



February 28, 2025

Dear Honorable Members of the Ways & Means Committee:

On behalf of Washington State school districts, I am writing to express substantial concern regarding SB 5041 and its potentially catastrophic impact on K-12 education labor relations and school finances.

SB 5041 allows school employees, including teachers and classified staff, to become eligible for unemployment benefits if they go on strike.

The negative impacts of SB 5041 would be profound. Not only would it have the potential to increase the cost of unemployment insurance for school districts significantly, but it could also embolden unions to utilize strikes as a bargaining tool more frequently, disrupting an already fragile K-12 ecosystem.

Financial Implications: Public agencies, including school districts, are reimbursable employers in Washington State. This means they do not pay regular unemployment insurance (UI) taxes like private employers. Instead, they reimburse the Employment Security Department (ESD) dollar-for-dollar for any unemployment benefits paid to their former employees. If striking school employees become eligible for UI benefits, school districts (as reimbursable employers) must directly cover those costs, creating the potential for significant budget implications. Unlike private employers, school districts can't rely on a pre-funded UI tax system—they must pay for claims as they arise, potentially straining budgets. This outcome is not only fiscally unsustainable for districts, many of which are already in financial distress, but also undermines efforts to negotiate labor disputes expeditiously.

Labor Relations Impacts: The devastating impact of school strikes continue to leave a profound mark on K-12, even years later. In addition to the financial implications, relationships, trust, and teamwork suffer indefinitely in a strike's aftermath.

Recent events in one Southwest Washington school district highlight the challenge that providing unemployment insurance to striking workers would present. In this case, the district's threat to withhold pay after two weeks of a strike played a pivotal role in prompting employees to return to work. The legal authority to withhold pay was questioned, and if unemployment benefits were granted during a strike, it would raise further uncertainty about whether districts should or could suspend pay for striking employees.

We urge the Legislature to reconsider the broader, potentially catastrophic implications of SB 5041 on school districts, their labor relationships, and their finances.

Thank you for your attention to this critical issue. We appreciate your support in maintaining the financial sustainability and vitality of Washington's public school system.

Sincerely,

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