

SENATE BILL REPORT

SB 5674

As Reported by Senate Committee On:
Higher Education & Workforce Development, February 16, 2011

Title: An act relating to the aerospace training student loan program.

Brief Description: Creating the aerospace training student loan program.

Sponsors: Senators Eide, Hobbs, Fain, Tom, Delvin, Kilmer, Shin, McAuliffe and White.

Brief History:

Committee Activity: Higher Education & Workforce Development: 2/15/11, 2/16/11 [DP].

SENATE COMMITTEE ON HIGHER EDUCATION & WORKFORCE DEVELOPMENT

Majority Report: Do pass.

Signed by Senators Tom, Chair; Shin, Vice Chair; Hill, Ranking Minority Member; Baumgartner, Becker, Ericksen, Kastama, Kilmer and White.

Staff: Kimberly Cushing (786-7421)

Background: The Higher Education Coordinating Board (HECB) currently administers any state program or state-administered federal program of student financial aid.

The Aerospace Futures Alliance (AFA) is an organization that represents the concerns and issues of aerospace industry members.

In June 2010 the Washington Aerospace Training and Research Center opened at Paine Field in Everett. The center is operated by Edmonds Community College and offers short, hands-on, job-specific training to present and future aerospace workers. Students have the opportunity to enroll in a certificate program or enhance their skill sets through individual classes. Training is delivered through on-site, online, and hybrid formats at the center, through statewide community colleges, or through distance learning venues.

Community Colleges of Spokane is taking a lead in creating the Spokane Aerospace Technology Center, a new educational facility at Spokane International Airport, scheduled to open later in 2011.

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.

Summary of Bill: The Aerospace Training Student Loan Program (program) is established. The program is defined as a course in aerospace industry as offered by the Washington Aerospace Training and Research Center or Spokane Aerospace Technology Center. The HECB must administer the program, and has the following powers and duties:

- to screen and select, in coordination with the AFA, eligible students to receive an aerospace training student loan (loan);
- to adopt necessary rules;
- to collect and manage repayments from students who do not meet their obligations; and
- to solicit and accept public and private grants and donations.

To remain an eligible student and to receive continuing disbursements, a participant must be making satisfactory progress. The HECB may award loans to eligible students from funds appropriated or given for this program. The amount awarded to an individual may not exceed one year of tuition and fees.

A participant incurs an obligation to repay the student loan, with interest, within three years of completing the program. The HECB annually determines the interest rate and must set the minimum payment. Six months after the participant completes or discontinues the course of study, payments of principal and interest begin accruing quarterly. The HECB must exercise due diligence when collecting repayments and must pursue collection and servicing of repayments to the full extent of the law.

The Aerospace Training Student Loan Account is created in the custody of the State Treasurer. No appropriation is required for expenditures from the account. The account is not subject to allotment procedures, except for monies used for program administration. HECB must deposit into the account all monies received for the program, including receipts from the payment of principal or interest. The account must be self-sustaining. Expenditures from the account must be used solely for student loans to program participants and costs for program administration. Disbursements are made on the authorization of the HECB.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

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

Staff Summary of Public Testimony: PRO: The program is phenomenal. It cannot train people fast enough to fill available jobs. At a time with unemployed individuals and an aging workforce, this is a win-win. This is a process bill that will set up administration for a short-term loan program. The good news is that companies are hiring 85 percent of students going through the training center. The bad news is we don't have enough students. Most student loans are for programs that are six months or longer, but this program is about three to four months long. The program builds partnerships that link newly skilled workers with the job needs of aerospace companies. The goal was to align certificates that meet skill needs across industry boundaries. The center is not intended to meet all attritional needs, but the graduates

will provide the industry with many of the foundational skills needed to meet the demand. More aerospace companies are coming to the area needing qualified employees.

OTHER: Aerospace machinists have concerns that this new learning training center doesn't build toward a career or degree or license. It is a temporary benefit. Machinists have offered to serve on the advisory board of the center, but their efforts were rebuffed. We are concerned about AFA's roll in selecting students to award public dollars when many students at community and technical colleges are being denied state needs grants.

Persons Testifying: PRO: Senator Eide, prime sponsor; Linda Lanham, Aerospace Futures Alliance; Todd Dunnington, Skills Inc.; Michael Greenwood, The Boeing Company.

OTHER: David Henry, International Association of Machinists 751.