

April 23, 2024

The Honorable Anthony Portantino
California State Senate
1021 O Street Suite 7630
Sacramento, CA 95814

RE: SB 1116 (PORTANTINO) Unemployment Insurance: Eligibility For Benefits - Notice of Opposition

Dear Senator Portantino:

The City of San Marcos respectfully OPPOSES SB 1116 as it would effectively require employers to subsidize striking workers.

By forcing employers to pay unemployment insurance (UI) payments to striking workers, SB 1116 would also raise taxes on employers across California, overturn more than 70 years of precedent, and put California's UI program at risk of violating federal law.

Unemployment insurance (UI) payments are intended to assist employees who are forced to leave their employment. Federal law sets out the basic requirements for individuals to qualify, including being "ready and willing to immediately accept work" and "totally or partially unemployed," and "actively looking for work." These claimants are paid from their particular former employer's reserve account in the UI Fund. In other words, each employer is incentivized to minimize turnover in their workforce because they pay for any individuals who they terminate that end up seeking UI benefits – and employees who lose employment through no fault of their own are assisted in their transition to other work. If the fund becomes insolvent, all employers face steadily increasing UI taxes. These taxes increase by \$21 per employee per year, until they reach a maximum of \$434 dollars per employee.

Presently, California is in historic debt (approx. \$70 billion). As a result, California employers are already paying increased UI taxes pursuant to federal law and are likely to face ongoing tax increases until approximately 2032.

SB 1116 creates a fundamental unfairness by forcing employers with no involvement in any strikes to pay for labor disputes that they have no involvement in. As noted above, UI Fund loans from the federal government are paid off via tax increases on all employers across the state – not just employers who have striking workers.

Though individual strikes will have different facts; taking money from every other employer in the state (small employers included) and forcing those uninvolved parties to pay the costs of one side of a labor dispute is profoundly unfair.

Striking workers generally have the right to return to their position at the conclusion of the labor dispute, under both federal law and union contracts. In contrast, an employee who has been terminated has no similar job waiting for them and is truly facing an uncertain future – which UI helps by providing some support while they look for new work. Striking workers have a job – they are just choosing not to work in order to create economic

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pressure and negotiate. That is not the same as having no idea where your next paycheck comes from. SB 1116 is a profound departure from UI's history, and a significant tax increase on California's employers, including those who have no involvement in any labor disputes.

For these reasons, The City of San Marcos respectfully opposes your measure.

Sincerely,

Rebecca D. Jones
Mayor

cc: The Honorable Anthony Portantino, Member of the Senate
Catherine Hill, League of California Cities – San Diego and Imperial Counties
League of California Cities