

HOUSE BILL REPORT

HB 2214

As Reported By House Committee On:

Commerce & Labor
Appropriations

Title: An act relating to employment and training.

Brief Description: Continuing the work force employment and training program.

Sponsors: Representatives Huff, Clements, Carlson, Alexander, Mastin, McMorris, Buck, Mitchell, O'Brien, Backlund, D. Sommers, L. Thomas, Cooke and Dyer.

Brief History:

Committee Activity:

Commerce & Labor: 3/3/97, 3/14/97, 3/27/97 [DPS];
Appropriations: 4/3/97, 4/5/97 [DP2S(w/o sub CL)].

HOUSE COMMITTEE ON COMMERCE & LABOR

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 5 members: Representatives McMorris, Chairman; Honeyford, Vice Chairman; Boldt; Clements and Lisk.

Minority Report: Do not pass. Signed by 3 members: Representatives Conway, Ranking Minority Member; Cole and Hatfield.

Staff: Pam Madson, (786-7166).

Background: The Employment and Training Trust Fund was established in 1993, to fund training and related support services, including financial aid, for unemployed workers and to fund improvements in the state's employment security system. The program is subject to sunset review and termination on June 30, 1998.

Employer tax.

The source of money for the trust fund is an employer tax of 0.12 percent of taxable employee wages for employers in 19 of the 20 rate classes. The tax is paid and collected in the same manner as employer contributions to the unemployment insurance trust fund. It was the Legislature's intent that no net increase occur in employer tax rates, so an off-setting reduction of 0.12 percent of taxable wages

occurred in employer contributions to the unemployment insurance trust fund for all rate classes except rate class 20. The employer tax and the off-set expire at the end of calendar year 1997.

Education and training.

Under this program, money from the trust fund is provided to the State Board for Community and Technical Colleges to provide increased enrollments in training programs for individuals who are unemployed and are eligible for unemployment or for individuals who have exhausted their unemployment benefits within the previous two years. A priority is given to those unemployed workers who are not likely to return to their previous employment because their particular skills are no longer in demand.

Training may include instruction in basic skills and literacy, occupational skills, vocational education, or supplemental instruction for an individual enrolled in a state-approved apprenticeship program. If a student requests training in a private vocational school and no similar course of training is available at a public institution in the student's congressional district, a community college may contract with a private vocational school to provide the training.

According to the State Community and Technical College Board's 1996-97 implementation plan, once money was received by the state board, distribution to individual colleges occurred in three ways. Each college received money according to a formula based on the level of unemployment in the college's service area. A second amount of money was reserved for dislocated aerospace workers. The remainder was allocated through a request for proposal process with recommendations made by a statewide advisory committee representing business, labor, the Employment Security Department, the Workforce Training and Education Coordinating Board, and the college system. Each college has a local business and labor advisory committee that reviews proposals. A reserve pool of money is held for responding to unexpected plant closures or other economic dislocations.

The Workforce Training and Education Coordinating Board must review and approve the State Community and Technical College Board's plan for use and evaluation of the funds. The plan must be consistent with the workforce board's comprehensive plan for workforce training.

Benefits for individuals.

Money from the employment and training trust fund may be used for financial aid to eligible students. Financial aid is awarded by the college to needy students. Trust fund money is designated through the Omnibus Appropriations Act for training completion aid that is available to those students who have exhausted their

unemployment benefits but have not yet completed their training. No specific provision was made for eligible individuals to receive any additional unemployment benefits when their regular benefits were exhausted.

Employment services.

Money from the Employment and Training Trust Fund is provided to the Employment Security Department to assist workers in finding employment, provide labor market information, collect revenue for and administer the trust fund, improve information technology, and collocate employment security and job service locations on community and technical college campuses.

Accountability reporting.

Both the Employment Security Department and the State Board for Community and Technical Colleges must report to the Legislature annually on the outcomes of providing training and services to unemployed workers under this program.

Summary of Substitute Bill: Modifications are made to the training programs and employment services funded by the Employment and Training Trust Fund and a separate program is established that emphasizes training of unemployed workers. The employer tax terminates at the end of the calendar year 1997 as scheduled.

Job Retraining Advisory Committee.

A job retaining advisory committee is established under the Workforce Training and Education Coordinating Board to review and approve proposals from the community and technical colleges, state and federally approved apprenticeship programs, and private vocational schools for unemployed worker retraining programs. The committee membership must include at least three business and three labor members, and one member to represent each of the following: the State Board for Community and Technical Colleges; the Employment Security Department; and private vocational schools. Additional members may be added by the board but a majority of the total membership must represent business and labor.

The request for proposal process.

In developing training program proposals, each community and technical college must consult with its labor and management advisory board.

Apprenticeship programs and private vocational schools must consult with the local community college advisory board, chamber of commerce, or similar entity to determine job availability and demand for job skills. Training program proposals are

submitted to the job retraining advisory committee through the state board along with the community or technical college proposal

In reviewing training proposals, the committee must consider whether the proposed training will prepare students for occupations that have a demonstrated demand for qualified workers and that lead to jobs that provide a living wage. Dislocated workers must have priority access to training and financial assistance under the program.

Education and training.

All money appropriated by the Legislature for purposes of training unemployed and dislocated workers, including the remaining funds from the Employment and Training Trust Fund, must be allocated through a request for proposal process. Along with community and technical colleges, private vocational schools and state and federally-approved apprenticeship programs may compete under the request for proposal process for money for training programs. The state board is allowed to withhold a reserve pool to respond to emergencies.

Training programs requested through the request for proposal process may only include occupational skills and vocational education. Individual student training plans must focus on occupational skills and vocational education but may be supplemented by basic skills and literacy training if the student requires such training.

Employment services.

Funding under the program no longer includes activities provided by the Employment Security Department to assist workers in finding employment, provide labor market information, improve information technology, or provide collocated employment security and job service locations on community and technical college campuses. The department is authorized to use money from the Employment and Training Trust Fund to collect the remaining employer tax and administer the trust fund.

Benefits for individuals.

Financial assistance is authorized for unemployed individuals who are in training under an approved training plan and will exhaust their unemployment benefits before training is completed and for unemployed workers who are enrolling in training and need assistance to start training before other financial aid is actually available.

Tuition grants are available for unemployed workers who seek training at a private vocational school. The school may request grants directly from the job retraining advisory committee.

Financial assistance from a community or technical college local aid fund is designated for use as a first priority by dislocated and unemployed workers for assistance with tuition, fees, books, child care, or transportation.

Accountability reporting.

The State Board for Community and Technical Colleges must develop a plan for use and evaluation of the funds under this program and the plan must be approved by the Workforce Training and Education Coordinating Board. The state board must also report to the Legislature on program outcomes. This report is due by December 1, in every even-numbered year.

Substitute Bill Compared to Original Bill: The job retraining advisory committee is established under the Workforce Training and Education Coordinating Board. Membership must include a majority of business and labor members. The advisory committee approves all proposals for training programs submitted under the request for proposal process. Training programs approved through the request for proposal process may only include occupational skills and vocational education. However, while training plans for individual students must focus on job retraining they may be supplemented by basic skills training. Private vocational schools may request tuition grants directly from the job retraining advisory committee. Financial assistance is authorized for unemployed workers who will exhaust unemployment insurance benefits before training is completed and to allow enrollment in training before other financial aid is actually available. Private vocational schools and the apprenticeship programs may also consult with the local chamber of commerce or similar entities to determine job availability and demand for skills in developing their proposals. The Employment Security Department may receive funding for collecting the remaining employer tax and administering the Employment and Training Trust Fund until it terminates. No additional unemployment insurance benefits are provided. Provisions relating primarily to operation of the Employment and Training Trust Fund terminate June 30, 1999 and the new job retraining program begins July 1, 1997.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date of Substitute Bill: The bill contains an emergency clause and takes effect on July 1, 1997.

Testimony For: There is a continuing need to provide adequate training for unemployed workers. A worker may experience job dislocation throughout his or her career. Training must reflect needs of today and train workers for jobs that exist. Workers who have been away from training for a long time may need some basic skills or literacy training to be able to benefit from retraining. Unemployed

workers may need additional assistance for child care, transportation, and living expenses to complete training. There is a need for short-term intensive training to get unemployed workers into training and back into the work force. Experience with the existing program indicates that good job placement helps with wage recovery and is an element of a successful retraining program. Increased capacity is needed in the community college system to meet demand for trained workers. Small businesses benefit from retrained individuals. As a training system, the community college can respond quickly to local needs. Private career schools need to be included in the effort to retrain people and get them back to work. A set aside may be needed to allow funding for students who choose private career schools as an option. Funding for retraining of unemployed workers may need to come from a source that everybody contributes to. The funding source for the program must be a stable one. The current funding source does provide a stable source, however it is a very controversial source of funding. Local labor market information is very valuable and should be enhanced not eliminated. Local labor management groups should play a larger role in developing the training curriculum. Local input should be heavily weighted in the request for proposal process. More funds should be allocated through the request for proposal process. This has been a very accountable program, however, accountability could be enhanced through increased local business and labor involvement.

Testimony Against: An important piece of the training picture is assistance for people to find jobs once they are trained. Collocating employment services on college campuses helps people find jobs. Providing localized labor market information helps determine what training is needed. Efforts that seek employers who need employees enhances job placement. Federal funding for job services has decreased significantly since 1980. The extension of the unemployment insurance benefits program in the bill is very broad and it is difficult to determine who may be eligible. It would be difficult to get a new additional benefits program up and running by July 1. Funding is necessary to continue to collect the employer tax and administer the trust fund until the tax terminates at the end of this year. Federal money may not be spent to administer the trust fund. Though many employers support work force training programs and the request for proposal process that has resulted in more targeted training programs, they do not support continuing the funding source or providing additional unemployment insurance benefits.

Testified: (In support) Representative Tom Huff, prime sponsor; Representative Don Carlson, co-sponsor; Earl Hale, State Board for Community and Technical Colleges; Steve Van Ausdale, Walla Walla Community College; Pete Goames, South County Chamber of Commerce; Derek Andrus; Evelyn Clevenger; Harold Abbe and Elmer Laulainer, Association of Washington Pulp and Paper Workers; and Jeff Johnson, Washington State Labor Council. (Oppose) Cindy Zehnder and Graham Sakrison, Employment Security Department; and Earl Tower, Association of Washington

Business. (Support with amendments) Gena Wikstrom and Linda Broderick, Private Career Schools)

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: The second substitute bill be substituted therefor and the second substitute bill do pass and do not pass the substitute bill by Committee on Commerce & Labor. Signed by 18 members: Representatives Huff, Chairman; Alexander, Vice Chairman; Clements, Vice Chairman; Wensman, Vice Chairman; Benson; Carlson; Cooke; Crouse; Dyer; Lambert; Lisk; Mastin; McMorris; Parlette; D. Schmidt; Sehlin; Sheahan and Talcott.

Minority Report: Do not pass. Signed by 13 members: Representatives H. Sommers, Ranking Minority Member; Doumit, Assistant Ranking Minority Member; Gombosky, Assistant Ranking Minority Member; Chopp; Cody; Grant; Keiser; Kenney; Kessler; Linville; Poulsen; Regala and Tokuda.

Staff: Jim Lux (786-7152).

Summary of Recommendation of Committee on Appropriations Compared to Recommendation of Committee on Commerce & Labor: The Job Retraining Advisory Committee is moved from the Workforce Training and Education Coordinating Board to the State Board for Community and Technical Colleges. Occupational and vocational training programs submitted through the request for proposal process for funding may include short-term training programs of one quarter or less and may be offered at night or on weekends. The Workforce Training and Education Coordinating Board is required to identify all workforce training programs operating in the state as well as other related program characteristics and prepare a report to be submitted to the Legislature by July 1, 1998. The Workforce Training and Education Coordinating Board is also required to make recommendations to the Legislature by November 1, 1998, based on the comprehensive report required in the legislation and other existing reports that modify, consolidate, or eliminate programs to improve the efficiency of the workforce training system. The workforce board must look first at certain specified programs which streamline and coordinate program offerings that direct training resources in response to local market demand. The Joint Legislative Audit and Review Committee is directed to conduct a performance evaluation of the Workforce Training and Education Coordinating Board and is to report its findings to the Legislature by December 1, 1997.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date The bill contains an emergency clause and takes effect on July 1, 1997.

Testimony For: There is a definite need for training opportunities for unemployed dislocated workers. The training is desperately needed.

Testimony Against: The Department of Employment Security has important programs that are not funded but are integral to the success of the program. Dislocated workers will not be able to get jobs, and the training will be less effective or not applicable to available employment opportunities. The co-location of employment services on college campuses that has been very successful is not likely to be continued without funding because the department cannot absorb these costs within its existing budget. Federal funding is being reduced and there are federal restrictions concerning how federal funds may be spent. Without labor market information, individuals and community and technical colleges will not know what training is needed in the local area and training may not relate to opportunities in the labor force. In addition, the loss of employer outreach services will reduce the ability of the department to find employers with jobs that pay a living wage. The lack of available financial assistance will mean that many dislocated workers will not be able to complete their training because they must drop out to work. There are enough advisory committees and the Job Retraining Advisory Committee is not necessary, especially as a statutorily based committee. This legislation will not continue the success the program has enjoyed. There has been an 85 percent placement rate for those individuals completing the training. The current program has decreased duplication of effort between the community and technical college system and the Employment Security Department. The lack of funding and job placement and referral services for the Employment Security Department co-located on community and technical college campuses will increase duplication and reduce responsiveness.

Testified: Harold Abbe, Association of Western Pulp & Paper Workers and Washington State Labor Council (pro); Wes Pruitt, Workforce Training & Education Coordinating Board (pro); Cindy Zehnder, Department of Employment Security (concerns); Dan McConnon, State Board for Community and Technical Colleges (concerns); and Ken Minnaert, South Puget Sound Community College (concerns);