

HOUSE BILL REPORT

HB 1846

As Reported by House Committee On:
Labor & Workforce Development
Education Appropriations & Oversight

Title: An act relating to the aerospace training student loan program.

Brief Description: Creating the aerospace training student loan program.

Sponsors: Representatives Eddy, Smith, Morris, Probst, Sells, Springer, Warnick, Liias, Stanford and Maxwell.

Brief History:

Committee Activity:

Labor & Workforce Development: 2/15/11, 2/16/11 [DPS];

Education Appropriations & Oversight: 2/18/11, 2/21/11 [DPS(LWD)].

Brief Summary of Substitute Bill

- Establishes the Aerospace Training Student Loan Program for students at the Washington Aerospace Training and Research Center and the Spokane Aerospace Technology Center.

HOUSE COMMITTEE ON LABOR & WORKFORCE DEVELOPMENT

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 9 members: Representatives Sells, Chair; Condotta, Ranking Minority Member; Shea, Assistant Ranking Minority Member; Fagan, Green, Kenney, Moeller, Roberts and Warnick.

Minority Report: Do not pass. Signed by 4 members: Representatives Reykdal, Vice Chair; Miloscia, Ormsby and Taylor.

Staff: Jill Reinmuth (786-7134).

Background:

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.

The Washington Aerospace Training and Research Center (WATR Center) was established in 2010 and is located on Paine Field in Everett. Offerings include customized training programs, as well as certificate programs. The WATR Center is operated by Edmonds Community College pursuant to a contract with the Aerospace Futures Alliance.

The Spokane Aerospace Technology Center (SAT Center) is scheduled to open in 2011 and will be located at the Spokane International Airport. The SAT Center will offer various training programs, including the Spokane Community Colleges' aviation maintenance program.

The Aerospace Futures Alliance of Washington (Alliance) is an aerospace association of large and small aerospace companies. The Alliance is a nonprofit corporation.

The Higher Education Coordinating Board (Board) provides strategic planning, coordination, monitoring, and policy analysis for higher education. It also administers various state and federal financial aid programs.

Summary of Substitute Bill:

The Aerospace Training Student Loan Program (Loan Program) for students at the WATR Center and the SAT Center is established.

The Board administers the Loan Program. In coordination with the Alliance, the Board selects and screens eligible students to receive student loans. The Board awards student loans to eligible students from funds appropriated or given to the Board for this purpose.

An eligible student is one who is registered for a course in the aerospace industry offered by the WATR Center or the SAT Center. An eligible student also must be making satisfactory progress as defined by the training program, and have a declared intention to work in the aerospace industry in Washington.

The student loan may not exceed one year of tuition and fees. The student loan must be repaid, with interest, within 36 months after completing the training program. The payments accrue quarterly beginning six months from the date the participant completes or discontinues the training program. The Board is required to adopt rules defining the terms of repayment, including interest rates, fees, and deferments, as well as other necessary rules. The Board also collects repayments and maintains all necessary records.

The Aerospace Training Student Loan Account (Account) is created. The Account is not subject to allotment, except for moneys used for program administration, and an appropriation is not required for expenditures. All moneys received for the Loan Program must be deposited into the Account, including appropriations, repayments, and other subsidies. The Account must be self-sustaining. Expenditures may be used solely for student loans and the Board's administrative costs.

Substitute Bill Compared to Original Bill:

The substitute bill makes technical corrections to the original bill.

Appropriation: None.

Fiscal Note: Available.

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) The training program brings people into living wage jobs relatively quickly. Students do not qualify for the usual sources of financial aid, because of the program's short duration. Any time someone can go from unemployment to a living wage within a matter of weeks, it should be encouraged.

The WATR Center in Everett is strong, and another will be up and running soon in Spokane. There is also a facility in Renton. These centers provide training for good paying jobs, and 85 percent of our graduates have jobs. These centers will help us address the aging of the aerospace workforce. As thousands retire in the next four or five years, there will be a skilled workforce ready to go. The short-term student loan program is crucial to the success of the training centers.

The aerospace training centers show what can be achieved when industry and academia partner. The centers provide solutions to problems facing the industry. They help link newly-skilled workers find jobs. They help the industry maintain a highly-skilled and competitive workforce. The industry needs community and technical college graduates with certificates in many different disciplines. The goal is to align certificates that meet needs for basic as well as technical skills across industry boundaries. The typical graduate has spent three to four months in training, and then has acquired the skills needed for entry into the industry.

The aerospace training centers are concerned with industry needs. Small suppliers and others need to find employees who are trained and ready to hit the floor. This bill would provide money for students who would not otherwise have the means.

(With concerns) Despite the fact that a highly-skilled workforce is the chief competitive advantage in aerospace in this global economy, the aerospace training centers concentrate on short-term training. This training is merely the beginning of the skill set needed in the industry. It does not build towards a career or a degree. It provides a temporary benefit for the industry, but it should also be a benefit to the workers.

The union has asked to be a part of the board at the aerospace training centers, but has not yet been able to achieve that. The state has a tradition of working with partners in industry, government, and labor, but labor has no role in this process.

There are concerns about selection standards and how they are set. There are also concerns about the use of public dollars for training. Given that there are 22,000 students in community and technical college programs that cannot receive State Need Grants, this does not seem to be the right time to appropriate public dollars for this loan program.

(Opposed) None.

Persons Testifying: (In support) Representative Eddy, prime sponsor; Linda Lanham, Aerospace Futures Alliance; Michael Greenwood, Boeing; and Stephanie Davis, Diversified.

(With concerns) Larry Brown, International Association of Machinists and Aerospace Workers District Lodge 751.

Persons Signed In To Testify But Not Testifying: None.

HOUSE COMMITTEE ON EDUCATION APPROPRIATIONS & OVERSIGHT

Majority Report: The substitute bill by Committee on Labor & Workforce Development be substituted therefor and the substitute bill do pass. Signed by 17 members: Representatives Haigh, Chair; Probst, Vice Chair; Anderson, Ranking Minority Member; Dammeier, Assistant Ranking Minority Member; Dahlquist, Frockt, Hargrove, Hope, Maxwell, Nealey, Orwall, Rolfes, Santos, Seaquist, Sells, Short and Stanford.

Minority Report: Do not pass. Signed by 1 member: Representative Reykdal.

Staff: Trista Zugel (786-7157).

Summary of Recommendation of Committee On Education Appropriations & Oversight Compared to Recommendation of Committee On Labor & Workforce Development:

No new changes were recommended.

Appropriation: None.

Fiscal Note: Available. New fiscal note requested on February 17, 2011.

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) There is a huge demand for aerospace workers. The current training program cannot graduate students fast enough. Those students who cannot afford the \$2,500 fee now cannot get into the program. Traditional student loan programs are for those who are in a program for more than a semester and so these students do not qualify. This bill is not an appropriations bill, it is a framework bill. It sets up an account and a structure for loans and

loan repayment. We are looking at several options to provide the initial funding for the program.

(Opposed) None.

Persons Testifying: Trent House, Aerospace Futures Alliance.

Persons Signed In To Testify But Not Testifying: None.