

# SENATE BILL REPORT

## SB 5809

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As of February 16, 2009

**Title:** An act relating to workforce employment and training.

**Brief Description:** Creating a temporary workforce employment and training program.

**Sponsors:** Senator Hargrove.

**Brief History:**

**Committee Activity:** Labor, Commerce & Consumer Protection: 2/10/09.

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### SENATE COMMITTEE ON LABOR, COMMERCE & CONSUMER PROTECTION

**Staff:** Mac Nicholson (786-7445)

**Background:** Training benefits are additional unemployment insurance (UI) benefits paid to workers who have lost their job and are attending an approved full-time vocational training program. The total training benefit amount is 52 times the weekly benefit amount, minus any regular UI benefits paid. Training benefits are charged to an employer's experience rating.

To be eligible to receive training benefits, an individual must:

- be eligible to receive or have exhausted regular UI benefits;
- be a dislocated worker;
- have sufficient tenure in an occupation or in work with a particular skill set;
- have been determined to need job-related training in order to find suitable employment in his or her labor market;
- submit a training program application within 60 days of notification of training benefit availability;
- enroll in the training program on a full-time basis within 90 days of notification of training benefit availability; and
- make satisfactory progress in the training as certified by the educational institution.

A training program must be a vocational program at an educational institution that is targeted to training for a high demand occupation, is likely to enhance the individual's marketable skills and earning power, and meets criteria for performance developed by the Workforce Training and Education Coordinating Board (WTECB).

**Summary of Bill:** The bill as referred to committee not considered.

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

**Summary of Bill (Proposed First Substitute):** The stated purpose of the proposed substitute is to reduce the amount paid by employers in the state to the unemployment compensation fund by one-tenth of one percent of taxable wages, to establish a separate fund for workforce training grants for dislocated workers, and that the act not result in any net increase in employer tax rates.

For rate year 2010, one-tenth of one percent will be subtracted from the social tax paid by contribution paying employers. For the rate year 2010, employers are required to make contributions at a rate of one-tenth of one percent for the administration and grants for individuals eligible to receive workforce training grants.

Workforce training grants are available for an individual who is eligible for UI benefits and who is receiving or eligible to receive training benefits. Individuals must be enrolled in a training program targeted at health care workers, energy efficiency workers, or in the self employment assistance program in order to be eligible for grant funding.

The Employment Security Department (ESD) is required to consult the WTECB to identify training programs that are consistent with workforce training priorities and based upon the comprehensive plan for workforce training. Grants can be used for expenses related to educational and career counseling services, increased capacity at community and technical colleges, financial aid for eligible students, and job development referral services. Grants are dispersed by ESD for proposals submitted jointly by workforce development councils and eligible colleges. Grants cannot be used to supplant existing funding sources, and if after the first year of the program funds are not fully expended, ESD can broaden individual eligibility criteria.

If ESHB 1906 passes and additional unemployment compensation is made available through the United States Department of Labor, then the additional \$45 benefit outlined in ESHB 1906 would be reduced to \$35.

ESD must report to the Legislature by December 2010 on the number of students receiving training and the types of training received.

**Appropriation:** None.

**Fiscal Note:** Requested on February 10, 2009.

**Committee/Commission/Task Force Created:** No.

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

**Staff Summary of Public Testimony:** PRO: The concept is good. Some unemployed workers need retraining in order to get a family wage job. The bill works in tandem with the existing UI training benefits program by providing seats at community and technical colleges along with wraparound services including financial aid and job referral programs. The bill focuses on high demand training and helps the state invest its way out of the recession.

CON: This bill has significant concerns. This is not the appropriate mechanism to take

money from the UI trust fund and move it to the higher education system. The state can't afford any diversions out of the UI trust fund. UI dollars should not be used to support higher education institutions.

OTHER: ESD has concerns about the concept of the bill. Any bill diverting trust fund money intended for UI benefits to another purpose is difficult to support. If a diversion must occur, the diversion must be for a limited amount of time and money, administered by ESD, and designed to assist the needs of unemployed workers.

**Persons Testifying:** PRO: Jeff Johnson, Washington State Labor Council, AFL-CIO.

CON: Donna Steward, Association of Washington Business.

OTHER: Karen Lee, Employment Security Department.