
SENATE COMMITTEE ON APPROPRIATIONS

Senator Anthony Portantino, Chair
2019 - 2020 Regular Session

AB 1066 (Gonzalez) - Unemployment insurance: trade disputes: eligibility for benefits

Version: April 30, 2019

Urgency: No

Hearing Date: August 12, 2019

Policy Vote: L., P.E. & R. 4 - 1

Mandate: No

Consultant: Robert Ingenito

Bill Summary: AB 1066 would permit workers involved in a trade dispute to collect unemployment insurance (UI) benefits.

Fiscal Impact: The Employment Development Department (EDD) indicates that it would incur a one-time cost, likely in the low-to-mid hundreds of thousands of dollars, to implement the provisions of the bill (Unemployment Administration Fund). The majority of this amount would be for information technology (IT) modifications. Additionally, EDD estimates that the bill's annual ongoing costs to the UI Trust Fund would range between \$800,000 and \$6 million. (Unemployment Fund, see Staff Comments).

Background: The UI program provides weekly benefits, funded through payroll tax contributions paid by employers, to workers who have lost their jobs through no fault of their own. The program is authorized in both federal and state law, and significant discretion is given to states to set benefit and employer contribution levels. Under current state law, weekly UI benefit amounts are intended to replace up to 50 percent of a claimant's prior earnings, subject to a maximum of \$450 per week, for up to 26 weeks.

Under current law, individuals are not eligible for unemployment compensation benefits if they left work because of a trade dispute. Such individuals remain ineligible for the period during which they continue out of work because the trade dispute is still in progress. When it learns that a trade dispute is in progress, current law requires EDD to promptly conduct an investigation and make investigation findings as to the nature, location, labor organizations and employers involved. Additionally, EDD must, upon request, make its findings available to any employer, employers' association or labor organization involved in the trade dispute.

Proposed Law: This bill would (1) permit workers involved in a trade dispute to collect UI after a four-week waiting period, and (2) codify 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.

Related Legislation: AB 2197 (C. Garcia, 2016) would have permitted classified school employees to be eligible to collect unemployment insurance (UI) benefits between school years with or without a reasonable assurance of being employed in the next academic year. This bill was vetoed by Governor Brown.

Staff Comments: EDD indicates that implementation of this bill would require it to review and modify certain forms, policies, procedures, and training. In addition, IT

programming would be necessary to modify the verbiage on certain printed notices, forms, and publications, since under the bill, trade dispute disqualifications would end after four weeks. EDD anticipates that the one-time costs would be up to the mid hundreds of thousands of dollars.

Additionally, EDD notes that the bill's impact to the UI Trust Fund would depend on the number of strikes that occur, their duration, and the number of employees involved. The amount of benefits paid would likely increase under the bill; however, the magnitude is difficult to predict. EDD's lower end estimate of \$800,000 assumes (1) a 10 percent increase in claims, and (2) a duration of two weeks of benefits paid (after the four-week disqualification period has ended). The department's higher end estimate of \$6 million assumes (1) a 25 percent increase in claims, and (2) a duration of six weeks of benefits paid (again, after the four-week disqualification period has ended).

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