

SENATE BILL REPORT

SB 5616

As Reported by Senate Committee On:
Economic Development, Trade & Innovation, January 29, 2009

Title: An act relating to connecting business expansion and recruitment to customized training.

Brief Description: Connecting business expansion and recruitment to customized training.

Sponsors: Senators Shin, Kastama and Kilmer.

Brief History:

Committee Activity: Economic Development, Trade & Innovation: 1/28/09, 1/29/09 [DPS].

SENATE COMMITTEE ON ECONOMIC DEVELOPMENT, TRADE & INNOVATION

Majority Report: That Substitute Senate Bill No. 5616 be substituted therefor, and the substitute bill do pass.

Signed by Senators Kastama, Chair; Shin, Vice Chair; Zarelli, Ranking Minority Member; Delvin, Eide, Kilmer and McCaslin.

Staff: Jack Brummel (786-7428)

Background: The Washington Customized Employment Workforce Training Program (the program) was created in 2006 for employers locating or expanding in the state. The State Board for Community and Technical Colleges (SBCTC) administers the program. Training allowances are awarded to employers who have entered into training agreements with colleges in the state. Preference in granting training allowances is given to employers with fewer than 50 employees.

The Employment Training Finance Account (the account) was funded for SBCTC to provide training allowances. At the completion of training, employers are required to pay one-quarter of the cost of the training into the account. The additional three-quarters of the cost are to be paid into the account over the following 18 months. A business and occupation tax credit is provided to employers for half of the amount that they pay into the account for employee training.

Employers are expected to increase their employment in the state by an amount equal to at least 75 percent of the trainees in their training program. If this goal is not met, the employer

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is expected to make additional payments to the account.

The program expires on July 1, 2012.

Summary of Bill (Recommended Substitute): During 2009 and 2010, employers participating in the program may delay payments to the account. The expectation that participants will increase employment in the state by an amount equal to at least 75 percent of the trainees is changed to a requirement that participants must make good faith efforts to hire from trainees in the participant's training program. Colleges must make good faith efforts to use trainers preferred by participants.

The SBCTC must ensure a seamless process toward participation in the program for employers that have qualified for the Job Skills Program but are not able to participate because those funds have been committed.

Up to \$75,000 per year from the account may be used by SBCTC for training, marketing, and facilitation services to increase the use of the program.

EFFECT OF CHANGES MADE BY ECONOMIC DEVELOPMENT, TRADE & INNOVATION COMMITTEE (Recommended Substitute): The substitute eliminates a section relating to participation in the program during 2009 and 2010 by employers qualified for the Job Skills Program, but adds a subsection requiring the SBCTC to ensure a seamless process toward participation for employers that have qualified for the Job Skills Program but are not able to participate because those funds have been committed.

Appropriation: None.

Fiscal Note: Requested on January 27, 2009.

Committee/Commission/Task Force Created: No.

Effective Date: The bill contains an emergency clause and takes effect immediately.

Staff Summary of Public Testimony on Original Bill: PRO: This provides incentives for new companies to come here by guaranteeing training for workers. The bill's changes to the program will be useful to recruit firms. These changes are done with the customer in mind. The provision allowing delay of payment will be very beneficial to businesses. The change to the job growth requirement is a positive. The funding for marketing will be beneficial.

The section allowing the use of the program by firms qualifying for Job Skills monies is not needed because this would happen anyway. It would be good to guarantee a seamless process for businesses qualified for Job Skills funds to be able to use the program.

Persons Testifying: PRO: Senator Shin, prime sponsor; Jim Crabbe, SBCTC; Bryan Wilson, Workforce Training and Education Coordinating Board; Ron Newbry, Washington Manufacturing Services; Amber Carter, Association of Washington Business.