

SENATE BILL REPORT

SB 5736

As Reported by Senate Committee On:
Higher Education & Workforce Development, February 17, 2023
Ways & Means, February 23, 2023

Title: An act relating to addressing high demand workforce shortages.

Brief Description: Addressing high demand workforce shortages.

Sponsors: Senators Nobles, Holy, Mullet, Hawkins, Randall, Nguyen, Lias, Boehnke, Conway, Hunt, Kuderer, Lovelett, Torres, Trudeau, Valdez and Wilson, C..

Brief History:

Committee Activity: Higher Education & Workforce Development: 2/15/23, 2/17/23 [DPS-WM].
Ways & Means: 2/21/23, 2/23/23 [DP2S, w/oRec].

Brief Summary of Second Substitute Bill

- Specifies that a portion of the funds in the Workforce Education Investment Account must only be used for higher education programs in advanced computing or a related field.

SENATE COMMITTEE ON HIGHER EDUCATION & WORKFORCE DEVELOPMENT

Majority Report: That Substitute Senate Bill No. 5736 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Randall, Chair; Nobles, Vice Chair; Holy, Ranking Member; Hawkins.

Staff: Alicia Kinne-Clawson (786-7407)

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

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Second Substitute Senate Bill No. 5736 be substituted therefor, and the second substitute bill do pass.

Signed by Senators Rolfes, Chair; Robinson, Vice Chair, Operating & Revenue; Mullet, Vice Chair, Capital; Rivers, Assistant Ranking Member, Capital; Billig, Boehnke, Conway, Dhingra, Hasegawa, Hunt, Keiser, Nguyen, Pedersen, Torres, Van De Wege, Wagoner and Wellman.

Minority Report: That it be referred without recommendation.

Signed by Senators Wilson, L., Ranking Member, Operating; Gildon, Assistant Ranking Member, Operating; Schoesler, Ranking Member, Capital; Warnick, Assistant Ranking Member, Capital; Braun, Muzzall and Saldaña.

Staff: Michele Alishahi (786-7433)

Background: Workforce Education Investment Account. The Workforce Education Investment Account (WEIA) was established in 2019 for higher education purposes. The WEIA is funded from two business and occupation (B&O) tax sources. First, 14.3 percent of the revenue collected from the 1.75 percent B&O tax rate on businesses earning more than \$1 million annually that conduct services and activities not classified elsewhere is deposited in WEIA. Second, the additional 1.22 percent surcharge on advanced computing businesses with a worldwide gross income in excess of \$25 billion is also deposited in WEIA. The WEIA may only be used for higher education programs, higher education operations, higher education compensation, and state-funded student aid programs.

Summary of Bill (Second Substitute): WEIA is modified to require that an amount up to the revenue collected under the surcharge on advanced computing businesses be used only for higher education programs that lead to a credential in advanced computing or a related field, to increase access and equity. Expenditures for this purpose may include Washington College Grant awards for students in these programs.

Beginning January 1, 2025, recipients of funds to create or expand programs that lead to a credential in advanced computing, or a related science, technology, engineering, or math computing field must issue biennial reports to the appropriate committees of the Legislature and include:

- a description of recruitment efforts made to underrepresented communities for enrollment in the new or expanded programs;
- demographic data for new student enrollments as a result of the program expansion or creation; and
- the share of students from underrepresented backgrounds as a proportion of all students enrolled in the new or expanded program.

EFFECT OF CHANGES MADE BY WAYS & MEANS COMMITTEE (Second Substitute):

- Requires recipients of advanced computing surcharge funds to issue biennial reports to the appropriate committees of the Legislature with the following information:
 1. description of recruitment efforts to attract underrepresented students;
 2. demographic data of new students in programs expanded or created with the funds; and
 3. share of students from underrepresented backgrounds in the new or expanded programs.

EFFECT OF CHANGES MADE BY HIGHER EDUCATION & WORKFORCE DEVELOPMENT COMMITTEE (First Substitute):

- Modifies the share of the account allocated to advanced computing credentials and allows that share to include Washington College Grant awards for students in those programs.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

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

Staff Summary of Public Testimony on Original Bill (Higher Education & Workforce Development): *The committee recommended a different version of the bill than what was heard.* PRO: This is an opportunity to grow the workforce and focus on STEM careers. It will fill a gap to ensure we are training the next generation. Especially in overburdened and underrepresented communities. This one sentence bill will help address high demand workforce shortages by increasing high-tech graduates. It will ensure steady and predictable funding stream to support and build the programs for students to access and a pathway that leads to economic opportunity. Washington has over 16,000 unfilled computing jobs that make over 112k per year. The state is only graduating 2400 computer science majors annually and very few are students of color. Tapping into the high-tech sector is a barrier to these students. This allows all state, community, and technical colleges to offer four-year computer science degree. This will increase access and equity without any additional cost to the state.

CON: Computer science graduates are needed desperately in Washington State. Computer science programs are expensive, and students need additional support. This bill does not add any state cost because the workforce account is not an infinite pot of money. To implement this bill, some program will lose funding. A more transparent version of this bill would be

required to identify which programs will lose funding in order to implement this bill. Which programs should be valued less than computer science? If more money needs to be allocated for computer science, it should be addressed through a budget request with new funding identified.

Persons Testifying (Higher Education & Workforce Development): PRO: Senator T'wina Nobles, Prime Sponsor; Charles Knutson, Amazon; Albert Sardinias, WBBA / Tabor 100; Jayme Shoun, Washington STEM.

CON: Sue Nightingale, Washington Education Association.

Persons Signed In To Testify But Not Testifying (Higher Education & Workforce Development): No one.

Staff Summary of Public Testimony on First Substitute (Ways & Means): *The committee recommended a different version of the bill than what was heard.* PRO: This bill will have a big positive impact by helping address workforce shortages and increasing high-tech graduates. It will provide predictable funding to high-tech degree programs to improve access and equity.

CON: This bill is deeply concerning as it unintentionally picks winners and losers based on wealth and earning potential. This is a dangerous precedent.

Persons Testifying (Ways & Means): PRO: Charles Knutson, Amazon.

CON: Karen Strickland, American Federation of Teachers (AFT).

Persons Signed In To Testify But Not Testifying (Ways & Means): No one.