

SENATE BILL REPORT

SB 5324

As Reported by Senate Committee On:
Higher Education & Workforce Development, February 16, 2011
Ways & Means, February 25, 2011

Title: An act relating to extending the Washington customized employment training program.

Brief Description: Extending the Washington customized employment training program.

Sponsors: Senators Shin, Kastama, Kilmer, Nelson, Haugen, Hobbs, Sheldon, McAuliffe and Conway.

Brief History:

Committee Activity: Higher Education & Workforce Development: 2/02/11, 2/16/11 [DP-WM, w/oRec].

Ways & Means: 2/25/11 [DP, w/oRec].

SENATE COMMITTEE ON HIGHER EDUCATION & WORKFORCE DEVELOPMENT

Majority Report: Do pass and be referred to Committee on Ways & Means.

Signed by Senators Tom, Chair; Shin, Vice Chair; Kastama, Kilmer and White.

Minority Report: That it be referred without recommendation.

Signed by Senators Hill, Ranking Minority Member; Baumgartner, Becker and Ericksen.

Staff: Kimberly Cushing (786-7421)

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.

Signed by Senators Murray, Chair; Kilmer, Vice Chair, Capital Budget Chair; Brown, Conway, Fraser, Kastama, Keiser, Kohl-Welles, Pridemore, Regala, Rockefeller and Tom.

Minority Report: That it be referred without recommendation.

Signed by Senators Zarelli, Ranking Minority Member; Parlette, Ranking Minority Member Capital; Baumgartner, Baxter, Hatfield, Hewitt, Holmquist Newbry, Honeyford, Pflug and Schoesler.

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.

Staff: Maria Hovde (786-7710)

Background: The Washington Customized Employment Workforce Training Program was created in 2006 for employers locating or expanding in the state. The State Board for Community and Technical Colleges (SBCTC) administers the program. Training allowances are awarded to employers who have entered into training agreements with colleges in the state. Preference in granting training allowances is given to employers with fewer than 50 employees.

The Employment Training Finance Account was funded for SBCTC to provide training allowances. At the completion of training, employers are required to pay one-quarter of the cost of the training into the account. The additional three-quarters of the cost are to be paid into the account over the following 18 months. A business and occupation tax credit is provided to employers for half of the amount that they pay into the account for employee training.

The employer must make good faith efforts to hire from trainees in the training program, otherwise the employer is expected to make additional payments to the account. Colleges must make good faith efforts to use trainers preferred by employers participating in the program.

The program expires on July 1, 2012.

Summary of Bill: The expiration date of the Washington Customized Employment Workforce Training Program is repealed.

Additionally, RCW 28B.67.020 is reenacted in order to correct a 2009 amendment that neglected to recognized the expiration date.

Appropriation: None.

Fiscal Note: Requested on January 24, 2011.

Committee/Commission/Task Force Created: No.

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

Staff Summary of Public Testimony (Higher Education & Workforce Development):

PRO: We wanted to do something to prevent outsourcing Washington jobs. This program addresses that and is very successful. However, it will sunset and we would like to extend the program. To date, the program has impacted 24 different businesses, trained 767 employees, and added 569 jobs for participating companies. The program requirement for employers to make good faith efforts to hire trainees is being met. The account is revolving, employers are paying for training. It is a useful mechanism for state funds because every dollar can be used again and again. A local aerospace manufacturing company wanted to offer lean training, but the only program was out of state, so with the support of Green River Community College (GRCC) they brought the training in house. From a human resources perspective, any time a business can invest in the work force it goes a long way. The

program is simplistic, yet it allows the community college to be highly responsive, agile, and nimble and is very effective. Workers gain highly valuable skills. Another benefit is the program is not tied to the fiscal year, so it is a great real world tool.

Persons Testifying (Higher Education & Workforce Development): PRO: Senator Shin, prime sponsor; Carol Melby, SBCTC; Janie Pierce, Precision Machine Works; Bob Embrey, GRCC.

Staff Summary of Public Testimony (Ways & Means): PRO: This program was established to keep jobs in the state. It encourages employers to relocate to our state by helping to provide the needed training for their employees, and the costs are paid by the employers. This bill will benefit the state's economy. To date, the program has served 24 employers and provided training to 767 employees, and it is estimated that 569 jobs have been added. The sum of all training contracts to date totals \$737,000. Participating business repay 100 percent of the funds and then those funds become available for use again. The participating colleges say this program is easy to access and use and is flexible. This is an efficient and effective tool for economic development.

Persons Testifying (Ways & Means): PRO: Senator Shin, prime sponsor; Carol Melby, SBCTC.