

# SENATE BILL REPORT

## SB 5174

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As Reported By Senate Committee On:  
International Trade & Economic Development, February 2, 2005

**Title:** An act relating to providing a source of funding for customized work force training.

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

**Sponsors:** Senators Shin, Schmidt, Kohl-Welles, Rasmussen, Kline, Keiser, Roach, Doumit, Regala, Berkey, Pflug, McAuliffe, Franklin and Eide.

**Brief History:**

**Committee Activity:** International Trade & Economic Development: 1/27/05, 2/2/05 [DPS].  
Ways & Means: 2/23/05.

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### SENATE COMMITTEE ON INTERNATIONAL TRADE & ECONOMIC DEVELOPMENT

**Majority Report:** That Substitute Senate Bill No. 5174 be substituted therefor, and the substitute bill do pass.

Signed by Senators Shin, Chair; Sheldon, Vice Chair; Pflug, Ranking Minority Member; Doumit, Eide, Roach and Zarelli.

**Staff:** Jack Brummel (786-7428)

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### SENATE COMMITTEE ON WAYS & MEANS

**Staff:** Dean Carlson (786-7305)

**Background:** The Washington Competitiveness 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 Substitute 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. 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 are awarded to employers who have entered into training agreements with a local training institutions. 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 are to 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 authority is to enter into agreements with participating employers to ensure payment of program costs and bond obligations.

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

**Substitute Bill Compared to Original Bill:** The substitute makes private schools eligible to participate as training institutions.

**Appropriation:** None.

**Fiscal Note:** Available.

**Committee/Commission/Task Force Created:** No.

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

**Testimony For:** This legislation has a good track record in Iowa. It allows a quick response to the training needs of an expanding business. The bill represents an important tool to attract businesses. It is compatible with the Job Skills Program. There is strong support from the community colleges for the bill - bringing the community college infrastructure to the table during business recruitment is a real benefit. The bill can help increase productivity and speed adoption of new technologies.

**Testimony Against:** None.

**Who Testified:** Mike Hudson, AWB; Jack O'hara, Edmonds Community College & Snohomish Development Council; Carolyn Cummins, SBCTC; Ron Newbry, Joe Torterelli, WA. Economic Development Assoc.; John Vicklund, WA. Manufacturing Services; Scott Taylor, WPPA; Wes Pruitt, Workforce Board; Jonathan Hayes, WA. Economic Development Finance Authority; Gene Wikstrom, WA. Federation of Private Career Colleges.