

HOUSE BILL REPORT

HB 2318

As Reported by House Committee On:
Higher Education

Title: An act relating to the aerospace workforce futures act.

Brief Description: Creating the Washington institute of aerospace technology and manufacturing studies.

Sponsors: Representatives Sells, Ericks, Kenney, Liias, Simpson, Hope, McCoy, Conway and Roberts.

Brief History:

Committee Activity:

Higher Education: 3/27/09, 4/9/09 [DPS].

Brief Summary of Substitute Bill

- Creates the Washington Institute of Aerospace Technology and Manufacturing Studies (Institute) to be headquartered in Snohomish County and the aerospace convergence zone designated by the Director of the Department of Community, Trade and Economic Development (DCTED) as an innovation partnership zone.
- Charges the Institute with fostering the creation and retention of family wage jobs in the aerospace industry and growth and innovation in the aerospace industry sector through education, research, and job skills training programs specifically targeted at meeting the needs of the aerospace industry.
- Specifies that approval authority rests with the Higher Education Coordinating Board for degree-granting education programs and the DCTED for the lease, purchase, or construction of any site or facility.
- Requires the Institute to report to the DCTED.
- Specifies the membership, terms of office, and responsibilities of the Institute's Board of Directors.

HOUSE COMMITTEE ON HIGHER EDUCATION

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 9 members: Representatives Wallace, Chair; Sells, Vice Chair; Anderson, Ranking Minority Member; Carlyle, Driscoll, Grant-Herriot, Haler, Hasegawa and White.

Minority Report: Without recommendation. Signed by 2 members: Representatives Schmick, Assistant Ranking Minority Member; Angel.

Staff: Cece Clynch (786-7195)

Background:

The aerospace industry is a significant part of Washington's economy. Aerospace companies are present in many of Washington's counties, however, the bulk of the jobs in aerospace are concentrated in King, Snohomish, and Pierce counties. The aerospace industry is the state's largest manufacturing employer. According to the 1997 Washington State Input Output Study, aerospace manufacturing has a multiplier effect of two and one-half. For every aerospace job created, another one and one-half jobs are created elsewhere in the economy.

Summary of Substitute Bill:

The Washington Institute of Aerospace Technology and Manufacturing Studies is created (Institute). Headquartered in Snohomish County and the aerospace convergence zone designated by the Director of the Department of Community, Trade and Economic Development (DCTED) as an innovation partnership zone, it is to be operated and administered as a multi-institutional education, training, and certification center targeted at fostering the creation and retention of family wage jobs in the aerospace industry and growth and innovation in this sector. The Institute is to report to the DCTED.

Education, research, and job skills programs may include, but are not limited to:

- aerospace technology;
- manufacturing;
- marketing;
- labor leadership;
- business management;
- human resources; and
- international studies.

All programs must lead to transferable skills that are interchangeable among different jobs, employers, or workplaces.

The Institute shall provide a forum for interaction and collaboration between the aerospace industry, labor, and institutions of higher education. Independent and private institutions of higher education and career and vocational schools may partner in the activities of the Institute.

Any degree granting education program at the Institute must receive Higher Education Coordinating Board (HECB) approval. The lease, purchase, or construction of an Institute site or facility must be approved by the DCTED.

The Institute shall be administered by a 12 person board of directors (board). Membership on the board is as follows:

- one member representing Washington's aerospace industry;
- one member representing advanced manufacturing industries;
- two members representing labor unions;
- one member representing the community and technical colleges;
- one member representing the public state and regional universities and The Evergreen State College;
- one member representing the Workforce Training and Education Coordinating Board;
- one member representing the HECB; and
- four legislators.

At least four of the members shall reside in western Washington and four in eastern Washington. The term of office is four years, with initial terms staggered to ensure the long-term continuity of the board. Duties of the board include developing the general operating policies for the Institute, appointing the executive director, approving the operating budget, developing a biennial work plan and five-year strategic plan, and providing an annual report to the Governor and the Legislature.

Substitute Bill Compared to Original Bill:

The Institute is headquartered not just in Snohomish County, as in the original bill, but also in the aerospace convergence zone designated by the Director of the DCTED as an innovation partnership zone. The Institute reports to the DCTED rather than the HECB and the DCTED, not the HECB, is responsible for approving the lease, purchase, or construction of any site or facility.

The required report on the following to the higher education committees of the Legislature by December 1, 2009, is removed:

- current education, research, and job skills programs that could be consolidated or included;
- new and innovative programs that could be commenced;
- interested industry, labor, and education partners;
- a recommended governance structure; and
- funding for operation of the Institute.

A requirement is added that all programs must lead to transferable skills that are interchangeable among different jobs, employers, or workplaces.

Provisions are added regarding administration by a board of directors and the membership and responsibilities of the board.

The emergency clause is removed.

Appropriation: None.

Fiscal Note: Requested on March 25, 2009.

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

Staff Summary of Public Testimony:

(In support) A positive statement from the Legislature is needed regarding the aerospace industry in this state. This industry is the economic engine of the Puget Sound region and the state and must be kept here. This is true now more than ever. Washington has a higher concentration of aerospace workers than any other state. In Snohomish County, 25 percent of workers and 40 percent of wages are in aerospace. Statewide, the aerospace industry is present in 36 of the 39 counties. Other states and countries are trying to attract the aerospace industry. Kansas has spent \$52 million in local, state, and federal dollars. North Carolina, South Carolina, and Alabama have also created facilities and training centers and spent considerable money to attract the aerospace industry. North Carolina spent \$15 million from their tobacco fund and Alabama spent \$15-16 million on robotics plus another \$15 million next door. Washington has excellent training programs but coordination is fragmented and central coordination is necessary. Many of the current workers will be retiring in the next 15 years. A broader partnership will be fostered by locating the Institute in the innovation partnership zone (IPZ). The IPZ in Snohomish County did not receive capital funds as some other IPZs did. The breadth of the aerospace industry distinguishes this industry from others in the state. Although the Institute would be located in Snohomish County, it would benefit the entire state by training the trainers. There is a need for additional training programs, particularly in Snohomish County which is the largest convergence of aerospace industries in the world. A central facility is needed and statewide facilitation. Over at least the last 10 years there has been money spent trying to solve this problem but it hasn't worked. By providing training through the community colleges, workers across the state can gain access. All the equipment needs to be in one place. There should be reciprocity and a commitment by business to making well-paying jobs available upon the completion of training. With respect to the governance structure, all relevant voices need to be at the table. Relationship building is important.

(Opposed) None.

Persons Testifying: Representative Sells, prime sponsor; Jack Oharah and Jerilee Mosier, Edmonds Community College; Deborah Knutson, Economic Development Council of Snohomish County; Sub Ambler, Workforce Development Council Snohomish County; Linda Lanham and Mike Groesch, Aerospace Futures Alliance; Stan Sorscher, Society of Professional Engineer Employees in Aerospace and International Federation of Professional and Technical Engineers Local 2001; and Larry Brown, Aerospace Machinists Union.

Persons Signed In To Testify But Not Testifying: None.