

# HOUSE BILL REPORT

## SB 6289

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**As Passed House:**  
February 27, 2012

**Title:** An act relating to facilitating self-employment training.

**Brief Description:** Facilitating self-employment training.

**Sponsors:** Senators Rolfes and Kastama.

**Brief History:**

**Committee Activity:**

Labor & Workforce Development: 2/17/12, 2/21/12 [DP].

**Floor Activity:**

Passed House: 2/27/12, 65-31.

**Brief Summary of Bill**

- Repeals the July 1, 2012, expiration of the self-employment assistance program (SEAP).
- Removes the requirement that participants in the SEAP may not directly compete with former employers.
- Provides that individuals eligible for Workforce Investment Act services must have the same opportunity to enroll in self-employment assistance or entrepreneurial training programs as other training programs.

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### HOUSE COMMITTEE ON LABOR & WORKFORCE DEVELOPMENT

**Majority Report:** Do pass. Signed by 10 members: Representatives Sells, Chair; Reykdal, Vice Chair; Shea, Assistant Ranking Minority Member; Green, Kenney, Miloscia, Moeller, Ormsby, Roberts and Warnick.

**Minority Report:** Do not pass. Signed by 2 members: Representatives Condotta, Ranking Minority Member; Taylor.

**Staff:** Joan Elgee (786-7106).

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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.*

**Background:**

In 2007 the Legislature authorized self-employment assistance programs (SEAP) for certain unemployed individuals. An individual is eligible 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 SEAP approved by the Commissioner (Commissioner) of the Employment Security Department (ESD).

Programs may include existing self-employment training programs available through community colleges, work force investment boards, or other organizations.

An individual participating in a SEAP receives their regular unemployment benefits and is not entitled to any additional benefit payments. However, the usual continuing eligibility requirements do not apply. (These requirements are being available for work, actively searching for work, and not refusing to accept suitable work.) Persons completing a self-employment program may not directly compete with their former employer for a specific time period and in a specific geographic area.

The 2007 act authorizing the SEAP expires July 1, 2012. In December 2011, as required by the 2007 act, the ESD submitted a report to the Legislature regarding the SEAP.

Individuals participating in other Commissioner-approved training (CAT) are also not subject to the continuing eligibility requirements. The CAT is available to individuals unlikely to return to work due to a diminishing demand for the individual's skills, or a surplus of workers with those skills in the local labor market, and to other specified individuals.

Also in 2007, the Legislature directed the Workforce Training and Education Coordinating Board to develop state policy objectives for federal Workforce Investment Act (WIA) funds, and ensure that entrepreneurial training opportunities are available through programs of each local workforce development council. Programs funded by the WIA prepare youth, dislocated workers, and adults for entry into the labor force.

**Summary of Bill:**

The expiration provision of the 2007 act authorizing the SEAP is repealed.

An individual is eligible for a SEAP if he or she is eligible for CAT, in addition to if he or she is likely to exhaust regular benefits.

Individuals eligible for unemployment insurance benefits must be informed of the availability of self-employment assistance programs, entrepreneurial training programs, and CAT. When individuals are likely to exhaust benefits, and when individuals are eligible for CAT, ESD must inform individuals of the SEAP.

The SEAP requirements relating to direct competition with a former employer are removed.

The ESD must report to the Legislature by December 1, 2015, on the performance of the SEAP.

Individuals who are eligible for the WIA services must have the opportunity to enroll in self-employment assistance or entrepreneurial training programs on the same basis as they are provided the opportunity to enroll in other training programs. The ESD is directed to work with local workforce development councils to ensure that the contracting process with training providers is efficient and that the number of entrepreneurial training providers on the state's eligible training provider list is sufficient to meet demand. Local workforce development councils must notify individuals eligible for the WIA services of the availability of self-employment assistance and entrepreneurial training, and develop a plan for providing such training at a rate equal to demand or the rate of self-employment within their service area.

**Appropriation:** None.

**Fiscal Note:** Available.

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

**Staff Summary of Public Testimony:**

(In support) During the recession, the state has focused on retraining and on aerospace and other "big bang for the buck" opportunities. Not everyone will be hired or wants to work at an aerospace company. Small businesses create the majority of jobs in Washington. The SEAP is a program that helps the little guy by providing the basics about business. The SEAP is a success. When people have lost jobs after years of professional experience, they may be ripe for starting their own business. The program helps veterans and older persons who may have trouble being hired. One person participated in a SEAP and now has 12 employees. Another person has gone from no knowledge in how to run a business to now making 70 percent of their former income. Policy changes are made to expand the SEAP program at no cost to the state. The SEAP has been a wonderful partnership between state and local nonprofits, who provide the training. One nonprofit offers eight weeks of training and includes support groups. The program should not be allowed to expire. The SEAP allows people to become self-reliant with minimal investment.

The bill makes sure people are aware of self-employment assistance and includes encouragement to implement entrepreneurial training. Some federal administrative rulings have created barriers. Financial support for self-employment assistance needs to be increased. A provider has been serving SEAP clients, but is doing it for free.

The WIA piece is separate but related. Maybe 5 percent of WorkSource clients are perfect for self-employment. A provider has had a WIA eligible process but cannot get a contract. Providers want to be able to serve people. The Joint Legislative Audit and Review Committee has determined that the funds are well-spent. This bill enables workforce development councils to develop relationships with organizations, inform people of

programs, and use WIA dollars for self-employment assistance. This bill will help smooth out the process.

(Opposed) None.

**Persons Testifying:** Senator Rolfes, prime sponsor; Stuart Walton and Bill Hoke, Washington Community Alliance for Self Help; Alan R. Smith, Mr. Honey Do Repair Service; Teresa Lemmons, Washington State Microenterprise Association; and Lisa Smith, Enterprise for Equity.

**Persons Signed In To Testify But Not Testifying:** None.