

# HOUSE BILL REPORT

## HB 2256

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**As Reported By House Committee On:**  
Commerce & Labor  
Appropriations

**Title:** An act relating to the work force development system.

**Brief Description:** Changing the work force development system.

**Sponsors:** Representatives Conway, Clements, Stensen, Reardon, Murray, Keiser, Ruderman, Lantz, Fisher, Lovick, Sullivan, Hurst, Santos, Kenney, Wolfe, Ogden, Kagi, Constantine, Dickerson, Linville, Rockefeller, Romero, Hatfield, Veloria, Wood, Edmonds, McIntire and O'Brien.

**Brief History:**

**Committee Activity:**

Commerce & Labor: 2/11/99 (Heard as HB 1632), 3/1/99 [DPS];  
Appropriations: 3/30/99, 4/20/99 [DP2S(w/o sub CL)].

**Brief Summary of Second Substitute Bill**

- Changes the name of the Workforce Training and Education Coordinating Board to the Workforce Development Board, changes the makeup and increases the number of members from nine voting members to 18 voting members.
- Defines the workforce development system to include a broader array of programs than the current workforce training system.
- Refocuses the board's activity emphasizing increased accountability and performance measurement throughout the workforce development system.
- Establishes local workforce development councils and facilitates access to services through a One-Stop delivery system.
- Provides for a performance audit of the workforce development system by the Joint Legislative Audit and Review Committee by December 1, 2004.
- Allows for data-sharing arrangements among the partner agencies.

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## HOUSE COMMITTEE ON COMMERCE & LABOR

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 8 members: Representatives Clements, Republican Co-Chair; Conway, Democratic Co-Chair; B. Chandler, Republican Vice Chair; Wood, Democratic Vice Chair; Hurst; Lisk; McIntire and McMorris.

**Staff:** Pam Madson (786-7166).

### **Background:**

In August of 1998, Congress enacted the Workforce Investment Act (WIA). The federal act repeals the Joint Training Partnership Act (JTPA) effective July 1, 2000, and amends other federal workforce development programs. The federal act encourages coordination but does not take the full step of consolidating funding of federal workforce development programs.

### ***The Federal Workforce Investment Act***

The act requires states to establish a state Workforce Investment Board (WIB). Board membership must include a majority of business representatives. An existing state board may be designated as the new WIB if it was in existence as of December 30, 1997.

The act also requires states to develop a five-year plan for the state's workforce investment system. The plan must cover certain federal programs. However, states have the option of including additional state and federal programs into a unified state plan.

The act requires appointment of local workforce investment boards by local elected officials based on criteria set by the Governor and the state board. The local board is responsible for developing local plans and overseeing the local programs. The board recommends local providers of training services who must meet minimum criteria established by the Governor to be placed on an approved list of service providers. Training providers must meet certain performance criteria to maintain their eligibility as training providers.

The act directs establishment of a One-Stop delivery system of training and related services at the local level. Certain core services must be provided through this delivery system to anyone seeking services. The delivery system must also provide access to more intensive services and training services.

Both state and local boards are accountable for meeting negotiated performance measures. Sanctions may include technical assistance to those entities that fail to

meet performance standards. If the failure continues at the state level, grant money can be withheld from the state. At the local level, the board may be reorganized or replaced. Incentive grants may be awarded to states that exceed their performance measures. States may develop similar incentive grants for high-performing local boards.

***The Workforce Training and Education Coordinating Board (WTECB)***

The WTECB was created in 1991. Its purpose is to provide planning, coordination, evaluation, monitoring, and policy analysis for the state's training system. Several agencies are involved in implementing the programs that make up the state training system.

The WTECB includes 11 representatives; three from business, three from labor, three from state government including the Superintendent of Public Instruction, the executive director of the State Board for Community and Technical Colleges, the commissioner of the ESD, a member representing under-served individuals, and a chairperson appointed by the Governor.

The WTECB is charged with 27 duties to be performed in cooperation with the agencies involved in the state's workforce training system. These duties include developing and maintaining a comprehensive plan for workforce training, establishing minimum standards to be used by agencies in evaluating programs they implement, requiring standards for collecting data and setting a minimum of core data to be collected by each reporting agency, and performing an outcome-based evaluation of the workforce training and education system using net-impact and cost-benefit analysis.

***Employment Security Department (ESD)***

The ESD oversees implementation of the federal Job Training Partnership Act (JTPA) programs through twelve service delivery areas administered by local private industry councils in partnership with local elected officials. Members of the private industry councils are appointed by local elected officials.

The ESD acts as the lead agency to administer the state's implementation grant for the development of One-Stop service delivery. The department also maintains labor market information and the public labor exchange under the Wagner-Peyser Act.

***Primary Training Provider***

The state's community and technical college systems serve as the primary training provider along with private career schools and colleges.

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**Summary of Substitute Bill:**

A number of changes are made to the state's current workforce training system. Some changes address the new requirements under the federal WIA.

The WTECB is renamed the Workforce Development Board (WDB). The WDB serves as the state WIB required under the federal act. The state's workforce development system is defined as several programs that use state or federal funds to prepare and retrain workers or provide employment services. This definition expands the list of programs included in the state's workforce development system.

The WDB consists of 18 voting members; five business members, five labor members, five state agency representatives, one representative of private career schools, one representative of community-based organizations, and one representative of local elected officials. The Department of Social and Health Services (DSHS) and the Department of Community, Trade, and Economic Development (DCTED) are added as two of the five state agency representatives. The chair of the board will rotate between a member representing business and a member representing labor. The director of the board is to be appointed by the Governor and confirmed by the Senate.

The board must develop a state unified plan for the workforce development system, keep an inventory of programs, assess employer and worker needs for workforce training, work with local workforce development councils, work in partnership with the training related components of the state's WorkFirst, community services, and the workers' compensation vocational rehabilitation programs, measure performance, make recommendations to the Governor, and assist in implementing a One-Stop delivery system for workforce development.

The WDB is to perform the role of the Job Training Coordinating Council until the expiration of the JTPA on July 1, 2000.

Local workforce development councils, required under the federal WIA, are created to develop local unified plans, oversee local One-Stop systems, and coordinate workforce development activities at the local level.

Obligations of the ESD regarding the programs under the federal act are specified. The department must provide labor market information to the WDB and provide elements of the state plan for the state's public labor exchange (Wagner-Peyser), youth activities and adult employment and training activities (former JTPA programs). The department receives the funding for these federal programs and must recommend allocations to the Governor.

The Joint Legislative Audit and Review Committee (JLARC) must conduct a performance audit of the workforce development system by December 1, 2004.

Provisions relating to the comprehensive plan, evaluations and assessments by the WTECB are repealed. Provisions relating to the Job Training Coordinating Council are repealed. Provisions relating to data sharing by the Employment Security Department are deleted.

**Substitute Bill Compared to Original Bill:** The substitute bill: (1) Adds the vocational rehabilitation program under DSHS and the Department of Services for the Blind to the definition of the state's workforce development system; (2) allows statewide organizations for business, private career schools and colleges, and community-based organizations to submit nominees from which the Governor appoints representatives for board membership; (3) allows creation of a subcommittee of six members to recommend use of federal vocational education funds under Carl Perkins Act; (4) removes the directive that the board advocate for the workforce development system; (5) establishes a coordinated approach to the design and implementation of a performance measurement system; (6) clarifies implementation of sanctions and incentives and provides a fund from which grants may be awarded to high performing local councils and programs; (7) includes the workers' compensation vocational rehabilitation program and the training and placement components of WorkFirst as programs to be integrated into the workforce development system; (8) includes small business in employer outreach by local councils; and (9) directs the JLARC to do a performance audit of the workforce development system by December 1, 2004.

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**Appropriation:** None

**Fiscal Note:** Requested on HB 1632 on February 10, 1999.

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

**Testimony For:** (On HB 1632) Passage of the federal WIA is an opportunity for the state to move forward in creating a unified state workforce plan that includes state and federal programs and allows the state to build on the work that has been done. It also allows the state to strengthen the accountability of the system and link workforce training and economic development strategies. Several issues are still being negotiated. The sanctions and incentives approach in the federal act can be extended to the local level under the state act. For accountability to work at the program level, a common set of measures and collection of data must occur. It is still unclear how resources will be allocated to the efforts at the local level, how each sector will contribute to implementing a local plan. The system should be inclusive and all programs including Temporary Assistance to Needy Families (TANF) need to be part of the planning process. Youth programs are important. There is concern that youth will be lost in an enlarged board that continues to focus on adult programs and job placement. Under the federal act, the state must specifically include K-12 vocational

education for it to be part of the state plan. There is concern over creating an accountability system for workforce development that does not take into consideration accountability systems that already exist. The systems should be compatible and complementary, not redundant and costly. Current effective partnerships should not be upset. Small business should be given significant attention. To make this system work, being able to share data is very important.

**Testimony Against:** None.

**Testified:** (on HB 1632) Ellen O'Brien Saunders, Workforce Training and Education Coordinating Board; John McGinnis; Jeff Johnson, Washington State Labor Council; Mary Jean Ryan, City of Seattle - Office of Economic Development; Henry Beauchamp, Yakima Valley Opportunities Industrialization Center; Kyra Kester, Office of Superintendent of Public Instruction; Linda Broderick, Washington Federation of Private Career Schools and Colleges; Michele Johnson, Pierce College; Val Charron, Northwest Dental Service; Dave Lovell, Teamsters Local #599; Ken Johnson, Association of Washington Business; Dan McConnon, State Board for Community and Technical Colleges; Ron Lafayette, Community Colleges of Spokane; Beverly Kincaid, Olympic College; and Carolyn Logue, National Federation of Independent Business.

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## 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 29 members: Representatives Huff, Republican Co-Chair; H. Sommers, Democratic Co-Chair; Alexander, Republican Vice Chair; Doumit, Democratic Vice Chair; D. Schmidt, Republican Vice Chair; Barlean; Carlson; Clements; Cody; Crouse; Gombosky; Grant; Kagi; Keiser; Kenney; Kessler; Lambert; Linville; Lisk; Mastin; McIntire; McMorris; Parlette; Regala; Rockefeller; Ruderman; Sullivan; Tokuda and Wensman.

**Minority Report:** Without recommendation. Signed by 2 members: Representatives Benson and Boldt.

**Staff:** Julie Salvi (786-7349).

**Summary of Recommendation of Committee on Appropriations Compared to Recommendation of Committee on Commerce & Labor:** (1) Non-profit organizations serving people with disabilities and offering job training or work related adult literacy services are included in the definition of the workforce development system. (2) State and local government agencies must screen individuals receiving public benefits and services under the Workforce Investment Act and the public labor-

exchange to determine their eligibility for the benefits and services. The ESD will appoint a task force to review and make recommendations on the most effective methods of verifying eligibility. State and local government agencies will implement a verification process by January, 2004. (3) The ESD is allowed to share confidential data with agencies involved in the WorkFirst program and with partners in the One-Stop system. This confidential information is exempted from inspection and copying under the Public Disclosure Act. A person or organization is subject to a civil fine if the confidential information is misused. (4) The performance audit conducted by JLARC will not duplicate evaluations by the Workforce Development Board, but the board's evaluations will be considered within the JLARC performance audit.

**Appropriation:** None.

**Fiscal Note:** Available on substitute bill.

**Effective Date of Second Substitute Bill:** Ninety days after adjournment of session in which bill is passed.

**Testimony For:** (Substitute bill) The workforce development system will be responsive to workers and employers. A collaborative and cooperative process has occurred in the development of this bill. Workforce training providers will jointly plan how to use resources in a way that will decrease program duplication and increase the net social benefits. All programs will be included by July 1, 2001. Concerns were expressed about the timing of WorkFirst training and placement activities' inclusion in the workforce development system. A system of performance measures will be developed and providers will be held accountable to policy makers and consumers. The tripartite partnership in Washington's workforce development system is maintained through continued collaboration between business, labor, and government representatives. Economic development and workforce development are linked together. The roles and functions of three state boards and councils are consolidated. This bill can be implemented within existing dollars.

**Testimony Against:** None.

**Testified:** (Substitute bill) Representative Conway, prime sponsor; Representative Clements, sponsor; Rich Nafziger, Office of the Governor; Ellen O'Brien Saunders, Workforce Training and Education Coordinating Board; Jeanne Munro, Department of Social and Health Services; Carol Albers, Washington Federation of Private Career Schools and Colleges; Russ Lidman, Employment Security Department; Dan McConnan, State Board for Community and Technical Colleges; Ken Johnson, Association of Washington Business; and Jeff Johnson, Washington State Labor Council.