

FINAL BILL REPORT

SHB 1407

C 327 L 07

Synopsis as Enacted

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

Sponsors: By House Committee on Commerce & Labor (originally sponsored by Representatives Conway, Wood and Green; by request of Employment Security Department).

House Committee on Commerce & Labor

House Committee on Appropriations

Senate Committee on Labor, Commerce, Research & Development

Senate Committee on Ways & Means

Background:

The Employment Security Department (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 1 percent (.01 percent). Forty percent of these contributions is 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 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:

Existing moneys are made generally available for administering the unemployment compensation system and other programs under the Employment Security Act (Act). The following moneys are included in the Administrative Contingency Fund:

- 60 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.

Moneys in the Administrative Contingency Fund may be expended when necessary for the proper administration of the Act and insufficient federal funds are available for the particular expenditure.

The Department must conduct Social Security number cross-match audits or engage in other more effective activities to prevent, detect, and recover overpayments. It also must engage in prevention, detection, and collection activities related to evasion of the successorship provisions.

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.

Votes on Final Passage:

House	97	1	
Senate	47	0	(Senate amended)
House	95	0	(House concurred)

Effective: July 1, 2007