

SENATE BILL REPORT

SB 6264

As Passed Senate, February 13, 2018

Title: An act relating to contracting by institutions of higher education with private entities.

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

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

Brief History:

Committee Activity: Higher Education & Workforce Development: 1/25/18, 1/30/18 [DP, DNP, w/oRec].

Floor Activity:

Passed Senate: 2/13/18, 25-22.

Brief Summary of Bill

- Prohibits public institutions of higher education from contracting with certain types of employer representatives for the purpose representing those institutions to the Employment Security Department (ESD).

SENATE COMMITTEE ON HIGHER EDUCATION & WORKFORCE DEVELOPMENT

Majority Report: Do pass.

Signed by Senators Ranker, Chair; Palumbo, Vice Chair; Carlyle, Liias, Miloscia and Nelson.

Minority Report: Do not pass.

Signed by Senator Ericksen.

Minority Report: That it be referred without recommendation.

Signed by Senators Hawkins, Ranking Member; Short.

Staff: Kellee Gunn (786-7429)

Background: Unemployment Insurance and Benefits. Unemployment insurance is paid by former employers to former employees as a benefit for up to 26 weeks, while the former

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employees actively pursue suitable work. In most instances, to receive benefits, the former employee must have worked in the state of Washington. The ESD is the state agency responsible for administering unemployment insurance and benefits.

Third-Party Payer. A third-party payer is an individual or entity that enters into an agreement with one or more employers to provide administrative, human resource, or payroll administration services. Temporary staffing services companies, services referral agencies, professional employer organizations, and labor organizations are not third-party payers.

Professional Employer Organization (PEO). A PEO is a business that has an agreement with one or more client companies to manage their human resource issues, such as workers' compensation, payroll, and unemployment insurance. PEOs do not include independent contractors, temporary-staffing companies, service referral agencies, third-party payers, labor organizations, or common-pay agents.

Summary of Bill: The public baccalaureates and the community and technical colleges are prohibited from entering into contracts with any private entity for the purpose of acting as a third-party payer, a PEO, or another type of employer representative on behalf of those institutions to the ESD.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

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

Staff Summary of Public Testimony: PRO: It is concerning that some of our institutions are outsourcing to private companies, and those companies go on to deny unemployment claims. Many institutions do this in-house, but some institutions do not.

As part-time faculty, we are looking to access benefits when we lack reasonable assurance of continued work under the laws of our state. Over the last eight years I have been granted memorandums of non-guarantee on a consistent basis. These letters make it clear that I am not afforded reasonable assurance due to the potential of low enrollment. Three times my claim was denied by the third-party payer. I appealed all three. I was fearful that this would jeopardize my ability to work at the college in the future even though I had seniority. Job security is precarious for part-time faculty. Eventually they stopped denying my claims. To see the data on how many part-time faculty apply and give up because third-party firms deny their claims would be interesting. This bill will end the senseless denial of rightful unemployment claims.

Since 2011, my claim has been challenged 11 times, and four of those times by an outsourced company. This is harassment, having to go through this process again and again. It is very stressful. Every administrative law judge knows what the law is and on appeal, I have never been denied.

Unemployment decisions are best left close to home. This bill would make sure it is the people in human resources that know the individual cases that are handling them. It ensures flexibility from a labor relations standpoint.

Persons Testifying: PRO: Senator Kevin Ranker, Prime Sponsor; Natalie Simmons, citizen; Barbara Parsons, citizen; Seamus Petrie, Washington Public Employees Association.

Persons Signed In To Testify But Not Testifying: No one.