
Commerce & Labor Committee

HB 1407

Brief Description: Funding the administration of Title 50 RCW, unemployment compensation.

Sponsors: Representatives Conway, Wood and Green; by request of Employment Security Department.

Brief Summary of Bill

- Makes existing moneys generally available for administering the unemployment compensation system and other programs under the Employment Security Act.

Hearing Date: 2/2/07

Staff: Jill Reinmuth (786-7134).

Background:

The Employment Security Department administers the unemployment compensation system and related funds, such as the Unemployment Compensation Fund and the Administrative Contingency Fund. Moneys in the Unemployment Compensation Fund may be used only for unemployment benefits. Most moneys in the Administrative Contingency Fund may be expended when necessary for the proper administration of the Employment Security Act and no federal funds are available for the particular expenditure. Some moneys in the Administrative Contingency Fund, however, are subject to additional limitations.

The Unemployment Compensation Fund includes 60 percent of contributions paid for administration of the training benefits program. Qualified dislocated workers may receive additional unemployment insurance benefits while they are in retraining. Employers are required to pay additional contributions for administration of the training benefits program. The contribution rate is one one-hundredth of one percent (.01 percent). Forty percent of these contributions are retained in the Administrative Contingency Fund. The remaining 60 percent is deposited in the Unemployment Compensation Fund.

The Administrative Contingency Fund includes certain claimant penalties. Overpayment assessments are subject to an interest penalty of 1 percent for each month that payments are

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delinquent. Interest penalties must be used, first, to fully fund social security number cross-match audits, and second, to fund other overpayment activities.

The Administrative Contingency Fund also includes certain employer penalties. When a business is transferred to another employer or entity, the successorship provisions may require a mandatory transfer of experience or prohibit the transfer. Penalties and interest collected for evasion of the successorship provisions may be expended solely for prevention, detection, and collection activities related to evasion of these provisions.

Summary of Bill:

Existing moneys are made generally available for administering the unemployment compensation system and other programs under the Employment Security Act. Some moneys are moved from a highly-restricted fund to a less restricted one, and additional limitations on the use of some moneys are lifted.

The following moneys are in the Administrative Contingency Fund, and may be expended for the proper administration of programs under the Employment Security Act (Act) managed by the Department:

- Sixty percent of additional contributions paid for administration of the training benefits program;
- Interest penalties collected for overpayment assessments; and
- Penalties and interest collected for evasion of the successorship provisions.

If the Employment Security Department (Department) determines that federal funds appropriated are not sufficient, other moneys in the Administrative Contingency Fund may be expended for the proper administration of programs under the Act managed by the Department.

Obsolete provisions, such as those applicable only to past biennia, are deleted.

Rules Authority: The bill does not address the rule-making powers of an agency.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed.