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SENATE FLOOR ALERT

Senate Bill 1116 (Portantino) Unemployment Insurance: Trade Disputes: Eligibility for Benefits. [As Introduced February 13, 2024] - **OPPOSE**

May 20, 2024

To: Members of the Senate

The above organizations representing public employers respectfully request your **NO vote** on **Senate Bill 1116**, which would provide employees who remain on strike for more than two weeks with Unemployment Insurance (UI) benefits, thus requiring employers (via UI) to fund ongoing labor disputes.

- SB 1116 makes a significant change to existing law by providing unemployment to workers who are currently employed, and not seeking other employment, but have chosen as a labor negotiating tactic to go on strike. In this situation, a local government or other agency would experience simultaneous claims that would significantly increase UI costs. **These costs would impact public employers, such as cities, counties, special districts, joint powers authorities, and public universities. It would also impact K-12 schools, as school districts directly pay a portion of employee wages to the State fund through the School Employee Fund, coordinated through their County Office of Education.**
- **This measure follows an identical measure, SB 799 (Portantino, 2023), which was vetoed by Governor Gavin Newsom.** The Governor's veto message stated in part: "[T]he state is responsible for the interest payments on the federal UI loan and to date has paid \$362.7 million in interest with another

\$302 million due this month. Now is not the time to increase costs or incur this sizable debt.” The State Department of Finance has also stated that a prior unsuccessful predecessor to this bill, Assembly Bill 1066 (Gonzalez, Lorena, 2019), would have resulted in, “... Increased cost pressures on the UI Fund, exacerbating the condition of the Fund and hindering the ability to build a reserve to respond to variations in the economy.”

- With the State already grappling with a multi-billion dollar budget deficit that will negatively impact local agencies, and public universities, **it would be counter-productive to simultaneously increase cost pressures on and from the State’s UI fund.**
- **This measure will further erode good faith negotiations at the bargaining table for local government, schools, and university employers.** Local governments and schools work hard to engage in good faith bargaining. If SB 1116 were to become law, we anticipate longer lengths of impasse, higher costs associated with protracted Public Employee Relations Board (PERB) proceedings and a decline in quality of public services.
- **The impacts of the bill could be amplified for local governments by a recently-enacted measure** allowing for collective bargaining for temporary employees (Assembly Bill 1484 (Zbur, 2023)).

For these reasons, we must **respectfully request your “NO” vote** on **SB 1116**.

For more information, please contact Aaron Avery at aarona@csla.net.