

SENATE BILL REPORT

2SSB 5743

As Reported By Senate Committee On:
Economic Development, Trade & Management, January 25, 2008

Title: An act relating to linking economic clusters and quality management practices to customized training.

Brief Description: Linking economic clusters and quality management practices to customized training.

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

Brief History:

Committee Activity: Economic Development, Trade & Management: 2/07/07 [DPS-WM]; 1/15/08, 1/25/08 [DP3S-WM].
Ways & Means: 2/14/07, 2/19/07 [DP2S].
Passed Senate: 3/08/07, 49-0.

SENATE COMMITTEE ON ECONOMIC DEVELOPMENT, TRADE & MANAGEMENT

Majority Report: That Third Substitute Senate Bill No. 5743 be substituted therefor, and the third substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Kastama, Chair; Kilmer, Vice Chair; Zarelli, Ranking Minority Member; Kauffman, King and Shin.

Staff: Jack Brummel (786-7428)

SENATE COMMITTEE ON WAYS & MEANS

Staff: Tim Yowell (786-7435)

Background: The Job Skills Program (JSP), created by the Legislature in 1983, provides customized training for employers. The JSP delivers short-term training to new hires or current employees. The JSP is administered by the State Board for Community and Technical Colleges (SBCTC), and businesses contribute a dollar-for-dollar cash or in-kind match. The JSP supports areas with high unemployment and with a shortage of skilled labor as well as areas with new and growing industries. During the current biennium, \$2.725 million per year is appropriated for JSP grants.

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 Workforce Training and Education Coordinating Board (WTECB) found in 2004 that training through the JSP was associated with a 10 percent increase in worker's earnings.

Summary of Bill (Recommended Third Substitute): It is state policy to ensure that skill training programs are closely linked to cluster- and industry-specific public investments. The SBCTC is to: (1) develop additional mechanisms for identifying and reaching out to firms with a strong potential to be globally competitive after participating in the JSP; and (2) encourage businesses participating in the program to participate in workshops or training designed to improve company productivity and effectiveness.

EFFECT OF CHANGES MADE BY ECONOMIC DEVELOPMENT, TRADE & MANAGEMENT COMMITTEE (Recommended Third Substitute): Participation by associate development organizations with local workforce development councils is required in planning efforts and participation with local community or technical colleges is required in coordination of job skills program training.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

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

Staff Summary of Public Testimony on Third Substitute (Economic Development, Trade & Management): This bill reinforces and enhances the current JSP. This is a competitiveness issue because other states are putting a lot more resources into customized training than we are. The focus on clusters and encouraging a turn toward quality are good. Businesses are investing about \$1.50 in the program for every \$1 invested by the state. The program improves productivity and reduces employee turnover. Twenty-one hundred trainees were turned away last year for lack of funds. An increase of funding of \$3 million would train between 3,000 and 6,000 more people. Training dollars are hard to come by for small manufacturers.

Persons Testifying (Economic Development, Trade & Management): Carolyn Cummins, State Board for Community and Technical Colleges; Ron Newbry, Washington Manufacturing Services; Wes Pruitt, State Workforce Board; James McMahan, Washington Economic Development Association.