

SB 722 A STAFF MEASURE SUMMARY

Senate Committee On Workforce

Action Date: 03/07/19

Action: Do pass with amendments. Refer to Ways and Means by prior reference. (Printed A-Eng).

Vote: 5-0-0-0

Yeas: 5 - Golden, Hansell, Knopp, Monnes Anderson, Taylor

Fiscal: Fiscal impact issued

Revenue: No revenue impact

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Meeting Dates: 3/5, 3/7

WHAT THE MEASURE DOES:

Entitles individuals in active military service or employed by United States to unemployment benefits if individual is required to perform services without compensation due to lapse in federal appropriation and would otherwise be eligible for federal unemployment benefits. Terminates benefits upon individual receiving wages on regular payday or permanently ceasing federal employment. Establishes State Benefits for Federal Workers Fund. Authorizes Fund to accept moneys appropriated by legislature as well as recovered overpayments. Appropriates \$1 to Fund for biennium ending June 30, 2019. Authorizes Fund to pay benefits to extent funds are available. Changes Employment Department practices regarding calculation of back pay and recovery of overpayments. Authorizes Director of Employment Department to bring civil action to recover erroneous overpayments without interest if not repaid by claimant within five years. Requires Director to waive overpayment recovery upon specified finding. Declares emergency, effective on passage.

ISSUES DISCUSSED:

- Difference in eligibility for unemployment benefits for furloughed workers and those working without pay
- Mechanism for recovering overpayments
- Prohibition against a state using federal dollars to provide unemployment benefits to federal workers

EFFECT OF AMENDMENT:

Replaces measure.

BACKGROUND:

A lapse of appropriation occurs when the federal government fails to enact appropriation bills or continuing resolutions to fund federal agencies and programs. During a lapse, affected units are required to curtail agency activities and services, close down non-essential operations, furlough non-essential workers, and only retain essential employees in departments covering the safety of human life or protection of property. Essential workers must continue to work but do not receive a paycheck. Since 1980, there have been approximately ten federal lapses of appropriations where non-essential workers were furloughed and essential workers were required to work without pay. Senate Bill 722-A authorizes the Director of the Employment Department to include essential federal workers and Coast Guard employees in the class of persons eligible to receive unemployment insurance benefits when a federal lapse of appropriation occurs.

The U.S. Department of Labor prohibits state unemployment insurance programs from using federal unemployment insurance money to pay benefits to essential federal workers required to work without pay. Senate Bill 722-A establishes the State Benefits for Federal Workers Fund into which future state appropriations and recovered overpayments may be deposited for the purpose of paying those benefits.

Currently, the Employment Department excludes back pay from earnings for certain unemployment insurance programs. Senate Bill 722-A designates back pay as earnings across all programs. If a claimant receives back pay,

This summary has not been adopted or officially endorsed by action of the committee.

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previously received unemployment insurance benefits become overpayments subject to recovery. Because of errors, not due to any misrepresentation by the claimant, the Employment Department sometimes pays benefits to which an individual is not entitled. Currently, the Employment Department may only recover erroneously paid benefits by deducting them from any future benefits to which a claimant is entitled when filing a new claim. Senate Bill 722-A requires a claimant who received an erroneous overpayment to repay the Department within five years after which the Director may file a civil action to recover unpaid amounts.