

SENATE BILL REPORT

SB 5955

As Reported By Senate Committee On:
Economic Development, March 5, 2003

Title: An act relating to the personal reemployment account program.

Brief Description: Creating the personal reemployment account program.

Sponsors: Senator Benton.

Brief History:

Committee Activity: Economic Development: 2/28/03, 3/5/03 [DPS].

SENATE COMMITTEE ON ECONOMIC DEVELOPMENT

Majority Report: That Substitute Senate Bill No. 5955 be substituted therefor, and the substitute bill do pass.

Signed by Senators T. Sheldon, Chair; Zarelli, Vice Chair; Benton, Hale, Rossi, Schmidt and Shin.

Staff: Jack Brummel (786-7428)

Background: During the 1980s, a number of federal Department of Labor sponsored experiments were conducted to test whether offering bonus payments for speedy return to work were worthwhile. One, conducted in Washington, found that from the perspective of society as a whole, a reemployment bonus program has large net benefits and an extremely high benefit/cost ratio. Since that time, federal law has provided that individuals likely to exhaust their regular unemployment compensation must be identified and referred to reemployment services, such as job search assistance, to the extent such services are available, but there has been no provision for reemployment bonuses for those identified as likely to exhaust their benefits.

The Department of Community, Trade, and Economic Development operates an individual development account program that provides individuals with resources, skills, and incentives to engage in gainful employment. The department operates many community and economic development programs through community-based providers.

Summary of Substitute Bill: The Personal Reemployment Account program is created in the Department of Community, Trade and Economic Development. The program operates with funds from the federal government and private resources. Individuals may receive only one personal reemployment account of \$3,000. To be eligible for an account, a person receiving regular unemployment benefits must be identified as likely to exhaust unemployment benefits and be in need of job search assistance, or must have exhausted his or her benefits and either be in training or have lost a job in a declining industry.

The department has specified obligations it must meet prior to establishing an account for an eligible individual and is to conduct periodic interviews with account recipients to assist those who have exhausted benefits in meeting their individual employment goals through the use of their account. The department is to develop and submit a state plan for operating the program, consistent with federal requirements and in cooperation with the Workforce Training and Education Coordinating Board and the Employment Security Department.

Eligible uses of reemployment account funds include purchase of: intensive services such as skill assessment, counseling, and short-term prevocational services; training services; supportive services such as transportation and child care; and an automobile if necessary to accept a long-term job offer. The account may also be used as income support by those who have exhausted benefits if they are involved in job search, intensive services, or training.

Account recipients may receive a bonus of the balance of the funds left in the account upon reemployment. For those receiving unemployment benefits at the time the account was established, the bonus is available if they start full-time employment within 13 weeks of the start of their unemployment benefits. For those who had exhausted benefits, the bonus is available if they start full-time employment within 13 weeks of the establishment of the account.

Substitute Bill Compared to Original Bill: The substitute adds references to the one-stop system and CTED's community-based programs. It also makes a technical correction and adds a savings clause.

Appropriation: None.

Fiscal Note: Requested on February 26, 2003.

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

Testimony For: This would set up the infrastructure to receive federal funds. This would be run by the state but the money would come from the federal government.

Testimony Against: None.

Testified: Senator Benton, prime sponsor.