
Commerce & Labor Committee

SSB 5653

Brief Description: Authorizing the development of self-employment assistance programs.

Sponsors: Senate Committee on Economic Development, Trade & Management (originally sponsored by Senators Kauffman, Kastama, Brown, Berkey, Rockefeller, Keiser, Franklin, Kohl-Welles and Shin).

Brief Summary of Substitute Bill

- Establishes a self-employment assistance program.
- Provides that certain unemployed individuals may receive regular unemployment benefits while participating in this program.
- Requires program participants to pursue self-employment activities in lieu of being available for work, actively seeking work, and not refusing suitable work.

Hearing Date: 3/27/07

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

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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. The Employment Security Department must inform individuals who are likely to exhaust regular unemployment benefits of the opportunity to enroll in self-employment assistance programs.

An unemployed individual is eligible to participate in a self-employment assistance program if he or she:

- Is otherwise eligible for regular unemployment benefits;
- Has been identified as likely to exhaust regular benefits; and
- Is enrolled in a self-employment assistance program approved by the Commissioner.

Self-employment activities include entrepreneurial training, business counseling, and technical assistance. Sources of such activities include community colleges, work force investment boards, or other organizations.

An individual participating in a self-employment assistance program receives regular unemployment benefits. However, the individual does not have to meet continuing eligibility requirements for regular unemployment benefits for the first 52 weeks of the individual's participation in a program. Continuing eligibility requirements are being available for work, actively searching for work, and not refusing to accept suitable work.

An individual who fails to participate in a self-employment program is disqualified from continuing in the program. An individual may not compete directly with their separating employer.

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 March 26, 2007.

Effective Date: Substantive sections (Sections 1 and 2) of the bill take effect January 1, 2008, and expire July 1, 2012. Technical sections (Sections 3, 4, and 5) take effect 90 days after adjournment of session in which bill is passed.