Overview

This bill reduced the amount collected from employers to finance the workforce investment fund. Additionally, the bill limits the organizations that can receive grants from the department of economic security from that fund, and the uses of the money. Also, the bill requires the department to establish and report on accountability measures to ensure that the funds are being used appropriately.

1 **Determination and collection of special assessment.** Current law provides for an assessment against each employer of 1/10 of one percent per year of the wages on which an employer pays reemployment insurance taxes. Those taxable wages are capped, currently at $18,100 per employee. The bill reduces that assessment from 1/10 of one percent to 1/100 of one percent. Also, current law provides for the amount of the assessment to be cut in half in any year in which the special assessment fund has more than $30,000,000. The bill provides that in any year in which the fund has more than $20,000,000, no assessment would be collected at all.

2 **Disbursement of special assessment funds.** The money collected by the assessment is credited to a dedicated fund that is disbursed in the form of grants for activities related to dislocated workers. The bill provides that the commissioner must establish a grant distribution program that ensures that the money is given to employers, private industry, business, trade associations, or professional associations to develop employment and training programs. Also provides that no more than 2.5 percent of the funds can be allocated for training assistance and support services.

3 **Substate grantee.** Provides that a "substate grantee" must be an employer, private industry, business, trade association, or professional association designated to operate employment and training programs. Currently, these grantees are organizations or agencies designated to administer local dislocated worker programs under federal law.

4 **Accountability measures.** Provides that the commissioner of economic security must adopt accountability measures that will ensure that the money from the fund is used for the purposes of the program. Requires the commissioner to report to the legislature on the measures by October 1, 1999, and to implement the measures by November 1, 1999.
Effective date. Provides that section 4 is effective the day following final enactment.