
Higher Education Committee

HB 1825

Brief Description: Providing a source of funding for customized work force training.

Sponsors: Representatives Kilmer, Skinner, Pettigrew, Haler, Wallace, Kenney, Clibborn, Jarrett, Morrell, Hankins, P. Sullivan, Buri, McCoy, Linville, Grant, Blake, Kessler, Simpson, Conway, Rodne and Kagi.

Brief Summary of Bill
<ul style="list-style-type: none">Creates the Washington Customized Employment Workforce Training program for employers locating or expanding in Washington.

Hearing Date: 2/17/05

Staff: Sydney Forrester (786-7120).

Background:

A 2003 survey by the Workforce Training and Education Coordinating Board (Board) found that 45 percent of employers attempting to hire had difficulty finding qualified job applicants in the previous 12 months. More than 67 percent of employers who tried to find job applicants with a vocational degree or certificate from a community or technical college or private career school had difficulty finding such workers. The Board found that employers believe that skill shortages are hurting the economy by limiting business expansion, lowering productivity, and reducing product quality, yet businesses often lack the incentives and resources to provide training.

The Washington Competitiveness Council (Council) has recommended the acceleration of worker training in high-demand fields for new workers, incumbent workers, and displaced workers. The Council advocates an increase in capacity to provide customized training for business recruitment or expansion.

The Job Skills Program is a customized training program that matches employer investments in on-the-job training, but it is among the smallest customized training programs in the nation. Customized training has been funded elsewhere using a bonding mechanism which pays off the bonds over time using a portion of the participating companies' tax payments. The state of Iowa has four customized training programs with yearly funding amounts of over \$40 million; their customized training that uses a bonding mechanism has averaged over \$10 million per year in training expenditures and over 3,000 jobs created per year since its inception in 1983.

Summary of Bill:

The Washington Customized Employment Workforce Training program is created for employers locating or expanding in the state. The State Board for Community and Technical Colleges (SBCTC) is to administer the program. The employment training finance account is established to receive and disburse funds for the payment of bonds issued to cover the costs of training programs at a community or technical college. Business and occupation (B&O) or utility tax payments of participating employers are deposited in the fund until the employers' monetary obligations to the program are met.

Training grants may be awarded to employers who have entered into training agreements with a state community or technical college. Employers must agree to reimburse one-half the training costs, pay B&O or utility taxes, or make other payments to ensure sufficient funds in the employment training finance account. Employers also must increase their employment in the state by an amount equal to at least 75 percent of the trainees in their training program.

The Washington Economic Development Finance Authority (WEDFA) must issue bonds to finance training program costs. The bonds are payable solely out of the employment training finance account. The bonds are not obligations of the state. The WEDFA is to enter into agreements with participating employers to ensure payment of program costs and bond obligations.

The director of the SBCTC is added as a member of the WEDFA and the director of the Department of Agriculture is removed.

Appropriation: None.

Fiscal Note: Available.

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