

HOUSE BILL REPORT

HB 2688

As Reported By House Committee On:
Higher Education

Title: An act relating to earned income training credits.

Brief Description: Establishing an earned income training credit program.

Sponsors: Representatives McIntire, Carlson, Kenney, Radcliff, Conway, Clements, Tokuda, Ruderman, Edmonds and Santos.

Brief History:

Committee Activity:

Higher Education: 2/1/00, 2/3/00 [DPS].

Brief Summary of Substitute Bill

- Creates an earned income training credit of 50 percent of the earned income tax credit per year, subject to a limit set yearly by the State Board for Community and Technical Colleges.
- Training credits may be earned for tuition at any public baccalaureate, community or technical college, private career school or on-the-job training expenses incurred by an employer.

HOUSE COMMITTEE ON HIGHER EDUCATION

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 5 members: Representatives Carlson, Republican Co-Chair; Lantz, Democratic Vice Chair; Dunn; Edmonds and Gombosky.

Minority Report: Without recommendation. Signed by 1 member: Representative Esser.

Staff: Tracey Taylor (786-7196).

Background:

Washington is experiencing a shortage of trained workers. This impacts the productivity, the output and sales, and the quality of the products and services of the state's businesses. The most serious shortage is for workers with post-secondary training, including vocational training. Workers, with even short periods of education and training, can experience a substantial increase in income.

Summary of Substitute Bill:

The State Board for Community and Technical Colleges (SBCTC) must establish and administer an earned income training credit program. To be eligible for the training credit, a resident student must have received an earned income tax credit under the Internal Revenue Code. The training credit is awarded in an amount equal to 50 percent of the earned tax credit and is subject to a limit set by the SBCTC to reflect six times the quarterly tuition. The training credit may be carried over for up to five years, but is not transferrable.

The training credits are earned for tuition at any public baccalaureate, community or technical college, private career school licensed by the Workforce Training and Education Coordinating Board, or by an employer providing on-the-job training under a training contract. The employer, or prospective employer, the employee, and the SBCTC are the parties to the training contract. The training credits are subject to available funding, however at least 25 percent of the funds allocated must be set aside for on-the-job training credits.

Recipients of the training credits are eligible for state subsidized child care under SBCTC rules. A recipient may also be eligible for a financial aid supplement. For financial aid purposes, the training credits will be considered a "self-help" contribution.

Beginning December 1, 2002, the SBCTC, in cooperation with the Department of Employment Security, must issue a biennial report.

Substitute Bill Compared to Original Bill: The substitute bill adds private career schools to institutions of higher education for which training credits may be awarded for tuition. The substitute bill clarifies how the training tax credit will be treated in calculating financial needs for aid purposes and how the recipient may be eligible for a financial aid supplement. Finally, the substitute bill requires at least 25 percent of funds allocated for the training tax credit be awarded for on-the-job training.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Substitute Bill: Ninety days after adjournment of session in which bill is passed.

Testimony For: Washington has a skills gap problem and a large number of working poor. Training will give the working poor the opportunity to earn a living wage and enjoy the benefits of a booming economy. This program encourages business and industry to work closely with the higher education institutions to deliver training that is needed. This bill also allows working families to take advantage of subsidized day care and financial aid programs, which will be extremely important for families coming off temporary assistance for needy families. The program would benefit small businesses that cannot afford to subsidize their employees in one of the more traditional training programs.

Testimony Against: None.

Testified: Representative Jim McIntire, prime sponsor; Jeff Johnson, Washington State Labor Council, AFL-CIO; Kathleen Ackley, Northwest Federation of Community Organizations; Carol Albers, Washington Federation of Private Career Schools and Colleges; Ron LaFayette, Community Colleges of Spokane; Alexandria De'Armani, WROC; Dan McConnon, State Board for Community and Technical Colleges; Sara Fleming Merten, Washington Association of Churches; Kay Hirai and Noreen Bowdon, Washington State Apprenticeship Program and business owners; M.T. Andrews, WROC and Grass Roots; and Kit Hawkins, Washington Restaurant Association.