

Date of Hearing: May 16, 2019

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Lorena Gonzalez, Chair

AB 1066 (Gonzalez) – As Amended April 30, 2019

Policy Committee: Insurance Vote: 8 - 2

Urgency: No State Mandated Local Program: No Reimbursable: No

SUMMARY:

This bill allows workers involved in a trade dispute to collect unemployment insurance (UI) after a four-week waiting period.

It also codifies a California Supreme Court Decision (Coast Packing Co. v. California Unemployment Insurance Appeals Board (1966) 64 Cal. 2d 76) that found workers subject to a lockout eligible for UI benefits.

FISCAL EFFECT:

- 1) One-time costs to the Employment Development Department (EDD) likely in the low hundreds of thousands of dollars to review and modify certain forms, policies, procedures and training, as well as make information technology (IT) systems changes (Unemployment Administration Fund).
- 2) Ongoing costs are unknown and difficult to predict, as they depend heavily on the number, scale and length of trade disputes under which workers would become eligible for unemployment benefits. Plausible estimates based on recent experience are in the range of \$800,000 to \$6 million per year (Unemployment Fund).

COMMENTS:

- 1) **Purpose.** According to the author, this bill ensures workers who go on strike due to a trade dispute would be eligible for UI benefits after a waiting period. The author states these workers would be subject to the same requirements and limitations as other workers applying for UI benefits. The author states unemployment insurance exists to help workers who find themselves temporarily without a paycheck. The author believes this bill is a small step in ensuring all workers can exercise their right to strike.
- 2) **Background.** Employees can legally strike for economic reasons or to protest an unfair labor practice by their employer, such as an employer's failure to address harassment and discrimination in the workplace, failure to follow wage and hour laws, or refusal to bargain in good-faith with employees' union representatives. Strikes can be undertaken as a last resort by employees wanting to resolve a significant labor dispute with their employer or when matters are at an impasse and workers have exhausted all other options. Striking workers may receive a modest level of financial assistance through their union's strike fund, but this is not typically enough to replace a significant proportion of lost income.
- 3) **Other States.** Some other states currently allow workers to collect unemployment benefits while on strike. In 2018, New Jersey enacted a law that allows workers on strike to collect

unemployment benefits after 30 days when an employer violates the terms of an employment contract or collective bargaining agreement or engages in an unfair labor practice that violates state or federal law. New York has long had a similar law with a 49-day waiting period.

- 4) **Staff Comments.** The EDD notes it would need additional time to implement this bill given the necessary IT programming. For this reason, EDD recommends a delayed effective date of July 1, 2020.

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