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EMPLOYMENT SECURITY DEPARTMENT
STATE OF WASHINGTON

TRANSCRIPT OF PROCEEDINGS
of
PUBLIC MEETING ON SEAP RULES

Date and Location

June 14, 2012 Employment Security Department
Thursday, 10:00 a.m. Orca Conference Room
212 Maple Park
Olympia, Washington

BE IT REMEMBERED, that a rules public meeting was held on the date and location as set forth above. The Employment Security Department was represented by Mark Lambert, Alberto Isiordia, Lisa McCormick, Gary Kamimura, Yvonne Hogan, Candria Rauser and Juanita Myers, Rules Coordinator.

Reported by:
Cheryl A. Smith, CCR, CVR-M
(License #3017)

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Public Meeting on SEAP Rules, 6/14/12

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1 PROCEEDINGS

2

3 Welcome and Introductions

4

5 MS. MYERS: First off, I want to thank you for
6 attending. My name is Juanita Myers, and you've been
7 getting e-mails from me. I'm the rules coordinator for
8 the Unemployment Insurance Program.

9 We have a number of individuals here. The meeting is
10 being recorded so that we have it for our records, just to

11 let you know that.
12 I'm going to ask you to go around and do
13 introductions and ask you to spell your name so that we
14 have it correct in the written transcript. And let us
15 know who you represent as you go around. I'll do the
16 people in the room first, and then I'll do who's on the
17 phone.

18 Because there's so many people, when you speak, if
19 you could say your name again. If you could say, "This is
20 Jeff Levy. My comment is . . ." or just go on and talk.
21 But just say your name again each time before you speak so
22 that we have it for our records.

23 And we'll go ahead and do that. We want to start
24 here.

25 MR. KAMIMURA: Gary Kamimura, that's K-A-M-I-M-U-R-A,

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1 from the Work Source Standards and Integration Division of
2 Employment Security. I am the director of grants
3 administration.

4 MS. HOGAN: Yvonne Hogan, and that's Y-V-O-N-N-E,

5 H-O-G-A-N. And I'm with the UI Benefits and Policy

6 Administration.

7 MR. LAMBERT: Mark Lambert, M-A-R-K, L-A-M-B-E-R-T.

8 And I'm the SEAP manager for UI.

9 MS. RAUSER: Candria Rauser, C-A-N-D-R-I-A,

10 R-A-U-S-E-R. And I am the UI implementation manager.

11 MR. BRUMMEL: Jack Brummel, B-R-U-M-M-E-L, staff to

12 Senate Committee Services.

13 MS. LEMMONS: Teresa Lemmons, T-E-R-E-S-A,

14 L-E-M-M-O-N-S. I'm with the Washington State

15 Microenterprise Association.

16 MR. ISIORDIA: Alberto Isiordia. First name,

17 A-L-B-E-R-T-O; last name, I-S-I-O-R-D-I-A. And I work for

18 Work Source Standards Integration Division for Employment

19 Security, and I manage the Self-Employment Assistance

20 Program for providers.

21 MS. McCORMICK: Lisa McCormick, M-C-C-O-R-M-I-C-K.

22 I'm with the Work Source Integration Division of

23 Employment Security.

24 MR. MURROW: Daryl Murrow, M-U-R-R-O-W, Business

25 Training Connection, SEAP training provider.

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1 MS. BUCKLEY: Christine Buckley, B-U-C-K-L-E-Y. I'm
2 a provider with the South Sound Women's Business Center.

3 MR. LEVY: And I'm Jeff Levy, L-E-V-Y, with the
4 Entrepreneur Source. I'm a SEAP provider that focuses on
5 the franchise world.

6 MS. MYERS: Okay. If we can hear from who's on the
7 phone.

8 MS. SAGUIT: I'm Giselle Saguit, G-I-S-E-L-L-E,
9 S-A-G-U-I-T. I'm the program director of the Northwest
10 Washington Woman's Business Center here in Everett.

11 MR. McCAFFERTY: James McCafferty,
12 M-C-C-A-F-F-E-R-T-Y, and I'm with the Economic Development
13 Association of Skagit County.

14 MR. MONACELLI: Richard Monacelli, M-O-N-A-C-E-L-L-I.
15 I was with SBDC from 1984 through 2010 and then now a SEAP
16 provider under my own business which is Monacelli
17 Business Associates, MBA.

18 MS. MYERS: Anyone else? Okay.

19

20 Review Section 2 of SB 6289

21

22 MS. MYERS: Thank you for coming today. We really
23 appreciate your input into the development of these rules.

24 Actually, we're going to go discuss a little bit more than

25 the rules themselves today. I don't think there's going

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1 to be significant changes in the rules themselves, but we
2 wanted to let you know what we're doing to implement the
3 law as far as fulfilling the requirements of the statute.

4 So I'm going to walk through the statute very
5 briefly. You have a copy there, Senate Bill 6289, and
6 outlined the changes for us.

7 Previously, eligibility for the Self-Employment
8 Assistance Program, which I'll be calling SEAP, was
9 limited to people who were profiled as likely to exhaust
10 benefits. The statute expanded eligibility to people who
11 are potentially eligible for commissioner approved
12 training, and it requires notification to those
13 individuals about the potential eligibility for that
14 particular program. And I'm going over Section 2 of the
15 Bill right now.

16 The other change they made is it removed the
17 noncompete language that an employer -- excuse me -- the
18 individual going through SEAP can no longer compete with

19 their former employer. So that language has been removed,
20 although I believe we've only denied -- I was told by Ann
21 that we've only ever denied one or two people based on
22 that criteria, so it wasn't a significant factor in the
23 approval of training anyway.
24 Gary will talk a little later about Section 4, about
25 coordinating services between the Workforce Development

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1 Councils and the WIA, the Workforce Investment Act
2 funding.

3 MR. MONACELLI: Juanita, a point of law.

4 MS. MYERS: Yes.

5 MR. MONACELLI: With regard to noncompete clauses,
6 it's great that it's in the language here, but it would
7 not supersede a noncompete clause in an employment
8 contract. So if that was part of someone's employment
9 contract, that would still have to be upheld.

10 MS. MYERS: Okay. Yeah. That would probably be
11 looked into by the training provider because we wouldn't

12 necessarily know about it. It's not on the application
13 any longer, so we would not know about that noncompete
14 individual agreement at our level, at the level of the
15 staff who approve that. So it would have to be been taken
16 into consideration when the training plan is developed, or
17 if the training plan is developed.

18 MR. MONACELLI: I just wouldn't want to give our
19 participants a false sense of security.

20 MS. MYERS: Thank you for the information.

21 One thing the law talks about is how we notify
22 individuals who are potentially eligible for commissioner
23 approved training. The Department has made several -- is
24 making several efforts to make sure that people are
25 notified. You'll have a copy of a letter that says -- is

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1 titled -- the top says State of Washington Employment
2 Security Department Eligibility for Self-employment. That
3 letter is mailed to everybody -- every claimant who was
4 profiled at the time of application as likely to exhaust
5 benefits. When people apply for benefits, they're

6 assigned a profile score based on a number of factors
7 including their labor market area, their occupation, their
8 likelihood to draw benefits more than 13 weeks, a variety
9 of other factors. And then they're assigned a score. If
10 their score is under 30 --

11 MS. HOGAN: It's 32.

12 MS. MYERS: -- 32 right now, then the individuals are
13 deemed likely to exhaust benefits, and they will
14 automatically get this letter. They have been getting
15 this letter under the old statute too, so this is not a
16 change. This is a notification that we've been sending
17 out for a couple of years now.

18 What we do now, the law also makes people who are
19 potentially eligible for commissioner approved training
20 eligible for SEAP. The issue that came up is in the
21 notification requirements, we don't know at the time of
22 application if somebody's eligible for commissioner
23 approved training because we don't know what their
24 occupation is, we don't know anything about the individual
25 until they submit their application. So you don't want to

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1 wait until their application time because you want to
2 notify them ahead of time. So we've made a couple of
3 changes to notify people about the SEAP program.

4 MR. LEVY: The commissioner approved training, is
5 that the same application or is that a different
6 application?

7 MS. MYERS: On the application, when they get the
8 application for commissioner approved training, there's a
9 note there that says, "If you're interested in seeking
10 self-employment, there's a separate application to fill
11 out." And they're directed to do that and where to get
12 it.

13 You'll notice the next document I'm going to speak to
14 is something we call the Statement of Wages and Hours.
15 When everybody applies for unemployment benefits, whether
16 they're eligible or not, this statement goes out and tells
17 them how many wages they have that we're going to base
18 their claim on. At the bottom it will tell them how much
19 their weekly benefit amount is going to be. And in some
20 cases, of course, that's going to be zero because they
21 don't have enough wages and hours. But everybody gets
22 this application.

23 MR. BRUMMEL: Before we go off to the language in the
24 legislation, you said that at the time that people are
25 coming into the system, you don't know whether they're

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1 eligible for commissioner approved training or not.

2 MS. MYERS: That's correct.

3 MR. BRUMMEL: But the language is all individuals

4 eligible under the terms of 50.20.010. Isn't that

5 unemployment insurance benefits?

6 MS. MYERS: Let me look at the Bill again. Here it

7 is. Sorry.

8 MR. BRUMMEL: So is 010 just the statute related

9 to --

10 MS. MYERS: Right. That's who we -- yeah. Everybody

11 applying is eligible -- I mean not eligible, has to be

12 notified.

13 MR. BRUMMEL: So everybody who applies for benefits

14 has to be notified?

15 MS. MYERS: Yes.

16 MR. BRUMMEL: So I want to be clear on what your

17 process is. So that means that everybody who's eligible

18 for benefits is getting this letter.

19 MS. MYERS: No. This letter goes out to people.

20 There's a separable notification because there's two
21 eligible populations. We notify everybody because it's
22 not practical to send this letter to every single person
23 who applies for unemployment benefits.

24 MR. BRUMMEL: So what is the notification that goes
25 to everybody?

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1 MS. MYERS: That's what I was going to get to. It's
2 on the Statement of Wages and Hours. There's a brief
3 description on the back. This goes to everybody. Back in
4 the right-hand column there's a very brief description of
5 the self-employment program. And in addition, you'll see
6 a document that's just titled Self-Employment Assistance
7 Program. That is the language -- every claimant who
8 applies for unemployment benefits receives what we call a
9 -- we're changing the name to Claimant Handbook. But it
10 goes to every single person who applies for unemployment
11 benefits. And this language is in that booklet, and it,
12 again, describes the Self-Employment Assistance Program

13 and what they have to do to apply for it if they are
14 interested.

15 So that's how we notify everybody else eligible other
16 than the people profiled. Obviously, the people who are
17 profiled would get all three. They get the Statement of
18 Wages and Hours, the claims handbook, and the separate
19 letter. But as I said, it's not practical to send that
20 letter to everybody who applies for unemployment benefits
21 because in many cases, they're not going to be eligible
22 for commissioner approved training and aren't interested
23 in commissioner approved training. They just want
24 temporary unemployment benefits while they're looking for
25 new work. They're not interested in setting up their own

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1 business. But we provide as much notification as we can
2 for those.

3 And there is information on our Web site in addition
4 that somebody who is interested in training programs, if
5 they punch in "training programs," it will bring up
6 commissioner approved training, training benefits and the

7 Self-Employment Assistance Program. So they can find that
8 information also on our Web site.

9 MR. McCAFFERTY: Can I ask one question? Is there an
10 easy way for us to let someone know how to find out if
11 they're eligible or not when they ask that question?

12 MS. MYERS: To let them know whether they're eligible
13 or not? Well, on the Web site it tells them what the
14 criteria are with -- basic criteria, how to get an
15 application, but I think it gives them some basic
16 information, does it not, Mark, about who's eligible for
17 the program, that it has to be an eligible training
18 provider and so forth.

19 What we're going to clarify here in just a few
20 minutes when we get to the rules themselves is what
21 criteria we're going to establish. Because commissioner
22 approved training is basically intended for people who are
23 dislocated workers. They're unlikely to return to work in
24 their former occupation for whatever reason, their skill
25 set, the occupation that they're coming from is declining

1 in their area, that we have a population of individuals
2 who are potentially eligible for commissioner approved
3 training but may or may not be eligible for SEAP. There
4 are -- well, let's talk about the WAC's now at this point
5 and we'll go ahead and get into that discussion.

6

7 Discuss Proposed rule Changes

8

9 MS. MYERS: I sent out a copy of the WAC's that we
10 have in place now. And the first one, 192-200-010, we
11 don't anticipate making any changes to. All that
12 describes is that the Self-Employment Assistance Program
13 includes entrepreneurial training approved by the
14 commissioner, and that will allow the individual to become
15 self-employed. That's simply one of the definitions of
16 what "training" means.

17 The changes that we're looking at are coming in the
18 next WAC, 192-200-020. The statute says somebody
19 potentially eligible for CAT is eligible for SEAP, but we
20 have a couple criteria that we use when we approve CAT,
21 one of which is probably applicable and the other one is
22 not.

23 The first one is whether there's an oversupply of
24 qualified workers. And that speaks to the dislocated
25 worker requirement for commissioner approved training that

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1 they be coming basically from what we call a declining
2 occupation.

3 The next one, however, whether your employment
4 prospects and occupations in which you have training do
5 not exist or are substantially diminished in the labor
6 market, that's more difficult -- or actually would be very
7 difficult for us to apply to SEAP because people aren't
8 looking for jobs. They're not looking in occupations for
9 which there is likely to be demand. For example, somebody
10 wants to set up a business as running a souvenir shop. It
11 would be impossible for us to determine whether that's a
12 demand occupation because it's not a job, per se, within
13 the labor market.

14 So what we are looking at and what we would like to
15 propose here is that we only apply the first criteria to
16 SEAP, that they be coming from a declining occupation, but
17 we would not consider what they're going into. That would
18 be up to the training provider to determine whether that's
19 a training program to which the person is likely to be
20 successful. So we would amend the WAC to say the second

21 -- the (2)(f) on the WAC does not apply to SEAP so that
22 we don't try to force people into occupations -- so that
23 we don't force them to say, "You can train for a business,
24 but only if jobs in that business are available in the
25 labor market." Because then it's kind of -- it doesn't

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1 make sense in terms of setting up a business. Because,
2 obviously, if there's occupations available, then -- jobs
3 available, then probably the person wouldn't be pursuing
4 SEAP in many cases.

5 A lot of times people -- they might. Somebody's a
6 plumber and they want to set up -- which is a declining
7 occupation, and they want to set up their own plumbing
8 business. They may have more success in their own
9 plumbing business rather than trying to seek employment
10 through a business or so on. And we don't want to
11 discourage somebody from setting up a plumbing business.
12 And even though we would look at -- if we look at the
13 demand occupation for SEAP, we would say, "No, you can't

14 set up a business as a plumber because it's a declining
15 occupation. There's no reasonable likelihood of
16 employment in that area because of the labor market."

17 Yes?

18 MS. LEMMONS: Does that concept apply to (c) --
19 (2)(c) as well, whether the training relates to an
20 occupation or skill for which there are or expected to be
21 reasonable opportunities in the labor market in which you
22 intend to seek work? (C) and (f) seem to be fairly
23 similar in how they're --

24 MS. MYERS: Yeah. It would apply to both.

25 MS. LEMMONS: So you would leave that, in theory, to

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1 the training providers versus making an eligibility
2 judgment?

3 MS. MYERS: That's our proposal for the rules.

4 MS. LEMMONS: For both of those?

5 MS. MYERS: Yeah. And that's actually if you have
6 any input on whether you support those, that principle,
7 whether you think there's something else we should do,

8 that's, you know, part of the reason we're here today is
9 to discuss what your thoughts are or if there's something
10 better we could do.

11 MS. LEMMONS: Well, it seems -- I don't know if
12 you're accepting that comment now --

13 MS. MYERS: Sure.

14 MS. LEMMONS: -- but it seems reasonable, was the
15 question I had, is how does the Department determine these
16 things when it's related to self-employment and business
17 operation versus an employment labor issue? So I
18 appreciate you thinking that up and coming up with a
19 suggestion. I don't know how other providers might feel
20 about that.

21 MS. MYERS: Anyone? Suggestions?

22 MR. LEVY: I think the track you're on is the right
23 one. You really can't determine what the opportunity is.
24 It's really up to the person. If they can get proper
25 training, they may become a plumber, they may become a,

1 you know, whatever, they can enter a market that's either
2 growing or declining, but they still can be successful.
3 So you can't really evaluate that.

4 MS. MYERS: Right. And our thought had been that
5 decision is best made between the claimant and their
6 training provider. Because I imagine what the training
7 provider would look at, is that person likely to be
8 successful in whatever that they're training -- that
9 they're training them to do.

10 MR. MONACELLI: As a provider, I don't want to give
11 that information to somebody. I want to give them the
12 tools to be able to do their own market analysis with
13 demand -- regard to demand and competition and make a
14 determination for themselves whether they can carve out a
15 niche in that marketplace. Still, I don't think it's
16 really up to any of us to make that decision. We can
17 certainly bring the question to the participant and make
18 them take a good hard look at it, but that's kind of --
19 that's kind of the end game. It's up to them to make that
20 decision whether they're going to take the risk.

21 MS. MYERS: Okay. Good input.

22 MR. MURROW: I was just going to say I support your
23 decision and I agree exactly with what I heard. And the
24 last gentleman's comments, it is about assessing the
25 market potential, and that's the kind of conversations I

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1 have when individuals come into the training program.
2 People always ask me, "Is this a good business to get
3 into?" And my standard response is, "It depends on your
4 initial market analysis." So I work with them to help
5 give them those tools. But ultimately, the last gentleman
6 was right. The decision is up to them. So I completely
7 support where you're going with this.

8 MS. MYERS: Okay. If there are no more comments on
9 that one -- yes?

10 MS. LEMMONS: Before moving off of No. 2, also item
11 (e), whether you have the qualifications and aptitudes to
12 successfully complete such training, is that then
13 something that is an agency staff call? And if so, what
14 does that look like?

15 MS. MYERS: Technically, it's the final determination
16 that we look at that, but we generally, I mean, I think
17 almost always go by what the training provider says.
18 Because if the training provider and the claimant have
19 come up with a plan, then I'm assuming you've made some
20 kind of basic assessment. I know the comment I just heard
21 was that you don't -- the claimant is left to determine

22 what the market is, but wouldn't you make some kind of
23 assessment that the individual can even complete their
24 program?

25 MS. LEMMONS: Sure.

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1 MS. MYERS: And, Mark, am I correct that we would
2 generally go with that? Correct?

3 MR. LAMBERT: Exactly. Yes. When it pertains to
4 commissioner approved training that we have had in
5 existence, essentially where we see this coming up the
6 most in general is when we see people who have a problem
7 completing their training program after they've been
8 approved. This may come into play. But it's hardly ever
9 considered for denial because in most situations, we're
10 always allowing the discretion of the community college to
11 make the call on if the person's got the aptitude or not.
12 So it's very rare we ever deny under this situation. And
13 frankly, when it pertains to the SEAP, it's probably going
14 to be extremely rare that we ever use it for denial.

15 Because, once again, the assessment that the providers are
16 doing with the claimant, we're relying upon that. We
17 recognize that the provider's got a lot more means of
18 determining that than we do.

19 MS. MYERS: Right. We don't see the claimant. We're
20 looking at paper applications. And the training provider
21 has met with that particular claimant, come up with a
22 plan. And, again, as I said, I assume that you're making
23 some assessment of whether they can even complete the
24 program.

25 MS. LEMMONS: So in the process of this, really what

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1 the Department is looking at doing is handing the training
2 provider pretty much all of the components of No. 2? Is
3 that an accurate assessment? And are there documentations
4 and processes in place to coordinate that?

5 MS. MYERS: No. Basically, what comes in is on the
6 plan. I'm not that familiar with the application. Does
7 it ask on the application for the training provider to say
8 that the person has the aptitudes to complete?

9 MR. LAMBERT: I don't believe it is on the
10 application.

11 MS. MYERS: It is on the application?

12 MR. LAMBERT: Oh, is it on there now?

13 MS. MYERS: So we would look at whether the provider
14 signed it. And, as Mark said, if they signed it, I
15 imagine in 99.9 percent of the cases, that would be -- we
16 would take that as meeting the requirements of 2(e).

17 MR. LAMBERT: In this situation, there usually has to
18 be a flag that tells us there's some sort of problem with
19 this person going into this training program. And that
20 really never happens. In most situations, this isn't
21 going to happen unless we're looking at progress when a
22 person's coming in, a person's not doing well, which
23 really, with a SEAP program, is a little bit different
24 than what we normally have with a community college as far
25 as a regular certificate degree for a vocational training

2 more, you know, relying upon the provider to work with the
3 claimant. And, like I said, they're doing the assessment.
4 We really don't involve ourselves much with that.

5 MS. SMITH: I would like to know if you'd summarize
6 what you understand we just covered so that I'm clear
7 about what the proposed changes would be applying to.

8 MS. MYERS: Basically, for commissioner approved
9 training, they need to be coming from a declining
10 occupation because CAT is intended for basically people
11 who are dislocated workers. CAT also has a requirement
12 that they need to be going into occupations for which
13 there are reasonable job opportunities in their labor
14 market. We would retain the declining occupation aspect
15 of the rule for SEAP because, again, those are the people
16 eligible for CAT. But we would eliminate the requirement
17 that they be going into what we call a "demand
18 occupation." Because that's difficult, if not impossible,
19 for us to assess what that might be. In some cases, like
20 I said, as an example, someone setting up a souvenir shop.
21 You can't look at occupations in our labor market
22 information to say, "Is a souvenir shop owner a demand
23 occupation?" Or there may be people who are from a
24 declining occupation but have a reasonable opportunity of
25 setting up their own successful business. And as I said,

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1 that's like the plumber we talked about.

2 MS. SMITH: Forgive me. I got that part. I was just
3 referring to this Section 2, the part that we just talked
4 about. So what changes in Section 2 is the only thing I
5 was going to have you summarize. Sorry about that.

6 MS. MYERS: That's all right. I'm sorry. What I'm
7 seeing is the changes to (2)(c) and (2)(f).

8 MS. SMITH Thank you.

9 MS. MYERS: Unless we have any objections or other
10 concerns, and I believe most of the people here are
11 training providers except for Mr. Brummel.

12 Moving forward, (3) doesn't apply. That's just job
13 required training. (4) doesn't apply because we're
14 talking about academic training.

15 And (5) doesn't really apply because that's, again,
16 part of the assessment. People with physical or sensory
17 handicaps, we can waive the requirements. In the past
18 we've been able to waive the particular requirements.
19 They may not necessarily be coming from a declining
20 occupation, but because of their disability or handicap,
21 they are no longer likely to find work in their existing
22 occupation. So the occupation itself may not be

23 declining, but their ability to find work in that
24 occupation has declined because of an illness -- or
25 because of a disability, primarily. But that's not really

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1 going to change for SEAP.

2 Yes?

3 MS. LEMMONS: Can you explain to us why that would
4 not apply to SEAP?

5 MS. MYERS: What I meant to say is there's nothing
6 going to change for SEAP. The WAC, the (5) would remain
7 the same. So they may not be coming from a declining --
8 we are going to retain the declining occupation for (c),
9 but we could waive that in case of people with
10 disabilities so that they wouldn't have to meet that
11 requirement as far as declining occupation. We would look
12 at, say, they now become -- say, for example they've
13 become wheelchair-bound and they can no longer do their
14 occupation -- previous occupation. The occupation itself
15 isn't declining, but we can waive that requirement because

16 of their disability, because they're unlikely to find work
17 in their previous occupation. So that would be true for
18 both SEAP and commissioner approved training, that we
19 would waive those.

20 MS. LEMMONS: But the line right underneath it -- and
21 forgive me if I'm just being confused by this. It says,
22 "This section does not apply to training in a
23 self-employment assistant program."

24 MS. MYERS: Right. Because this section -- the
25 entire section was written before the law change. Before

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1 the law change, only profiled claimants were eligible for
2 benefits, and they didn't have to meet a declining
3 occupation and they didn't have to meet a demand
4 occupation requirement. The statute just said if their
5 profile was likely to exhaust. The law now says if
6 they're potentially eligible for CAT -- or, excuse me --
7 commissioner approved training. We call it CAT. They're
8 potentially eligible for CAT, then they are also eligible
9 for SEAP. And we have a rule here that says who we

10 consider eligible for CAT.

11 So we can't just give a blanket waiver anymore for
12 SEAP. We have to look at the criteria other people would
13 meet for CAT, but we are proposing still waiving the
14 demand occupation portion of the CAT approval process for
15 SEAP.

16 And, Ms. Smith, you look confused.

17 MS. SMITH: So those who might have been qualified
18 under your formula, likely to exhaust, would also now
19 still be able to be qualified. So those are still going
20 to happen. It's just that those that are leaving a
21 declining occupation would be able to use their CAT funds
22 for -- and also be eligible for SEAP.

23 MS. MYERS: Yes. It's not replacing the requirement.
24 There's two populations now: people profiled as likely to
25 exhaust regardless of the occupation they're coming from

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1 or going into, and people who are going -- who are
2 potentially eligible for CAT. So we're looking at saying

3 continuing the requirement that they be coming from a
4 declining occupation. Because, again, that's basically
5 the CAT statute, but waiving the requirement that they be
6 going into a demand occupation for SEAP only.

7 Yes?

8 MR. LEVY: For someone to be SEAP eligible or CAT
9 eligible, they still have to be eligible for unemployment
10 benefits and have to apply for that first.

11 MS. MYERS: Absolutely.

12 MR. LEVY: Where it gets a little confusing, we talk
13 about somebody with a disability because they probably
14 have other issues or other state-funded opportunities.

15 MS. MYERS: But they can still get unemployment
16 benefits. If they're able to work and looking for work,
17 or, in this case, looking for training to become
18 self-employed, then they're eligible for unemployment
19 benefits. We don't mark people off just because of a
20 disability. There are many people who are disabled who
21 have received unemployment benefits.

22 MR. LEVY: So our role would be to tell someone to
23 apply for your benefits --

24 MS. MYERS: Absolutely.

25 MR. LEVY: -- and if you get the SEAP letter, then if

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1 you want to apply, you then apply to that. If you don't
2 get any letter, then you can go to the Web site and
3 download the applications and then they'd be reviewed and
4 advised.

5 MS. MYERS: Yes. You can download the applications
6 on the Web site or you can go into your local Work Source
7 office and obtain a copy and obtain an application. So
8 what would be easiest for most people is probably just to
9 go to the Web site and download an application.

10 MR. McCAFFERTY: I'm going to repeat. Is there an
11 easier way for someone to find out they're going to be
12 eligible or not without going through the entire process
13 of getting an application, downloading it, meeting with a
14 training provider, having everyone do all the work, and
15 then have it go in and then be reviewed? Is there an
16 easier way that would be less work for everybody so that
17 you only get applications from people that are likely to
18 be qualified?

19 MS. MYERS: Well, I don't think so because it depends
20 on that individual. We would look at that individual's
21 circumstances, the occupation they came from, which they
22 may not know at the time they apply that we consider it a
23 declining occupation. They may be able to determine that

24 from their training provider. But I don't know that the
25 SEAP providers are as familiar as, for example, the

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1 community college in determining whether it's a demand
2 occupation -- excuse me -- a declining occupation.
3 Because it's based so much on the individual
4 circumstances, I don't think there's a simple way to tell
5 them up front whether they're eligible or not.

6 MR. McCAFFERTY: Because, you know, when you deny
7 someone, it creates a whole 'nother hurdle of paperwork on
8 both ends. That's why I was trying to see if there's a
9 way that streamlines that a little bit so that you don't
10 create that work on both sides of the fence.

11 MS. MYERS: And I can't think of one.

12 MR. McCAFFERTY: Okay. All right.

13 MS. MYERS: You had a question?

14 MS. SMITH: So the reason why we're looking at the
15 CAT and the SEAP is CAT has funding attached if they
16 qualify and could possibly -- no?

17 MS. MYERS: No.

18 MS. SMITH: So if a person has -- so this does not

19 apply for training accounts?

20 MR. KAMIMURA: That would be the WIA part that we'll

21 talk to Section 4 later.

22 MS. SMITH: So it's completely separate.

23 MR. KAMIMURA: CAT is about a designation that allows

24 you to look for -- enter training without the work search

25 requirements. You get a waiver of those.

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1 MS. MYERS: It doesn't pay for training -- or books

2 or anything like that. It simply --

3 MS. SMITH: It just allows you to go through

4 self-employment without having to do the other

5 work-related search requirements that you would otherwise

6 have to do if you were just getting unemployment.

7 MS. MYERS: Yes.

8 MS. SMITH: And then the SEAP has to do with their

9 ability to keep getting their unemployment while they get

10 their self-employment training.

11 MS. MYERS: Yes.

12 MS. SMITH: Okay. Thank you.

13 MS. MYERS: Is there another question over here?

14 MR. LAMBERT: I've got a question. I'm not sure if

15 it's helpful or not, but just going through the process

16 when somebody applies for unemployment insurance, they

17 apply for unemployment insurance, have a valid claim.

18 When they file their first week, then they get the profile

19 score, and that determines whether or not they're going to

20 get that letter. If they don't get that -- if they do get

21 the letter, then we know that as long as they meet the

22 criteria of the provider, then we're in good shape. But

23 you have to complete the application process, the SEAP

24 application, get a formal determination from us.

25 If they don't get that letter because their profile

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1 score wasn't high enough or no profile score at all, then

2 they have the ability to go through by completing the SEAP

3 application anyways and then getting a formal

4 determination that way. That's kind of the little branch.
5 Their profile score meets criteria, then they get the SEAP
6 letter, can apply that way. If not, they apply on their
7 own SEAP application, again, same SEAP application that's
8 been revised, and then they can appeal the decision if we
9 deny them.

10 MS. MYERS: Thank you.

11 MS. SMITH: And those are for those who get that SEAP
12 letter first.

13 MR. LAMBERT: Those who get the SEAP letter --

14 MS. SMITH: Automatically.

15 MR. LAMBERT: What that means is that -- it means
16 that they have a profile score, and it means that as long
17 as they are enrolled with an approved provider and
18 program, then they will meet the criteria.

19 MS. SMITH: And if they don't get a letter, then they
20 can apply for SEAP eligibility.

21 MR. LAMBERT: Right. Using the same application.

22 MS. SMITH: And that decision is based on?

23 MS. MYERS: Again, our proposal is based on declining
24 occupation but not -- but we won't look at the occupation
25 they're going into. We'll use the other same criteria,

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1 did you sign off that they have the assessment -- excuse
2 me -- the skills to complete the training. But basically,
3 I think it's going to be a fairly simple application for
4 SEAP participants. We will just look at the occupation
5 they're coming from, not what they're going into. It's
6 not an occupation, per se. It's a business.

7 MR. LEVY: How long will it take, Mark, when someone
8 doesn't get the SEAP letter but they do go through the
9 submitting the application? What can we tell people the
10 reasonable expectation would be for a response?

11 MR. LAMBERT: Jeff, that's a good question. I think
12 that it seems like it depends a lot about how that
13 claimant works with the provider and the time they were
14 just spending on that. Once they -- and when they give it
15 to us. When they give it to us, typically, we can resolve
16 it within a few days. That course changes.

17 So a lot of it, we just determine -- we rely upon
18 them working with the provider and how long that takes,
19 their assessment. I mean, I believe from my knowledge is
20 that it seems like different providers have different ways
21 of assessing and different time frames for doing that, it
22 seems like. So I can't help more than that.

23 MR. LEVY: That's great. But from when you get it,
24 it's a reasonably short period of time.

25 MR. LAMBERT: It is. Our goal is to resolve it

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1 within three days, ideally within the same day. But, you
2 know, don't hold me to that all the time. That's our
3 goal.

4 MS. SMITH: Do you know the proportion of people on
5 unemployment now who are coming from declining
6 occupations? Is that a larger number? Is that a small
7 percentage?

8 MS. MYERS: No, we don't. We could get you stats on
9 how many people have applied for CAT, but we don't track
10 whether they're coming from a declining occupation, just
11 when they apply for unemployment benefits. We don't do
12 that kind of cross match. We ask them what their latest
13 job has been, but we don't do a cross match to say whether
14 that's a declining occupation.

15 MS. SMITH: So would construction, for example, be a
16 declining occupation?

17 MS. MYERS: Probably most of the fields are. We

18 would look them up by plumber, electrical worker,
19 ironworker, that type of thing. At this point, probably
20 they're a declining occupation. But, again, we would have
21 to look at the specific job.

22 And I heard somebody on the phone?

23 MR. MONACELLI: Yeah. I was just wondering about the
24 whole concept here. Because if we don't have any data
25 that supports where a declining occupation is, is it a

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1 reasonable question to ask in the first place? We're in a
2 recession. One could argue that all occupations are
3 declining, and nobody has any data to cross reference it.
4 So isn't this a stupid question?

5 MR. KAMIMURA: We do have labor market information
6 that we produce on a regular basis, and we, in fact, have
7 it in both what we call a declining, stable and growing
8 demand. And all of our staff use that as a reference
9 point. I think what Juanita was mentioning is that when
10 an individual applies for unemployment insurance benefits
11 and articulates his or her occupation and dislocation, we

12 don't, as a routine practice, then consult the demand
13 decline stable list to determine what bucket it fits into.
14 It's just simply information in that regard on their
15 application. So that's why we don't have that statistic.
16 But there are, in fact, demand decline lists that we use
17 not only for commissioner approved training, but I believe
18 the community colleges use it for their worker retraining
19 program. And the Workforce Investment Act program, which
20 we'll talk about in a bit as it relates to this, also uses
21 that for their training accounts.

22 MS. SMITH: What is the purpose of it? Is there a
23 need to have that be a limitation?

24 MR. KAMIMURA: I don't want to speak for my UI
25 colleagues, but I think essentially the concept is when an

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1 individual is receiving unemployment insurance benefits,
2 you know, that the goal really is to get individuals back
3 to work. And if, in fact, an individual has been
4 dislocated for no fault of their own from, let's say, a

5 grocery store, and we know that, as an occupation, grocery
6 retail salespeople in a grocery industry are hiring, we
7 would think there's a reasonable expectation that person
8 should be able to secure similar work in that field again
9 and not have to get a waiver if they're looking for work
10 to go into training because they should be able to become
11 re-employed. I mean, is that a fair assessment?

12 MS. MYERS: Yes. That's a good assessment.
13 Basically, as I said before, commissioner approved
14 training is intended for people who are, to use the term
15 roughly, dislocated workers.

16 MR. KAMIMURA: They're unlikely to return to the same
17 occupation typically because it's downsizing,
18 restructured, and simply there are no, for all intents and
19 purposes, opportunities to become re-employed in that same
20 field.

21 MS. MYERS: And the reason we don't do it at the time
22 they apply, look at whether they're in a declining demand
23 occupation, is it doesn't become an issue unless they
24 apply for training. People may be coming from all kinds
25 of occupations when they apply for benefits. They may be

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1 laid off as a nurse at a particular hospital, but there's
2 a demand for nurses in that community. So we don't care
3 about their occupation for people in general until the
4 point that they apply for training.

5 MR. LEVY: I thought that part of the scoring that's
6 done for people that do get the letter includes an
7 analysis of the industry they're in and the level that
8 they had. So I think it actually is being done at least
9 as the SEAP paperwork goes out.

10 MS. MYERS: It's part of the scoring. It's not the
11 only scoring. There's other factors taken into account.
12 But you're right. The occupation is one of the factors in
13 assigning the SEAP score. So to a certain extent, a
14 declining occupation bears on both the CAT approval
15 portion and the people who are profiled.

16 MS. BUCKLEY: As a provider, we actually use that
17 data in our training. So we take our clients to the Work
18 Source Web site. But that's part of their market
19 analysis, and it's not part of their approval into our
20 program. So that is what our training provides. And so
21 we let them find that out for themselves and, again, make
22 the decision whether or not -- taking all factors into
23 account whether their business idea will be viable.

24 MS. MYERS: And so what I'm hearing here is not to
25 put in the rule that the training provider looks at the

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1 assessment of the demand, that that's something left to
2 the claimant.

3 MS. BUCKLEY: Right. And it's part of the training.
4 So it's part of the business plan writing. And that
5 develops over the course of the workshop -- or the
6 training.

7 MR. BRUMMEL: I was just curious about whether there
8 were any other portions of the rules that you're thinking
9 might need change.

10 MS. MYERS: Yes. On page 3, who's eligible to
11 participate in the Self-Employment Assistance Program.
12 That's limited to SEAP-profiled claimants. And we'll need
13 to expand that to cover people potentially eligible for
14 CAT and probably refer them back to the WAC we just
15 discussed as to what they have to do to be eligible. But
16 this rule has to be modified because it limits eligibility
17 to profiled claimants. So this WAC will need to be
18 amended to basically cover what we've just discussed as

19 far as the other rule. It may just reference back to that
20 other rule.

21 MS. SMITH: So a person who's on unemployment who has
22 not received a letter from SEAP and is not necessarily
23 eligible under the commissioner approved -- they're not
24 necessarily leaving a declining occupation, they would
25 apply to be eligible for SEAP.

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1 MS. MYERS: But they would probably be denied because
2 they're not coming from a declining occupation. They're
3 not a dislocated worker.

4 MR. KAMIMURA: Or in that case, maybe they didn't
5 have the proper qualifying score which is why they didn't
6 get the letter.

7 MS. SMITH: Right. So what's awkward for me is that
8 the people getting a score, the score has absolutely no
9 relation to their capacity, their experience, their
10 potential or relevancy for self-employment. And there are
11 those who are on unemployment who or infinitely capable of
12 self-employment, have the experience, have the tenacity to

13 complete a program and are the perfect self-employment
14 candidate, but they cannot get eligibility under SEAP.
15 And for me, that's a disconnect. I'm wondering if there's
16 any possible way for us to align those two challenging
17 situations so that the people who are oriented, able,
18 inclined for self-employment can actually get the benefit
19 under SEAP.

20 MS. MYERS: And that has to do with -- probably not
21 unless we look at their declining occupation. Because the
22 statute limits eligibility for the Self-Employment
23 Assistance Program to profiled claimants and to claimants
24 potentially eligible for CAT. It doesn't have a provision
25 for people who are not dislocated or they're coming from a

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1 demand occupation to be -- they're not CAT ineligible. So
2 there's really no provision in the statute for just
3 anybody to go into SEAP.

4 MR. KAMIMURA: I guess I would hearken back to the
5 comment I made earlier. And I think part of the alignment

6 issue you're describing, Lisa, does, in fact, come back
7 down to the genesis of this program in unemployment
8 insurance, again, with the expectation -- I think the
9 individuals you're describing as being potentially very
10 viable candidates for self-employment, I'll call them the
11 best and the brightest, are probably the most employable
12 as well. So if they happen to be unemployed and on
13 unemployment insurance, they're probably also very
14 employable, likely to find employment.

15 So, again, remember, the claimant's score -- profile
16 score that is a qualifying score is for an individual who
17 is likely to exhaust. What that really translates into, I
18 mean, you're likely to exhaust because of a number of
19 reasons that probably work against you in the labor
20 market. You are not likely to become employed. That's
21 why you would exhaust. This is an opportunity to give
22 individuals who might otherwise use up a lot of their
23 unemployment insurance benefits and then exhaust and still
24 not have a job have an alternative to that outcome.

25 So, again, recognizing it may not be hitting the

1 cohort that I think you're identifying, and it's a fair
2 point, but I think because this is an unemployment
3 insurance-based program, I mean, that's a consideration
4 that the Department has to make. And I think that's a
5 consideration that the Department of Labor would expect us
6 to make.

7 MS. MYERS: And the same thing happens for people who
8 apply to go to school. They may be successful in their
9 previous job and there's a demand for that job, but they
10 want to change careers. That's not the intent of -- and
11 they have a good potential of succeeding in that training
12 program and being retrained into that new career, but
13 that's not the intent of the unemployment insurance
14 program is to retrain people who are otherwise
15 unemployable into another occupation or to set up their
16 own business.

17 MR. MONACELLI: Let me provide this as an analogy to
18 an existing business. You never want to tell a customer
19 "no." So if ESD doesn't have a place for these people to
20 go within the CAT or SEAP programs, this is a great
21 opportunity as a trigger to, say, a referral to SBDC where
22 they can get free entrepreneurial services available to
23 them. And SPBD's have the highest return on investment of
24 any training and entrepreneurial program in the country.
25 So we should automatically have a trigger so we don't tell

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1 the people "no." We say, "Here's an option that would
2 work better for you."

3 MR. LAMBERT: This is helpful. It may be or it may
4 not be, but when you're looking at the way unemployment
5 insurance is designed, of course, you've got, you know,
6 the way -- the reason why a person has a claim is because
7 they were working in covered employment. So in a way, if
8 you have those people who are considered to be employable,
9 they look for full-time work in hopes to find another job.
10 Those that we can scan or by a process of profile scoring
11 in this, determine that they are unlikely to return back
12 to work, need retraining, we help them find the training
13 path. But really, as far as the person is required to be
14 actively seeking full-time work in order to qualify for
15 those benefits.

16 So I think that if -- Richard, if I'm not mistaken, I
17 think your idea is to take those people who would not
18 qualify for the SEAP program but be classified as
19 employable and direct them into a process of SEAP -- or of

20 self-employment somehow. Am I wrong?

21 MR. MONACELLI: Well, what I'm looking at is
22 providing a source of referrals and resources so that if
23 they are denied access to CAT or SEAP, we've got someplace
24 else that they can go to look. And I think SBDC should be
25 in that short list of resources that are available to

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1 them. And if our trigger is, no, we cannot allow you into
2 that program, I think it should automatically trigger
3 providing them with resources to be able to have choices
4 to move on.

5 MR. LEVY: But would not a -- I mean, I'm a SEAP
6 provider, but I would work with someone whether they're in
7 SEAP or not. So I would wonder -- I mean, the benefit of
8 the SEAP is the cash flow while they're starting the
9 business, but that can even be a separate issue from
10 training someone who may not qualify for one of these
11 programs. We can either continue to help them ourselves
12 or, in some cases, supplement it with a score or SBDC.

13 I'm a little concerned, though, about the fact that

14 if someone starts a business and is not eligible for work
15 and they're not on SEAP, that may present a problem for
16 them a little later down the road.

17 MR. LAMBERT: I agree. I think -- and I don't know
18 if -- I think with the issue is that we see, and maybe
19 you're looking at a way to kind of work through it, is
20 that we don't want to jeopardize, of course, the
21 claimant's eligibility for benefits. I think that's one
22 of the issues that, you know, if the person is not -- does
23 not maintain their active search for full-time work and
24 the availability for full-time work, then they're
25 jeopardizing their UI benefits. And, of course, if they

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1 do qualify, then we know that they get the benefits and
2 also can go to SEAP process and SEAP program. And so
3 that's the fine line, I think, is that if you're -- it
4 doesn't mean that you couldn't get process where you're
5 able to direct people who don't qualify through a
6 different path. It's just that in the interest of the

7 Department, we want to make sure those people aren't
8 jeopardizing their eligibility for benefits.

9 MS. MYERS: Right. If we denied them SEAP, they can
10 go through another path. But if they're not available for
11 full-time work, they're not going to get unemployment
12 benefits regardless of what other path they may follow.

13 MR. MONACELLI: But, see, SBDC and SCORE would not
14 jeopardize if they're looking for full-time work. Those
15 are counseling services that are relatively limited high
16 impact that there's no reason why it would jeopardize
17 their UI benefits at all.

18 MS. MYERS: And I'm not that familiar with the SBDC.
19 And so, yeah. If it's limited to counseling, then you're
20 right. It would be unlikely to impact their eligibility
21 for benefits as long as they remained eligible --
22 available for work in their customary occupation for all
23 customary hours.

24 MR. KAMIMURA: I think that would be, I think, the
25 only thing that the Department would have to think through

1 very carefully, and that is if we are the messenger for
2 that particular referral, if you will, for individuals who
3 do not otherwise qualify for our SEAP program is to
4 hopefully not make the connection in the participant's
5 mind or claimant's mind that because I've been referred to
6 a self-employment assistance program or counseling or what
7 have you, that that somehow in itself waives my
8 work-search requirement. Like Mark said, it's a fine
9 line, and we want to make sure we don't do anything as an
10 agency to jeopardize a person's unemployment insurance
11 status even if it's inadvertent because it's just not a
12 path, again, we want to go. So, Rich, point well taken.

13 But if it is, in fact, Employment Security that's
14 making that referral for somebody, we need to be very
15 careful that we're not setting an unintended additional
16 message that isn't accurate and then folks think, Oh,
17 Employment Security directed me to this program. I guess
18 I can go in that program and I don't have to look for work
19 anymore. We wouldn't want that to happen.

20 MR. MONACELLI: We would simply make that point in
21 that communication, you know, "Here are the circumstances
22 that you need to maintain in order to continue getting
23 your UI benefits. That said, here are some resources you
24 can access." Get it all done at once. It's one
25 paragraph.

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1 MS. MYERS: So what I'm hearing you suggest is when
2 we send out a letter denying their eligibility for SEAP,
3 that we include something in there about referral to
4 possibly other services, but that it doesn't waive their
5 work search.

6 MR. MONACELLI: Right. So a denial triggers a
7 resource letter.

8 MS. MYERS: We'd have to look at that to see if there
9 would be additional programming required. But we'll
10 certainly look at it. It's a good suggestion, I think.

11 MR. McCAFFERTY: I just want to caution you that
12 you're talking about a statewide letter, and those
13 resources are going to vary by community.

14 MS. MYERS: That's true.

15 MR. McCAFFERTY: That's part of my normal drill when
16 I work with a -- someone comes in to talk about
17 programming, if they have a nonqualifying score, that's
18 part of that whole conversation. Here's a different way
19 this could play out, and then directing them to resources
20 that are going to be a best match for them based on what's

21 available to them rather than just a generic "here's a
22 couple resources that may or may not be available in your
23 particular community."

24 MR. LEVY: I think we just need to be a little
25 careful there. Because, again, I would imagine that SEAP

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1 providers are also providers of entrepreneurial training
2 whether that person is getting SEAP benefits or not. So
3 if we, again, deliver a message that if you're turned down
4 by SEAP, you now have to go searching for other people, I
5 think first they should talk to whoever they contacted
6 initially and said, "Can I still get training from you,
7 you or you without the SEAP benefits?" And, of course,
8 then they have to understand that at some point, if they
9 start a business and get a business license, if they are
10 not eligible for work and they still have to do their job
11 search, that their benefits may stop.

12 But again, I don't think -- I mean, if someone came
13 to me, as many people do, if they're not eligible for
14 SEAP, I'm still trying to help them because I've been

15 doing the same work for seven years before SEAP came into
16 existence. So I'm a little concerned about pushing people
17 away just because they don't get a SEAP letter. I don't
18 know if other people have that concern.

19 MS. SMITH: I agree. We serve people whether or not
20 they're SEAP eligible, and we meet with a lot of
21 frustration. And I don't know how many -- 50,000 people
22 received a SEAP letter?

23 MR. KAMIMURA: More than that over the course of the
24 program.

25 MS. SMITH: Or just even the last year. So 180,000

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1 people received the letter, but a handful actually was
2 able to access the resources.

3 So I'm looking at the legislative intent, and I'm
4 looking at the people who received the letter who may or
5 may not be interested or capable or eligible, and then the
6 incredible number of people that we've served that are on
7 unemployment, would be perfect candidates, on unemployment

8 but have to do all the things you're suggesting: look for
9 a job, do all that the -- you know, overcome the already
10 very high barriers to start a business.

11 So I'm just -- I'm just wanting to say that, and I'll
12 leave it there. It's a conundrum.

13 MS. MYERS: Yes, it is. Thank you.

14 The next rule we're looking at we will need to change
15 is on the middle of page 4, 192-200-050. Obviously, we
16 need to delete (3) which says that they will not compete
17 with their former employer. The other pieces do apply.

18 The next WAC, I don't believe there is any change.

19 (2) comes into question sometimes where people
20 complete their training program, they're completely done
21 and they want to set up their own -- they're setting up
22 their own business but they're not getting any training
23 anymore or counseling or whatever it is from their
24 training provider and they still want to draw unemployment
25 benefits because they're out of training, they've

2 they want to continue drawing unemployment benefits.
3 Which, again, is a conundrum because they've set up their
4 own business. But if they're no longer in training,
5 that's simply -- it's a Federal eligibility requirement to
6 say they be available and actively seeking full-time work.

7 MS. LEMMONS: (1) under that WAC, just for
8 clarification purposes -- the 192-200-055, (1), Any
9 remuneration you receive while enrolled in a
10 self-employment assistance training program will be
11 deducted from your weekly benefit amount as required in
12 the RCW, just for a quick -- I don't mean to belabor this,
13 but can you define the monetary -- I can't even get it out
14 of my mouth right now. Anyway, can you define what that
15 means? In the form of what? If it's self-employment
16 income, are you also asking for a net? Is this reportable
17 by the providers?

18 MS. MYERS: It's reportable by the claimant when they
19 file their weekly claim. And we're looking for net income
20 for self-employment, are we not? Yes. Net income for
21 self-employment. So while they're setting up their
22 business, they start drawing an income from that business,
23 again, assuming they're still in training, that they've
24 started drawing an income, they do need to report that
25 income. It's not a dollar-for-dollar reduction, of

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1 course. We take off the first \$5, then it's 75 percent of
2 the remainder. But it's net income. It's done by the
3 claimant when they file their claim. We ask them did they
4 have any earnings during that week.

5 MR. LEVY: Can I just ask for further clarification?

6 Is it -- when someone says "net income," that has a
7 different meaning to me. Is it W-2 income meaning that
8 they actually are filing a W-2 tax return for that income?
9 Where it becomes a little confusing is if someone invests,
10 let's say, \$100,000 to start a business, for example, the
11 way that's typically done is if they make that investment,
12 they start paying themselves back their investment, but
13 it's not income.

14 So, again, I don't want to get too technical on the
15 accounting side, but I think there has to be a better
16 definition of what income really is. And I would suggest
17 that maybe we look at W-2 income, that it's reportable as
18 a clarification.

19 MR. MONACELLI: We would probably want to go to
20 Schedule C, which is Profit or Loss from Business. And
21 that would include depreciation on investment. So the

22 Schedule C rather than the W-2. The W-2 is more of an
23 employment or contract form, but you want a Schedule C
24 which is the Profit or Loss from Business. And that will
25 determine taxable income.

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1 MS. SMITH: You can't know that until the end of the
2 year. And often there are investments early on or later
3 on in the year that will absolutely affect that net income
4 which can't be really determined on a weekly basis.

5 MR. MONACELLI: Actually, as part of our program we
6 do a monthly cash flow statement and ongoing P&L and
7 balance sheets, so we know that information at the end of
8 every month.

9 MS. SMITH: Yes. But it doesn't consider investment
10 at the end of the year or at any other time of the year in
11 that particular month.

12 MR. MONACELLI: Yeah, it does. A P&L does. Because
13 what you're doing is you're depreciating or amortizing
14 your investment. So it absolutely includes a business
15 expense.

16 MR. LEVY: I don't know if we can resolve this here,
17 but maybe something just to look at. Because I think it's
18 a little confusing as to how is income going to be
19 measured.

20 MR. MONACELLI: Well, and this takes us back to
21 page 3, what are the self-employment impacts, wage and
22 salary outcomes, benefit outcomes, so on and so forth.
23 And since 85 percent or more of these are going to be sole
24 proprietors or single owner LLC's, they don't have wages
25 or salary. And so that's not something that's going to be

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1 trackable.

2 The other thing is, do we have any leverage to
3 require our participants to provide that information?
4 Because most small businesses are really wary of providing
5 that kind of information. We may need to get that off the
6 Department of Revenue's stuff through the UBI.

7 MS. SMITH: Could you site the WAC you're referring
8 to, please.

9 MR. MONACELLI: I'm looking at our page 3 here which
10 is (3). And there are four components: the
11 self-employment impact, wage and salary outcomes, benefit
12 payment outcomes and a cost benefit analysis. And I think
13 all of those really need some scrutiny because I think
14 we're asking the wrong questions there.

15 MR. KAMIMURA: I believe Rich is referring to the
16 study that is due to the Legislature in 2015, I believe,
17 per the State statute in the Bill. So 6289.

18 MR. MONACELLI: Gary, no. I'm looking at the
19 documents that we have been addressing. It's page 3 of
20 the document, Section 3.

21 MS. SMITH: Section 3 of what -- of what WAC? Which
22 one?

23 MS. MYERS: Of the RCW? Of the Bill?

24 MR. MONACELLI: The one -- the document we've just
25 been going through.

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1 MS. SMITH: Is it WAC No. 192 -- 192 what?

2 MR. MONACELLI: Well, what I have here is on page 3,

3 it says Section 3, 2007, 248 --

4 MS. LEMMONS: You're on the legislation.

5 MR. KAMIMURA: Rich, you might be on the document

6 that Juanita began speaking to at the beginning of the

7 session, but we've moved on to another document. So I see

8 what you're referencing. It's actually in the Bill, and

9 it's the study, the information that we're supposed to

10 present to the Legislature. But we're not doing that

11 right now.

12 MR. MONACELLI: I think this is the most critical

13 part of our discussion because we need to be gathering

14 data from both the participants and from the SEAP

15 providers in order to get the Legislature the kind of

16 impact information that they're looking for. So I think

17 it's really incumbent upon us to tear this apart and find

18 out exactly how we're going to gather this data and

19 provide it as a final report.

20 MR. KAMIMURA: Rich, I guess what I can tell you at

21 this point without going into an awful lot of detail is

22 that the Employment Security implementation workgroup for

23 this Bill is, in fact, working with our labor market

24 branch, and they're the lead on this particular study.

25 They are certainly looking at, I think, all the options

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1 and ways of gathering data, what the sources might be,
2 whether it's from administrative records from our agency
3 or the Department of Revenue as well as information that
4 would be gathered directly from participants through
5 surveys and whatnot. So, again, we're hoping that we
6 certainly can address all of these issues through those
7 means. But as was mentioned, that report is certainly not
8 something we've designed and is nailed down at this point.
9 But we do have those discussions under way.

10 MR. MONACELLI: How do we access that group to be
11 able to provide input?

12 MS. MYERS: Somebody contacted me, and I'm sorry if
13 I'm wrong if you were not the one, and asked to have
14 input. And I referred your name to Cynthia -- or that
15 person's name to Cynthia Forland.

16 MR. MONACELLI: We've been in communication.

17 MS. MYERS: You've been in communication. And she's
18 the one in charge overall of the study. And so she would
19 be the one that you would refer your concerns, interests,
20 et cetera, regarding the content of the study and how the
21 study is set up. She's the appropriate person for that.

22 MR. MONACELLI: Okay. Great. Thanks.

23 MR. McCAFFERTY: A couple years ago I asked an income
24 reporting question. And it was explained to me by someone
25 there, I don't remember who now, that it was on a net

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1 profit basis much like a Schedule C. And we worked with
2 the customers that came through on how to do that every
3 week, on how to keep running totals of their initial
4 investment, defray the initial investments by initial
5 income until they get to a net profit. Now, that's how
6 we've been doing it this whole time because that's what we
7 were told to teach people. But evidently, not everyone's
8 doing it the same way. So maybe just an SOP on how to
9 transfer that information to the claimant so they
10 understand how to do it.

11 MS. MYERS: So what I'm hearing is that it may be
12 beneficial to clarify in the WAC what we mean by -- what
13 we mean by remuneration.

14 MR. McCAFFERTY: Right. Because I was told very
15 clearly it was net -- which surprised me that it was net
16 profit. And I'm like, great.

17 And that's actually pretty easy to teach people how
18 to do. It's a combination of the Schedule C and a profit
19 and loss. And you're just teaching them how to do that.
20 And it's been -- actually, people have learned really well
21 from that how to manage their business.

22 MS. MYERS: Thank you.

23 On page 5, 192-200-060, what happens if I don't
24 satisfactorily participate. I don't see any changes to
25 that one. If you notify us that they're not participating

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1 in their training program, we'll notify you that you're no
2 longer eligible for SEAP. And if you've been removed from
3 the program, you won't to be able to re-enroll during your
4 current benefit year. So basically, that's are they
5 participating, and if they have a history of not
6 participating, we won't re-enroll them during that
7 particular claim.

8 Yes?

9 MR. LEVY: Should there be exceptions to that based

10 on illness or something beyond their control? I mean
11 there are circumstances that come up where someone just
12 has to stop where I think it's sort of a heavy penalty
13 that they cannot re-enroll at some point.

14 MR. LAMBERT: Jeff, in regards to progress, we look
15 at what the school determines is making -- if the person
16 is making good progress or not. So the school determines
17 that. So we look at what you're considering the person to
18 be doing and as far as there are modifications and such.
19 And so when there's extenuating circumstances when
20 somebody's not doing well and they submit a modification
21 because they want to withdraw from training for a while
22 and go back into training, it's looked at on a
23 case-by-case situation.

24 MS. MYERS: 192-180-060 I simply included here. We,
25 at this point, don't anticipate any changes to it, but

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1 this is how we set up the profile model. These are the
2 factors we look at when -- or how we apply the profile
3 model to particular claimants. We aren't looking at any

4 particular changes at this time, but it was just included

5 as informational.

6 MR. LEVY: So the claimant will know what their total

7 benefits are when they get this statement?

8 MS. MYERS: Absolutely.

9 MR. LEVY: Is there a reasonableness that those 73

10 weeks will be in place through 2015 when this program's --

11 MS. MYERS: Unlikely. It's unlikely. Anything can

12 happen with Congress. Right now the emergency

13 unemployment, as I told you, extended benefits have

14 already ended in this state. And they won't go up until

15 we have a -- unless we have a significant increase in our

16 unemployment rate because it looks at -- it has to be 110

17 percent of the previous two years. And because we've been

18 so high for two years, we'd have to go substantially up.

19 So we don't look like -- it doesn't look like we're going

20 to go into extended benefits which would give you up to 13

21 or 20 weeks, depending on what that unemployment rate is.

22 The emergency unemployment compensation is scheduled

23 to end at the end of December of this year. So unless

24 Congress extends it, it will end and we will be back down

25 to a maximum of 26 weeks.

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1 So, again, right now it's early -- relatively early
2 in the year. Conversations about extending unemployment
3 benefits at the Federal level have tended to be delayed
4 until almost the last minute when they're running out.
5 But at this point, we haven't heard any conversation about
6 extensions. So that will depend on Congress, maybe who
7 wins the elections. And it will probably depend on what
8 the unemployment rate nationwide is at that time.

9 That's what I had to go over with the rules, and I
10 really appreciate your input because I see a number of
11 changes we need to make that we probably didn't think of.
12 I'd like to ask Gary now to talk a little bit about
13 Section 4 of the legislation and what -- yes?

14 MS. SMITH: Can I just say, so there's no changes to
15 the modeling?

16 MS. MYERS: Not at this point. We don't anticipate
17 any.

18 MS. SMITH: And is there any opportunity for changes
19 to the modeling?

20 MS. MYERS: If you have suggestions, I'm willing to
21 hear them. It's a major computer reprogramming effort.
22 But if there's things you would like to suggest, you can
23 either give them to me here or send them to me afterwards

24 and we'll look at it. I don't know when -- I don't have
25 any idea if they even have on their plate --

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1 MR. KAMIMURA: It's a resource issue like anything
2 else.

3 MS. SMITH: I guess I'm just curious if the Agency or
4 the Department is doing anything to -- like just out of
5 curiosity, out of the total number of recipients of the
6 SEAP letter, how many actually applied for SEAP and went
7 into an eligible training program. Just out of curiosity.

8 MR. KAMIMURA: Just basic statistics like that? I
9 think Alberto could provide that.

10 MR. ISIODIA: We have those available. I mean, I'd
11 like to say that it hovers at about close to 2 percent
12 take-up rate. And we can provide you that data.

13 MS. SMITH: So if it's a 2 percent take-up rate, is
14 it reasonable to examine the criteria so that the uptake
15 rate increases or there is some kind of balance or a way
16 for there to be a better -- I don't know. I'm wondering
17 about whether or not -- whether or not the analysis is

18 effective if there's only 2 percent taking advantage.

19 MS. MYERS: And the profile score is used for more
20 than just SEAP. It's used for determining what kind of
21 emphasis we place on their re-employment services when we
22 call them in, that type of thing. So it's broader than
23 just SEAP, so tinkering with it for just SEAP would have
24 impacts on other areas, probably the broader population of
25 people who are eligible for re-employment services.

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1 MR. LEVY: What's -- oh, dealing with the Federal
2 mandate here.

3 MS. MYERS: Yes.

4 MR. KAMIMURA: We are.

5 MS. MYERS: We are.

6 MR. LEVY: So the criteria has to comply with the
7 Federal requirements.

8 MS. MYERS: Yes.

9 MS. SMITH: But it could be -- could the letter --
10 could the letter be changed or enhanced so that the

11 information is more accessible or digestible? I've talked
12 to people who -- no. Didn't even know. Just didn't know
13 how to understand the language. So it didn't occur to
14 them to apply.

15 MR. KAMIMURA: I think that would be -- if there are
16 suggestions to make on a more user-friendly -- I think
17 that's great. We would love to hear those suggestions. I
18 think we tried that once. If it's your observation that
19 it wasn't -- it still wasn't as user-friendly as it could
20 be and you have suggestions, I think we would welcome
21 those.

22 MS. MYERS: Yes.

23 MS. SMITH: I just want to be able to feel -- have
24 the experience of having this program be successful. And
25 2 percent after how many years? Six years or four?

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1 MR. KAMIMURA: '08, I think.

2 MS. SMITH: So after four years, only 2 percent is --
3 maybe that's good. Is that a good rate?

4 MR. LAMBERT: You know, just kind of shooting from

5 the hip a little bit, it seems like we're getting more
6 participation than originally thought, if I'm not
7 mistaken. I want to make sure that I know what the
8 concern is as well. Your concern is essentially that
9 those who get the letters, of the amount of people who get
10 the letters, not very many of them are actually going
11 through the SEAP process, right?

12 MS. SMITH: That's one part. And then those who are
13 getting the letter are not probably the best eligible for
14 self-employment.

15 MR. LAMBERT: And it seems like, without looking at
16 the whole world, whole perspective, from my perspective
17 with the work with adjudication, it seems like for us a
18 pretty easy process for them to get involved in this
19 program. It's very simple for us. I mean, they've got a
20 profile score or now it's the CAT approvable and they
21 complete this application for approved provider and they
22 ran it. So the barriers, I'm kind of curious, you think
23 the letter is a barrier, possibly?

24 MS. SMITH: I don't know.

25 MR. LAMBERT: Just trying to find the barriers of the

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1 process.

2 MS. SMITH: Have you looked at the barriers? Have
3 you done a kind of study or analysis?

4 MR. KAMIMURA: I don't know that we've -- probably
5 because we're not self-employment experts. We probably --
6 as you're posing the question, is 2 percent sufficient, I
7 guess I might probably ask you more than Employment
8 Security because I don't know that I would have an opinion
9 as to whether that -- I don't know what sufficient looks
10 like, I guess.

11 MR. LEVY: I think it may be misleading to look at
12 500,000 letters going out, 2 percent joining without
13 looking at what is the unemployment rate and what
14 percentage of people that start self-employment are
15 compared to the people that are unemployed. So I think a
16 lot of those folks actually get jobs. They get the letter
17 but they get jobs. So I think we have to -- if those
18 statistics are going to be important, we have to really
19 look at them in other comparisons than just how many
20 letters go out.

21 MS. SMITH: Thank you.

22 MS. MYERS: We do have an exhaustion rate which has
23 gone up with the economy the way it has. But the
24 exhaustion rate used to be only about 14 percent or

25 something like that. So the vast majority of people who

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1 applied for benefits got jobs and were probably not
2 interested in setting up their own business because that's
3 a major commitment of time and effort, money and so on.
4 But we certainly want not to have any barriers to people
5 signing up for this program or knowing about this program.

6 So if you think this letter can be better written, we
7 really welcome your suggestions. We tried to rewrite it
8 as easily as we could, but absolutely, we welcome your
9 suggestions.

10 MS. SMITH: Thank you.

11

12 Review Section 4 of SB 6289

13

14 MR. KAMIMURA: As Juanita mentioned, I'd just like to
15 walk you through what Employment Security and its
16 Workforce counseling partners have been doing with respect
17 to implementing Section 4 of the Bill.

18 So up to now you've been hearing, essentially, about

19 the Self-Employment Assistance Program, the unemployment
20 insurance-based program that was modified through Senate
21 Bill 6289. Section 4 is actually new. It is not related
22 to the Self-Employment Assistance Program. It is not
23 related to the Unemployment Insurance Program. It is
24 directed toward the State's Federal Workforce Investment
25 Act activities here in Washington.

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1 The Bill directs Employment Security to work, as I
2 mentioned, with our 12 local Workforce Development
3 Councils around the state to expand self-employment
4 training opportunities here in the state. For those of
5 you who are not familiar with the Federal Workforce
6 Investment Act, it's a program that provides funds for
7 re-employment as well as training and support services for
8 individuals in essentially three buckets: youth, adult and
9 dislocated workers.

10 For the purposes of the Workforce Investment Act,
11 self-employment training, as an actual allowed activity,

12 is only applicable to the adult and dislocated worker
13 population. So for the purposes of this Bill and
14 implementing this particular section, you will not hear me
15 reference our youth program because, again, that's not
16 considered an allowable activity for the youth program.

17 So as we, Employment Security, interpreted the Bill,
18 Section 4, it essentially has four directives or mandates
19 -- excuse me. Make that three directives or mandates.
20 One is to inform all WIA eligible participants of the
21 availability of self-employment assistance and training in
22 their area.

23 Two is to establish and implement a plan. And this
24 is a subject directed at our Workforce Development
25 Councils to establish and implement a plan for spending

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1 Workforce Investment Act funds on self-employment training
2 at a rate commensurate with either the demand for such
3 training in the local area, or the rate of self-employment
4 in the area.

5 And then finally, third, to ensure that there are a

6 sufficient number of self-employment training providers on
7 the State's eligible training provider list to meet the
8 demand for self-employment service, and that that process,
9 the process of getting on the eligible training provider
10 list is efficient. And at this juncture, I would cite the
11 role of the Workforce Training and Education Coordinating
12 Board, because although they were not mentioned in the
13 Bill language, it is actually the Workforce Board that
14 manages the State's eligible training provider list.

15 And another caveat I would probably make at this
16 point is, for those of you who are training providers and
17 are engaged on the Self-Employment Assistance Program's
18 training provider list, that is separate and distinct from
19 the eligible training provider list that I've just cited
20 right now under the Workforce Board. It's not that a
21 provider can't be on both. They are two separate lists.
22 So for those of you who are on one and maybe not on the
23 other, there is a process. And we'll talk about that a
24 little bit in a minute.

25 So those are the three mandates under the Bill,

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1 Section 4. So to the extent that we had to, as the
2 Employment Security Department, oversee and administer the
3 implementation of this particular language or State
4 statute, we engaged our local Workforce Development
5 Councils, we engaged our providers, stakeholders, the
6 Workforce Board and others in the development of a new
7 Workforce Investment Act State policy related to
8 self-employment training.

9 I don't know if everyone on the call or here in this
10 room has seen that policy. I know we shared it with the
11 Washington State Microenterprise Association, but I can
12 share it again. And certainly we have your contact
13 information. I can send out a link. It's all on our
14 State accessible Web site at this point. But it is a new
15 WIA policy, and I believe it's in one of the handouts that
16 you have available.

17 MS. MYERS: Yes. And I actually e-mailed it to
18 everybody who was invited to the meeting.

19 MR. KAMIMURA: So you have it. Great. Thank you.

20 So essentially, you can tell from the policy how we
21 went about trying to operationalize, if you will, the
22 requirements of the new State statute. The policy was
23 issued on May 29th and it went into effect on June 7th, so
24 it is, as we speak, a Workforce Investment Act State
25 policy. And we are expecting that all of our Workforce

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1 Development Councils are conforming to that new policy,
2 and we will have monitoring to make sure that they are
3 doing that.

4 But one thing I wanted to point out, and I didn't
5 bring all the accompanying documents that support the
6 policy, but they are available as links when you go and
7 look at the document online. Toward the point about
8 informing all eligible participants about the availability
9 of self-employment assistance training, that is the one
10 part of the mandate that we, as Employment Security,
11 couldn't directly control because that's WIA local
12 activity. So what we do in the policy is essentially say,
13 "You are required to do 'this.'" So that's the what.
14 And we are really, essentially, leaving it up to the
15 Workforce Development Councils to determine the how.

16 We did have a Webinar to introduce this policy to our
17 partners in the field and made suggestions for how they
18 might want to do that. In our mind, probably the easiest
19 way to do that is to basically create a document, probably

20 a page that includes not only the self-employment or
21 entrepreneurial training providers that are currently on
22 the eligible training provider list, but we have also
23 encouraged them to make contact with those of you in the
24 area who are also on the Self-Employment Assistance
25 Program's training provider list to try to encourage them,

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1 if they're not already on the other, to get on the other
2 by contacting the Workforce Board. And, again, there's a
3 process there that the Workforce Board can walk folks
4 through.

5 And beyond that, again, it's not just about
6 self-employment training but also assistance. So to the
7 extent I know there are SBDC's, chambers, SCORE chapters
8 that might be able to provide technical assistance that is
9 separate and distinct from training itself, we thought
10 that would be good for local areas to include those
11 entities on their handouts as well if they chose to go
12 that route.

13 For areas that choose to do more of a verbal
14 communication of this information, again, this is where
15 our monitoring comes into play. As a WIA provider, we do
16 -- excuse me -- oversee, we do monitor our local
17 Workforce Development Councils for compliance with WIA
18 policies, and this is now policy. So we've informed them
19 that what we would do when we go on-site is one of two
20 things. If they have a documentation notification type of
21 process, we will want to see the documentation that they
22 hand out to make sure that it conforms with the
23 expectation. If they have a verbal process, we will
24 actually observe the exchange between the WIA case manager
25 and the participant to make sure that this information is,

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1 in fact, communicated, and communicated in a way that
2 meets the intent of the policy. So that's No. 1.

3 With respect to establishing and implementing a plan
4 for expending WIA funds on this type of training, we, as
5 you may know, have a couple of options to peg that
6 expenditure rate. One, as I mentioned, was the rate of

7 self-employment demand in the local area. The other is
8 the rate of self-employment in the area.

9 So with respect to the latter, you may know there are
10 some Federal sources that express the rate of
11 self-employment usually through a survey-based instrument
12 in a local area. Well, actually, I should say usually,
13 typically, at least at the State level, our experience in
14 researching in trying to implement this Bill, at least
15 that component of the Bill, was that it was -- it could be
16 challenging for a local area to find out if there's
17 actually -- for example, I'm thinking about Lisa's area,
18 Pacific Mountain Workforce Development area, a five-county
19 area, is there a ready source that shows for that
20 five-county area what the rate of self-employment is. So
21 that may or may not be something that folks can get
22 readily.

23 But for the first part, which is the rate of
24 self-employment demand, what we chose as somewhat of a
25 proxy for that was the Self-Employment Assistance Program

1 information. So we know, as we talked about the data, how
2 many individuals apply for Self-Employment Assistance
3 Program. So we took that as our demand. And, again, the
4 rate, the sort of the end -- or excuse me. That would be
5 the numerator. The denominator was really how many
6 letters went out. So that's your universe. And then the
7 numerator became those who applied, whether they were
8 accepted into the program or not. Because just the mere
9 fact that they applied for the program expresses to us
10 demand. So it wasn't just those who got into the program.
11 It was whether you applied, whether you're approved,
12 denied or, in the staff we call "cleared," we counted you
13 as part of that demand. And to that end, we were able to
14 -- because we had that information by county, we were able
15 to define by Workforce Development area what that rate of
16 self-employment demand was. And we chose to use a -- was
17 it a calendar year approach for that?

18 MR. LAMBERT: Yes, we did.

19 MR. KAMIMURA: So every year the area will get a new
20 data set against which they can use, if they choose to use
21 that approach. We've given other options. They could use
22 a methodology that they come up with themselves that might
23 be related to Workforce Investment Act demand. But we
24 want it to be pretty robust, so we reserve the right to
25 review their methodology to see if, in fact, it meets sort

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1 of that test of demand overall rather than just, for
2 example, those who are proof of the program. Because
3 there are, at current, probably very few individuals in
4 entrepreneurial training under the WIA program.

5 I know some areas we just count those who have an
6 ITA, an individual training account. We know that's not
7 going to work because you may have seen 50 people and said
8 "no" to 49, and now you have 1 in the program. We didn't
9 want to see 1 as your demand. We needed to see a very
10 sort of rigorous way of capturing the full demand for the
11 program. So until someone can show us that type of
12 information, we're recommending that they use the SEAP
13 data as the default.

14 MR. BRUMMEL: So I really appreciate the Department's
15 struggling with this issue of how to get demand. And I
16 think what the Bill does is it sort of sets a floor and,
17 perhaps, a ceiling for the range of demand in an area. So
18 when you -- I understand the use of SEAP data for the
19 first go-around because you don't have people responding
20 to the WIA notification yet. But once you've got a year's

21 worth of notifying people of their eligibility, it seems
22 that your demand number for the first aspect of this would
23 be the number of people that say they want self-employment
24 training.

25 MR. KAMIMURA: Whether they received it or not.

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1 MR. BRUMMEL: You wouldn't have to use SEAP anymore
2 as the proxy for that. Good information, you know, but --

3 MR. KAMIMURA: They could use it. They could use it,
4 but they wouldn't have to.

5 MR. BRUMMEL: Well, once you got people to say --
6 once you got, you know, 3 percent responding to the
7 opportunity under WIA, you would want your local numbers
8 to reflect that 3 percent demand, right? If it's .5
9 percent under SEAP --

10 MR. ISIODIA: I think we would weigh that very
11 heavily, obviously. And that's why we established
12 initially, as you mentioned, the floor is the SEAP data
13 because that's the best data we have. But you're right.

14 WIA has its own eligibility process. And if we are now,
15 after a year, able to collect data on the demand for WIA,
16 we would weigh that.

17 MR. BRUMMEL: You wouldn't use SEAP as a proxy
18 anymore.

19 The second thing is the ceiling. So my understanding
20 in talking with your staff is that you do have data by
21 county on the rate of self-employment by county within the
22 state. I think somebody told me that in some places it's
23 -- I'm going to get this wrong, but I thought it was like
24 as high as 40 percent of self-employment in some rural
25 counties. Am I correct about that?

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1 MR. KAMIMURA: No. I think what we saw in our
2 research was certainly, I think, whether it was a census,
3 American Community Survey, I think maybe the Bureau of
4 Labor Statistics -- I don't think the Department of Labor
5 -- excuse me. I don't know if BEA had anything. But at
6 least sort of the standard Federally recognized data
7 sources, I think there were by and large state rates, so

8 you can find out for Washington generally. I think in
9 some metropolitan areas, and I think that's why King
10 County, I think we were able to find maybe Seattle/King
11 County because that's considered a metropolitan area. We
12 were able to find a rate for them. I don't know that we
13 were able, for example, for like Eastern Washington, which
14 is a Workforce Development area of 10 or 11 counties north
15 and south of Spokane, I don't know that we were ever able
16 to find something that definitive or even for all 10 of
17 the counties that make up that WDA. But certainly, if
18 that's available, I mean, I think we would like to know.
19 Because I don't think we were successful in trying to get
20 that.

21 MR. BRUMMEL: Yeah. I thought that that -- I forget
22 who it was that I talked to on your staff, and I think I
23 actually might have looked this up. So there is data.
24 And it turns out that in rural areas, the amount of
25 self-employment is higher than in urban areas. And the

1 number can be quite high. And so that's another number
2 that you would want to be looking at if we've got people
3 coming in the WIA system that you're trying to train. And
4 your market shows, because 40 percent of the people are
5 self-employed, that self-employment is one of the more
6 realistic potential ways of earning income, then you would
7 want to have the amount of training you're doing related
8 to self-employment to be much higher in that area in order
9 to sort of be consistent with that local market. So
10 that's one piece.

11 The other piece is with using the data that you've
12 got, of course, you can take the population of each county
13 and take the rate in each county and use the data to come
14 up with an average for the five-county area, Pacific
15 Mountain, et cetera.

16 So I understand it may be difficult because that's
17 not readily available, but it's just a math problem to
18 come up with a number for any given area.

19 So it seems to me that, as you move forward with this
20 data issue, that you've got a suggestion for a proxy using
21 SEAP that should work for the first year. I don't think
22 you want to use that for subsequent years as long as
23 you're convinced, as a department looking at your
24 Workforce Development Councils, that they are actually
25 doing that which they're charged with, which was making

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1 sure that everybody understands that type of training is
2 available for them.

3 And then the other thing -- piece of that, I think,
4 is going to be problematic is in some of the Workforce
5 Development areas, there may not be a lot of existing
6 training. I mean, you and I have had conversations, Gary,
7 about sort of the dearth of certified trainers in some
8 areas.

9 MR. KAMIMURA: In rural areas, in particular.

10 MR. BRUMMEL: Yeah. And I don't have a solution or a
11 suggestion even for a solution to that problem. But I
12 think on the data stuff, you're going to be -- want to be
13 flexible as you move forward with this, use the best
14 numbers you can come up with now. But at some point, I
15 think that the SEAP data is not really going to be
16 reflective of the true demand in an area.

17 MR. KAMIMURA: You know, I think there might be a --
18 and thanks for the comments. The SEAP data, we're going
19 to take a look at that, though, still because with
20 expanded eligibility for SEAP, I mean, you're going to get
21 numbers well beyond just those who are profiled if you

22 have essentially the entire -- almost, for all intents and
23 purposes, you know, at least from a notification
24 standpoint in the wage and earnings statement for
25 virtually every UI claimant will at least be made aware of

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1 the program. And, of course, there's that secondary --
2 what's the word? Screening, if you will, for those who
3 are coming from a dislocated -- an occupation decline.
4 But, I mean, I think that set of data also becomes more
5 robust in terms of the numbers.

6 MR. BRUMMEL: I see your point.

7 MR. KAMIMURA: But you're right. Same for the
8 Workforce Investment Act data. I mean, as eligible
9 individuals are informed of the option, they will -- and
10 that's the universe of the folks we're looking at. So as
11 long as we know that the local area is employing a pretty
12 robust way of counting that -- and that's the tricky part,
13 I think, for Employment Security is we don't have a
14 universal way -- at least not that I can think of now, and

15 maybe there is. It would take some thought to capture at
16 the local level anything other than those who are actually
17 enrolled into an entrepreneurial training program as we
18 speak into our SKIES management information system.

19 So if you're an individual who expresses an interest
20 but for some reason during the course of that screening,
21 discussion, eligibility discussion gets steered towards
22 something else more traditional or maybe not enrolled at
23 all, we don't capture that in SKIES that, you know, that
24 this person was denied. It just doesn't exist in the
25 data. It's something that only the local folks have

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1 knowledge of. So until -- that's the trick of that part,
2 whereas in SEAP, when you apply, even if you're denied, we
3 still have your number. We know you were interested.
4 Even if you didn't get in, you count as part of the
5 demand.

6 MR. LEVY: Just some clarifying questions. I sort of
7 lost a little bit of it. Is what you're talking about the
8 commissioner approved training? So the WIA is different

9 than commissioner approved training? Could you clarify

10 that?

11 MR. KAMIMURA: Well, commissioner approved training,

12 again, is for those individuals who are on unemployment

13 insurance, and that just gives you the opportunity, if

14 you're approved, under CAT to participate in training

15 without the work-search requirement. Now, Workforce

16 Investment Act is a totally separate program. It's not

17 connected to the unemployment insurance.

18 MR. LEVY: That was the second part of my question.

19 So when someone applies for unemployment, does that

20 also trigger the WIA?

21 MR. KAMIMURA: It does not necessarily. It may in

22 the case of a dislocated worker, in other words, a

23 dislocated worker component of the Workforce Investment

24 Act. So if you -- by and large, if you are a dislocated

25 worker, you are probably an unemployment insurance

2 worker apply for unemployment insurance benefits. In
3 fact, there are individuals who don't, for whatever
4 reason, even though they probably qualify.

5 MR. LEVY: So how would someone evaluate what the
6 available funds are of WIA benefits if it's separate from
7 unemployment? In other words, so let's say if I felt I
8 was a candidate for WIA and I filled out the right
9 application, so it's not connected to my unemployment
10 benefits?

11 MR. KAMIMURA: It is not.

12 MR. LEVY: And how -- what kind of a period would I
13 expect to collect benefits? How do I know the value of
14 those benefits?

15 MR. BRUMMEL: The benefits are training benefits.

16 MR. LEVY: So they're paid to the provider.

17 MR. KAMIMURA: It's a training voucher. It is paid
18 to the -- so, for example, if I am a dislocated worker and
19 I am determined eligible for WIA-funded training
20 assistance, I -- the case manager under WIA will work with
21 a training provider. It might be a community college, it
22 might be Microenterprise Associations, someone like Lisa.
23 Lisa is on the list, I thought.

24 MS. SMITH: We're on the list. We've been on the
25 list since '09, and we have not had one training -- person

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1 come with a training account to our program.

2 MR. KAMIMURA: It could be a private career school.

3 It could be an apprenticeship program. There are a number

4 of entities that qualify as eligible training providers

5 for WIA vouchers.

6 But an agreement we made with the training provider

7 -- and, again, WIA doesn't necessarily cover the whole

8 cost of training. They will work with the school to see

9 if there are other things like Pell grants or financial

10 aid, if there are worker retraining funds available. They

11 will make sure that -- WIA wants to be -- by Federal

12 design is supposed to be the funder of last resort. I

13 mean, it's the last piece of the puzzle. So we try to

14 make sure that we leverage other sources, if at all

15 possible. That's not always possible, but when it is,

16 there are other funds in play.

17 And then WIA will also provide support services to

18 individuals who are training. So if you need assistance

19 for tools or supplies for your course, books, gas vouchers

20 for transportation, clothing -- work-related clothing,

21 we'll pay for those things as well.

22 MS. SMITH: However, if someone comes in in March or

23 July or September --

24 MR. KAMIMURA: Before -- or after an enrollment

25 period.

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1 MS. SMITH: Yeah. There may or may not be any

2 training dollars available.

3 MR. KAMIMURA: It depends. Sure. Like many Federal

4 -- or, I suppose, even State training resources, it's

5 limited. And there is always more demand for the funds

6 than there is availability. And WIA is no different in

7 that regard. So I think many areas try to put at least a

8 cap, if you will, on the maximum amount of that training

9 voucher just to try to make those funds spread out. But I

10 don't think there are any areas that have said, "Gee, we

11 just don't have any money -- too much money. We can't

12 spend it."

13 MS. MYERS: I don't want to interfere too much with a

14 valuable conversation, but we only have this room for ten

15 more minutes.

16 MS. SMITH: What was the second part of your --

17 MR. KAMIMURA: I was just going to mention with
18 respect to the planning that we have, as part of our
19 regular annual formula grant process, we ask our local
20 Workforce Development Councils to tell us by quarter how
21 many individuals they plan to enroll in training.

22 So to track this information, we've asked them, as a
23 breakout, to tell us how many individuals they expect to
24 enroll in entrepreneurial training by quarter over the
25 grant period, and then to monitor, both in terms of

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1 participants and expenditures. And they have sort of that
2 target based on the SEAP data as a share of their overall
3 adult allotment.

4 And then to track that, we quarterly require them to
5 tell us what they've expended in terms of WIA funds. And
6 we've done a break out there as well to direct them to
7 tell us by quarter what amount of funds they expended on
8 entrepreneurial training so we can then see did they --
9 did they actually, in terms of their activity, match up

10 with their plan. And if not, we circle back to them, just
11 like we would on any other formula grant monies, and ask
12 them, "Gee, you said you were going to do 'this.' You did
13 'that.' Tell us why and what are you going to do to
14 correct that if, in fact, it's a deficiency."

15 MS. SMITH: Have they all submitted plans so far?

16 MR. KAMIMURA: They're in the process. The grant
17 packages went out last week for the money that will become
18 effective July 1 through June 30th, and so we will get
19 those back soon.

20 MS. SMITH: And that range or that suggestion will be
21 based on the rate of self-employment demand and --

22 MR. KAMIMURA: As a floor. They can go higher.

23 MS. SMITH: As a floor.

24 And then the other part is the -- is what? So their
25 projection for the number of people who they have a plan

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1 to provide WIA dollars for will be based on demand, and
2 what was that second part?

3 MR. KAMIMURA: Well, I think the other thing is what
4 they expect in terms of the fact they now have to inform
5 all participants of the option for self-employment
6 training. We expect that that will generate some demand
7 that maybe they didn't see before.

8 MS. SMITH: That will be the ceiling.

9 MR. KAMIMURA: They should consider that as part of
10 what they think they're going to get in terms of interest
11 in the program and, you know, of course, using their
12 experience in terms of, you know, what -- as Jack was
13 mentioning, you know, what is their eligible training
14 provider eligibility.

15 And with that third part being very important in
16 terms of that whole availability and sufficiency because,
17 again, they may not have a lot of providers currently, but
18 we have put them sort of on notice that the law has the
19 expectation that they will work with their local
20 community, they have business members on their boards,
21 they know about chambers, they know about SBDC, SCORE. So
22 we've advised them that they need to really beat the bush
23 to try to identify your organizations, people like
24 yourselves if you're not already -- and to try to
25 encourage you to get on the ETPL. They can't require

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1 anyone to do that, but knowing that, if you do want to
2 serve an individual with WIA funds, you have to be on the
3 ETPL in order to get that voucher.

4 MS. SMITH: And if they're already on the list, they
5 would have a way for informing the potential --

6 MR. KAMIMURA: That should be part of number one,
7 part of the information they give to people.

8 MS. SMITH: Great.

9 MR. KAMIMURA: Other questions?

10 MS. LEMMONS: So just a quick comment about the rate
11 of demand using SEAP information. Is the Department
12 considering utilizing those applications that are denied
13 as part of that?

14 MR. KAMIMURA: They are counted. In fact, they were
15 in the current count.

16 MS. SMITH: And would that also include applicants
17 who were not initially SEAP eligible but want to be SEAP
18 eligible? Because that is an indication of demand.

19 MR. KAMIMURA: An appeal, you mean?

20 MS. SMITH: No. Let's say I never received a SEAP
21 letter, but I hear about it and I really want to do it.
22 Would my application number configure in that demand
23 portion?

24 MR. KAMIMURA: If you had an application -- and I'm
25 going to turn to Mark a little bit. So if you had an

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1 application and, I guess, it was denied because maybe they
2 determined you didn't have a qualifying score but you
3 were --

4 MS. SMITH: You never had -- yeah.

5 MR. KAMIMURA: I think -- would that be in the
6 cleared? Would that be a number that shows up in the
7 cleared category?

8 MR. LAMBERT: They'd be either the denied -- they'd
9 be in the denied category.

10 MR. KAMIMURA: Then we pick that up in denied.

11 MS. SMITH: So if you never got a letter and you want
12 to apply for SEAP, that would be -- that person would be
13 included in that count.

14 MR. LAMBERT: If you applied, we got it counted.

15 MR. KAMIMURA: We include those who were approved,
16 those who were denied for whatever reason, and then those

17 who were cleared. And in the cleared, my understanding,
18 it might be an individual, for example, who maybe applied,
19 was approved, never actually showed up, maybe follow
20 through potentially or maybe their application is kind of
21 in a hearing process, maybe.

22 MR. LAMBERT: Clears can be somewhat of a -- it's
23 really an irrelevant number. There's lots of reasons that
24 there are issues. Sometimes it could be it was set --
25 duplicate. So it could be just one person's already been

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1 counted.

2 MR. KAMIMURA: We even count them, so I guess we're
3 double counting in some cases.

4 MR. LAMBERT: But if we have single listings for
5 anybody who's applied for the SEAP program, letter denied,
6 it doesn't make a difference. We've got it counted.

7 MS. SMITH: That's very helpful. Thank you.

8

9 Rule-Making Process: What's Next

10

11 MS. MYERS: Okay. Well, the next steps are we're
12 going to take back your comments on the rule changes and
13 incorporate those into a draft that we will send to you to
14 take a look at. Once we get your input on those, make any
15 changes based on what your input is, we will send them out
16 to the larger stakeholder group. We have a very large
17 list of people who have identified themselves as
18 interested in general rules for the Department. This
19 population who is attending here and on the phone are
20 those who said, "I'm interested in the SEAP rules."

21 So we'll send them out first to you to look at, make
22 any changes based on your input, and then send them out to
23 the larger group for input. And then assuming what the
24 outcome of -- well, based on the final outcome, we will
25 file for a public hearing. There's an opportunity for a

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1 public hearing at which anybody can submit comments on the
2 proposed rules before they're finally adopted.

3 So it's a multistep process to get input from the

4 public before final rules are adopted. We may wait for
5 the transcript from this hearing to go through and get all
6 the details that I may not have been able to capture in my
7 notes, but hopefully, within a couple weeks you'll have a
8 draft of rules to look at.

9 MS. SMITH: Thank you very much.

10 MS. MYERS: And I hope this was helpful.

11 MR. LEVY: It was great.

12 MS. MYERS: And I thank you for attending.

13 (Whereupon, proceedings
14 adjourned at 12:00 p.m.)

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1 CERTIFICATE

2

3 STATE OF WASHINGTON)

) ss.

4 County of Pierce)

5

6 I, Cheryl A. Smith, a Certified Court Reporter in and
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7

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