

**Labor & Workplace Standards
Committee**

SB 6264

Brief Description: Regulating contracts by institutions of higher education with private entities.

Sponsors: Senators Ranker, Palumbo, Darneille, Keiser, Wellman and Hasegawa.

<p style="text-align: center;">Brief Summary of Bill</p> <ul style="list-style-type: none">• Prohibits the public institutions of higher education from entering into contracts with third-party payers, professional employer organizations, or any other types of employer representatives on behalf of the institution to the Employment Security Department.

Hearing Date: 2/20/18

Staff: Trudes Tango (786-7384).

Background:

The Employment Security Department (ESD) administers the state's unemployment insurance. When an individual applies for unemployment benefits, the ESD notifies the applicant's most recent employer, who must report any information that might make the applicant ineligible for benefits. Certain other employers are also entitled to notice. An applicant or an employer may appeal an allowance or denial of benefits.

Special eligibility provisions apply to individuals employed in an educational institution. Generally, benefits are not paid between terms if there is reasonable assurance that the individual will work in that capacity in the succeeding academic term. The determination of whether reasonable assurance exists requires a determination of whether the individual will perform services under the same terms and conditions as in the prior term.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Employers may contract with third party entities for payroll and other administrative services. Professional employer organizations (PEOs) are individuals or entities that contract with one or more client employers to provide professional employer services, such as human resource functions, risk management, and payroll administration services. The PEO and the client employer are in a coemployment relationship, which means the relationship is intended to be ongoing rather than temporary or project-specific and the rights, duties, and obligations of an employer are allocated between coemployers under an agreement and in compliance with state law. Independent contractors, temporary staffing services companies, referral agencies, third-party payers, and labor organizations are not PEOs.

The PEO collects and makes payments to the ESD on behalf of client employers, must maintain accurate payroll records for client employers, and file quarterly tax and wage reports to ESD for client employers.

A third-party payer is an individual or entity that contracts with one or more employers to provide administrative, human resource, or payroll administration services to the employer. Temporary staffing agencies, referral service agencies, professional employer organizations, and labor organizations are not third-party payers.

Under the higher education statutes, "institutions of higher education" means the state universities, the regional universities, The Evergreen State College, and the public community colleges and technical colleges.

Summary of Bill:

Institutions of higher education may not enter into contracts with any private entity for purposes of acting as a third-party payer, professional employer organization, or any other type of employer representative on behalf of the institution to the ESD.

Appropriation: None.

Fiscal Note: Available.

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