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



Unemployment benefits are SAVING JOBS

But business lobbyists just complain about the tax system THEY created

So this is what a jobless economic recovery looks like.

The state unemployment rate is now 9.5%. It's much higher in some areas, like Clark County where it's 13.1%. In fact, it's significantly higher *everywhere* because those rates ignore those who have given up looking for work or who have gone back to school. Some construction trades are reporting joblessness of 30% to 50%.

As you read this, vehicles are being repossessed, college plans are being cancelled, homes are being foreclosed upon, and families are being torn apart.

We know what you're thinking: "Yes, but are unemployment tax rates low enough?"

Well, that's what you're thinking if you are among the legions of tassel-toed business lobbyists in Olympia (a recession-proof industry if there ever was one) or if you are one of their fawning sycophants on newspaper editorial boards. To them, our unemployment system is nothing but a tax, apparently for nothing but the privilege of doing business in Washington, accomplishing nothing except keeping our state from being "competitive" with other states and nations.

For the rest of us—working families and business owners alike—the unemployment system is a lifeline. It's a safety net keeping things from getting far worse. It not only helps desperate families keep food on the table, gas in the car and a roof over their heads, it is saving jobs. It is saving businesses.

That's why the unemployment insurance system was created following the Great Depression. To avoid another one. And so far, it's worked. It has provided some stability in times of economic upheaval like we are experiencing today.

In 2009, our U.I. system injected \$4 billion in benefits into

our state economy. This is the best kind of economic stimulus because recipients immediately spend the money, which then gets circulated in local economies. The Department of Labor says that for every \$1 of benefits, \$1.64 of purchasing power is created. So in 2009, our U.I. system created \$6.5 billion in economic activity in every community in this state.

Unemployment benefits also help businesses maintain a stable, skilled workforce. Instead of being forced to other states in search of employment, workers have the means to stay here. Companies like Boeing that historically have laid off workers during downturns and recalled them when conditions improve have especially benefited.

But you wouldn't know any of this if you only read newspapers or listen to legislators—in both political parties—toeing the corporate line on unemployment insurance.

Take *The Everett Herald*. (Please!) This week, it took up the business lobbyists' mantle in writing that "employers in our state recently learned that the rates they pay for unemployment insurance are going up. Way up." The newspaper was advocating against the labor-supported HB 2553 (described below), but the editorial contains nary a mention of the *benefits* of U.I. benefits, only that they are "already generous."

While organized labor is not insensitive to U.I. rate volatility, we can't help ourselves in pointing out: we told you so.

It was business groups that created this tax system, against labor's objections. In 2003, Boeing and business groups created—and the 787-coveting Legislature rammed through—a new U.I. tax rate system that was heavily experience-rated. In other words, more so than most other states, U.I. rates for Washington employers go up dramatically at the worst possible time: when they are struggling and laying off workers.

In our 2003 *Legislative Report*, the Washington State Labor Council decried the creation of a tax system where "extreme volatility of rates is guaranteed. This will ensure continual pressure to further cut benefits when employers' rates spike in weak economic conditions."

Welcome to weak economic conditions. Welcome to the self-imposed rate spike. And welcome to business lobbyists, as predicted, using their own handiwork as an excuse to deny



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jobless workers benefits they should be due.

As an understated House Speaker Frank Chopp said this week, "We adopted their tax system, so it's pretty ironic if they're complaining about their own tax system."

Help jobless recover in this jobless recovery

Which brings us back to the aforementioned HB 2553. Sponsored by Rep. Steve Conway (D-Tacoma), this bill would capture \$98 million in federal U.I. modernization funds by extending eligibility to part-timers and to workers forced to leave jobs due to "unreasonable hardship."

These changes would cost our U.I. fund about \$36 million a year, but it would frontload \$98 million in benefits now when it's desperately needed, and create \$160 million in consumer spending in every corner of the state. Unlike other states—25 of which have bankrupt U.I. systems and are now borrowing federal money to pay benefits—Washington's U.I. trust fund is healthy. It has \$2.6 billion and is projected to continue to have more than \$2 billion six months from now, more than twice as much as any other state.

It has been proven time and again that U.I. benefits have a far greater impact stimulating the economy than do tax cuts. Passing HB 2553 is the right thing to do for struggling families, and now is the right time to do it for our economy.

Labor-backed green jobs bill passes House

HB 2561, the Jobs Act of 2010 sponsored by Rep. Hans Dunshee (D-Snohomish) and strongly supported by the Washington State Labor Council, passed the State House of Representatives by a 57-41 vote on Wednesday. This bill would put before voters this fall the question of whether to issue \$850 million in bonds, which would leverage \$2 billion more, and create an estimated 38,000 jobs doing energy repair and retrofitting work at public schools, state colleges and universities, and other public facilities.

The House vote went largely on party lines, with all Democrats voting "yes," except Reps. John Driscoll (D-Spokane), Kelli Linville (D-Bellingham), Mark Miloscia (D-Federal Way) and Alex Wood (D-Spokane) who joined all House Republicans in voting "no."

Fact sheet counters workers' comp falsehoods

Republicans have filed a bill—and the Building Industry Association of Washington has filed an initiative—to privatize our public workers' compensation system.

As we've pointed out time and again, the definitive national comparison of workers' compensation costs finds that Washington employers in the state-run system pay the fifth lowest costs in the nation.

The push to privatize our system is driven purely by insurance industry greed, anti-government ideology, and the ultimate desire of business lobbying groups to cut benefits for injured workers and lower their costs even further. Because inviting the private insurance industry to replace a low-cost public system justifiably alarms not just working people, but also many business owners, a coordinated misinformation campaign by business lobbying groups is attempting to undermine public confidence in the state system.

Union organizations, including the Washington State Labor Council, have distributed "It's Time to Set the Record Straight About Workers' Compensation" to all legislators. This fact sheet not only counters the privatizers' misinformation campaign, it offers suggestions on the best ways to improve our public workers' compensation system.

Learn more at www.wslc.org.

GOP still supports lowering minimum wage

Many observers trace the second downfall of Republican Dino Rossi to the day in late September 2008 that he told a group of business executives that he supported lowering Washington's minimum wage. He handed incumbent Gov. Chris Gregoire a potent new issue for television ads. Polls that showed the race at that point to be neck-and-neck began to trend in Gregoire's favor, which continued right up until her surprisingly easy victory by more than 7 points.

With observers now declaring mid-term momentum in the Republican Party's favor, you'd think the GOP would want to avoid past mistakes and take advantage of those prevailing political winds. You'd be wrong.

A group of Republican State Senators has introduced SB 6534 to lower our state minimum wage when inflation drops. Colorado recently became the first state ever to lower its minimum wage because, unlike all other states with indexed rates, its law didn't prohibit such cuts. Sponsoring Sens. Janéa Holmquist, Curtis King, Val Stevens, Dan Swecker, Jerome Delvin, Mike Hewitt and Mark Schoesler apparently like the idea of lowering the floor, both for the lowest legal wage and their party's chances in November.

Resolution supports federal AgJOBS legislation

HJM 4017, supported by both labor and business, urges Congress to enact the federal Agricultural Job Opportunities, Benefits and Security Act. AgJOBS is bipartisan legislation that would provide a legal, stable labor supply and help ensure that farmworkers are treated fairly, including offering undocumented workers an "earned legalization" pathway to permanent status. Reflecting the unprecedented business-labor support for AgJOBS on a national level, HJM 4017 is supported by the WSLC, the United Farm Workers, Washington Growers' League, Washington Farm Bureau and many others. We urge its passage.