

Unemployment Insurance

WRA Position: Oppose increases in benefits and/or eligibility for benefits that further reduce the unemployment insurance trust fund (or raise UI taxes).

Suggested Talking Points:

- Now is not the time to add new UI taxes on employers. Doing so will only lead to further job losses.
- Washington has some of the most generous UI benefits in the nation. Even in this fragile economy, many employers will face higher UI taxes because of increased layoffs.

Background: Numerous changes have been made to the unemployment insurance system in the past decade. Major changes were implemented last legislative session, which appropriately limit eligibility for UI benefits when a person voluntarily quits their job. Additionally, major changes in the UI tax code were implemented to lower employer taxes (and reduce the UI trust fund) in exchange for restoration of benefits, based on the highest two quarters of work.

Organized labor will be seeking an increase in benefits by changing what is commonly referred to as the “multiplier” in the benefits calculation. The WRA also expects legislation to be introduced that will expand eligibility for benefits through a more lenient “quit for good cause” standard.

Finally, the Employment Security Department may request changes to the UI statutes in order to keep the state eligible for federal grant money. However, those changes could entail expanding eligibility for benefits and/or increasing UI benefits.

Unemployment Insurance taxes are a major contributor to Washington state’s status as a high-cost state to conduct business. The employer community is opposed to further changes to the system that add additional costs, in turn draining the UI trust fund to levels that would require additional taxes. Recent projections show that the UI trust fund is close to nine months of reserve. Employers receive a “solvency surcharge” if the trust fund dips below seven months of reserve.