
Commerce & Labor Committee

E2SSB 5809

Brief Description: Revising unemployment compensation and workforce training provisions.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senator Hargrove).

Brief Summary of Engrossed Second Substitute Bill

- Requires the State Board for Community and Technical Colleges to use certain funds to serve unemployed individuals enrolled in high employer demand programs or forest product industry training programs.
- Requires the Employment Security Department to encourage an increase in education and training through grants and local plan modifications with workforce development councils.
- Specifies that high employer demand training funds include administrative funds available under the Workforce Investment Act and certain moneys in the Administrative Contingency Fund.

Hearing Date: 3/18/09

Staff: Jill Reinmuth (786-7134)

Background:

Training Benefits Program

The training benefits program was established in 2000, and expanded in 2009. The program allows certain dislocated workers to receive additional unemployment benefits while in retraining. Beginning September 7, 2009, certain low-wage workers, military personnel and National Guard members, and persons who are disabled will also be eligible to receive benefits while in retraining.

The individual must submit a training plan to the Employment Security Department (ESD) within 90 days of the individual's notification of the program's requirements. The individual

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must enter the approved training program within 120 days. The ESD may waive these deadlines for good cause. The individual must be enrolled in training on a full-time basis, except when precluded by a disability, and make satisfactory progress toward completion of the training plan.

The training must target a high demand occupation and may include vocational training or courses needed as a prerequisite to that training. The training may not include courses primarily intended for completion of a baccalaureate degree.

The maximum amount of training benefits payable in an individual's benefit year is 52 times the individual's weekly benefit amount (less weeks of regular benefits and extended benefits paid). The weekly benefit amount is the same as the amount the individual receives as regular benefits. An individual may qualify for this program only once every five years.

Training benefits are subject to available funding. Funding is limited to \$20 million for each fiscal year. Any funds not obligated in one fiscal year may be carried forward to the next fiscal year.

Workforce Investment Act Administrative Funds

Up to five percent of Workforce Investment Act funds may be used for administrative costs related to workforce investment activities. Under federal rules, administrative costs may include the costs of grant administration, contract management, compliance monitoring, certain reporting, performance, and evaluation activities, and general administrative functions. Administrative costs do not include costs related to the direct provision of workforce investment services.

Administrative Contingency Fund

The Administrative Contingency Fund primarily consists of penalties and interest for late or incorrect tax payments, penalties for incorrect reports, and interest from overpayments of benefits. Under state law, moneys in the Administrative Contingency Fund may be used for administrative expenses for which federal funding is not available, and during the 2007-09 biennium, for job skills and worker retraining programs at the community and technical colleges, administrative costs at the State Board for Community and Technical Colleges, and reemployment services at the Department of Community, Trade and Economic Development.

Summary of Bill:

State Board for Community and Technical Colleges

High employer demand training funds are available for use by the State Board for Community and Technical Colleges (SBCTC) to serve certain unemployed individuals who are enrolled in high employer demand programs or forest product industry training programs. Preference must be given to individuals enrolled in the forest product industry, health care, energy efficiency, and aerospace worker training programs.

The following uses of the funds are permissible:

- Expenses related to educational and career counseling services, training plan development, and referral to appropriate training programs in high-demand occupations;
- Increased capacity at community and technical colleges to make training programs in high-demand occupations available;
- Financial aid for eligible students enrolled at institutions of higher education or educational institutions; and
- Job development and referral services.

Funds cannot be used to replace or supplant existing enrollments, programs, support services, or funding sources.

After the first year of the program, if funds are not fully expended, the SBCTC may broaden individual eligibility criteria.

Employment Security Department

The Employment Security Department (ESD) must encourage an increase in education and training through grants and local plan modifications with workforce development councils. The ESD must require workforce development councils to determine the number of participants who will receive education and training.

The ESD must encourage workforce development councils to increase the number of Workforce Investment Act (WIA) participants in training programs for high-demand occupations.

The ESD also must encourage them to use WIA resources to: provide individual training accounts that provide financial aid; increase the number of individuals receiving training benefits; and enter into contracts with institutions of higher education to increase capacity for training low-income individuals and dislocated workers for high-demand occupations.

High Employer Demand Training Funds

High employer demand training funds include administrative funds made available under the Workforce Investment Act, and during Fiscal Year 2010, certain moneys in the Administrative Contingency Fund. These funds must be used to serve certain unemployed individuals enrolled in high employer demand programs or forest product industry training programs.

Reporting Requirement

The ESD, in collaboration with the Workforce Training and Education Coordinating Board, the SBCTC, and workforce development councils, must submit three reports to appropriate committees of the Legislature related to certain Workforce Investment Act programs under the American Recovery and Reinvestment Act of 2009. The reports are due by December 1 of 2009, 2010, and 2011.

Rules Authority: The bill does not address the rule-making powers of an agency.

Appropriation: None.

Fiscal Note: Requested on 3/12/09.

Effective Date: The bill contains an emergency clause and takes effect immediately.