

SB 5777, to pay state-funded unemployment benefits to workers who choose to go on strike

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Key Findings

1. **SB 5777¹ would pay unemployment insurance (UI) benefits to workers who decide to go on strike.**
2. **The companion bill for SB 5777 is House Bill 1893.²**
3. **Currently, the unemployment benefit program is designed to mitigate personal financial impacts by providing payments to workers who lose employment through no fault of their own.**
4. **The proposed legislation would change the program so that, for the first time, money is paid to people who stop working voluntarily.**
5. **The UI program is socialized and funded by a tax³ on Washington state employers.**
6. **Under SB 5777, even companies with good labor relations would be penalized by a more costly UI system. In turn, workers who like their jobs and want to work would be financially punished for other workers' decisions not to work.**
7. **Paying UI benefits to workers who choose not to work would change a popular "insurance" program into a "strike fund" for organized labor.**

1 Senate Bill 5777 — "Concerning unemployment insurance benefits for striking or lockout workers:" <https://app.leg.wa.gov/billssummary?BillNumber=5777&Year=2023&Initiative=false>

2 House Bill 1893 — "Concerning unemployment insurance benefits for striking or lockout workers:" <https://app.leg.wa.gov/billssummary?BillNumber=1893&Chamber=House&Year=2023>

3 Washington state Employment Security Department, Unemployment taxes: <https://esd.wa.gov/employer-taxes#:~:text=SUTA%20taxes%20fund%20benefit%20payments,oversight%20of%20state%20unemployment%20programs>

Introduction

A bill moving in the Legislature, Senate Bill 5777, would pay unemployment insurance (UI) benefits to workers who choose to go on strike. The companion bill in the House is House Bill 1893.

The unemployment insurance program in Washington state is socialized and funded with a payroll-based tax⁴ on Washington state employers. It is set up to provide financial assistance to employees who lose work through no fault of their own.

The idea is that the risk of involuntary unemployment is shared throughout the workforce. Since no one knows who may lose a job through business closures or job reductions, a state-managed pool provides financial support when workers lose their jobs unexpectedly. State unemployment benefits cover for temporarily lost income until an unemployed person can find work again.

Striking workers are disqualified from collecting UI benefits because their decision to not work is voluntary. A strike is planned. It is not the result of unforeseen or unexpected economic forces that an individual cannot control. The proposed legislation would remove the disqualification.

There is already an exemption from that disqualification for workers who are "not participating in or financing or directly interested in the strike or lockout that caused the individual's unemployment; and the individual does not belong to a grade or class of workers of which, immediately before the commencement of the strike or lockout, there were members employed at the premises at which the strike or lockout occurs, any of whom are participating in

4 Ibid

or financing or directly interested in the strike or lockout.”⁵

A fiscal note has been requested to estimate how much this change to the program would cost the unemployment insurance fund supported by all employers in the state.

Text of SB 5777

SB 5777’s title is “Concerning unemployment insurance benefits for striking or lockout workers.” It would require that state unemployment insurance (UI) benefits be paid to striking workers and to workers subject to an employer-initiated lockout resulting from a strike against another employer in a multi-employer bargaining unit.

The bill provides for “striking workers to qualify for UI benefits on the Sunday following the first day of a strike.”

Policy Analysis

The state’s unemployment insurance (UI) program, funded by a payroll-based tax on employers, is designed to provide financial assistance to employees who lose work through no fault of their own, not people who choose not to work.

Even the official background description for the bill acknowledges that the UI program is set up to provide for workers who are separated from employment through no fault of their own, who are available to work and are actively searching for employment. As Bob Battles of the Association of Washington Business said in opposition to the bill at a House committee, “strikes are not that.”⁶

This bill would encourage more lengthy strikes, create an imbalance between business and labor, and cost the program. It would weaken the state UI fund for the employees it is set up to serve.

Those testifying in favor of the bill (led by labor leaders) say that workers, especially

low-income ones, who choose to strike need a state-funded safety net.

If a safety net is required for low-income workers who choose not to work, unions who push for strikes should provide that safety net with their members’ union dues, rather than punishing all the state’s employers and workers who have nothing to do with a labor dispute that results in a work stoppage.

Even the many employers in the state with satisfied workers would be penalized by a more costly UI system. In turn, their workers would be financially punished for the decision by other workers not to work.

In addition, the bill would undermine public confidence in and support for the state-managed unemployment system. For decades, state leaders have promised that UI benefits are available if a person loses a job involuntarily. The purpose is to relieve the anxiety people feel in a modern industrial economy when business conditions can change unexpectedly. The concept of state-funded “insurance” is to mitigate unforeseen financial risk.

SB 5777 would break that commitment, turning economic unemployment insurance into a benefits program that supports strike actions planned by organized labor leaders.

The president of the Washington State Labor Council, April Sims, said, “Strikes are a powerful tool.” Powerful tools cost money. It is not right for the state to use payroll-based taxes to provide a tool for one side in a labor dispute and contribute to an unfair playing field.

This controversial idea would hurt all workers in the state by discrediting the UI system and the public’s trust in it.

Conclusion

Creating incentives to make strikes more likely and more lengthy is not good policy.

Weakening public confidence in the UI fund would be harmful to the state’s workforce and create imbalance in labor negotiations by funding a decision to strike. Paying UI benefits to workers who choose not to work would be a cost borne by all employers and employees and would change it from a popular “insurance” program into a “strike fund” for organized labor.

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Nothing here should be construed as an attempt to aid or hinder the passage of any legislation before any legislative body.

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5 RCW 50.20.90: <https://app.leg.wa.gov/rcw/default.aspx?cite=50.20.090>

6 January 9, 2024, House Labor and Workplace Standards Committee hearing: <https://twv.org/video/house-labor-workplace-standards-2024011150/?eventID=2024011150>