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HOUSE BILL 2229

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State of Washington

55th Legislature

1997 Regular Session

By Representatives Gombosky, Doumit, Blalock, Butler, Cooper, Murray and Dunshee

Read first time 03/03/97. Referred to Committee on Commerce & Labor.

1 AN ACT Relating to the education and training credit fund; amending  
2 RCW 50.16.020 and 50.16.020; reenacting and amending RCW 50.16.010 and  
3 50.16.010; and adding a new section to chapter 50.16 RCW.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 NEW SECTION. **Sec. 1.** A new section is added to chapter 50.16 RCW  
6 to read as follows:

7 (1) No later than July 1, 1999, an education and training credit  
8 fund shall be established and administered under the direction of the  
9 commissioner. The fund shall consist of moneys transferred to the  
10 employment security department by the department of social and health  
11 services from the federal temporary assistance for needy families block  
12 grant. Transfers of moneys must be in amounts necessary to maintain  
13 actuarial solvency of the fund. Moneys from the fund may be disbursed  
14 by the commissioner only for the payment of education expenses of  
15 individuals who establish credits under subsection (2) of this section  
16 and for administration of this section.

17 (2) Beginning on a date determined by the commissioner, but no  
18 later than July 1, 1999, education and training credits shall be  
19 earned, accrued, and used by eligible individuals as follows:

1 (a) Credits are earned at a rate of twenty-five cents per hour of  
2 work in which the individual earned wages at a rate of no more than  
3 seven dollars per hour or no more than the adjusted wage calculated and  
4 in effect under subsection (3) of this section;

5 (b) The maximum education and training fund credits that may be  
6 accrued by an individual is five hundred dollars. The total of credits  
7 accrued by all eligible individuals may not exceed twenty million  
8 dollars annually;

9 (c) An eligible individual may not use credits earned under this  
10 subsection until the individual has earned wages in bona fide  
11 employment for at least six months. Credits may be used only to pay  
12 tuition and education-related expenses for the individual at a state  
13 technical or community college. The individual must use the credits  
14 accrued within four years after the date that the last credits were  
15 earned by the individual.

16 (3) Beginning on July 1, 2001, and every other July 1st thereafter,  
17 an adjusted wage for the purposes of subsection (2)(a) of this section  
18 shall take effect based on a calculation by the employment security  
19 department that takes into account the constant dollar value of the  
20 wage stated in subsection (2)(a) of this section.

21 (4) The commissioner shall establish a system for maintaining  
22 individual accounts within the education and training credit fund and  
23 accounting for the fund balances for each eligible employee. The  
24 commissioner may adopt rules necessary to implement this section.

25 (5) As used in this section, "eligible individual" means an  
26 individual who is liable for and provides support for the individual's  
27 child or children who live with the individual.

28 **Sec. 2.** RCW 50.16.010 and 1993 c 483 s 7 and 1993 c 226 s 9 are  
29 each reenacted and amended to read as follows:

30 There shall be maintained as special funds, separate and apart from  
31 all public moneys or funds of this state an unemployment compensation  
32 fund, an administrative contingency fund, an employment and training  
33 trust fund, an education and training credit fund, and a federal  
34 interest payment fund, which shall be administered by the commissioner  
35 exclusively for the purposes of this title, and to which RCW 43.01.050  
36 and 43.84.092 shall not be applicable.

37 (1) The unemployment compensation fund shall consist of

1 (a) all contributions and payments in lieu of contributions  
2 collected pursuant to the provisions of this title,

3 (b) any property or securities acquired through the use of moneys  
4 belonging to the fund,

5 (c) all earnings of such property or securities,

6 (d) any moneys received from the federal unemployment account in  
7 the unemployment trust fund in accordance with Title XII of the social  
8 security act, as amended,

9 (e) all money recovered on official bonds for losses sustained by  
10 the fund,

11 (f) all money credited to this state's account in the unemployment  
12 trust fund pursuant to section 903 of the social security act, as  
13 amended,

14 (g) all money received from the federal government as reimbursement  
15 pursuant to section 204 of the federal-state extended compensation act  
16 of 1970 (84 Stat. 708-712; 26 U.S.C. Sec. 3304), and

17 (h) all moneys received for the fund from any other source.

18 All moneys in the unemployment compensation fund shall be  
19 commingled and undivided.

20 (2)(a) The administrative contingency fund shall consist of:

21 (i) All interest on delinquent contributions collected pursuant to  
22 this title;

23 (ii) All fines and penalties collected pursuant to the provisions  
24 of this title;

25 (iii) All sums recovered on official bonds for losses sustained by  
26 the fund; and

27 (iv) Revenue received under RCW 50.24.014:

28 PROVIDED, That all fees, fines, forfeitures and penalties collected  
29 or assessed by a district court because of the violation of a state law  
30 shall be remitted as provided in chapter 3.62 RCW as now exists or is  
31 later amended.

32 (b) Moneys available in the administrative contingency fund, other  
33 than money in the special account created under RCW 50.24.014, shall be  
34 expended upon the direction of the commissioner, with the approval of  
35 the governor, whenever it appears to him or her that such expenditure  
36 is necessary for:

37 (i) The proper administration of this title and no federal funds  
38 are available for the specific purpose to which such expenditure is to  
39 be made, provided, the moneys are not substituted for appropriations

1 from federal funds which, in the absence of such moneys, would be made  
2 available.

3 (ii) The proper administration of this title for which purpose  
4 appropriations from federal funds have been requested but not yet  
5 received, provided, the administrative contingency fund will be  
6 reimbursed upon receipt of the requested federal appropriation.

7 (iii) The proper administration of this title for which compliance  
8 and audit issues have been identified that establish federal claims  
9 requiring the expenditure of state resources in resolution. Claims  
10 must be resolved in the following priority: First priority is to  
11 provide services to eligible participants within the state; second  
12 priority is to provide substitute services or program support; and last  
13 priority is the direct payment of funds to the federal government.

14 Money in the special account created under RCW 50.24.014 may only  
15 be expended, after appropriation, for the purposes specified in RCW  
16 50.62.010, 50.62.020, 50.62.030, 50.04.070, 50.04.072, 50.16.010,  
17 50.29.025, 50.24.014, 50.44.053, and 50.22.010.

18 (3) The employment and training trust fund shall consist of all  
19 contributions received from the employment and training trust fund  
20 contributions in accordance with RCW 50.24.018.

21 (4) The education and training credit fund shall consist of moneys  
22 transferred to the employment security department by the department of  
23 social and health services from the federal temporary assistance for  
24 needy families block grant.

25 **Sec. 3.** RCW 50.16.010 and 1993 c 483 s 7 and 1993 c 226 s 10 are  
26 each reenacted and amended to read as follows:

27 There shall be maintained as special funds, separate and apart from  
28 all public moneys or funds of this state an unemployment compensation  
29 fund, an administrative contingency fund, an education and training  
30 credit fund, and a federal interest payment fund, which shall be  
31 administered by the commissioner exclusively for the purposes of this  
32 title, and to which RCW 43.01.050 shall not be applicable.

33 (1) The unemployment compensation fund shall consist of

34 ~~((1+))~~ (a) all contributions and payments in lieu of contributions  
35 collected pursuant to the provisions of this title,

36 ~~((2+))~~ (b) any property or securities acquired through the use of  
37 moneys belonging to the fund,

38 ~~((3+))~~ (c) all earnings of such property or securities,

1       (~~(4)~~) (d) any moneys received from the federal unemployment  
2 account in the unemployment trust fund in accordance with Title XII of  
3 the social security act, as amended,

4       (~~(5)~~) (e) all money recovered on official bonds for losses  
5 sustained by the fund,

6       (~~(6)~~) (f) all money credited to this state's account in the  
7 unemployment trust fund pursuant to section 903 of the social security  
8 act, as amended,

9       (~~(7)~~) (g) all money received from the federal government as  
10 reimbursement pursuant to section 204 of the federal-state extended  
11 compensation act of 1970 (84 Stat. 708-712; 26 U.S.C. Sec. 3304), and

12       (~~(8)~~) (h) all moneys received for the fund from any other source.

13 All moneys in the unemployment compensation fund shall be  
14 commingled and undivided.

15       (2) The administrative contingency fund shall consist of all  
16 interest on delinquent contributions collected pursuant to this title,  
17 all fines and penalties collected pursuant to the provisions of this  
18 title, all sums recovered on official bonds for losses sustained by the  
19 fund, and revenue received under RCW 50.24.014: PROVIDED, That all  
20 fees, fines, forfeitures and penalties collected or assessed by a  
21 district court because of the violation of a state law shall be  
22 remitted as provided in chapter 3.62 RCW as now exists or is later  
23 amended.

24 Moneys available in the administrative contingency fund, other than  
25 money in the special account created under RCW 50.24.014, shall be  
26 expended upon the direction of the commissioner, with the approval of  
27 the governor, whenever it appears to him or her that such expenditure  
28 is necessary for:

29       (a) The proper administration of this title and no federal funds  
30 are available for the specific purpose to which such expenditure is to  
31 be made, provided, the moneys are not substituted for appropriations  
32 from federal funds which, in the absence of such moneys, would be made  
33 available.

34       (b) The proper administration of this title for which purpose  
35 appropriations from federal funds have been requested but not yet  
36 received, provided, the administrative contingency fund will be  
37 reimbursed upon receipt of the requested federal appropriation.

38       (c) The proper administration of this title for which compliance  
39 and audit issues have been identified that establish federal claims

1 requiring the expenditure of state resources in resolution. Claims  
2 must be resolved in the following priority: First priority is to  
3 provide services to eligible participants within the state; second  
4 priority is to provide substitute services or program support; and last  
5 priority is the direct payment of funds to the federal government.

6 Money in the special account created under RCW 50.24.014 may only  
7 be expended, after appropriation, for the purposes specified in RCW  
8 50.62.010, 50.62.020, 50.62.030, 50.04.070, 50.04.072, 50.16.010,  
9 50.29.025, 50.24.014, 50.44.053, and 50.22.010.

10 (3) The education and training credit fund shall consist of moneys  
11 transferred to the employment security department by the department of  
12 social and health services from the federal temporary assistance for  
13 needy families block grant.

14 **Sec. 4.** RCW 50.16.020 and 1993 c 226 s 11 are each amended to read  
15 as follows:

16 The commissioner shall designate a treasurer and custodian of the  
17 unemployment compensation fund, the employment and training trust fund,  
18 the education and training credit fund, and the administrative  
19 contingency fund, who shall administer such funds in accordance with  
20 the directions of the commissioner and shall issue his or her warrants  
21 upon them in accordance with such regulations as the commissioner shall  
22 prescribe. The treasurer and custodian shall maintain within the  
23 unemployment compensation fund three separate accounts as follows:

- 24 (1) a clearing account,
- 25 (2) an unemployment trust fund account, and
- 26 (3) a benefit account.

27 All moneys payable to the unemployment compensation fund, upon  
28 receipt thereof by the commissioner, shall be forwarded to the  
29 treasurer, who shall immediately deposit them in the clearing account.  
30 Refunds payable pursuant to the provisions of this title from the  
31 unemployment compensation fund may be paid from the clearing account  
32 upon warrants issued by the treasurer under the direction of the  
33 commissioner: PROVIDED, HOWEVER, That refunds of interest or penalties  
34 on delinquent contributions shall be paid from the administrative  
35 contingency fund upon warrants issued by the treasurer under the  
36 direction of the commissioner.

37 After clearance thereof, all other moneys in the clearing account  
38 shall be immediately deposited with the Secretary of the Treasury of

1 the United States to the credit of the account of this state in the  
2 unemployment trust fund, established and maintained pursuant to section  
3 904 of the social security act, as amended, any provisions of law in  
4 this state relating to the deposit, administration, release, or  
5 disbursement of moneys in the possession or custody of this state to  
6 the contrary notwithstanding.

7 The benefit account shall consist of all moneys requisitioned from  
8 this state's account in the unemployment trust fund. Moneys in the  
9 clearing and benefit accounts and in the administrative contingency  
10 fund shall not be commingled with other state funds, but shall be  
11 deposited by the treasurer, under the direction of the commissioner, in  
12 any bank or public depository in which general funds of the state may  
13 be deposited, but no public deposit insurance charge or premium shall  
14 be paid out of the fund.

15 Such moneys shall be secured by said bank or public depository to  
16 the same extent and in the same manner as required by the general  
17 depository law of the state and collateral pledged shall be maintained  
18 in a separate custody account.

19 The treasurer shall give a bond conditioned upon the faithful  
20 performance of his or her duties as a custodian of the funds in an  
21 amount fixed by the director of the department of general  
22 administration and in a form prescribed by law or approved by the  
23 attorney general. Premiums for said bond shall be paid from the  
24 administration fund. All sums recovered on official bonds for losses  
25 sustained by the unemployment compensation fund shall be deposited in  
26 such fund. All sums recovered on official bonds for losses sustained  
27 by the administrative contingency fund shall be deposited in such fund.

28 **Sec. 5.** RCW 50.16.020 and 1993 c 226 s 12 are each amended to read  
29 as follows:

30 The commissioner shall designate a treasurer and custodian of the  
31 unemployment compensation fund, the education and training credit fund,  
32 and ((ef)) the administrative contingency fund, who shall administer  
33 such funds in accordance with the directions of the commissioner and  
34 shall issue his or her warrants upon them in accordance with such  
35 regulations as the commissioner shall prescribe. The treasurer and  
36 custodian shall maintain within the unemployment compensation fund  
37 three separate accounts as follows:

38 (1) a clearing account,

1 (2) an unemployment trust fund account, and  
2 (3) a benefit account.

3 All moneys payable to the unemployment compensation fund, upon  
4 receipt thereof by the commissioner, shall be forwarded to the  
5 treasurer, who shall immediately deposit them in the clearing account.  
6 Refunds payable pursuant to the provisions of this title from the  
7 unemployment compensation fund may be paid from the clearing account  
8 upon warrants issued by the treasurer under the direction of the  
9 commissioner: PROVIDED, HOWEVER, That refunds of interest or penalties  
10 on delinquent contributions shall be paid from the administrative  
11 contingency fund upon warrants issued by the treasurer under the  
12 direction of the commissioner.

13 After clearance thereof, all other moneys in the clearing account  
14 shall be immediately deposited with the Secretary of the Treasury of  
15 the United States to the credit of the account of this state in the  
16 unemployment trust fund, established and maintained pursuant to section  
17 904 of the social security act, as amended, any provisions of law in  
18 this state relating to the deposit, administration, release, or  
19 disbursement of moneys in the possession or custody of this state to  
20 the contrary notwithstanding.

21 The benefit account shall consist of all moneys requisitioned from  
22 this state's account in the unemployment trust fund. Moneys in the  
23 clearing and benefit accounts and in the administrative contingency  
24 fund shall not be commingled with other state funds, but shall be  
25 deposited by the treasurer, under the direction of the commissioner, in  
26 any bank or public depository in which general funds of the state may  
27 be deposited, but no public deposit insurance charge or premium shall  
28 be paid out of the fund.

29 Such moneys shall be secured by said bank or public depository to  
30 the same extent and in the same manner as required by the general  
31 depository law of the state and collateral pledged shall be maintained  
32 in a separate custody account.

33 The treasurer shall give a bond conditioned upon the faithful  
34 performance of his or her duties as a custodian of the funds in an  
35 amount fixed by the director of the department of general  
36 administration and in a form prescribed by law or approved by the  
37 attorney general. Premiums for said bond shall be paid from the  
38 administration fund. All sums recovered on official bonds for losses  
39 sustained by the unemployment compensation fund shall be deposited in



1 such fund. All sums recovered on official bonds for losses sustained  
2 by the administrative contingency fund shall be deposited in such fund.

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