

SENATE BILL REPORT

E2SSB 5809

As of Second Reading

Title: An act relating to workforce employment and training.

Brief Description: Revising unemployment compensation and workforce training provisions.

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

Brief History:

Committee Activity: Labor, Commerce & Consumer Protection: 2/10/09, 2/24/09 [DPS-WM, DNP].

Ways & Means: 3/02/09 [DP2S, DNP].

SENATE COMMITTEE ON LABOR, COMMERCE & CONSUMER PROTECTION

Majority Report: That Substitute Senate Bill No. 5809 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Kohl-Welles, Chair; Keiser, Vice Chair; Franklin and Kline.

Minority Report: Do not pass.

Signed by Senators Holmquist, Ranking Minority Member; Honeyford and King.

Staff: Mac Nicholson (786-7445)

SENATE COMMITTEE ON WAYS & MEANS

Staff: Michael Bezanson (786-7449)

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;
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- 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 Engrossed Second Substitute Bill: 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 graduated social cost factor rate, if the graduated social cost factor rate equals or exceeds one-tenth of one percent. That amount must be transferred to the separate and identifiable account in the Administrative Contingency Fund, to be used for the administration and provision of workforce training grants.

Workforce training grants are available to workforce development councils and eligible colleges to serve individuals who are eligible for or have exhausted UI benefits and who are enrolled in a high demand training program. Forest industry worker training programs are considered high demand training programs for the purposes of the grant program.

The Employment Security Department (ESD) must consult the State Board for Community and Technical Colleges (SBCTC) and 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. Funds are dispersed by ESD to eligible workforce development councils and colleges whose projects are selected for funding based on a competitive process. Preference will be given to proposals emphasizing health care workers and energy efficiency workers. 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.

The additional \$45 UI benefit provided for in ESHB 1906 is reduced to \$31. This change is effective April 5, 2009.

ESD and the SBCTC 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 on First Substitute (Labor, Commerce & Consumer Protection): 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 (Labor, Commerce & Consumer Protection): PRO: Jeff Johnson, Washington State Labor Council, AFL-CIO.

CON: Donna Steward, Association of Washington Business.

OTHER: Karen Lee, Employment Security Department.

Staff Summary of Public Testimony on First Substitute (Ways & Means): PRO: The demand at community colleges is growing and is expected to grow significantly as unemployment continues to increase. We are expecting an increase of 3,000 to 6,000 students in the worker retraining program over next fiscal year. The bill uses a controversial source of funds. The community colleges still plan to serve students even if the colleges will see a \$160 million dollar reduction in the next biennial budget.

CON: This bill causes concerns because it will set a precedent in using a diversion from the unemployment insurance trust fund. In the federal stimulus package there will be several million dollars in the Workforce Investment Act. For the first time, Washington may be able to use these dollars for community college slots. We urge you to take a look at those funds and see whether those funds can support this program so that we may avoid the precedent of using the unemployment trust fund.

Persons Testifying (Ways & Means): PRO: Chris Roykdal, State Board of Community and Technical Colleges.

CON: Donna Steward, Association of Washington Business.