

# SENATE BILL REPORT

## SB 6447

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As of March 13, 2012

**Title:** An act relating to state work-study funding.

**Brief Description:** Regarding state work-study funding.

**Sponsors:** Senators Frockt, Nelson, Chase, Conway, Keiser, Kohl-Welles, Harper and Kline.

**Brief History:**

**Committee Activity:** Higher Education & Workforce Development: 1/31/12.

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### SENATE COMMITTEE ON HIGHER EDUCATION & WORKFORCE DEVELOPMENT

**Staff:** Kimberly Cushing (786-7421)

**Background:** The State Work Study (SWS) program was created by the Legislature in 1974. It was designed as a broad access program providing work experiences to needy students. Students are able to earn money for college, while gaining work experience, often in jobs related to their academic and career goals.

For the purposes of SWS, a needy student is a student enrolled or accepted for enrollment at a post-secondary institution who, according to a system of need analysis approved by the Higher Education Coordinating Board, demonstrates a financial inability to bear the total cost of education for any semester or quarter. In 2010-11, an estimated 7800 student earned about \$19 million – roughly \$14 million from the state, and \$5 million leveraged through matching dollars from participating employers.

The Secretary of State collects a variety of state-mandated fees from businesses operating in Washington. Original filing fees are \$180 for limited liability companies, profit corporations, limited partnerships, and limited liability partnerships and \$30 for non-profit corporations. Annual renewal fees are \$69 for limited liability companies and profit corporations, \$60 for limited partnerships and limited liability partnerships, and \$10 for non-profit corporations.

The Director of the Department of Licensing (DOL) may establish fees associated with licensing or regulation of professions, occupations, or businesses, except for health professions. The Secretary of the Department of Health (DOH) may establish fees associated

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with licensing or regulation of professional, occupations, or businesses administered by DOH.

The Education Legacy Trust Account is created in the state treasury. Money in the account may be spent only after appropriation. Expenditures from the account may be used only for expanding access to higher education through funding for new enrollments and financial aid, and other educational improvement efforts.

**Summary of Bill:** The Legislature recognizes that education and training, particularly for high-level skills, are key ingredients to economic growth and competitiveness and shared concern of the state, businesses, and professionals. The Legislature also finds that investing in successful training of the workforce is a joint responsibility of the state, businesses, and professionals. For these reasons, the Legislature intends to add a surcharge to business and professional licenses to help generate revenue for the state work-study program.

A \$10 surcharge must be added to initial and annual licensing fees for limited liability companies, profit corporations, non-profit corporations, limited partnerships, and limited liability partnerships.

An additional 3 percent surcharge must be added to any fees established by the Director of DOL associated with licensing or regulation of professions, occupations, or businesses, and any fees established by the Secretary of DOH associated with licensing or regulation of professional, occupations, or businesses administered by DOH.

All revenue collected from the surcharges must be deposited in the Education Legacy Trust Account, and used solely to fund the SWS Program.

**Appropriation:** None.

**Fiscal Note:** Available.

[OFM requested ten-year cost projection pursuant to I-960.]

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

**Effective Date:** The bill contains an emergency clause and takes effect on April 1, 2012.

**Staff Summary of Public Testimony:** PRO: The goal is to provide a partial dedicated funding source to save the SWS Program. The program provides the state with a 34 percent return on its investment. We intend to remove the 3 percent surcharge. SWS makes college possible. Jobs from the SWS program lead students to their current jobs by providing connections to other professionals and allowing students to find a passion. SWS helps students make wise career choices for themselves because placements are related to chosen field of study. SWS students are hard workers and passionate about helping people. If SWS is not funded, some employers can't afford to hire staff and then certain resources won't be there for the community. SWS is one of few remaining sources for graduate financial aid. We appreciate the sponsor's recognition that the state has an obligation as well and that we need to establish a floor for the SWS program. We've already lost two-thirds of the funding and we need to arrest the slide and build it back up.

CON: We are not in opposition to SWS, but we are concerned with the funding mechanism. Even though the fee is a nominal amount it impacts licenses given the current state of affairs and forces people to leave their business. Some license fees are paid on a biennial basis but the bill calls for annual fees. Applying a percentage is not an equitable funding source for professions with few practitioners, like midwives and denturists, because the pool of licensees is smaller.

**Persons Testifying:** PRO: Senator Frock, prime sponsor; Fleetwood Wilson, Hillery Jorgensen, North Seattle Community College; Jake Atwell-Scriver, Joe Meyer, WA Student Assn.; Renee Ghan, Bethany Opstedal, United Way of Pierce County; Charles Plummer, Adam Sherman, Kiana Scott, Graduate and Professional Student Senate, University of WA (UW); Jonathan Winn, Andrew J. Lewis, Associated Students, UW; Rachelle Sharpe, HECB; Ashleigh Richie, United Way; Chris Thompson, Independent Colleges of WA; Sherry Burkey, Western WA University.

CON: Stan Sidor, Appraiser's Coalition of WA; Bob Mitchell, WA Realtors; Melissa Johnson, Physical Therapy Assn., WA Speech and Hearing Assn., WA Assn. of Nurse Anesthetists; Carl Nelson, WA State Medical Assn.; Amber Ulvenes, Midwives Assn. of WA; Carolyn Logue, WA Assn. Denturist.