

FINAL BILL REPORT

ESHB 1988

Synopsis as Enacted

C 226 L 93

Brief Description: Providing for employment and training services.

By House Committee on Trade, Economic Development & Housing (originally sponsored by Representatives Sheldon, Forner, Wineberry, Wood, Shin, Jones, Peery, Roland, Flemming, Quall, Springer, Conway, Morris, Valle, Dorn, Campbell, Linville, Karahalios, Eide, J. Kohl, H. Myers, Kessler, Holm, Wang, Wolfe, Anderson, Appelwick, Orr, Ogden, G. Cole, Scott, Lemmon, Leonard, Locke, R. Fisher, L. Johnson, Rayburn, Pruitt and Patterson).

House Committee on Trade, Economic Development & Housing
House Committee on Appropriations
Senate Committee on Trade, Technology & Economic Development
Senate Committee on Ways & Means

Background: The emerging global economy has significant implications for Washington and its workforce. Recent studies have described the importance of a well-trained workforce to continued economic vitality. Washington Works Worldwide, the 1988 report of the Washington Economic Development Board, concludes that a well-trained workforce is critical to the state's economic competitiveness. In 1990, the governor's Advisory Council on Investment in Human Capital reported that Washington employers are having serious difficulties finding workers with adequate technical and basic skills.

Washington State's unemployment insurance system is funded through a series of six tax rate schedules. The rate in effect depends on the health of the unemployment insurance trust fund. The schedule currently in effect has the lowest average tax rates.

In recent years, states have been using unemployment insurance taxes as one source of funding for programs to assist workers. In 1985, Washington adopted such a strategy by creating a temporary surcharge on the state unemployment insurance tax. Revenue from the surcharge was to provide special job search and placement services to unemployed workers. In 1987, the Legislature made the program permanent.

Summary: Changes are made to contributions by businesses currently paid to the federal unemployment insurance trust fund for unemployment insurance benefits. Employer contributions to the unemployment compensation fund are reduced by 0.12 percent. This reduction is offset by imposing a tax of 0.12 percent of taxable wages to be deposited in the employment and training trust fund to provide employment and training services. If the commissioner of the Department of Employment Security determines that, in any year, an increase in the employer unemployment compensation contribution rate is caused by the 0.12 percent diversion, the revenue collected for the training fund goes to the unemployment compensation fund. This offset tax program is repealed in 1999.

The employment and training trust fund is created. Contributions from an offset tax on employer contributions are designated for the employment and training trust fund. The funds are to be used to: (1) enhance the training and services provided by the Employment Security Department for unemployed persons and (2) provide additional training through community and vocational colleges. The community and technical college system may borrow from the general fund to initiate training at the beginning of the 1994 fiscal year.

Funds allocated from the employment and training trust fund must be consistent with priorities developed by the Workforce Training and Education Coordination Board.

A sunset review is required in 1998. In addition, the employment and training trust fund is repealed in 1999, and the offset tax is repealed on January 1, 1998 - the contribution level stays the same.

An individual may receive, at the discretion of the commissioner, employment security benefits while participating in workforce training. Such individuals are to (1) submit a commissioner-approved training waiver and (2) develop a detailed individualized training plan.

Aerospace workers unemployed as a result of changes in the aerospace industry will be considered dislocated workers.

Votes on Final Passage:

House	65	33	
Senate	25	23	(Senate amended)
House	67	30	(House concurred)

Effective: July 25, 1993
June 30, 1999 (Sections 10 and 12)

January 1, 1998 (Section 14)