



## Unemployment Insurance

### Overview

Unemployment Insurance is a federal program administered by Washington state.

There are a few components the state is allowed to make decisions about like rate setting or benefit payments, but overall, the program must meet federal requirements.

There are a few fundamentals to our UI program

- It is paid entirely by employers – no worker money is used
- Employers whose workforce uses the system pay more. Employers who rarely lay off employees pay less.
- To be eligible for benefits, workers must be “able and available” for work

Our UI trust fund is healthy and solvent because employers have fought hard to keep it that way. The structure of our program is sound – as evidenced by the program’s performance through the most extreme employment downturn this century without the need for solvency charges or a federal loan like other states.

Federal requirements surrounding the program mean that the Legislature is unable to impose rate setting schemes that target certain industries or employers by size or other factors.

Our unemployment rates are calculated over a four-year period, and employers are just beginning to see their rates return to normal.

Washington’s unemployment insurance program is already one of the costliest in the country, and provides rich benefits – with the highest minimum benefit, the highest maximum benefit and the highest taxable wage base – which means employers are paying taxes on a larger portion of wages

[Senate Bill 5041](#) is a proposal that was introduced again this year and extends unemployment benefits to workers who vote to go on strike.

While only a small portion of the hospitality industry’s workforce collectively bargains under a union, this proposal has the potential to impact all businesses in Washington.

For example, if a major Washington employer has a strike that goes on for months, impacting 33,000 workers, the costs of benefits for those 33,000 workers to be on strike for months gets charged to the employer. However, there is a federal cap for the maximum rate businesses can pay for UI. Once that cap is reached, all other costs get socialized across all employers and paid for by businesses who had nothing to do with the labor dispute.

## Talking points

- Washington state already has some of the highest unemployment insurance costs in the country.
- Unemployment insurance is 100% funded by employers, no worker money goes into the trust fund.
- All employers will be impacted by allowing UI benefits for striking workers, not just those businesses with labor disputes.
- Unions can and do set up strike funds to provide for lost wages during a strike. It makes sense for the Legislature to require the use of these funds or require collective bargaining units to establish these funds if they want to support and encourage strikes.
- Strikes are bad for the overall health of the local economy. They have far-reaching consequences for businesses and workers and should be a last resort. The decision to strike should be a difficult one after every other option is exhausted. This proposal tips the scale in favor of one party over another.

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