

SENATE BILL REPORT

SB 5203

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

Brief Description: Providing for employment and training services.

SPONSORS: Senators Skratek, Gaspard and Sheldon

SENATE COMMITTEE ON TRADE, TECHNOLOGY & ECONOMIC DEVELOPMENT

Majority Report: That Substitute Senate Bill No. 5203 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

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

Minority Report: Do not pass.

Signed by Senators Bluechel, Deccio, and Erwin.

Staff: Jack Brummel (786-7428)

Hearing Dates: February 10, 1993; February 18, 1993; March 2, 1993

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Second Substitute Senate Bill No. 5203 be substituted therefor, and the second substitute bill do pass.

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

Staff: Martin Chaw (786-7715)

Hearing Dates: March 5, 1993; March 8, 1993

BACKGROUND:

Job loss due to industrial restructuring is affecting workers in industries ranging from aerospace manufacturing to wood products. Worker dislocation 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:

The Washington benefit reserve trust fund is created by setting aside 20 percent of existing employer unemployment taxes. The fund is to be administered by the Commissioner of

Employment Security solely for payment of unemployment insurance benefits.

The employment and training trust fund is created. The moneys in this fund consist of all interest earned from the benefit reserve trust fund and the revenues from a one-tenth of 1 percent tax for rate year 1994, ramped down to zero for rate year 1998. This tax is offset by an identical reduction in the state's unemployment insurance tax for each identified year.

The State Board for Community and Technical Colleges may use allocations from the employment and training trust fund for training programs that are consistent with the work force training and education coordinating board priorities and provide increased enrollments without replacing existing enrollments. To be eligible for the training programs, an unemployed person must be eligible to receive unemployment benefits or have exhausted their benefits.

The Employment Security Department may use allocations from the employment and training trust fund for individual services for the unemployed who need additional skills. Such services include job counseling, job placement and referral, job listing improvements, and improved labor market information. To be eligible for the employment security programs, an unemployed person must be eligible to receive unemployment benefits or have exhausted their benefits.

EFFECT OF PROPOSED SUBSTITUTE:

The community and technical colleges may contract with private training providers to serve the unemployed.

The training programs must be based on the comprehensive plan for work force training developed by the Work Force Training and Education Coordinating Board and a plan for use of training funds must be approved by that board. The Work Force Training and Education Coordinating Board is to evaluate the programs provided for by the bill. The appropriation to the community and technical colleges is increased to \$26 million. The appropriation to the Employment Security Department is reduced to \$12.9 million. The provisions of the bill are terminated June 30, 1997.

EFFECT OF PROPOSED SECOND SUBSTITUTE:

The appropriation language in the bill is deleted and several technical amendments are made making the effective dates coincide with the tax rate year and clarifying that the funds created are appropriated.

Appropriation: none

Revenue: yes

Fiscal Note: available

TESTIMONY FOR (Trade, Technology & Economic Development):

Reductions in federal and state funds can be offset by this bill to the benefit of the unemployed. There is a need for improvements in services and the availability of training for the unemployed. Boeing layoffs will increase the demand for training which this bill would provide. The bill will further the collaboration between Employment Security and the community colleges.

TESTIMONY AGAINST (Trade, Technology & Economic Development):

The bill has a worthy goal but it provides an unpredictable source of revenue. While the Employment Security Service Centers needs more money, the use of the U.I. trust fund is not good. Some employees already pay into union training funds. Funding for training should come from the general fund.

TESTIFIED (Trade, Technology & Economic Development): PRO: Earl Hale, State Board for Community & Technical Colleges; Clyde Happ, Pierce County Central Labor Council; Vernon Stoner, Graeme Sackrison, Deanne Bennet, Employment Security Dept.; Gene Wikstrom, WA Federation of Private Vocational Schools; Dorn Bullpit, South Puget Sound Community College; Rich Rutkowski, Green River Community College; Kathleen O'Neil, James Parker, Olympic College; Jack McGill, Simpson Timber Co.; Brent Knott, Assn. of Western Pulp & Paper Workers; CON: Doug Marshall, Clif Finch, AWB; Duke Schaub, Assn. of General Contractors; Carolyn Logue, National Federation of Independent Businesses

TESTIMONY FOR (Ways & Means):

The state's unemployment training programs are facing increasing demands. This bill is needed to address the education and training needs of the unemployed.

TESTIMONY AGAINST (Ways & Means): None

TESTIFIED (Ways & Means): Senator Skratek, prime sponsor (pro); Brent Knoll (pro)