

ASSEMBLY THIRD READING

AB 1066 (Gonzalez)

As Amended April 30, 2019

Majority vote

SUMMARY:

Permits workers involved in a trade dispute to collect unemployment insurance (UI) benefits.

Major Provisions

Permits workers involved in a trade dispute to collect unemployment insurance after a four week waiting period.

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.

COMMENTS:

According to data from the Bureau of Labor Statistics, the number of U.S. workers involved in work stoppages in 2018 (485,000), including both strikes and lockouts, was the highest of any year since 1986 (533,000). Last year saw 20 work stoppages which is the highest since 2007 when 21 major strikes and lockouts occurred.

Data collected by Employment Development Department show upward movement in recent years in the number of California workers involved in trade disputes. In 2014, 472 employees were engaged in a trade dispute. That number increased to 12,478 in 2018. The numbers will continue to rise in 2019 with over 34,000 workers involved in trade disputes to date. That notable increase is driven by the Los Angeles Unified School District strike.

Some other states currently allow workers to collect unemployment benefits while on strike, including New York and New Jersey. In 2018, New Jersey enacted a law that allows workers on strike to collect unemployment benefits. This law allows workers to file for unemployment insurance in labor disputes 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.

According to the Author:

This bill ensures that workers who go on strike due to a trade dispute would be eligible for UI benefits after a four week waiting period. These workers would be subject to the same requirements and limitations as other workers applying for UI benefits. Unemployment insurance exists to help workers who find themselves temporarily without a paycheck. Workers involved in a labor dispute merit support from the state, and this bill is one small step in ensuring all workers can exercise their right to strike. Given the significant financial sacrifices that are required of workers on strike, it's evident that this basic, protected right isn't realistically accessible for low-income workers. Workers who earn the lowest wages are among the most vulnerable employees in the workplace and have the greatest need to exercise their right to strike for improved conditions.

Arguments in Support:

Supporters contend that the right to strike is the most fundamental right of workers and that unemployment benefits for striking workers are needed to strengthen that right. A strike is a powerful tool for workers, but it imposes great hardships on workers, their families, and their communities. Providing benefits to striking workers will soften the impact of those hardships.

Arguments in Opposition:

Opponents contend that providing unemployment benefits to striking workers will undermine the solvency of the UI fund and that the threat of increased UI costs will render employers unable to negotiate with unions.

FISCAL COMMENTS:

According to the Assembly Appropriations Committee

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).

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).

VOTES:**ASM INSURANCE: 8-2-4**

YES: Daly, Berman, Calderon, Chu, Cooley, Cooper, Gipson, Kamlager-Dove

NO: Frazier, Voepel

ABS, ABST OR NV: Mayes, Bigelow, Chen, Grayson

ASM APPROPRIATIONS: 12-3-3

YES: Gonzalez, Bloom, Bonta, Calderon, Carrillo, Chau, Eggman, Gabriel, Eduardo Garcia, Maienschein, Quirk, Robert Rivas

NO: Brough, Fong, Obernolte

ABS, ABST OR NV: Bigelow, Diep, Petrie-Norris

UPDATED:

VERSION: April 30, 2019

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