

HOUSE BILL ANALYSIS

SSB 6298

Brief Description: Assisting the unemployed to become self-employed.

Sponsors: Senators B. Sheldon, Winsley, Rasmussen, Anderson, Snyder and Oke.

Hearing: February 19, 1998

BACKGROUND:

Commissioner-Approved Training

Claimants receiving unemployment benefits must be available for work, must be actively seeking work, and may not refuse to accept suitable work. However, a person who is otherwise eligible for benefits is not disqualified on these grounds if the person is in training approved by the commissioner of the Employment Security Department. Under rules adopted by the department, this training must primarily relate to skills that will allow the person to obtain employment, and not primarily relate to obtaining a baccalaureate or higher degree.

To apply for commissioner-approved training, the applicant must apply in writing and describe, among other things, a plan for completing training, the nature and quality of the training, and whether the training relates to an occupation or skill for which there are reasonable employment opportunities.

To continue to receive benefits while in commissioner-approved training, the person must be making satisfactory progress in full-time training. If enrollment drops below full-time or satisfactory progress is not being made, the person is subject to availability and work search requirements. In addition, if the person earns income in self-employment while receiving benefits, the person's benefits will be subject to deduction.

Self-Employment Programs

In 1989 and 1990, Washington and Massachusetts participated in federally-sponsored demonstration projects to test the ability of the employment security and economic development systems to help unemployment insurance claimants start businesses. In December 1994, the final impact analysis of the two demonstration projects was reported to

the U.S. Department of Labor.

The Congress included authorization in the 1993 North American Free Trade Agreement for the states to establish self-employment assistance programs for certain unemployed workers. These workers must be qualified for regular unemployment benefits and be identified as likely to exhaust regular benefits. To receive the self-employment allowance in lieu of regular benefits, the worker must participate in self-employment assistance activities, including entrepreneurial training, business counseling, and technical assistance, on a full-time basis. The self-employment allowance is not subject to deduction for income earned in self-employment.

The federal law limits the number of persons who may participate and the costs that the program may incur. The federal authorization for the program expires in December 1998.

SUMMARY OF BILL:

Intent statement. The Legislature finds that a self-employment assistance program would assist unemployed individuals and create new businesses and job opportunities in Washington. The commissioner must inform persons identified as likely to exhaust regular unemployment benefits of the opportunity to enroll in this program.

Eligibility for self-employment programs. An unemployed person is eligible to participate in a self-employment assistance program if the person is:

- otherwise eligible for regular unemployment benefits;
- identified under the claimant profiling system as likely to exhaust regular benefits; and
- enrolled in a self-employment assistance program that is approved by the commissioner, and includes entrepreneurial training, business counseling, technical assistance, and requirements to engage in activities relating to establishing a business and becoming self-employed.

Persons participating in a self-employment assistance program are eligible to receive regular unemployment benefits, and do not have to meet requirements relating to availability for work, work search, and refusal to accept suitable work for the first 52 weeks of participating in the program.

A person who fails to participate in the program as prescribed by the commissioner is disqualified from continuation in the program.

Agency authority. The commissioner must take steps necessary to carry out the self-employment assistance program to assure collaborative involvement of interested parties and to ensure that the self-employment assistance programs meet all federal criteria. The commissioner may approve, as self-employment assistance programs, existing self-employment training programs at community colleges, private industry councils, or other organizations.

The department is not obligated to spend any agency funds for the operation of self-employment assistance programs, unless specific funding is provided through federal or state appropriations.

RULES AUTHORITY: The commissioner of the Employment Security Department is authorized to adopt rules necessary to implement the self-employment assistance program.

FISCAL NOTE: Requested February 17, 1998.

EFFECTIVE DATE: Ninety days after adjournment of session in which bill is passed.