

HOUSE BILL REPORT

SSB 5713

As Reported by House Committee On:

Higher Education
Appropriations

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: 3/21/17, 3/29/17 [DPA];
Appropriations: 4/1/17, 4/4/17 [DPA(HE)].

Brief Summary of Substitute Bill (As Amended by Committee)

- Creates a grant program to fund outreach and recruiting efforts to increase enrollment in the state's worker training programs.
- Requires grant recipients to provide matching cash funding of \$2 for every \$1 of the grant.
- Creates a grant account and expires the program on July 1, 2022.

HOUSE COMMITTEE ON HIGHER EDUCATION

Majority Report: Do pass as amended. Signed by 9 members: Representatives Hansen, Chair; Pollet, Vice Chair; Holy, Ranking Minority Member; Van Werven, Assistant Ranking Minority Member; Haler, Orwall, Sells, Stambaugh and Tarleton.

Staff: Trudes Tango (786-7384).

Background:

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.

The Department of Commerce (Department) administers and distributes various state and federal grants to counties, cities, and other units of local government for local community development, workforce development, growth management planning, and infrastructure projects.

The Workforce Training Customer Advisory Committee (Advisory Committee) advises the State Board for Community and Technical Colleges (State Board) on the use and allocation of funds for certain worker training grants. The Advisory Committee coordinates and promotes workforce education programs, evaluates and assesses projects, and helps the State Board develop a plan to use worker retraining program funds. The Workforce Training and Education Coordinating Board (WTB) provides planning, coordination, evaluation, monitoring, and policy analysis for the state training system and advises the Governor and the Legislature on the statewide system.

The Skilled and Educated Workforce Report, published every two years, is the product of the Washington Student Achievement Council, the State Board, and the WTB. 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 Amended Bill:

Subject to amounts appropriated, a grant program called the Skilled Worker Outreach, Recruitment, and Career Awareness Program is created (grant program). The Department must award matching grants to applicants that will engage in outreach and recruiting efforts to increase enrollment in, and completion of, worker training programs.

Recipients of the grant must provide matching cash funding at the rate of \$2 for each \$1 of the grant. The match may not be in the form of "in-kind" contributions. Recipients may not use matching grants for tuition subsidies or to reduce tuition for a training program.

Eligible applicants are any government entity or any nongovernment entity, association, or organization that is not a private vocational school, that: (a) offers or plans to offer a skilled worker awareness program; and (b) has partnered with industry to either offer or fund a skilled worker awareness program. "Skilled worker awareness program" means a program designed to increase awareness of, and enrollment in, accredited educational, occupational, state-approved pre-apprenticeship, apprenticeship, and similar training programs that award industry or state-recognized certificates, credentials, associate degrees, professional licenses, or similar evidence of achievement but not bachelor's or higher degrees.

The Department must begin accepting applications by January 1, 2018, and by every January 1 thereafter. If the applicant meets all criteria, the Department must send the application to a grant review committee for consideration.

An applicant must provide certain information, including, among other things:

- a description of how the matching grant will be used to provide outreach, education, and recruitment for training programs;
- a description of the training programs the applicant plans to promote;
- past, current, and projected enrollment in the training program the applicant plans to promote;
- a description of partnerships with industry members, including those where training program participants will have the opportunity to earn income or credit hours; and
- any other information the Department requires.

The Department must make recommendations to the grant review committee regarding who should receive a matching grant and the amount. The review committee must consist of 11 members, with representatives from the following:

- the Department of Labor and Industries;
- the Department of Employment Security;
- the Department of Enterprise Services;
- the WTB;
- the State Board;
- two representatives from business;
- two representatives from labor; and
- two representatives from the Washington Apprenticeship and Training Council.

The review committee must rank applicants based on which applicant has the best potential to:

- reach a broad, diverse audience, including populations with barriers as identified in the state's comprehensive workforce training and education plan;
- significantly increase enrollment and completion of the training program the applicant plans to promote;
- collaborate with Centers of Excellence within the community and technical college system;
- fill existing need for skilled workers in the market; and
- demonstrate the following, prioritized in the following order:
 - that the applicant will provide monetary contributions from its own resources; and
 - that the applicant has secured: (a) an industry partner; or (b) monetary contributions from an industry partner, conditional job placement guarantees, or articulation agreements.

The review committee must submit its recommendations to the Director of the Department, who must determine to whom and in what amounts to award matching grants. Matching grants must be awarded no later than April 1 each year following the application submittal deadline.

Recipients must submit a quarterly report and an annual report to the review committee on the measurable outcomes achieved. By December 1, 2019, and by each December 1 thereafter, the review committee must submit an annual report to the Governor and the appropriate committees of the Legislature. The report must include, among other things, the

number of individuals who obtained employment in positions that use skills for which they were trained.

The Department, in coordination with the WTB and the Advisory Committee, must coordinate skilled worker awareness programs throughout the state. The coordination must include, among other things, partnering with industry associations, labor-management programs, and businesses.

The Skilled Worker Outreach, Recruitment, and Career Awareness Grant Program Account is created in the custody of the State Treasurer. The Department must deposit in the account all money received for the program including private contributions. Expenditures from the account may only be used for matching grants. An appropriation is not required for expenditures.

The grant program expires on July 1, 2022.

Amended Bill Compared to Substitute Bill:

The amended bill: (1) modifies definitions and other provisions to clarify that the grant program is to fund outreach and awareness of training programs; (2) specifies that private vocational schools may not be eligible applicants; (3) codifies the grant program under the chapter governing the Department, rather than under the WTB; (4) 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; (5) adds two new considerations to the list of criteria the grant review committee must consider when ranking applicants; (6) requires the Department to coordinate with the Advisory Committee to coordinate skilled worker awareness programs in the state; (7) removes provisions requiring an assessment of current and future workforce needs; and (8) expires the program on July 1, 2022.

Appropriation: None.

Fiscal Note: Available. New fiscal note requested on March 29, 2017.

Effective Date of Amended Bill: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) The idea behind the bill is to have a public/private marketing and outreach program to get youth in the 19- to 24-year-old age range into higher paying jobs. Industry associations invest thousands of dollars into training and raising awareness of jobs related to construction, hospitality, and culinary arts. Industry associations partner with workforce development councils and other state agencies to hold hiring events and similar programs that help people navigate the job market. Training programs provide alternative pathways for youth to become employed right out of high school. Some level of training is helpful even in entry-level jobs. Finding qualified employees is a major issue. This bill will leverage public

dollars with private dollars to let people know that there are industries with living wage jobs and great benefits. It invests in non-college bound careers.

(Opposed) None.

Persons Testifying: Senator Palumbo, prime sponsor; Julia Gorton and Sandra Miller, Washington Hospitality Association; Joel Hart, Hart's Mesa; David Dhondt, Associated General Contractors of Washington; Nancy Munro, Mid Mountain Contractors; Melinda Nichols; and Terry Tilton, Pacific Northwest Regional Council of Carpenters.

Persons Signed In To Testify But Not Testifying: None.

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: Do pass as amended by Committee on Higher Education. Signed by 29 members: Representatives Ormsby, Chair; Robinson, Vice Chair; Chandler, Ranking Minority Member; MacEwen, Assistant Ranking Minority Member; Stokesbary, Assistant Ranking Minority Member; Bergquist, Cody, Fitzgibbon, Haler, Hansen, Harris, Hudgins, Jinkins, Kagi, Lytton, Manweller, Nealey, Pettigrew, Pollet, Sawyer, Schmick, Senn, Springer, Stanford, Sullivan, Tharinger, Vick, Volz and Wilcox.

Minority Report: Do not pass. Signed by 3 members: Representatives Buys, Condotta and Taylor.

Staff: Meghan Morris (786-7119).

Summary of Recommendation of Committee On Appropriations Compared to Recommendation of Committee On Higher Education:

No new changes were recommended.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Amended Bill: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) The construction industry has a worker shortage. An Associated General Contractors (AGC) of America survey shows that 70 percent of Washington contractors are having a hard time filling hourly positions. To fill this void, industry groups have created direct pathways for people to gain well-paying jobs without a college degree. For example, the construction industry spent over \$22 million in 2016 on apprenticeship programs and other workforce development efforts. Other investments focus on outreach to support careers in construction through K-12 schools, organizations, and construction related four-year programs. There are also online campaigns and construction-awareness classes at local

technical colleges. Students attend four-week sessions and then have the opportunity to apply for apprenticeships and meet with employers. This bill will help spread awareness and interest in industry jobs. By supporting this bill, the Legislature is investing in non-college bound students.

(Opposed) None.

Persons Testifying: Michele Williams, Associated General Contractors of Washington.

Persons Signed In To Testify But Not Testifying: None.