

# SENATE BILL REPORT

## ESB 5568

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As Passed Senate, March 5, 1999

**Title:** An act relating to self-employment assistance.

**Brief Description:** Establishing a self-employment assistance program.

**Sponsors:** Senators B. Sheldon, Winsley, Franklin, McAuliffe, Prentice, Snyder and Jacobsen.

**Brief History:**

**Committee Activity:** Labor & Workforce Development: 2/4/99 [DP, DNP].  
Passed Senate, 3/5/99, 28-18.

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### SENATE COMMITTEE ON LABOR & WORKFORCE DEVELOPMENT

**Majority Report:** Do pass.

Signed by Senators Fairley, Chair; Franklin, Vice Chair; Kline and Wojahn.

**Minority Report:** Do not pass.

Signed by Senator Hochstatter.

**Staff:** Jill Reinmuth (786-7452)

**Background:** In the early 1990s, the U.S. Department of Labor conducted two demonstration projects to examine the effectiveness of providing self-employment assistance to unemployed workers. Washington was one of two states chosen to operate a demonstration project.

Based on the success of the pilot projects, Congress subsequently authorized all states to create self-employment assistance programs. Seven states (Delaware, Maine, Maryland, New Jersey, New York, Oregon, and Pennsylvania) are currently operating such programs.

**Summary of Bill:** A self-employment assistance program is established in Washington. Selected unemployed individuals who are likely to exhaust regular unemployment insurance benefits receive self-employment allowances in lieu of such benefits. In addition, they receive other self-employment services such as entrepreneurial training, counseling, and technical assistance. They are required to pursue self-employment activities instead of being required to be able, available, and actively seeking work. In particular, they are required to participate in entrepreneurial training or business counseling on a weekly basis.

No more than 2 percent of the number of individuals receiving regular benefits may receive self-employment allowances. Self-employment allowances and regular benefits are charged to employers in the same manner.

The Commissioner of Employment Security is not obligated to spend departmental funds for the operation of the self-employment assistance program unless specific federal or state funding is provided. The commissioner is authorized to make rules related to the act.

**Appropriation:** None.

**Fiscal Note:** Requested January 28, 1998.

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

**Testimony For:** A self-employment assistance program will give certain unemployed individuals the option of starting new businesses. Other entrepreneurial training programs for dislocated workers have been successful. It is unlikely that participants will establish businesses that will compete with those of their former employers.

**Testimony Against:** A self-employment assistance program should target unemployed individuals with high skill sets. Self-employment income should be deducted from self-employment assistance allowances. The limit on the number of unemployed individuals who may participate should be lowered. It is possible that participants will establish businesses that compete with those of their former employers.

**Testified:** PRO: Senator Betti Sheldon, prime sponsor; Emily Duncan, Private Industry Council of Snohomish County and Downhome Washington; CON: Ken Johnson, Association of Washington Business; Carolyn Logue, National Federation of Independent Business.