



PETER COURTNEY
President of the Senate

Senate Bill 722-5: Unemployment and Federal Workers

BACKGROUND

SB 722-5 seeks to address 2 issues related to the Employment Department. The first is how Federal employees who are required to work without pay during a Federal Government shutdown can receive unemployment benefits. The second is how the Employment Department can recoup incorrectly paid benefits.

SUMMARY

SB 722-5 creates the State Benefits for Federal Workers Fund, to be administered through the Employment Dept. With a \$1 allocation, this fund is established so the E-Board (or Legislature if it is in session) could appropriate money into it should another extended shutdown occur. Federal workers who are 'working without pay', including military members, would be eligible to get what are essentially unemployment benefits through this fund. The employment department would then have 5 years to collect, no interest would accrue in that time.

Section 6 onward deals with a more general issue faced by the Employment Department on how to reclaim overpaid, or incorrectly paid, benefits. Currently, there is no way for the Employment Department to reclaim improperly paid benefits if it is not the fault of the person who applied for the benefits. The only recourse is to deduct the payments from future benefits. Sec 6(a) establishes that an individual must pay those benefits back within 5 years of notice of the mistaken benefits. It also gives the Department the authority to take civil action to recoup the overpayment. Again, no interest is accrued in those 5 years.

NOTES

A separate fund must be established because the Federal Dept. of Labor directed that Unemployment Insurance dollars cannot be used for 'working without pay' employees.

Hardship waiver: Sec. 7(2) states that the Director shall waive recovery of overpaid benefits if recovery would be against equity and good conscience.

CONTACT

Lisa Taylor
Office of the Senate President
503.986.1604

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