

# HOUSE BILL REPORT

## ESSB 5533

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**As Reported By House Committee On:**  
Commerce & Labor

**Title:** An act relating to developing a system of lifelong learning.

**Brief Description:** Creating a state work force investment board.

**Sponsors:** Senate Committee on Labor & Workforce Development (originally sponsored by Senators Fairley, Kline, Franklin, Oke and Kohl-Welles; by request of Governor Locke).

**Brief History:**

**Committee Activity:**

Commerce & Labor: 3/31/99, 4/1/99, 4/2/99 [DPA].

**Brief Summary of Engrossed Substitute Bill**  
(As Amended by House Committee)

- Changes the name of the Workforce Training and Education Coordinating Board to the Workforce Development Board, changes the makeup and increases the number of members from nine voting members to 18 voting members.
- Defines the workforce development system to include a broader array of programs than the current workforce training system.
- Refocuses the board's activity emphasizing increased accountability and performance measurement throughout the workforce development system.
- Establishes local workforce development councils and facilitates access to services through a One-Stop delivery system.
- Provides for a performance audit of the workforce development system by the Joint Legislative Audit and Review Committee by December 1, 2004.

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**HOUSE COMMITTEE ON COMMERCE & LABOR**

**Majority Report:** Do pass as amended. Signed by 6 members: Representatives Clements, Republican Co-Chair; Conway, Democratic Co-Chair; Wood, Democratic Vice Chair; Hurst; Lisk and McIntire.

**Minority Report:** Without recommendation. Signed by 2 members: Representatives B. Chandler, Republican Vice Chair and McMorris.

**Staff:** Pam Madson (786-7166).

**Background:**

In August of 1998, Congress enacted the Workforce Investment Act (WIA). The federal act repeals the Joint Training Partnership Act (JTPA) effective July 1, 2000, and amends other federal workforce development programs. The federal act encourages coordination but does not take the full step of consolidating funding of federal workforce development programs.

***The Federal Workforce Investment Act***

The act requires states to establish a state Workforce Investment Board (WIB). Board membership must include a majority of business representatives. An existing state board may be designated as the new WIB if it was in existence as of December 30, 1997.

The act also requires states to develop a five-year plan for the state's workforce investment system. The plan must cover certain federal programs. However, states have the option of including additional state and federal programs into a unified state plan.

The act requires appointment of local workforce investment boards by local elected officials based on criteria set by the Governor and the state board. The local board is responsible for developing local plans and overseeing the local programs. The board recommends local providers of training services who must meet minimum criteria established by the Governor to be placed on an approved list of service providers. Training providers must meet certain performance criteria to maintain their eligibility as training providers.

The act directs establishment of a One-Stop delivery system of training and related services at the local level. Certain core services must be provided through this delivery system to anyone seeking services. The delivery system must also provide access to more intensive services and training services.

Both state and local boards are accountable for meeting negotiated performance measures. Sanctions may include technical assistance to those entities that fail to meet performance standards. If the failure continues at the state level, grant money

can be withheld from the state. At the local level, the board may be reorganized or replaced. Incentive grants may be awarded to states that exceed their performance measures. States may develop similar incentive grants for high-performing local boards.

***The Workforce Training and Education Coordinating Board (WTECB)***

The WTECB was created in 1991. Its purpose is to provide planning, coordination, evaluation, monitoring, and policy analysis for the state's training system. Several agencies are involved in implementing the programs that make up the state training system.

The WTECB includes 11 representatives; three from business, three from labor, three from state government including the Superintendent of Public Instruction, the executive director of the State Board for Community and Technical Colleges, the commissioner of the Employment Security Department (ESD), a member representing under-served individuals, and a chairperson appointed by the Governor.

The WTECB is charged with 27 duties to be performed in cooperation with the agencies involved in the state's workforce training system. These duties include developing and maintaining a comprehensive plan for workforce training, establishing minimum standards to be used by agencies in evaluating programs they implement, requiring standards for collecting data and setting a minimum of core data to be collected by each reporting agency, and performing an outcome-based evaluation of the workforce training and education system using net-impact and cost-benefit analysis.

***Employment Security Department (ESD)***

The ESD oversees implementation of the federal Job Training Partnership Act (JTPA) programs through 12 service delivery areas administered by local private industry councils in partnership with local elected officials. Members of the private industry councils are appointed by local elected officials.

The ESD acts as the lead agency to administer the state's implementation grant for the development of One-Stop service delivery. The department also maintains labor market information and the public labor exchange under the Wagner-Peyser Act.

With certain exceptions, the ESD is obligated to keep records regarding individuals and employers confidential. Information and employment records collected by ESD are an integral component of new federal initiatives and the continued development of One-Stop career development centers. New federal and state legislation also encourages evaluation of employment and training programs for which employment data collected by ESD is necessary.

***Primary Training Provider***

The state's community and technical college systems serve as the primary training provider along with private career schools and colleges.

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### **Summary of Amended Bill:**

A number of changes are made to the state's current workforce training system. Some changes address the new requirements under the federal WIA.

#### Workforce Development Board

The WTECB is renamed the Workforce Development Board (WDB). The WDB serves as the state WIB required under the federal act. The state's workforce development system is defined as several programs that use state or federal funds to prepare and retrain workers or provide employment services. This definition expands the list of programs included in the state's workforce development system.

The WDB consists of 18 voting members; five business members, five labor members, five state agency representatives, one representative of private career schools, one representative of community-based organizations, and one representative of local elected officials. The Department of Social and Health Services (DSHS) and the Department of Community, Trade, and Economic Development (DCTED) are added as two of the five state agency representatives. The chair of the board will rotate between a member representing business and a member representing labor. The director of the board is appointed by the Governor and confirmed by the Senate.

#### Board Duties

The board must develop a state unified plan for the workforce development system, keep an inventory of programs, assess employer and worker needs for workforce training, and work with local workforce development councils. The board must work in partnership with the training related components of the state's WorkFirst, community services, and the workers' compensation vocational rehabilitation programs. The board must design and implement a performance measurement system for the workforce development system, make recommendations to the Governor, and assist in implementing a One-Stop delivery system for workforce development.

#### Local Workforce Development Councils

The WDB is to perform the role of the Job Training Coordinating Council until the expiration of the JTPA on July 1, 2000.

Local workforce development councils, required under the federal WIA, are created to develop local unified plans, oversee local One-Stop systems, and coordinate

workforce development activities at the local level. Local councils must also assess financial resources and financial strategies for implementing the local plan.

#### Employment Security Department

Obligations of the ESD regarding the programs under the federal act are specified. The department must provide labor market information to the WDB and provide elements of the state plan for the state's public labor exchange (Wagner-Peyser), youth activities and adult employment and training activities (former JTPA programs). The department receives the funding for these federal programs and must recommend allocations to the Governor.

The department must work out data-sharing arrangements necessary to implement the One-Stop career development system but individual records and confidential information are protected.

The Joint Legislative Audit and Review Committee (JLARC) must conduct a performance audit of the workforce development system by December 1, 2004.

Provisions relating to the comprehensive plan, evaluations and assessments by the WTECB are repealed. Provisions relating to the Job Training Coordinating Council are repealed.

**Amended Bill Compared to Engrossed Substitute Bill:** The amended bill:

- (1) Deletes the training and work-related components of Temporary Assistance to Needy Families from the definition of the workforce development system;
- (2) Allows the community-based organizations' representative on the Workforce Development Board to be chosen from nominees submitted by a state-wide organization of community-based organizations;
- (3) Increases the membership of the subcommittee on Carl Perkins funds by one business and one labor member;
- (4) Deletes the board's duty to advocate for the workforce development system;
- (5) Deletes the date by which the initial unified plan must be completed;
- (6) Includes a review of the performance measurement system by JLARC; and
- (7) Requires the board to work in partnership with the training and work-related components of TANF and the retraining component of the workers' compensation vocational rehabilitation program. The components of TANF are added to the workforce development system by July 1, 2001.

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**Appropriation:** None.

**Fiscal Note:** Not requested.

**Effective Date of Amended Bill:** This bill contains an emergency clause and takes effect immediately.

**Testimony For:** The various parties working on this bill have worked hard to draft governance language that is consistent with the role of local trustees and the State Board for Community and Technical Colleges. The parties support language in either bill. There is concern in the Senate version about the TANF and WorkFirst provisions. There is concern that persons with disabilities and the system that supports them not be left out of this bill.

**Testimony Against:** This bill is based on the faulty assumption that only government can solve these problems, that it is the job of government to control all aspects of the labor market, to keep track of job openings, find people to fill the jobs, make sure they are qualified, determine what constitutes qualified, and then certify them. It increases bureaucracy and spending and decreases freedom. Government gives money with strings. Say no to the money and the strings. Workers have been trained for jobs with businesses that then go out of business. This is an example of corporate welfare. Let private enterprise do its job. The real problem is that people are coming out of the education system without knowing how to read and write. The bureaucracy that is created by this bill results in the loss of authority for state and locally elected officials.

**Testified:** (In favor) Alan Hardcastle, State Board for Community and Technical Colleges; Wes Pruitt, Workforce Training and Education Coordinating Board; Jeanne Munro, Department of Social and Health Services; and James Ansley, Rehabilitation Enterprises of Washington.

(Opposed) Chris Shardelman; Marda Kirkwood, Citizen United for Responsible Education; Lloyd Gardner; and Sharon Oldfield.