

HOUSE BILL REPORT

2SSB 5367

As Reported by House Committee On:
Community & Economic Development & Trade

Title: An act relating to the establishment of the Washington trade corps fellowship program.

Brief Description: Establishing the Washington trade corps fellowship program.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Shin, Kastama, Kilmer, Kauffman, Clements, Berkey and Rasmussen).

Brief History:

Committee Activity:

Community & Economic Development & Trade: 2/20/08, 2/27/08 [DPA].

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

- Creates the Washington Trade Corps Fellowship Program at the University of Washington Center for International Business Education and Research.
- Provides fellowship criteria, a selection process, financial support, placement options, and related requirements.

HOUSE COMMITTEE ON COMMUNITY & ECONOMIC DEVELOPMENT & TRADE

Majority Report: Do pass as amended. Signed by 6 members: Representatives Kenney, Chair; Pettigrew, Vice Chair; McDonald, Assistant Ranking Minority Member; Darneille, Rolfes and Sullivan.

Minority Report: Do not pass. Signed by 3 members: Representatives Bailey, Ranking Minority Member; Chase and Haler.

Staff: Meg Van Schoorl (786-7105).

Background:

Washington State and International Trade

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.

According to a February 15, 2008 report by the World Institute for Strategic Economic Research (WISER), Washington was the nation's fourth largest exporting state in 2007, after Texas, California, and New York. The State's \$66 billion in 2007 exports is a 24.8 percent increase over the 2006 level. Transportation equipment from Boeing, PACCAR, and other manufacturers accounted for over 60 percent of Washington's exports, followed by agricultural exports, computer and electronic products, machinery, and food. The State's leading trade partners in 2007 were China, Japan, Canada, and India.

Center for International Business Education and Research (Center)

Housed at the University of Washington, the Center is one of 31 such international business education and research centers in the United States (U.S.) and is the only one in the Pacific Northwest. The Centers are authorized by Congress under Title VI of the Higher Education Act. They receive federal funding in order to be national resources for teaching improved business techniques, strategies, and methodologies that emphasize the international context in which business is transacted; to provide instruction in critical foreign languages and international fields needed to provide understanding of U.S. trading partners; and to provide research and training in the international aspects of trade, commerce, and other fields.

Washington State's International Marketing Programs

Washington State Department of Agriculture (WSDA). The WSDA International Marketing Program works with food and agricultural companies to help them export their products by providing promotional support, market information, and access to the U.S. Department of Agriculture market assistance programs. The WSDA has trade specialists in Olympia, Yakima, and Kennewick, and trade representatives under contract in Japan, Taiwan, and China.

Department of Community, Trade and Economic Development (DCTED). The DCTED International Trade Program assists Washington businesses access the global marketplace by providing training and assistance, building international trade relationships, and advocating the economic importance of international trade. The DCTED has trade specialists in Seattle, and international offices in China, Europe (in Germany), Japan, Mexico, South Korea, and Taiwan.

Summary of Amended Bill:

The Washington Trade Corps Fellowship Program (Program) is established at the University of Washington Center for International Business Education and Research (Center). The purpose of the Program is to promote international trade and to award fellowships to students who have shown significant interest in an international trade career. A Program candidate must be a resident student enrolled in an accredited public or private university or college in the state that offers a degree or credential in international trade, international relations, international business, or a related area. The candidate must be proficient in the language relevant to the placement. A Program candidate must be able to work in international trade

activities beneficial to the state for two years post-Program. Work may begin immediately post-Program or within a year of graduating. Fellowship candidates will be accountable for repaying all state funding provided them if Program requirements are not met. The Center may require that prospective candidates intern in the state with a trading company, with the DCTED, or the WSDA as a pre-requisite to applying for the fellowship. The DCTED or the WSDA may impose additional requirements related to the efficient operation of their trade offices.

A fellowship must be available to a maximum of five persons per year, and each fellow must serve between six and 18 months. Fellows must receive a stipend and living and travel expenses while overseas. The total annual cost per fellow must not exceed \$25,000 of which at least 50 percent must be derived from non-state sources by the Center. Institutions are encouraged to provide a fellow with college credit. The Center must seek matching funds from trading companies, other private companies, foundations, and other relevant sources.

The Center must appoint a Program evaluation and selection committee, of which at least three members must represent international trade organizations; at least one must be from a statewide organization; at least two must represent regional organizations from different state regions; and at least three must be from institutions and have international trade expertise. Selection decisions of the Center are final.

The Center must consult with each fellow's institution in making trade office assignments. No more than two fellows will be assigned to any trade office at one time. A trade office is an office outside the U.S. operated by a private company, industry association, agricultural commodity commission, or similar organization to promote Washington products or services. A trade office is also an office funded by the DCTED, the WSDA or the U.S. Department of Commerce Commercial Service. The Center will establish reporting requirements, may require that the fellow enter into post-Program employment with a trading company or department, and may require that some or all costs be repaid if the requirements are not met. The Center must report to the Legislature on the Program by December 1, 2010, and every other year after that.

There is no liability on the part of the Center, trading companies, the DCTED, the WSDA, the institution, or other state divisions in the event of injuries caused by a change in the in-country security situation. Fellows must follow U.S. Department of State travel advisories.

Amended Bill Compared to Second Substitute Bill:

The definition of "trade office" is broadened to allow for more placement options. It is clarified that the Center may require prospective Program candidates to intern with a trading company or department prior to applying for a fellowship. The number of fellows per year is reduced from a maximum of 15 to a maximum of five. The minimum dollar amount for the stipend is removed. The maximum total cost per fellow per year is reduced from the greater of \$25,000 or 60 percent of the state's average yearly wage, to \$25,000. At least 50 percent of that amount must be from non-state funding sources. The source from which the center seeks these funds is broadened. The work of each fellow must focus on activities of benefit to

Washington. Fellowship candidates are required to be able to work in international trade activities beneficial to Washington for two years after the fellowship is complete. The work can begin as soon as the fellowship is completed or by one year after graduation from the Program. Program candidates must be accountable for repaying to the Program the total state funding provided to them if fellowship requirements are not entirely met.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Amended Bill: The bill takes effect 90 days after adjournment of session in which bill is passed. However, the bill is null and void unless funded in the budget.

Staff Summary of Public Testimony:

(In support) Just having an American label on products or services for sale internationally is no longer enough. We also need to understand the language, culture, and value systems of our customers. Washington students are hungry for the opportunity to go out into the field to have practical, real life experiences through which they can gain real skills in an international working environment. We should give this concept a try, even if it is not at the full level at first, so that we can evaluate it. If it is valuable, other resources will come to it. College credit should be encouraged, and undergraduate as well as graduate students should be eligible. Ports also have overseas offices which could be valuable placements. The fiscal note reflects the fact that this is a labor intensive type of program. We have a lot of resources and relationships to help implement this program on a statewide basis.

(Opposed) None.

Persons Testifying: Senator Shin, prime sponsor; Bill Stafford, Trade Development Alliance of Seattle; and Jennifer Adrien, University of Washington Global Business Center.

Persons Signed In To Testify But Not Testifying: (In support) Ralph Munro, former Secretary of State.