

SENATE BILL REPORT

SSB 5713

As Amended by House, April 10, 2017

Title: An act relating to creating the skilled worker outreach, recruitment, and career awareness training program.

Brief Description: Creating the skilled worker outreach, recruitment, and career awareness training program.

Sponsors: Senate Committee on Higher Education (originally sponsored by Senators Palumbo, Wilson, Zeiger and King).

Brief History:

Committee Activity: Higher Education: 2/14/17, 2/16/17 [DPS-WM].

Ways & Means: 2/23/17, 2/24/17 [DPS(HIE), DNP].

Floor Activity:

Passed Senate: 3/06/17, 47-2.

Passed House: 4/10/17, 93-4.

Brief Summary of First Substitute Bill

- Establishes the Skilled Worker Outreach, Recruitment, and Career Awareness Training Program (Program).
- Creates an account for receiving funds and dispensing matching grants as part of the Program.

SENATE COMMITTEE ON HIGHER EDUCATION

Majority Report: That Substitute Senate Bill No. 5713 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Wilson, Chair; Bailey, Vice Chair; Palumbo, Ranking Minority Member; Baumgartner and Frockt.

Staff: Clint McCarthy (786-7319)

SENATE COMMITTEE ON WAYS & MEANS

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: That Substitute Senate Bill No. 5713 as recommended by Committee on Higher Education be substituted therefor, and the substitute bill do pass.

Signed by Senators Braun, Chair; Brown, Vice Chair; Rossi, Vice Chair; Honeyford, Vice Chair, Capital Budget ; Ranker, Ranking Minority Member; Rolfes, Assistant Ranking Minority Member, Operating Budget; Frockt, Assistant Ranking Minority Member, Capital Budget; Bailey, Becker, Billig, Darneille, Fain, Keiser, Miloscia, Pedersen, Rivers, Schoesler, Warnick and Zeiger.

Minority Report: Do not pass.

Signed by Senator Hasegawa.

Staff: Daniel Masterson (786-7454)

Background: Department of Commerce (Commerce). Commerce provides technical assistance and distributes state and federal loans and grants to counties, cities, and other units of local government for local community development, workforce development, growth management planning, and infrastructure projects.

Workforce Training and Education Coordinating Board (Workforce Board). The Workforce Board provides planning, coordination, evaluation, monitoring, and policy analysis for the state training system as a whole, and advises the Governor and Legislature concerning the state training system, in cooperation with the state training system and the Washington Student Achievement Council. As a state agency, the Workforce Board oversees a workforce development system that includes 18 education and training programs receiving almost \$1 billion annually in state and federal funds.

Skills Gaps. The Skilled and Educated Workforce Report, published every two years, is the product of the Washington Student Achievement Council, the State Board for Community and Technical Colleges and the Workforce Board. The 2015 Report projected a robust demand in Washington for workers with postsecondary education. Supply-demand gaps were found in production and trade fields, such as auto and diesel mechanics and machine tool technicians; business, management, and sales occupations; service occupations; health care occupations; science and technology fields; and in the culinary and hospitality industries.

Summary of First Substitute Bill: Program Establishment. Subject to appropriations, the Skilled Worker Outreach, Recruitment, and Career Awareness Training Program (Program) is created, to award matching grants to eligible applicants to increase the state's skilled workforce. Commerce must administer the Program and establish a process for accepting grant applications. Grant applications must be accepted starting January 1, 2018. Commerce, in coordination with the Workforce Board, must assess current and future workforce needs and coordinate skilled worker training and education programs throughout Washington.

Applications. Applications for a matching grant must include:

- a description of how the matching grant will be used to recruit participants to an existing or proposed skilled worker training program;
- a description of the skilled worker training program it plans to offer;

- past, current, and projected enrollment in the skilled worker training program;
- if an existing skilled worker training program, a comparison of enrollment and completion over a five-year period;
- industry needs or workforce gaps being addressed;
- a description of any intended or existing partnerships;
- costs or anticipated costs of operation;
- matching resources that are being committed; and
- any other information required by Commerce.

Skilled worker training programs include accredited educational, occupational education, apprentice, or other similar training programs. Skilled worker training programs do not include programs that award a bachelor's or higher degree.

Grant Review Committee. Commerce must establish a grant review committee to review grant applications and make recommendations on who should receive a matching grant and the amount. The grant review committee must consist of 12 members, with specific industry representation.

The grant review committee must establish criteria for ranking eligible applicants for matching grants, including:

- potential to reach a broad audience;
- ability to increase enrollment and completion of their skilled worker training program;
- potential to fill existing needs; and
- demonstrated ability to provide monetary contributions and secure an industry partner.

The grant review committee must submit its recommendations to the Director of Commerce who must determine to whom and in what amounts to award matching grants. Matching grants must be awarded by April 1st of each year.

The grant review committee must submit an annual report to the Governor and to the Legislature by December 1, 2019, and each year thereafter.

Matching Grants. Grants may not be used for tuition subsidies or to reduce tuition for a skilled worker training program.

Each grant recipient must submit a report on the outcomes achieved by the grant, including:

- the manner in which the grant was used to provide outreach and recruit participants;
- the number of participants who have enrolled and completed the training program;
- the number of participants who obtained employment in an industry the participant was trained in, under the program; and
- the number of participants recruited.

Account. The Program account is created in the custody of the State Treasurer to receive and dispense all monies associated with the Program. The Program account may consist only of funds appropriated by the Legislature for the Program and private contributions to the Program.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

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

Staff Summary of Public Testimony on Original Bill (Higher Education): *The committee recommended a different version of the bill than what was heard.* PRO: Get students in high demand fields as young as possible and get them excited about high demand fields. This is a pre apprentice program. According to Sound Transit, the revenue package that paid for On Sound Move required 9 million labor hours. The current funding package for ST2 has 17 million in labor hours yet to come. Millions more will be needed for the ST3 revenue package that passed last November. The state is going to need a lot of skilled workers, which will create a tight labor market in the coming years. This program will be able to target individuals that don't have a postsecondary degree so that they can pursue a meaningful degree. This bill will move people from minimum wage jobs to family wage jobs. This bill is based on a successful program in Colorado, www.buildcolorado.com. Proponents are working with stakeholders and would like to perfect this bill. Recruitment and outreach are not being done right now, so this component is not duplicative of programs being done by the State Board of Community and Technical Colleges. This bill would help the hospitality program especially, because most people who work in the industry started out working in entry level positions. These programs will result in better workforce safety.

OTHER: Key training is not defined in statute. Community and Technical Colleges support narrowing skills gaps. They support the intent of the bill, but they are concerned that the bill creates a redundant program to one that is housed at the State Board of Community and Technical Colleges. A customer advisory committee ensures that funding is allocated to the best programs. This program is basically already in statute. We would like to amend the bill to make the program more about outreach. The Job Skills Program is a public private partnership. The Customized Training Program is a zero interest loan program that is a short term training program.

Persons Testifying (Higher Education): PRO: Senator Guy Palumbo, Prime Sponsor; Leslie Jones, Sound Transit; David D'Hondt, Associated General Contractors of Washington; Nancy Munro, Mid Mountain Contractors; Julia Gorton, Washington Hospitality association; Sandra Miller, WA hospitality association, education foundation.

OTHER: Terry Tilton, Pacific NW Carpenters; Peter Guzman, State Board for Community & Tech. College.

Persons Signed In To Testify But Not Testifying (Higher Education): No one.

Staff Summary of Public Testimony on First Substitute (Ways & Means): PRO: Trade industries are facing a workforce shortage. The new program would not duplicate current efforts. The program would be about outreach and awareness of trade industry work, not about training.

Persons Testifying (Ways & Means): PRO: Senator Guy Palumbo, Prime Sponsor; Jerry VanderWood, Associated General Contractors.

Persons Signed In To Testify But Not Testifying (Ways & Means): No one.

EFFECT OF HOUSE AMENDMENT(S):

- Modifies definitions and other provisions to clarify that the grant program is to fund outreach and awareness of training programs.
- Specifies that private vocational schools may not be eligible applicants.
- Codifies the grant program under the chapter governing the Department, rather than under the WTB.
- Requires that recipients match the grant funds at a rate of \$2 for every \$1 of the grant, and requires the match to be monetary, rather than "in-kind" contributions.
- Adds two new considerations to the list of criteria the grant review committee must consider when ranking applicants.
- Requires the Department to coordinate with the Advisory Committee to coordinate skilled worker awareness programs in the state.
- Removes provisions requiring an assessment of current and future workforce needs.
- Expires the program on July 1, 2022.