

HOUSE BILL REPORT

ESHB 1821

As Amended by Senate

Title: An act relating to unemployment compensation for persons with public employment contracts.

Brief Description: Modifying unemployment compensation for persons employed under public employment contracts.

Sponsors: By House Committee on Commerce & Labor (originally sponsored by Representatives Kessler, Buck, Quall, Carlson, Casada and Basich).

Brief History:

Committee Activity:

Commerce & Labor: 2/28/95, 3/1/95 [DPS].

Floor Activity:

Passed House: 3/13/95, 95-0.

Senate Amended.

HOUSE COMMITTEE ON COMMERCE & LABOR

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 11 members: Representatives Lisk, Chairman; Hargrove, Vice Chairman; Thompson, Vice Chairman; Romero, Ranking Minority Member; Conway, Assistant Ranking Minority Member; Cairnes; Cody; Cole; Fuhrman; Goldsmith and Horn.

Staff: Chris Cordes (786-7117).

Background:

To be considered unemployed under the unemployment insurance law, a person must be performing no services for which the person receives remuneration or must meet specific criteria as a qualified partially unemployed person.

If the person is receiving previously accrued compensation during a nonwork period, and that compensation is assigned to a specific period by an agreement with the employer, customary trade practice, or request of the person, then the compensation is considered remuneration for that period. If the payments make the person eligible for regular fringe benefits, then the payments are considered to be assigned for that period of time. Certain payments, such as severance pay, are not considered

remuneration that can be assigned to a nonwork period. These provisions concerning assignment of accrued compensation do not apply to persons employed by educational institutions.

There is no provision addressing the assignment of settlement proceeds or other similar proceeds that are received in lieu of completion of an employment contract when the parties to the settlement do not assign the proceeds as compensation for specified periods of time.

Summary of Bill:

For unemployment insurance purposes, an individual who receives a settlement or other proceeds as a result of a negotiated settlement for termination of an employment contract with a public agency is considered to be receiving remuneration. The proceeds will be assigned in the same intervals and in the same amount for each interval as compensation was allocated under the contract. The exemption for educational institution employees from the provisions assigning remuneration is modified to include these employees in the coverage of these new assignment provisions.

EFFECT OF SENATE AMENDMENT(S):

The Senate amendment modifies unemployment insurance provisions relating to employees of educational institutions. The amendment adds a definition of "academic year" to the provision that prohibits benefits for educational employees between academic years when the employee has reasonable assurance of continued employment in the next year. "Academic year" includes fall, winter, spring, and summer quarters (or comparable semesters) unless objective criteria shows that the quarter or semester is not in fact a part of the academic year. The amendment also modifies the definition of "reasonable assurance" to exclude agreements that are contingent on enrollment, funding, or program changes.

Appropriation: None.

Fiscal Note: Requested February 23, 1995.

Effective Date of Bill: Ninety days after adjournment of session in which bill is passed.

Testimony For: There was a large public outcry over a case involving a public employee whose contract was bought out, but who still qualified for unemployment benefits. This is perceived as "double dipping." The statute should be changed to recognize that the compensation from the settlement of the contract was intended as salary to assist the person to transition to new employment.

Testimony Against: None.

Testified: (In favor of original bill) Representative Lynn Kessler, prime sponsor.
(Neutral) Graeme Sackrison, Employment Security Department.

Votes on Final Passage:

Yeas 95; Excused 3

Excused: Blanton, Dyer, G. Fisher