

# SENATE BILL REPORT

## SB 6539

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As Reported By Senate Committee On:  
Higher Education, February 4, 2000

**Title:** An act relating to earned income training credits.

**Brief Description:** Establishing an earned income training credit program.

**Sponsors:** Senators Brown, Winsley, B. Sheldon, Kohl-Welles, Fairley, Hargrove, Wojahn, Jacobsen and Kline.

**Brief History:**

**Committee Activity:** Higher Education: 1/31/2000, 2/4/2000 [DPS-WM].

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### SENATE COMMITTEE ON HIGHER EDUCATION

**Majority Report:** That Substitute Senate Bill No. 6539 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Kohl-Welles, Chair; Shin, Vice Chair; Bauer, Horn, Jacobsen, McAuliffe and B. Sheldon.

**Staff:** Jean Six (786-7423)

**Background:** Research shows that even short periods of education and training can increase incomes substantially. The jobs available in today's technology driven market often require special training. It is believed by some that creating access to job specific education will result in employment in high demand occupations.

**Summary of Substitute Bill:** The State Board for Community and Technical Colleges (SBCTC) must establish and administer an earned income training credit program. To be eligible for the training credit, a resident student must be a parent having received an earned income tax credit under the federal Internal Revenue Code. The training credit is awarded in an amount equal to 50 percent of the earned tax credit up to six quarters of community college tuition. The training credits must be used within five years, are not transferrable, and are subject to available funding.

Training credits can be accumulated over time and a recipient must have a minimum \$1000 training credits before using them.

Training credits are to be used for tuition at a community or technical college or for on-the-job training with an employer. At least 25 percent of the funds are for employer on-the-job training programs.

Recipients of the training credits are eligible for state subsidized child care under SBCTC rules. Other forms of financial aid are also made available.

The SBCTC in cooperation with the Employment Security Department must issue a report every two years beginning with December 1, 2002. Reporting requirements are identified.

**Substitute Bill Compared to Original Bill:** The program is for working parents. The upper limit is now six quarters of community college tuition. The relationship between traditional financial aid programs and the training credit is clarified. At least 25 percent of the funds set aside for training credits are for employer on-the-job training programs. Students may use the training credits at a private career school.

**Appropriation:** None.

**Fiscal Note:** Requested on January 18, 2000.

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

**Testimony For:** This is being called the earn to learn– program. Low-income people need a pathway to education that will lead to higher wage employment. It provides an opportunity for employers to help their employees. This concept grew out of Mr. McIntire’s doctoral thesis. Target the benefits to working poor. It needs to make hard work pay off. The program will be funded through TANF surplus dollars.

It helps close the skills gap and promote skills progression. Washington ranks very low in providing access to postsecondary education for welfare recipients. This program would be a good use for TANF surplus dollars.

A good bill for working families, as well as a good economic development bill.

Concerns: Technical corrections will be provided.

**Testimony Against:** None.

**Testified:** Senator Brown, prime sponsor; Representative McIntire, prime sponsor of House companion; M.T. Andrews, WA Welfare Rights Organization Coalition; Sara Fleming Merten, WA Assn. of Churches; Dan McConnan, SBCTC.