groceries. They buy homes and cars and lots of other things at the same places that Boeing workers do -- at businesses in their communities. So if the negative impact that budget cuts have on public workers, their families, clients and students aren't enough to deter you "all-cutters" out there, perhaps you should spread around a little more of that Boeing-inspired compassion for businesses that suffer when people lose their jobs.

Maybe we could form a task force.

## Would you like a little insult with that injury?

Sen. Joe Zarelli (R-Vancouver), the ranking Republican on the Ways and Means Committee, pushed an amendment Thursday that would, in his words, "spread the pain" and "say we are all in this together."

Was he talking about removing one or two of the 580 tax breaks for various businesses and industries in Washington? Nope. He was talking about requiring state employees to pay a greater share of their health insurance costs.

Thankfully, the Democrats on the committee held their ground and rejected Sen. Zarelli's amendment.

As it is, neither the Senate nor House budget proposals provide enough money to pay for increases in the state's share of health-insurance costs. That means state employees are already facing higher co-payments or other fees in the future.

The Washington Federation of State Employees, AFSCME Council 28 estimates that state employees have already given up \$1 billion, including the loss of negotiated pay raises, a freeze on hiring, expected layoffs, \$400 million in deferred pension payments, and other cuts.

Zarelli's suggestion that state employees are due more suffering adds insult to injury.

"We've frozen their raises, eliminated their step increases. ... We've now taken away from their pensions and we're going to do layoffs," Sen. Karen Keiser (D-Kent) told *The Olympian*. Cutting health benefits would be "just too much," she said.

## Labor Center funding restored, but slashed

Earlier in the session, we reported that the state's only labor college, the Labor Education & Research Center at The Evergreen State College, was on the budget chopping block.

The good news is that last week the House Ways and Means Committee approved a proviso that, like the Senate budget, restores funding for the Labor Center to the budget. The bad news is that, like the Senate, it only provides \$200,000, which would cut the Center's budget *by two-thirds*.

There are countless publicly funded institutions in Washington whose mission—costing taxpayers some \$104 million—is to train the next generation of business managers and executives. These business colleges teach the management of tomorrow to treat labor as a cost that needs to be contained in order to maximize profits.

TESC's Labor Center is the only statewide higher education outreach program providing direct educational and research services to labor unions and worker-centered organizations. Yet it's TESC's Labor Center, the one college in Washington that empowers workers to learn and exercise their rights, that faces being cut *by more than 67%*.

Yes, all higher education institutions face serious budget cuts this year, but none of them are facing a cut proportionate to TESC's Labor Center. We can't help but wonder whether, as we previously reported, that the Labor Center is being targeted because of a national campaign by the right-wing Landmark Legal Foundation to eliminate funding for labor colleges across the nation.

The Washington State Labor Council urges budget negotiators to restore more of the Labor Center's funding so it can weather this recession and survive.