

SENATE BILL REPORT

ESHB 1988

AS REPORTED BY COMMITTEE ON WAYS & MEANS, APRIL 8, 1993

**Brief Description:** Providing for employment and training services.

**SPONSORS:** 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**

**Majority Report:** Do pass as amended and be referred to Committee on Ways & Means.

Signed by Senators Skratek, Chairman; Sheldon, Vice Chairman; Bluechel, Deccio, M. Rasmussen, and Williams.

**Minority Report:** Do not pass.

Signed by Senator Erwin.

**Staff:** Jack Brummel (786-7428)

**Hearing Dates:** March 26, 1993

**SENATE COMMITTEE ON WAYS & MEANS**

**Majority Report:** Do pass with amendment to the amendment by Committee on Trade, Technology & Economic Development.

Signed by Senators Rinehart, Chairman; Spanel, Vice Chairman; Bauer, Gaspard, Hargrove, Jesernig, Moyer, Niemi, Owen, Pelz, Roach, Snyder, Talmadge, Williams, and Wojahn.

**Staff:** Martin Chaw (786-7715)

**Hearing Dates:** April 8, 1993

**BACKGROUND:**

The importance of a well-trained workforce to continued economic vitality is well documented. Washington Works Worldwide, the 1988 report of the Washington Economic Development Board, concluded that a well-trained workforce is critical to the state's economic competitiveness. In 1990, the Governor's Advisory Council on the Investment in Human Capital reported that Washington employers are having serious

difficulties finding workers with adequate technical and basic skills.

Worker dislocation due to industrial restructuring is placing increasing demands on the state's job placement and retraining systems. Yet, since 1980, the number of full-time slots dedicated to work force training in two-year colleges has declined and the number of job service centers operated by the Employment Security Department has dropped from 40 to 29.

**SUMMARY:**

Contributions by businesses currently paid to the federal unemployment insurance trust fund (UITF) for unemployment insurance benefits are changed. Employer contributions are reduced by 0.12 percent; this reduction is offset by a corresponding increase of the same amount. The offset tax, 0.12 percent, goes to the employment and training trust fund to provide employment and training services. 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 (ESD) 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.

To be eligible for community and technical college training, an individual must be certified by the Employment Security Department that he or she has been unemployed in the past 24 months, with priority given to dislocated workers, and that he or she applies for certification within four months of receiving unemployment benefits. Financial aid is available through community and technical colleges.

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.

A comprehensive waiver of commissioner approval is provided for collection of unemployment insurance benefits by aerospace workers enrolled in approved training.

**SUMMARY OF PROPOSED TRADE, TECHNOLOGY & ECONOMIC DEVELOPMENT AMENDMENT:**

The requirement that an individual be certified as eligible for training within four months of receiving UI benefits is removed. The restriction directing \$500,000 of community and

technical college funds to financial aid for technical college students is removed.

**SUMMARY OF PROPOSED WAYS & MEANS AMENDMENT:**

The appropriations of \$29.33 million to the State Board for Community and Technical Colleges and \$14.67 million to the Employment Security Department are removed.

**Appropriation:** none

**Revenue:** none

**Fiscal Note:** available

**TESTIMONY FOR (Trade, Technology & Economic Development):**

The UI trust fund is the most appropriate funding source for workforce training. The bill will allow people to get back into the workforce sooner. The safeguards on the use of UI funds in the bill include: 1) labor and business will help determine where training dollars go through the Workforce Training and Education Coordinating Board; and 2) the sunset review process.

Job training is an excellent way of reducing unemployment. People are back to a job faster, in a higher paying job, and likely to retain their new job. This is as important as health care reform and education reform. Our workforce must be able to respond to changing international economy.

**TESTIMONY AGAINST (Trade, Technology & Economic Development):** None

**TESTIFIED (Trade, Technology & Economic Development):** Wayne Neiserman, Auburn Chamber of Commerce; Steve Burpee, Kent Chamber of Commerce; Nancy Colson, Auburn Area Chamber of Commerce; Dr. Ken Minnaert, Loren Moline, South Puget Sound Community College; Laura Jones, Target Company; David McNeal, Ernst Hardware; Earl Smith, Kitsap County EDC; Warren Olson, Silverdale Chamber of Commerce

**TESTIMONY FOR (Ways & Means):** None

**TESTIMONY AGAINST (Ways & Means):** None

**TESTIFIED (Ways & Means):** No one