

# HOUSE BILL REPORT

## HB 1247

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### As Reported by House Committee On: Labor & Workforce Development

**Title:** An act relating to the job skills program.

**Brief Description:** Modifying job skills program provisions.

**Sponsors:** Representatives Hansen, Warnick, Smith, Zeiger, Fey, Springer, Tharinger and Santos.

#### **Brief History:**

##### **Committee Activity:**

Labor & Workforce Development: 1/30/13, 2/6/13 [DPS].

#### **Brief Summary of Substitute Bill**

- Creates an appropriated account and a non-appropriated account for the Job Skills Program.
- Allows businesses with annual gross income of less than \$500,000 to provide financial support that is equal to trainees' salaries and benefits during training, rather than matching the grant amount.
- Amends some of the criteria used when determining which applications get priority.

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### HOUSE COMMITTEE ON LABOR & WORKFORCE DEVELOPMENT

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 9 members: Representatives Sells, Chair; Reykdal, Vice Chair; Manweller, Ranking Minority Member; Condotta, Assistant Ranking Minority Member; Green, Holy, Moeller, Ormsby and Short.

**Staff:** Trudes Tango (786-7384).

#### **Background:**

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*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 in 1983, provides short-term training customized to meet businesses' specific needs. The JSP awards grants to licensed educational institutions that work in partnership with business and industry to deliver training to new or current employees at the work site or in a classroom.

Financial support from business and industry must be equal to or greater than the amount of the grant, and may be in the form of cash or in-kind resources. According to the 2012 JSP report to the Legislature, most of the in-kind matches from employers are the wages paid to employees while they are in training.

The JSP is administered by the State Board of Community and Technical Colleges (SBCTC). The SBCTC must work collaboratively with the Workforce Training Customer Advisory Committee to assure that the grant program meets certain statutorily established criteria. In addition, the JSP must give priority to applications that: (1) propose training of transferable skills; (2) coordinate with other cluster-based programs; (3) propose industry-based credentialing; (4) propose increased capacity for educational institutions that can be available to industry and students beyond the grant recipients; and (5) are from firms in strategic industry clusters as identified by the state or local areas.

The JSP was funded at \$2.725 million from the State General Fund for fiscal year 2012 and fiscal year 2013 of the biennium, for a total of \$5.5 million. The budget proviso requires the SBCTC to make an annual report to the Legislature regarding the implementation of the JSP, listing the scope of grant awards, the distribution of funds by educational sector and region, and the results of the partnerships supported by the funds.

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### **Summary of Substitute Bill:**

Two accounts are created for the JSP. The Job Skills Program Account (JSP Account) is created in the State Treasury. All receipts from appropriations must be deposited into the JSP Account, and money may be spent only after appropriation. Expenditures from the JSP Account may be used only for the JSP. A non-appropriated account called the Job Skills Program Trust Account (JSP Trust Account) is also created. All receipts from gifts, grants, or endowments from public and private sources must be deposited into the JSP Trust Account. Expenditures from the JSP Trust Account may be used only for the JSP. Only the Executive Director of the SBCTC or his or her designee may authorize expenditures from the the JSP Trust Account. Both accounts retain their interest earnings.

Contributing financial support from businesses having an annual gross business income of less than \$500,000 must be at least equal to the trainees' salaries and benefits while in training. Annual gross income is based on the income reported to the Department of Revenue for the previous fiscal year.

Two criteria in the priority list are replaced. Priority will be given to applications proposing training that provides college credit or leads to a recognized industry credential (rather than training that leads to transferable skills) and to applications from consortia of colleges or

consortia of employers (rather than applications proposing industry-based credentialing). The SBCTC must report to the Legislature annually.

**Substitute Bill Compared to Original Bill:**

The substitute bill specifies that the financial support of small businesses be at least equal to the trainees' salaries and benefits during training and specifies how annual gross business income is determined. The substitute bill also allows the JSP Accounts to retain their own interest earnings.

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**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date of Substitute Bill:** The bill takes effect 90 days after adjournment of the session in which the bill is passed, except section 5 regarding interest on accounts, which has a contingent effective date.

**Staff Summary of Public Testimony:**

(In support of substitute bill) This bill will help small businesses get easier access to training and make the program more efficient. The funding over the fiscal years was not working for businesses. This bill will allow businesses to get training on their own time line as opposed to adapting to a June fiscal year cut off. The fiscal year cut off prevents businesses from applying for training. The dollar-for-dollar match is restricting small businesses, yet small businesses make up the bulk of businesses in the state. It is difficult for "mom and pop" businesses to get skilled workers. Those businesses want to "skill up" their existing employees, which would make room for new workers. The JSP money is sometimes the only resource for companies to train their employees. This bill makes the JSP more flexible to align with the needs of business.

(Opposed) None.

**Persons Testifying:** Representative Hansen, prime sponsor; Anna Nikolaeva, State Board of Community and Technical Colleges; Sue Ambler, Workforce Development Council Snohomish County; and Mary Trimarco, Department of Commerce.

**Persons Signed In To Testify But Not Testifying:** None.