
Commerce & Labor Committee

HB 2674

Brief Description: Establishing self-employment assistance.

Sponsors: Representatives Ruderman, McDonald, Kenney, Nixon, Kagi, Pettigrew, Eickmeyer, Jarrett, Hunter, Santos, Simpson, G., Morrell, Kessler, Miloscia and Edwards.

Brief Summary of Bill

- Establishes a self-employment assistance program.
- Provides that certain unemployed individuals may participate in this program and receive self-employment allowances in lieu of regular unemployment benefits.
- Requires program participants to pursue self-employment activities in lieu of being available for work, actively seeking work, and not refusing suitable work.
- Limits the number of program participants to no more than 5 percent of the number of individuals receiving regular unemployment benefits.

Hearing Date: 2/4/04

Staff: Jill Reinmuth (786-7134).

Background:

Unemployment benefits are payable to eligible unemployed workers. An individual is eligible to receive benefits if he or she meets certain eligibility criteria. The individual's initial eligibility is based on whether he or she worked at least 680 hours in covered employment in his or her base year, and separated from employment through no fault of his or her own or quit work for good cause. The individual's continuing eligibility is based on whether he or she is able to work and is actively searching for suitable work.

Currently, there are two programs in which an individual is not required to meet continuing eligibility criteria. These criteria do not apply to eligible unemployed workers who are receiving training benefits or who are enrolled in training approved by the Commissioner of the Employment Security Department (Department). In lieu of these criteria, the workers must be enrolled in and making satisfactory progress in approved training.

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 unemployed workers start businesses. To receive self-employment allowances in lieu of regular unemployment benefits, participants in the demonstration projects were required to participate in self-employment assistance activities on a full-time basis. Continuing eligibility criteria did not apply to the participants.

In 1993 Congress authorized all states to create similar self-employment assistance programs for certain unemployed workers. Seven states (Delaware, Maine, Maryland, New Jersey, New York, Oregon, and Pennsylvania) are currently operating such programs.

Summary of Bill:

The Legislature finds that a self-employment assistance program would assist unemployed individuals and create new businesses and job opportunities in Washington, and establishes such a program.

An unemployed person is eligible to participate in the self-employment assistance program if the person is:

- Otherwise eligible for regular unemployment benefits;
- Identified as likely to exhaust regular benefits; and
- Participating in self-employment activities approved by the Commissioner.

Self-employment activities include entrepreneurial training, business counseling, and technical assistance. Sources of such activities include community and technical colleges and other educational institutions, local economic development councils, and nonprofit microlending programs.

An individual participating in the self-employment assistance program receives self-employment allowances in lieu of regular unemployment benefits. The weekly self-employment allowances paid to the individual is equal to the weekly benefit amount otherwise payable to the individual. The allowances are payable at the same intervals, on most of the same terms, and subject to most of the same conditions as regular unemployment benefits. However, the individual does not have to meet continuing eligibility requirements for regular unemployment benefits (e.g., being available for work, actively searching for work, and not refusing to accept suitable work). The allowances are paid from the same source as regular unemployment benefits, the Unemployment Compensation Fund.

The number of individuals participating in the self-employment assistance program is limited to 5 percent of the number of individuals receiving regular benefits.

Rules Authority: The Commissioner of the Employment Security Department is authorized to adopt rules necessary to implement the self-employment assistance program.

Appropriation: None.

Fiscal Note: Requested on January 28, 2004.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed.