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## SENATE BILL 6335

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State of Washington 56th Legislature 2000 Regular Session

By Senators Shin, Kohl-Welles, Patterson, Costa, Prentice, Eide, Thibaudeau, B. Sheldon, Bauer, Gardner and McAuliffe

Read first time 01/13/2000. Referred to Committee on Labor & Workforce Development.

- AN ACT Relating to unemployment insurance; amending RCW 50.04.355,
- 2 50.24.010, 50.29.020, 50.29.025, and 50.29.026; adding new sections to
- 3 chapter 50.22 RCW; creating new sections; and declaring an emergency.
- 4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:
- 5 **Sec. 1.** RCW 50.04.355 and 1977 ex.s. c 33 s 2 are each amended to 6 read as follows:
- 7 On or before the fifteenth day of June of each year, an "average
- 8 annual wage", an "average weekly wage", and an "average annual wage for
- 9 contributions purposes" shall be computed from information for the
- 10 <u>specified</u> preceding calendar years including corrections thereof
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reported within three months after the close of ((that)) the final year

(1) The "average annual wage" is the quotient derived by dividing

- 12 of the specified years by all employers as defined in RCW 50.04.080.
- 14 the total remuneration reported by all employers for the preceding
- 15 <u>calendar year and dividing this amount</u> by the average number of workers
- 16 reported for all months of the preceding calendar year and if the
- 17 result is not a multiple of one dollar, rounding the result to the next
- 18 lower multiple of one dollar.

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- 1 (2) The "average weekly wage" is the quotient derived by dividing
  2 the "average annual wage" ((thus)) obtained ((shall be divided)) under
  3 (1) of this subsection by fifty-two and if the result is not a multiple
  4 of one dollar, rounding the result to the next lower multiple of one
  5 dollar ((to determine the "average weekly wage")).
- (3) The "average annual wage((")) for contribution purposes" is the quotient derived by dividing by three the total remuneration reported by all employers subject to contributions for the preceding three consecutive calendar years and dividing this amount by the average number of workers reported for all months of these three years by these same employers and if the result is not a multiple of one dollar, rounding the result to the next lower multiple of one dollar.
- **Sec. 2.** RCW 50.24.010 and 1984 c 205 s 2 are each amended to read 14 as follows:
  - Contributions shall accrue and become payable by each employer (except employers as described in RCW 50.44.010 who have properly elected to make payments in lieu of contributions and those employers who are required to make payments in lieu of contributions) for each calendar year in which the employer is subject to this title at the rate established pursuant to chapter 50.29 RCW.
  - In each rate year, the amount of wages subject to tax for each individual shall be one hundred fifteen percent of the amount of wages subject to tax for the previous year rounded to the next lower one hundred dollars((: PROVIDED)), except that the amount of wages subject to tax in any rate year shall not exceed eighty percent of the "average annual wage for contributions purposes" for the second preceding calendar year rounded to the next lower one hundred dollars((: PROVIDED FURTHER, That)). However, the amount subject to tax shall be ((twelve)) twenty-four thousand three hundred dollars for rate year ((1984 and ten thousand dollars for rate year 1985)) 2000.
- In making computations under this section and RCW 50.29.010, wages paid based on services for employers making payments in lieu of contributions shall not be considered remuneration. Moneys paid from the fund, based on services performed for employers who make payments in lieu of contributions, which have not been reimbursed to the fund as of any June 30 shall be deemed an asset of the unemployment compensation fund, to the extent that such moneys exceed the amount of payments in lieu of contributions which the commissioner has previously

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determined to be uncollectible: PROVIDED, FURTHER, That the amount attributable to employment with the state shall also include interest as provided for in RCW 50.44.020.

Contributions shall become due and be paid by each employer to the treasurer for the unemployment compensation fund in accordance with such regulations as the commissioner may prescribe, and shall not be deducted, in whole or in part, from the remuneration of individuals in employment of the employer. Any deduction in violation of the provisions of this section shall be unlawful.

In the payment of any contributions, a fractional part of a cent shall be disregarded unless it amounts to one-half cent or more, in which case it shall be increased to one cent.

- 13 **Sec. 3.** RCW 50.29.020 and 1995 c 57 s 3 are each amended to read 14 as follows:
- (1) An experience rating account shall be established and 15 maintained for each employer, except employers as described in RCW 16 50.44.010 and 50.44.030 who have properly elected to make payments in 17 18 lieu of contributions, taxable local government employers as described 19 in RCW 50.44.035, and those employers who are required to make payments in lieu of contributions, based on existing records of the employment 20 security department. Benefits paid to any eligible individuals shall 21 be charged to the experience rating accounts of each of 22 23 individual's employers during the individual's base year in the same 24 ratio that the wages paid by each employer to the individual during the 25 base year bear to the wages paid by all employers to that individual during that base year, except as otherwise provided in this section. 26
- 27 (2) The legislature finds that certain benefit payments, in whole or in part, should not be charged to the experience rating accounts of employers except those employers described in RCW 50.44.010 and 50.44.030 who have properly elected to make payments in lieu of contributions, taxable local government employers described in RCW 50.44.035, and those employers who are required to make payments in lieu of contributions, as follows:
- 34 (a) Benefits paid to any individuals later determined to be 35 ineligible shall not be charged to the experience rating account of any 36 contribution paying employer.

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- 1 (b) Benefits paid to an individual filing under the provisions of 2 chapter 50.06 RCW shall not be charged to the experience rating account 3 of any contribution paying employer only if:
- 4 (i) The individual files under RCW 50.06.020(1) after receiving 5 crime victims' compensation for a disability resulting from a nonwork-6 related occurrence; or
  - (ii) The individual files under RCW 50.06.020(2).

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- 8 (c) Benefits paid which represent the state's share of benefits 9 payable <u>as extended benefits defined</u> under ((<del>chapter 50.22</del>)) RCW 10 <u>50.22.010(6)</u> shall not be charged to the experience rating account of any contribution paying employer.
- (d) In the case of individuals who requalify for benefits under RCW 50.20.050 or 50.20.060, benefits based on wage credits earned prior to the disqualifying separation shall not be charged to the experience rating account of the contribution paying employer from whom that separation took place.
  - (e) In the case of individuals identified under RCW 50.20.015, benefits paid with respect to a calendar quarter, which exceed the total amount of wages earned in the state of Washington in the higher of two corresponding calendar quarters included within the individual's determination period, as defined in RCW 50.20.015, shall not be charged to the experience rating account of any contribution paying employer.
- 23 <u>(f) Benefits paid under section 8 of this act shall not be charged</u> 24 <u>to the experience rating account of any contribution paying employer.</u>
  - (3)(a) ((Beginning July 1, 1985,)) A contribution-paying base year employer, not otherwise eligible for relief of charges for benefits under this section, may receive such relief if the benefit charges result from payment to an individual who:
- 29 (i) Last left the employ of such employer voluntarily for reasons 30 not attributable to the employer;
- 31 (ii) Was discharged for misconduct connected with his or her work 32 not a result of inability to meet the minimum job requirements;
- (iii) Is unemployed as a result of closure or severe curtailment of operation at the employer's plant, building, work site, or other facility. This closure must be for reasons directly attributable to a catastrophic occurrence such as fire, flood, or other natural disaster; or
- (iv) Continues to be employed on a regularly scheduled permanent part-time basis by a base year employer and who at some time during the

- base year was concurrently employed and subsequently separated from at 1 least one other base year employer. Benefit charge relief ceases when 2 the employment relationship between the employer requesting relief and 3
- 4 the claimant is terminated. This subsection does not apply to shared
- work employers under chapter 50.60 RCW. 5
- 6 (b) The employer requesting relief of charges under this subsection 7 must request relief in writing within thirty days following mailing to 8 the last known address of the notification of the valid initial 9 determination of such claim, stating the date and reason for the 10 separation or the circumstances of continued employment. commissioner, upon investigation of the request, shall determine
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- whether relief should be granted. 12
- 13 Sec. 4. RCW 50.29.025 and 1995 c 4 s 2 are each amended to read as 14 follows:
- 15 The contribution rate for each employer subject to contributions under RCW 50.24.010 shall be determined under this section. 16
- 17 (1) A fund balance ratio shall be determined by dividing the 18 balance in the unemployment compensation fund as of the ((June)) <u>September</u> 30th immediately preceding the rate year by the total 19
- remuneration paid by all employers subject to contributions during the 20
- second calendar year preceding the rate year and reported to the 21
- department by the following March 31st. The division shall be carried 22 23 to the fourth decimal place with the remaining fraction, if any,
- 24 disregarded. The fund balance ratio shall be expressed as a
- 25 percentage.
- (2) The interval of the fund balance ratio, expressed as a 26 percentage, shall determine which tax schedule in subsection (5) of 27
- this section shall be in effect for assigning tax rates for the rate 28
- 29 The intervals for determining the effective tax schedule shall
- 30 be:

31	Interval of the	
32	Fund Balance Ratio	Effective
33	Expressed as a Percentage	Tax Schedule
34	2.90 and above	AA
35	((2.50)) 2.10 to 2.89	A
36	((2.10 to 2.49)) 1.70 to 2.09	В
37	((1.70 to 2.09)) 1.40 to 1.69	C

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1 ((1.30 \text{ to } 1.69)) 1.00 to 1.39
2 ((1.00 \text{ to } 1.29)) 0.70 to 0.99
3 Less than ((1.00)) 0.70
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- (3) An array shall be prepared, listing all qualified employers in ascending order of their benefit ratios. The array shall show for each qualified employer: (a) Identification number; (b) benefit ratio; (c) taxable payrolls for the four calendar quarters immediately preceding the computation date and reported to the department by the cut-off date; (d) a cumulative total of taxable payrolls consisting of the employer's taxable payroll plus the taxable payrolls of all other employers preceding him or her in the array; and (e) the percentage equivalent of the cumulative total of taxable payrolls.
- (4) Each employer in the array shall be assigned to one of twenty rate classes according to the percentage intervals of cumulative taxable payrolls set forth in subsection (5) of this section: PROVIDED, That if an employer's taxable payroll falls within two or more rate classes, the employer and any other employer with the same benefit ratio shall be assigned to the lowest rate class which includes any portion of the employer's taxable payroll.
- (5) The contribution rate for each employer in the array shall be the rate specified in the following tables for the rate class to which he or she has been assigned, as determined under subsection (4) of this section, within the tax schedule which is to be in effect during the rate year:

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                              Cumulative
                                                  Schedules of Contributions Rates
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                                                     for Effective Tax Schedule
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- 11 (6) The contribution rate for each employer not qualified to be in 12 the array shall be as follows:
- 13 Employers who do not meet the definition of "qualified employer" by reason of failure to pay contributions when due shall be 14 15 assigned ((the)) a contribution rate ((of five and six-tenths percent)) two-tenths higher than that in rate class 20 for the applicable rate 16 17 year, except employers who have an approved agency-deferred payment contract by September 30 of the previous rate year. 18 If any employer 19 with an approved agency-deferred payment contract fails to make any one of the succeeding deferred payments or fails to submit any succeeding 20 21 tax report and payment in a timely manner, the employer's tax rate 22 shall immediately revert to ((five and six-tenths percent for the current()) a contribution rate two-tenths higher than that in rate class 23 20 for the applicable rate year; and 24
  - (b) ((The contribution rate for employers exempt as of December 31, 1989, who are newly covered under the section 78, chapter 380, Laws of 1989 amendment to RCW 50.04.150 and not yet qualified to be in the array shall be 2.5 percent for employers whose standard industrial code is "013", "016", "017", "018", "019", "021", or "081"; and
  - (c))) For all other employers not qualified to be in the array, the contribution rate shall be a rate equal to the average industry rate as determined by the commissioner; however, the rate may not be less than one percent. Assignment of employers by the commissioner to industrial classification, for purposes of this ((subsection)) section, shall be in accordance with established classification practices found in the "Standard Industrial Classification Manual" issued by the federal office of management and budget to the third digit provided in the standard industrial classification code, or in the North American industrial classification system code.

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- Sec. 5. RCW 50.29.026 and 1995 c 322 s 1 are each amended to read as follows:
- 3 (1) Beginning with contributions assessed for rate year 1996, a 4 qualified employer's contribution rate determined under RCW 50.29.025 5 may be modified as follows:
- (a) Subject to the limitations of this subsection, an employer may 6 7 make a voluntary contribution of an amount equal to part or all of the 8 benefits charged to the employer's account during the two years most 9 recently ended on June 30th that were used for the purpose of computing 10 the employer's contribution rate. On receiving timely payment of a voluntary contribution, plus a surcharge of ten percent of the amount 11 of the voluntary contribution, the commissioner shall cancel the 12 benefits equal to the amount of the voluntary contribution, excluding 13 the surcharge, and compute a new benefit ratio for the employer. 14 15 employer shall then be assigned the contribution rate applicable to the 16 rate class within which the recomputed benefit ratio is included. 17 minimum amount of a voluntary contribution, excluding the surcharge, must be an amount that will result in a recomputed benefit ratio that 18 19 is in a rate class at least two rate classes lower than the rate class 20 that included the employer's original benefit ratio.
  - (b) Payment of a voluntary contribution is considered timely if received by the department during the period beginning on the date of mailing to the employer the notice of contribution rate required under this title for the rate year for which the employer is seeking a modification of his or her contribution rate and ending on February 15th of that rate year or, for voluntary contributions for rate year 2000, ending on March 31, 2000.
- (c) A benefit ratio may not be recomputed nor a contribution rate be reduced under this section as a result of a voluntary contribution received after the payment period prescribed in (b) of this subsection.
- 31 (2) This section does not apply to any employer who has not had an 32 increase of at least six rate classes from the previous tax rate year.
- NEW SECTION. Sec. 6. A new section is added to chapter 50.22 RCW to read as follows:
- It is the intent of the legislature that a training benefits program be established to provide unemployment insurance benefits to unemployed individuals who participate in training programs necessary for their reemployment.

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- The legislature further intends that this program serve the following goals:
- 3 (1) Retraining should be available for those unemployed individuals 4 whose skills are no longer in demand;
- 5 (2) To be eligible for retraining, an individual must have a long-6 term attachment to the labor force;
- 7 (3) Training must enhance the individual's marketable skills and 8 earning power; and
- 9 (4) Retraining must be targeted to those industries or skills that 10 are in high demand within the labor market.
- Individuals unemployed as a result of structural changes in the economy and technological advances rendering their skills obsolete must
- 13 receive the highest priority for participation in this program. It is
- 14 the further intent of the legislature that individuals for whom
- 15 suitable employment is available are not eligible for additional
- 16 benefits while participating in training.
- 17 The legislature further intends that funding for this program be
- 18 limited by a specified maximum amount each fiscal year.
- NEW SECTION. Sec. 7. A new section is added to chapter 50.22 RCW to read as follows:
- 21 The employment security department is authorized to pay training
- 22 benefits under section 8 of this act, but may not obligate expenditures
- 23 beyond the limits specified in this section or as otherwise set by the
- 24 legislature. Beginning with expenditures for the fiscal year ending
- $25\,$  June  $30\,,$   $2000\,,$  and including expenditures for the fiscal biennium
- 26 ending June 30, 2002, the commissioner may not obligate more than sixty
- 27 million dollars for training benefits. Any funds not obligated in one
- 28 fiscal year may be carried forward to the next fiscal year. For each
- 29 fiscal year beginning after June 30, 2002, the commissioner may not
- 30 obligate more than twenty million dollars annually in addition to any
- 31 funds carried over from previous fiscal years.
- NEW SECTION. Sec. 8. A new section is added to chapter 50.22 RCW to read as follows:
- 34 (1) Subject to availability of funds, training benefits are
- 35 available for an individual who is eligible for or has exhausted
- 36 entitlement to unemployment compensation benefits and who:
- 37 (a) Is a dislocated worker as defined in RCW 50.04.075;

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1 (b) Except as provided under subsection (2) of this section, has 2 demonstrated, through a work history, sufficient tenure in an 3 occupation or in work with a particular skill set. This screening will 4 take place during the assessment process;

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- (c) Is, after assessment of demand for the individual's occupation or skills in the individual's labor market, determined to need job-related training to find suitable employment in his or her labor market;
- 9 (d) Develops an individual training program that is submitted to 10 the commissioner for approval within sixty days after the individual is 11 notified by the employment security department of the requirements of 12 this section;
- (e) Enters the approved training program by ninety days after the date of the notification, unless the employment security department determines that the training is not available during the ninety-day period, in which case the individual enters training as soon as it is available; and
- (f) Is enrolled in training approved under this section on a fulltime basis as determined by the educational institution, and is making satisfactory progress in the training as certified by the educational institution.
- (2) Until June 30, 2002, the following individuals who meet the requirements of subsection (1) of this section may, without regard to the tenure requirements under subsection (1)(b) of this section, receive training benefits as provided in this section:
- 26 (a) An exhaustee who has base year employment in the aerospace 27 industry assigned the standard industrial classification code "372" or 28 the North American industrial classification system code "336411";
- 29 (b) An exhaustee who has base year employment in the forest 30 products industry, determined by the department, but including the industries assigned the major group standard industrial classification 31 codes "24" and "26" or any equivalent codes in the North American 32 industrial classification system code, and the industries involved in 33 34 the harvesting and management of logs, transportation of logs and wood 35 products, processing of wood products, and the manufacturing and distribution of wood processing and logging equipment; or 36
- 37 (c) An exhaustee who has base year employment in the fishing 38 industry assigned the standard industrial classification code "0912" or

- 1 any equivalent codes in the North American industrial classification 2 system code.
- 3 (3) The definitions in this subsection apply throughout this 4 section unless the context clearly requires otherwise.
- 5 (a) "Educational institution" means an institution of higher 6 education as defined in RCW 28B.10.016 or an educational institution as 7 defined in RCW 28C.04.410, including equivalent educational 8 institutions in other states.
- 9 (b) "Sufficient tenure" means earning a plurality of wages in a 10 particular occupation or using a particular skill set during the base 11 year and at least two of the four twelve-month periods immediately 12 preceding the base year.
- 13 (c) "Training benefits" means additional benefits paid under this 14 section.
  - (d) "Training program" means:

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- (i) An education program determined to be necessary as a prerequisite to vocational training after counseling at the educational institution in which the individual enrolls under his or her approved training program; or
- 20 (ii) A vocational training program at an educational institution:
- 21 (A) That is targeted to training for a high demand occupation;
- 22 (B) That is likely to enhance the individual's marketable skills 23 and earning power; and
- (C) That meets the criteria for performance developed by the work force training and education coordinating board for the purpose of determining those training programs eligible for funding under Title I of P.L. 105-220.
- "Training program" does not include any course of education primarily intended to meet the requirements of a baccalaureate or higher degree, unless the training meets specific requirements for certification, licensing, or for specific skills necessary for the occupation.
  - (4) Benefits shall be paid as follows:
- (a)(i) For exhaustees who are eligible under subsection (1) of this section, the total training benefit amount shall be fifty-two times the individual's weekly benefit amount, reduced by the total amount of regular benefits and extended benefits paid, or deemed paid, with respect to the benefit year; or

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- (ii) For exhaustees who are eligible under subsection (2) of this 1 section, the total training benefit amount shall be seventy-four times 2 the individual's weekly benefit amount, reduced by the total amount of 3 4 regular benefits and extended benefits paid, or deemed paid, with respect to the benefit year. Beginning with new claims filed after 5 June 30, 2002, for exhaustees eligible under subsection (2) of this 6 7 section, the total training benefit amount shall be fifty-two times the 8 individual's weekly benefit amount, reduced by the total amount of 9 regular benefits and extended benefits paid, or deemed paid, with 10 respect to the benefit year.
- 11 (b) The weekly benefit amount shall be the same as the regular 12 weekly amount payable during the applicable benefit year and shall be 13 paid under the same terms and conditions as regular benefits. The 14 training benefits shall be paid before any extended benefits but not 15 before any similar federally funded program.
- 16 (c) Training benefits are not payable for weeks more than two years 17 beyond the end of the benefit year of the regular claim.
- 18 (5) The requirement under RCW 50.22.010(10) relating to exhausting 19 regular benefits does not apply to an individual otherwise eligible for 20 training benefits under this section when the individual's benefit year 21 ends before his or her training benefits are exhausted and the 22 individual is eligible for a new benefit year. These individuals will 23 have the option of remaining on the original claim or filing a new 24 claim.
- 25 (6) Individuals who receive training benefits under this section or 26 under any previous additional benefits program for training are not 27 eligible for training benefits under this section for five years from 28 the last receipt of training benefits under this section or under any 29 previous additional benefits program for training.
- 30 (7) All base year employers are interested parties to the approval 31 of training and the granting of training benefits.
- 32 (8) The commissioner shall adopt rules as necessary to implement 33 this section.
- NEW SECTION. Sec. 9. The work force training and education coordinating board, with the cooperation and assistance of the state board for community and technical colleges and the employment security department, shall review the participation in the training benefits

- 1 program under section 8 of this act and report to the appropriate 2 committees of the legislature by December 1, 2002, on the following:
- 3 (1) A demographic analysis of participants in the training benefits 4 program under this section including the number of claimants per 5 standard industrial classification code and the geographic 6 representation of participants;
  - (2) The duration of training benefits claimed per claimant;
- 8 (3) An analysis of the training provided to participants including 9 the occupational category supported by the training, those participants 10 who complete training in relationship to those that do not, and the 11 reasons for noncompletion of approved training programs;
- 12 (4) The employment and wage history of participants, including the 13 pretraining and posttraining wage and whether those participating in 14 training return to their previous employer after training terminates; 15 and
- 16 (5) The impact of training benefits paid from the unemployment 17 compensation fund on employers' unemployment insurance contributions. 18 The review shall include the impact by rate class, industry and 19 business size, and overall impact.

- NEW SECTION. Sec. 10. (1) Sections 1, 2, 4, and 5 of this act apply to rate years beginning on or after January 1, 2000.
- (2)(a) Except as provided under (b) of this subsection (2), section 8 of this act applies beginning with weeks of unemployment that begin on or after the Sunday following the day on which the governor signs chapter . . ., Laws of 2000 (this act).
- (b) For individuals eligible under section 8(2)(a) of this act who are enrolled in a national reserve grant on the effective date of this act, section 8 of this act applies beginning with weeks of unemployment that begin after the termination of their needs-related payments under a national reserve grant.
- NEW SECTION. Sec. 11. If any part of this act is found to be in conflict with federal requirements that are a prescribed condition to the allocation of federal funds to the state or the eligibility of employers in this state for federal unemployment tax credits, the conflicting part of this act is inoperative solely to the extent of the conflict, and the finding or determination does not affect the operation of the remainder of this act. Rules adopted under this act

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- 1 must meet federal requirements that are a necessary condition to the
- 2 receipt of federal funds by the state or the granting of federal
- 3 unemployment tax credits to employers in this state.
- 4 <u>NEW SECTION.</u> **Sec. 12.** If any provision of this act or its
- 5 application to any person or circumstance is held invalid, the
- 6 remainder of the act or the application of the provision to other
- 7 persons or circumstances is not affected.
- 8 NEW SECTION. Sec. 13. This act is necessary for the immediate
- 9 preservation of the public peace, health, or safety, or support of the
- 10 state government and its existing public institutions, and takes effect
- 11 immediately.

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