

SB 461 Helps Low-income Workers Gain Job Skills, Strengthens Oregon's Workforce

SB 461 would help low-wage workers upgrade their skills so they can get a higher-paying or more stable job. It lifts restrictions on very low-wage workers who are trying to enter or complete a job training program while they collect unemployment benefits.

The Problem: The rules hinder workers pursuing job training

A period of unemployment offers some workers the opportunity to gain new skills through job training. Such experiences give workers the chance to move into higher-paying, more stable work. Workers — particularly those at the lowest end of the wage scale — are more likely to enter and complete training programs if they have the partial wage support offered by unemployment benefits.

Under current law, a laid-off worker who begins a training program while collecting benefits must take a job if it is offered, even if it means cutting short the training. The rules also don't allow a low-wage worker to collect unemployment benefits if he or she voluntarily leaves a job to enter a training program.

The Fix: Let the lowest-wage workers participate in approved job training

SB 461 would allow low-wage workers (those earning less than 110 percent of the minimum wage, \$9.24 per hour in 2009) to receive unemployment benefits while they participate in approved job training programs, even if they quit their job voluntarily to enter the training program or refuse a job that is offered while in the training program. Essentially, the bill allows participation in work training programs in lieu of job search requirements.

Not all job training programs would qualify. For a worker to continue to receive unemployment, the training program would have to prepare him or her for a position in a "high-demand" or "high-wage" occupation, as defined by the Employment Department and used with other workforce programs.¹ On-the-job training could substitute for a formal training program under certain conditions. The bill would not provide subsidies for training and in general would not include programs leading to or requiring baccalaureate or higher degrees.

The federal stimulus bill, the American Recovery and Reinvestment Act of 2009, provides incentive funds for states to improve their unemployment insurance systems.² If Oregon adopts an "alternative base period" as set forth in SB 462, the state would gain an estimated \$91 million.³ These additional federal funds could be used to defer some of the additional costs associated with implementation of SB 461 as well as other modernization efforts.

The Benefits: Create opportunity for low-wage workers, strengthen Oregon's workforce

Oregon's Employment Department estimates that SB 461 would allow about 4,000 additional Oregon workers to receive unemployment benefits each year.⁴ Investing in a better trained, skilled workforce would benefit the state economy in the long run.

Endnotes

¹ The Oregon Employment Department's definitions of high-wage and high-demand occupations, along with regional lists of occupations, expected openings and median wages, are available at www.qualityinfo.org/olmisj/PubReader?itemid=00005527.

² See Status of Appropriations Legislation for Fiscal Year 2009, American Recovery and Reinvestment Act of 2009, bill text div. B, title II, section 2003, "Special transfers for unemployment compensation modernization," available at www.thomas.gov/home/approp/app09.html#h1.

³ The American Recovery and Reinvestment Act of 2009 (HR 1) provides Oregon an estimated \$6 million for administration of unemployment insurance programs; if Oregon implements an alternative base period, it will get an additional \$85 million to be used for unemployment insurance benefits. Oregon would not have to enact SB 461 in order to qualify for the federal funding. National Employment Law Project (NELP), *Implementing the Model Provisions of the Unemployment Insurance Modernization Act in the States*, updated January 30, 2009, available at www.nelp.org/page/-/UI/uima.state.leg.revised.jan.09.pdf.

⁴ Oregon Employment Department, "Unemployment Insurance (UI) Modernization: Proposed Legislation: Job Training," January 9, 2009.

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