

HOUSE BILL REPORT

2SSB 5743

As Reported by House Committee On:
Higher Education

Title: An act relating to linking economic clusters and quality management practices to customized training.

Brief Description: Linking economic clusters and quality management practices to customized training.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Kastama, Kilmer and Shin).

Brief History:

Committee Activity:

Higher Education: 3/19/07, 3/29/07 [DP].

Brief Summary of Second Substitute Bill

- Increases linkages between the Job Skills Program (JSP) and cluster- and industry-specific public investments.
- Encourages businesses participating in the JSP to participate in training and workshops designed to improve company productivity and effectiveness.

HOUSE COMMITTEE ON HIGHER EDUCATION

Majority Report: Do pass. Signed by 6 members: Representatives Wallace, Chair; Sells, Vice Chair; Anderson, Ranking Minority Member; Jarrett, Roberts and Sommers.

Minority Report: Do not pass. Signed by 2 members: Representatives Hasegawa and McIntire.

Staff: Jennifer Thornton (786-7111).

Background:

Job Skills Program

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

The Job Skills Program (JSP), created by the Legislature in 1983, is a state-supported program that provides customized training for employers. The JSP delivers training to new hires or current employees at their work-site or in a classroom. The Workforce Training and Education Coordinating Board (WTECB) found in 2004 that training through the JSP was associated with a 10 percent increase in worker's earnings.

The JSP is administered by the State Board for Community and Technical Colleges (SBCTC), and businesses contribute a dollar-for-dollar cash or in-kind match. The JSP supports areas with new and growing industries, locations where the local population does not have the skills needed to stay employed, and those regions impacted by economic changes that cause large-scale job loss. During the current biennium, the state provided \$2.95 million for the JSP grants, with an additional \$1 million earmarked for Boeing, for training a total of 2,900 workers. An additional \$3 million in employer requests to train 2,100 workers were not provided due to funding constraints.

Clusters

A cluster is a geographic concentration of interconnected companies, specialized suppliers, service providers, firms in related industries, and association institutions (for example, universities, standards agencies, and trade associations) in particular fields that compete but also cooperate. A cluster exists when there is a high concentration of such partners within a geographic region. The existence of an unusually high number of firms and jobs in an industry in an area generally provides evidence that that area has a comparative advantage over other areas for that industry.

Washington has a number of workforce development programs administered by different agencies that have targeted programs to support economic clusters, including:

- Industry Skill Panels through the WTECB;
- Centers of Excellence through the SBCTC;
- Job Skills and Customized Training Programs through the SBCTC;
- Workforce Investment Act Customized Training through the Employment Security Department; and
- the Cluster Grant Program through the Department of Community, Trade and Economic Development.

Summary of Bill:

It is state policy to ensure that skill training programs are closely linked to cluster- and industry-specific public investments.

As part of the JSP, the SBCTC is to: (1) develop additional mechanisms for identifying and outreaching to firms with a strong potential to be globally competitive after participating in the JSP; and (2) encourage businesses participating in the program to participate in training and workshops designed to improve company productivity and effectiveness.

Appropriation: None.

Fiscal Note: Available.

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

Staff Summary of Public Testimony:

(In support) Before the TransAlta mine shut down in Lewis County, the county had the highest unemployment rate in western Washington. After the shutdown, the rate became even higher. However, many entities have come together to strategically recruit businesses; all they need is a trained workforce. People will not have a successful company without a skilled workforce. There are two exciting projects coming to the area, both of which are excited to get Job Skills Program (JSP) grants to help get trained workers. This program is one of the best ways to help businesses and marry the relationship between the colleges and industry.

This bill reinforces and enhances relationships between state and regional economic development efforts and the JSP. It is an important bill because it enhances the ability to target job skills funds to industries on which the economy depends.

Washington ranks 43rd nationally for providing customized training to businesses. The state spends 83 cents per capita, whereas the average state provides \$2.50-\$3.50 per capita. As a result of the training through this program, businesses see wage gains, cost savings and sales gains. The demand for the program outstrips resources. Full funding to meet businesses demand for the program is encouraged.

(Opposed) None.

Persons Testifying: Senator Kastama, prime sponsor; Dr. Jim Walton, Centralia College; Carolyn Cummins, State Board for Community and Technical Colleges; Madeleine Thompson, Workforce Training and Education Coordinating Board; and James McMahan, Washington Economic Development Association.

Persons Signed In To Testify But Not Testifying: None.