

SUBJECT: Hiring practices of temporary employment services

COMMITTEE: Economic Development — favorable, with amendment

VOTE: 6 ayes — Oliveira, Greenberg, Luna, Raymond, Seaman, Van de Putte
0 nays
1 present, not voting — Yarbrough
2 absent — Keffer, Siebert

WITNESSES: For — Cynthia Arnold, La Mujer Obrera; Walter Hinojosa, Texas AFL-CIO; Hannah Riddering, Texas National Organization of Women; Jose L. Lopez; Irene Loza
Against — Pamela Bratton, Career Consultants Staffing Services; Cyndi Martinez and Rene A. Flores, Texas Association of Staffing

DIGEST: HB 1761, as amended, would add to the Labor Code a chapter on temporary employment services. Such services would be prohibited from denying employment to an individual who had not earned a high school diploma or general equivalency diploma, unless the position required that credential.
Services violating this provision would be subject to a civil penalty of up to \$1,000 per violation. The attorney general or appropriate prosecuting attorney could sue to collect the civil penalty. Any penalties collected would be deposited into the state treasury to the credit of the general revenue fund.
HB 1761 would take effect September 1, 1997.

SUPPORTERS SAY: HB 1761 would facilitate the employment of Texas' low-skilled workers. It would help less formally educated Texans enter the workforce and perform temporary employment jobs as custodians, food service workers and other service-related jobs.

HB 1761 would prevent discrimination against individuals who do not have high school diplomas when jobs do not require such proof of educational attainment. Currently, many employment agencies do not even accept applications from individuals without diplomas or GEDs, even though there are plenty of jobs available that do not require this credential. These temporary employment services are excluding an entire class of Texans from working in jobs they are otherwise qualified to perform.

HB 1761 would help ease the transition from welfare to work. An unnecessary education requirement is an obstacle for individuals who are re-entering the workforce; this bill would remove that barrier and help Texans without high school diplomas find work through temporary employment services.

Past problems with improper tax withholding and reporting have proven the temporary employment industry can be careless in its business practices and unable to properly regulate itself. HB 1761 would regulate the products and services offered by temporary employment services in much the same manner as the products and services offered by other companies are regulated by law.

HB 1761 could actually improve operations in the industry. It would require temporary employment services to be sensitive to the needs of the client company rather than adding its own layer of superficial and unnecessary employment requirements.

Although HB 1761 would apply to all temporary employment services, it would only affect services that staff lower-skilled jobs. If a service specialized in high-tech or professional jobs demanding special skills and education, it would be required to accept applications from individuals without GEDs but could inform these applicants that it infrequently, if ever, staffed lower-skilled jobs.

Discrimination by temporary employment services is not an isolated problem limited to border communities whose workers have been displaced as trade barriers have crumbled. This problem is increasingly likely to occur elsewhere, particularly as defense and other industries continue to downsize

and more Texans deal with these services. HB 1761 would ensure all Texans a fair opportunity to find work, now and in the future.

OPPONENTS
SAY:

HB 1761 would tie the hands of employment services to properly staff requests for temporary workers. A high school diploma or GED is an accurate indicator of an applicant's level of competency and should be used to make employment decisions.

HB 1761 would also take away the right of temporary employment services to set competency standards for their own employees. Individuals who work for an employment agency are employees of the agency and are simply on loan for assignments at client companies. Although these individuals may report to work at the client company, the temporary employment service pays the individual and makes employment assignments.

By interfering with the everyday business practices and decisions of a single industry, HB 1761 itself would be perpetuating discrimination. If no low-skilled jobs need educational certification, then all employers in Texas — not just temporary employment services — should have to eliminate this requirement from job qualifications for low-skilled work.

OTHER
OPPONENTS
SAY:

HB 1761 would force temporary employment services to accept applications from individuals they could not place in any temporary assignment, requiring that they engage in fruitless paperwork and other activities that waste their and resources.

HB 1761 would penalize all temporary employment services in an attempt to solve a local unemployment problem. Local businesses should coordinate to create employment opportunities for these individuals instead of seeking legislative action in an attempt to solve a small part of the problem.

NOTES:

The committee amendment would allow an employment agency to require a high school diploma or GED if the position sought required that credential.