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June 7, 2024

The Honorable Lisa Calderon
Chair, Assembly Committee on Insurance
1021 N Street, Room 369
Sacramento, CA 95814

RE: SB 1116 (Portantino): Unemployment insurance: trade disputes: eligibility for benefits. – OPPOSE *(As Introduced February 13, 2024)*

Dear Chair Calderon:

Larry Klein
Mayor

Murali Srinivasan
Vice Mayor

Russ Melton
Councilmember

Alysa Cisneros
Councilmember

Omar Din
Councilmember

Richard Mehlinger
Councilmember

Linda Sell
Councilmember

On behalf of the City of Sunnyvale, we strongly urge your Opposition of SB 1116 (Portantino) when this measure is heard in your Assembly Insurance Committee.

SB 1116 (Portantino) 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. Local government revenues are incredibly restrictive and funding sources are limited. As cost pressures continue to increase for local governments and public agencies, it is critical that local agencies have a fiscally solvent UI system to continue to deliver public services and provide competitive benefits to our active and retired employees.

Under existing law, UI payments are intended to assist employees who, through no fault of their own, are forced to leave their employment. Participating local agencies fund these payments via an Unemployment Insurance Reserve Account (UI Account) with the Employment Development Department (EDD). SB 1116 makes a significant change to this approach by providing unemployment benefits to workers who are currently employed, not seeking other employment, but have chosen as a labor negotiating tactic to go on strike. In the event of a strike that lasts over two weeks, SB 1116 would allow all striking workers to claim UI benefits for up to 26 weeks. In this situation, a local government agency would experience simultaneous claims that would significantly increase UI costs.



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In addition to its considerable costs to employers, SB 1116 will likely further harm the already insolvent UI fund and threaten benefits to unemployed Californians in future recessions. California's UI Fund was exhausted during the COVID-19 pandemic and is projected to owe \$20.8 billion to the federal government by the end of 2024.

This measure will erode good faith negotiations at the bargaining table for local government employers. Public employers work hard to engage in good faith bargaining. City of Sunnyvale is a full-service local government, providing services in water and sewer, garbage and recycling transfer, water pollution control, library and recreation, job seekers assistance, police and fire, emergency dispatch communications, etc. If SB 1116 were to become law, we anticipate longer lengths of impasse, decline in quality and interruptions of public services, and higher costs associated with protracted Public Employee Relations Board proceedings.

Current City of Sunnyvale policies prioritize maintaining a quality work force to assure that City services are provided in an effective, efficient, and high-quality manner (Council Policy 7.3.1 Goal 7.3D). In addition, City of Sunnyvale emphasizes meeting and conferring with employee organizations in good faith (Sunnyvale Municipal Code 2.24.060).

For these reasons, we request your opposition of SB 1116 (Portantino). Thank you for your consideration of our position. Please do not hesitate to contact me or Tina Murphy (Director of Human Resources, tmurphy@sunnyvale.ca.gov or 408-730-3001), if you have any questions.

Sincerely,

A handwritten signature in blue ink that reads "Larry Klein".

Larry Klein
Mayor

cc: The Honorable Gavin Newsom, Governor
The Honorable Aisha Wahab, State Senator
The Honorable Josh Becker, State Senate
The Honorable Evan Low, State Assembly



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The Honorable Anthony Portantino, State Senate

City Council

Kent Steffens, City Manager

Sarah Johnson-Rios, Assistant City Manager

Tina Murphy, Director of Human Resources

Seth Miller, Peninsula Division (via email: smiller@calcities.org)

League of California Cities (via email: cityletters@calcities.org)