
SUBSTITUTE SENATE BILL 5641

State of Washington

59th Legislature

2005 Regular Session

By Senate Committee on International Trade & Economic Development
(originally sponsored by Senators Eide, Haugen, Shin, Keiser,
Franklin, Rasmussen, McAuliffe and Kohl-Welles)

READ FIRST TIME 02/25/05.

1 AN ACT Relating to small business and entrepreneurial development;
2 amending RCW 28B.30.530, 28C.18.060, 43.162.020, and 50.20.095; adding
3 a new section to chapter 50.20 RCW; adding new sections to chapter
4 43.330 RCW; and creating a new section.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6 NEW SECTION. **Sec. 1.** The legislature finds that the encouragement
7 of entrepreneurial development and business ownership is necessary if
8 the state's opportunities for economic growth and job creation are to
9 be realized. Recent research shows that new job growth comes primarily
10 from start-up firms and that entrepreneurial training and technical
11 assistance to small businesses and self-employed individuals can
12 increase the survival and success rate of new businesses.

13 The legislature further finds that: The state's current mechanisms
14 for encouraging and supporting entrepreneurship is inadequate; training
15 and technical support for small businesses and entrepreneurial
16 development is fragmented; no comprehensive plan guides the different
17 entities providing services; and there is no single point of leadership
18 and responsibility.

1 It is the intention of the legislature to increase job creation in
2 the state by providing a comprehensive network of technical assistance,
3 training, and support services to entrepreneurs and start-up firms;
4 encouraging self-employment, and coordinating private and public
5 support to entrepreneurs and start-up firms. It is the purpose of this
6 act to create a coordinated, efficient, responsive, and accountable
7 system to support small business and entrepreneurial development.

8 NEW SECTION. **Sec. 2.** The Washington entrepreneurial assistance
9 center is created in the department of community, trade, and economic
10 development.

11 (1) The center shall have a director who shall be appointed by the
12 director of the department of community, trade, and economic
13 development.

14 (2) The center shall have an advisory board composed of small
15 business owners and advocates, the chair of the economic development
16 commission, the director of the work force training and education
17 coordinating board, the executive director of the state board for
18 community and technical colleges, the commissioner of the employment
19 security department, representatives of the University of Washington
20 business school and the Washington State University college of business
21 and economics, the director of an associate development organization
22 from an urban county, the director of an associate development
23 organization from a rural county, and the state director of the small
24 business development center. Each member of the advisory board may
25 appoint a designee to function in his or her place. The director of
26 the center is authorized to convene such other individuals or groups as
27 it deems necessary in carrying out its obligations under this act.

28 NEW SECTION. **Sec. 3.** The Washington entrepreneurial assistance
29 center shall:

30 (1) Develop and maintain a state comprehensive plan for small
31 business and entrepreneurial development. The plan shall include but
32 not be limited to setting measurable goals, objectives, and priorities
33 for (a) encouraging and supporting small business and entrepreneurial
34 development in the state; and (b) the coordination and delivery of
35 small business and entrepreneurial training and technical assistance;

1 (2) In conjunction with the work force training and education
2 coordinating board, (a) establish and maintain an inventory of the
3 entrepreneurial education, training, and technical assistance services
4 and programs available in the state; (b) disseminate information about
5 available entrepreneurial development services and programs via
6 in-person presentations and electronic and printed materials; and (c)
7 undertake other activities to raise awareness of entrepreneurial
8 training and assistance offerings;

9 (3) Evaluate the extent to which existing entrepreneurial training
10 and technical assistance programs in the state are effective and
11 represent a consistent, integrated approach to meeting the needs of
12 start-up and existing entrepreneurs;

13 (4) Advocate for the state's small business and entrepreneurial
14 development system and for meeting the needs of small start-ups and
15 existing entrepreneurs;

16 (5) Identify policies to reduce administrative and other barriers
17 to efficient delivery and coordination of entrepreneurial assistance;

18 (6) Develop with appropriate public and private entities
19 entrepreneurial instructional materials and curricula including
20 materials that meet the particular needs of rural and low-income
21 communities;

22 (7) Distribute awards for excellence in entrepreneurial training
23 and assistance;

24 (8) Report to the governor, the economic development commission,
25 the work force training and education coordinating board, and the
26 appropriate legislative committees its recommendations for statutory
27 changes necessary to enhance operational efficiencies or enhance
28 coordination related to entrepreneurial education, training, and
29 assistance.

30 **Sec. 4.** RCW 28B.30.530 and 1984 c 77 s 1 are each amended to read
31 as follows:

32 (1) The board of regents of Washington State University shall
33 establish the Washington State University small business development
34 center.

35 (2) The center shall provide management and technical assistance
36 including but not limited to training, counseling, and research
37 services to small businesses throughout the state. The center shall

1 work with (~~public and private community development and economic~~
2 ~~assistance agencies and shall work towards the goal of coordinating~~
3 ~~activities with such agencies~~) the department of community, trade, and
4 economic development, the work force training and education
5 coordination board, the employment security department, the higher
6 education coordinating board, and the state board for community and
7 technical colleges to: (a) Integrate small business development
8 centers with other state economic development and work force
9 development programs; (b) facilitate the development of
10 interinstitutional entrepreneurial education, training, and assistance
11 programs; and (c) coordinate services to avoid duplication of services.

12 (3) The administrator of the center may contract with other public
13 or private entities for the provision of specialized services.

14 (4) The small business (~~and~~) development center may accept and
15 disburse federal grants or federal matching funds or other funds or
16 donations from any source when made, granted, or donated to carry out
17 the center's purposes.

18 **Sec. 5.** RCW 28C.18.060 and 1996 c 99 s 4 are each amended to read
19 as follows:

20 The board, in cooperation with the operating agencies of the state
21 training system and private career schools and colleges shall:

22 (1) Concentrate its major efforts on planning, coordination
23 evaluation, policy analysis, and recommending improvements to the
24 state's training system.

25 (2) Advocate for the state training system and for meeting the
26 needs of employers and the work force for work force education and
27 training.

28 (3) Establish and maintain an inventory of the programs of the
29 state training system, and related state programs, and perform a
30 biennial assessment of the vocational education, training, and adult
31 basic education and literacy needs of the state; identify ongoing and
32 strategic education needs; and assess the extent to which employment,
33 training, vocational and basic education, rehabilitation services, and
34 public assistance services represent a consistent, integrated approach
35 to meet such needs.

36 (4) Develop and maintain a state comprehensive plan for work force
37 training and education, including but not limited to, goals,

1 objectives, and priorities for the state training system, and review
2 the state training system for consistency with the state comprehensive
3 plan. In developing the state comprehensive plan for work force
4 training and education, the board shall use, but shall not be limited
5 to: Economic, labor market, and populations trends reports in office
6 of financial management forecasts; joint office of financial management
7 and employment security department labor force, industry employment,
8 and occupational forecasts; the results of scientifically based
9 outcome, net-impact and cost-benefit evaluations; the needs of
10 employers as evidenced in formal employer surveys and other employer
11 input; and the needs of program participants and workers as evidenced
12 in formal surveys and other input from program participants and the
13 labor community.

14 (5) In consultation with the higher education coordinating board,
15 review and make recommendations to the office of financial management
16 and the legislature on operating and capital facilities budget requests
17 for operating agencies of the state training system for purposes of
18 consistency with the state comprehensive plan for work force training
19 and education.

20 (6) Provide for coordination among the different operating agencies
21 and components of the state training system at the state level and at
22 the regional level.

23 (7) Develop a consistent and reliable data base on vocational
24 education enrollments, costs, program activities, and job placements
25 from publicly funded vocational education programs in this state.

26 (8) Establish standards for data collection and maintenance for the
27 operating agencies of the state training system in a format that is
28 accessible to use by the board. The board shall require a minimum of
29 common core data to be collected by each operating agency of the state
30 training system.

31 The board shall develop requirements for minimum common core data
32 in consultation with the office of financial management and the
33 operating agencies of the training system.

34 (9) Establish minimum standards for program evaluation for the
35 operating agencies of the state training system, including, but not
36 limited to, the use of common survey instruments and procedures for
37 measuring perceptions of program participants and employers of program
38 participants, and monitor such program evaluation.

1 (10) Every two years administer scientifically based outcome
2 evaluations of the state training system, including, but not limited
3 to, surveys of program participants, surveys of employers of program
4 participants, and matches with employment security department payroll
5 and wage files. Every five years administer scientifically based net-
6 impact and cost-benefit evaluations of the state training system.

7 (11) In cooperation with the employment security department,
8 provide for the improvement and maintenance of quality and utility in
9 occupational information and forecasts for use in training system
10 planning and evaluation. Improvements shall include, but not be
11 limited to, development of state-based occupational change factors
12 involving input by employers and employees, and delineation of skill
13 and training requirements by education level associated with current
14 and forecasted occupations.

15 (12) Provide for the development of common course description
16 formats, common reporting requirements, and common definitions for
17 operating agencies of the training system.

18 (13) Provide for effectiveness and efficiency reviews of the state
19 training system.

20 (14) In cooperation with the higher education coordinating board,
21 facilitate transfer of credit policies and agreements between
22 institutions of the state training system, and encourage articulation
23 agreements for programs encompassing two years of secondary work force
24 education and two years of postsecondary work force education.

25 (15) In cooperation with the higher education coordinating board,
26 facilitate transfer of credit policies and agreements between private
27 training institutions and institutions of the state training system.

28 (16) (~~Participate in the development of~~) Develop policy
29 objectives for the work force investment act, P.L. 105-220, or its
30 successor; develop coordination criteria for activities under the (~~job~~
31 ~~training partnership~~) act with related programs and services provided
32 by state and local education and training agencies; and ensure that
33 entrepreneurial training opportunities are available through programs
34 of each local work force investment board in the state.

35 (17) Make recommendations to the commission of student assessment,
36 the state board of education, and the superintendent of public
37 instruction, concerning basic skill competencies and essential core
38 competencies for K-12 education. Basic skills for this purpose shall

1 be reading, writing, computation, speaking, and critical thinking,
2 essential core competencies for this purpose shall be English, math,
3 science/technology, history, geography, and critical thinking. The
4 board shall monitor the development of and provide advice concerning
5 secondary curriculum which integrates vocational and academic
6 education.

7 (18) Establish and administer programs for marketing and outreach
8 to businesses and potential program participants.

9 (19) Facilitate the location of support services, including but not
10 limited to, child care, financial aid, career counseling, and job
11 placement services, for students and trainees at institutions in the
12 state training system, and advocate for support services for trainees
13 and students in the state training system.

14 (20) Facilitate private sector assistance for the state training
15 system, including but not limited to: Financial assistance, rotation
16 of private and public personnel, and vocational counseling.

17 (21) Facilitate the development of programs for school-to-work
18 transition that combine classroom education and on-the-job training,
19 including entrepreneurial education and training, in industries and
20 occupations without a significant number of apprenticeship programs.

21 (22) Include in the planning requirements for local work force
22 investment boards a requirement that the local work force investment
23 boards specify how entrepreneurial training is to be offered through
24 the one-stop system required under the work force investment act, P.L.
25 105-220, or its successor.

26 (23) Encourage and assess progress for the equitable representation
27 of racial and ethnic minorities, women, and people with disabilities
28 among the students, teachers, and administrators of the state training
29 system. Equitable, for this purpose, shall mean substantially
30 proportional to their percentage of the state population in the
31 geographic area served. This function of the board shall in no way
32 lessen more stringent state or federal requirements for representation
33 of racial and ethnic minorities, women, and people with disabilities.

34 ~~((+23))~~ (24) Participate in the planning and policy development of
35 governor set-aside grants under P.L. 97-300, as amended.

36 ~~((+24))~~ (25) Administer veterans' programs, licensure of private
37 vocational schools, the job skills program, and the Washington award
38 for vocational excellence.

1 (~~(25)~~) (26) Allocate funding from the state job training trust
2 fund.

3 (~~(26)~~) (27) Work with the director of community, trade, and
4 economic development to ensure coordination between work force training
5 priorities and that department's economic development and
6 entrepreneurial development efforts.

7 (~~(27)~~) (28) Adopt rules as necessary to implement this chapter.

8 The board may delegate to the director any of the functions of this
9 section.

10 **Sec. 6.** RCW 43.162.020 and 2003 c 235 s 3 are each amended to read
11 as follows:

12 The Washington state economic development commission shall perform
13 the following duties:

14 (1) Review and periodically update the state's economic development
15 strategy, including implementation steps, and performance measures, and
16 perform an annual evaluation of the strategy and the effectiveness of
17 the state's laws, policies, and programs which target economic
18 development;

19 (2) Provide policy, strategic, and programmatic direction to the
20 department of community, trade, and economic development regarding
21 strategies to:

22 (a) Promote business retention, expansion, and creation within the
23 state;

24 (b) Promote the business climate of the state and stimulate
25 increased national and international investment in the state;

26 (c) Promote products and services of the state;

27 (d) Enhance relationships and cooperation between local
28 governments, economic development councils, federal agencies, state
29 agencies, and the legislature;

30 (e) Integrate economic development programs, including work force
31 training, technology transfer, entrepreneurial development, and export
32 assistance; and

33 (f) Make the funds available for economic development purposes more
34 flexible to meet emergent needs and maximize opportunities;

35 (3) Identify policies and programs to assist Washington's start-up
36 firms and small businesses;

1 (4) Assist the department of community, trade, and economic
2 development with procurement and deployment of private funds for
3 business development, retention, expansion, and recruitment as well as
4 other economic development efforts;

5 (5) Meet with the chairs and ranking minority members of the
6 legislative committees from both the house of representatives and the
7 senate overseeing economic development policies; and

8 (6) Make a biennial report to the appropriate committees of the
9 legislature regarding the commission's review of the state's economic
10 development policy, the commission's recommendations, and steps taken
11 by the department of community, trade, and economic development to
12 implement the recommendations. The first report is due by December 31,
13 2004.

14 NEW SECTION. **Sec. 7.** A new section is added to chapter 50.20 RCW
15 to read as follows:

16 (1) The legislature finds that the establishment of a
17 self-employment assistance program would assist unemployed individuals
18 and create new businesses and job opportunities in Washington state.
19 The commissioner is directed to inform individuals identified as likely
20 to exhaust regular unemployment benefits of the opportunity to enroll
21 in commissioner-approved self-employment assistance programs.

22 (2) An unemployed individual is eligible to participate in a
23 self-employment assistance program if it has been determined that he or
24 she:

25 (a) Is otherwise eligible for regular benefits as defined in RCW
26 50.22.010;

27 (b) Has been identified as likely to exhaust regular unemployment
28 benefits under a profiling system established by the commissioner as
29 defined in P.L. 103-152; and

30 (c) Is enrolled in a self-employment assistance program that is
31 approved by the commissioner, and includes entrepreneurial training,
32 business counseling, technical assistance, and requirements to engage
33 in activities relating to the establishment of a business and becoming
34 self-employed.

35 (3) Individuals participating in a self-employment assistance
36 program approved by the commissioner are eligible to receive their
37 regular unemployment benefits.

1 (a) The requirements of RCW 50.20.010 and 50.20.080 relating to
2 availability for work, active search for work, and refusal to accept
3 suitable work are not applicable to an individual in the
4 self-employment assistance program for the first fifty-two weeks of the
5 individual's participation in the program.

6 (b) An individual who meets the requirements of this section is
7 considered to be "unemployed" under RCW 50.04.310 and 50.20.010.

8 (4) An individual who fails to participate in his or her approved
9 self-employment assistance program as prescribed by the commissioner is
10 disqualified from continuation in the program.

11 (5) The commissioner shall take all steps necessary in carrying out
12 this section to assure collaborative involvement of interested parties
13 in program development, and to ensure that the self-employment
14 assistance programs meet all federal criteria for withdrawal from the
15 unemployment fund. The commissioner may approve, as self-employment
16 assistance programs, existing self-employment training programs
17 available through community colleges, work force investment boards, or
18 other organizations and is not obligated by this section to expend any
19 departmental funds for the operation of self-employment assistance
20 programs, unless specific funding is provided to the department for
21 that purpose through federal or state appropriations.

22 (6) The commissioner may adopt rules as necessary to implement this
23 section.

24 **Sec. 8.** RCW 50.20.095 and 1980 c 74 s 4 are each amended to read
25 as follows:

26 Any individual registered at an established school in a course of
27 study providing scholastic instruction of twelve or more hours per
28 week, or the equivalent thereof, shall be disqualified from receiving
29 benefits or waiting period credit for any week during the school term
30 commencing with the first week of such scholastic instruction or the
31 week of leaving employment to return to school, whichever is the
32 earlier, and ending with the week immediately before the first full
33 week in which the individual is no longer registered for twelve or more
34 hours of scholastic instruction per week: PROVIDED, That registration
35 for less than twelve hours will be for a period of sixty days or
36 longer. The term "school" includes primary schools, secondary schools,

1 and "institutions of higher education" as that phrase is defined in RCW
2 50.44.037.

3 This disqualification shall not apply to any individual who:

4 (1) Is in approved training within the meaning of RCW 50.20.043;
5 (~~(e)~~)

6 (2) Is in an approved self-employment assistance program under
7 section 7 of this act; or

8 (3) Demonstrates to the commissioner by a preponderance of the
9 evidence his or her actual availability for work, and in arriving at
10 this determination the commissioner shall consider the following
11 factors:

12 (a) Prior work history;

13 (b) Scholastic history;

14 (c) Past and current labor market attachment; and

15 (d) Past and present efforts to seek work.

16 NEW SECTION. Sec. 9. The Washington entrepreneurial assistance
17 center fund is created in the state treasury. The fund shall consist
18 of such private and public funds as are received to support Washington
19 entrepreneurial assistance center functions. Expenditures from the
20 fund may only be used to support Washington entrepreneurial assistance
21 center functions, consistent with the Washington entrepreneurial
22 assistance center comprehensive plan.

23 NEW SECTION. Sec. 10. If any provision of this act or its
24 application to any person or circumstance is held invalid, the
25 remainder of the act or the application of the provision to other
26 persons or circumstances is not affected.

27 NEW SECTION. Sec. 11. If any part of this act is found to be in
28 conflict with federal requirements that are a prescribed condition to
29 the allocation of federal funds to the state or the eligibility of
30 employers in this state for federal unemployment tax credits, the
31 conflicting part of this act is inoperative solely to the extent of the
32 conflict, and the finding or determination does not affect the
33 operation of the remainder of this act. Rules adopted under this act
34 must meet federal requirements that are a necessary condition to the

1 receipt of federal funds by the state or the granting of federal
2 unemployment tax credits to employers in this state.

3 NEW SECTION. **Sec. 12.** Sections 1 through 3 and 9 of this act are
4 each added to chapter 43.330 RCW.

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