



# **CUSTOMIZED TRAINING PROGRAM**

*DECEMBER 31, 2024*

# Table of Contents

Table of Contents.....	2
The Customized Training Program: A Win for Washington Businesses and Workers.....	3
Introduction .....	4
Purpose of the Customized Training Program .....	4
Purpose of this report .....	4
Program Overview .....	5
Program activity.....	6
2018-23 summary .....	6
(a) Industries supported by the program .....	6
(b) Geographical location of businesses utilizing the program .....	6
(c)(i) Number of employees trained, by project .....	7
(c)(ii) Number of employees trained, by year.....	8
(d) Types of occupations included in the training .....	8
(e) Wages of employees trained prior to program entrance.....	9
(g) Instructional content of training projects.....	9

# The Customized Training Program: A Win for Washington Businesses and Workers

Washington's Customized Training Program (CTP) is a resource that helps businesses grow and keep well-paying jobs in Washington.

A [2024 survey](#) of Washington employers conducted by the Association of Washington Business (AWB) found a lack of qualified workers was the second biggest challenge facing employers, with 51% of respondents listing it as a major problem. When asked which strategies employers use to attract and retain talent, 59% of those same employers said on-the-job training and upskilling. CTP fills this need, helping companies with the exact job training and upskilling they need.

The benefits of CTP broadly accrue to Washington's economic vitality as part of our shared economic development agenda. Economic developers use it as an incentive for job attraction and workforce investment. Businesses that have used the program say it's benefited productivity, safety, morale, and profitability. Human resources research demonstrates that employees who participate in workplace skills training and development express greater motivation, feelings of purpose and pride in their work, higher degrees of competence, and personal fulfillment. Based on observations and commentary made by college trainers and businesses, SBCTC believes that CTP investments represent employee training that would not have otherwise taken place without the program's available interest-free loan and B&O tax credit.

The Joint Legislative Audit Review Committee (JLARC) reviewed the tax credit associated with CTP in their [2024 tax preference reviews](#) and reported that the program met the requirements for extension of the tax credit. SBCTC concurs with the legislative auditor's recommendations that the tax credit expiration date of July 1, 2026 be extended. Doing so will maintain the program's strength as a resource that helps businesses invest in their greatest source of capital: their employees.

The legislative auditor also recommended that SBCTC determine how to increase the use of CTP. This recommendation includes broadening program engagement both geographically and across more industries. SBCTC embraces this recommendation and has begun a process of inquiry with community and technical colleges and other key partners to examine how this can be achieved.

In closing, the creation of the Customized Training Program expands Washington's ability to support businesses and workers in achieving long-term economic security and helps businesses improve their competitiveness to strengthen Washington's economy. SBCTC commends this program to members of the Washington state Legislature and welcomes inquiries for further information.

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# Introduction

*The skills and knowledge gained through the CTP have been instrumental in building a skilled and knowledgeable workforce, which is essential as we expand our manufacturing operations. This program has not only enabled us to create new jobs in the local manufacturing sector but has also provided existing employees with opportunities for professional development and career advancement.*

*Our employees have expressed how the CTP training has enhanced their professional capabilities and increased their job satisfaction. One participant in the Strategic Planning training shared that it boosted his confidence and provided the knowledge needed to lead a new project. Another employee highlighted that training in resource and time management has improved his ability to manage his team and onboard new members. Additionally, our team has gained valuable insights into using analytics and reporting to forecast manufacturing and staffing needs, identify bottlenecks, and solve problems using existing tools.*

*Sara Jones, COO, Small Planet Supply, Tumwater*

## Purpose of the Customized Training Program

Revised Code of Washington 28B.67.005 – Customized Employment Training:

*The Legislature finds that the provision of customized training is critical to attracting and retaining businesses, and that the growth of many businesses is limited by an unmet need for customized training. The Legislature also finds that workforce training not only helps business, it also improves the quality of life for workers and communities. Because of the statewide public benefit to be gained from instituting a customized training program, the Legislature intends to create a new program to fund workforce training in a manner that reduces the up-front costs of training to new and expanding firms.*

The Customized Training Program (CTP), created by the Washington state Legislature in 2006, is a tool for Washington’s economic development. The purpose of CTP is to provide workforce skill training assistance to employers locating or expanding in the State of Washington. Its flexibility enables businesses to get the specific short-term workforce training they need to keep and grow good jobs for Washingtonians. Statutory authority for CTP is found in RCW 28B.67.

## Purpose of this report

RCW 82.04.449 codifies the tax credit available to participants in the Customized Training Program (CTP) until July 1, 2026, and requires SBCTC to submit a report on the CTP to the Legislature by Dec. 31, 2024. The contents of the report specified by RCW 82.04.449(3)(a)-(g) are as follows:

*(3) By December 31, 2024, the college board, as defined in RCW [28B.50.030](#), shall submit to the higher education committees of the Legislature a report on:*

- (a) Industries supported by the program;*
- (b) The geographical location of companies utilizing the program;*
- (c) The number of employees trained;*
- (d) The types of occupations included in the training;*
- (e) The wages of employees trained prior to program entrance and the wage growth one year*

*after training;*

*(f) Retention of employees for a period of one year after training; and*

*(g) Credential attainment of employees upon completion of the training, if applicable.*

This report provides information for calendar years 2018-2023 for items (a) through (d) and part of (e): participating industries supported, geographical location of companies, number of employees trained, types of occupations included in training; and wages of employees trained prior to program entrance.

The reporting requirements includes three items not previously captured in program data collection: (e), (f), and (g): wage growth one year after training, retention of employees one year after training, and applicable credentials awarded upon completion of training. SBCTC updated CTP program guidelines and participant contracts to include these three data points, including a requirement to submit follow-up reports one year after training completion. These items will be available for future reporting as called upon.

## Program Overview

CTP assists eligible businesses with their needs for customized job-specific training through a revolving loan designated to cover the up-front costs of training, paired with a Business and Occupation (B&O) tax credit. Businesses partner with eligible training institutions to develop training plans. The plans are submitted to SBCTC for review to ensure compliance with program guidelines and statutory requirements. All aspects of the training and loan repayment arrangements are then specified in three-party contracts between the business, the training institution, and SBCTC. SBCTC reports repayments to the Washington Department of Revenue, which administers the tax credit portion of the program.

The employment training finance account was created for the purpose of funding CTP training contracts. Funding is held by SBCTC as a revolving loan fund to compensate training institutions to deliver customized workforce skills training and be repaid by participating businesses. The current account value is approximately \$330,000 and is utilized up to the full amount as funding is repaid to the account. SBCTC provides program administration through limited agency resources without direct program funding.

Businesses repay 100% of the contracted training expenses when training is completed. Twenty-five percent is due upon completion of training and the remainder is spread in equal payments over 18 months. A business may repay the loan more quickly if it chooses. SBCTC deposits all repayments into the revolving loan fund for distribution to other projects. Upon each repayment of training costs, a business may claim a B&O tax credit equal to 50% of their repayment. Any unused tax credit can be carried over to subsequent calendar years, however, all credits must be taken before July 1, 2026, when the credit is set to expire per RCW 82.04.449.

Customized training plans are accepted by SBCTC at any time, and the process from plan submission to contract execution is typically two weeks to one month when the balance available in the revolving loan fund is sufficient to cover the full cost of the contract. If loan fund balances are insufficient to cover the cost when a plan is submitted, it is placed on a waitlist in the order received.

# Program Activity

For the years 2018 to 2023, 31 CTP projects were contracted and completed. Nine training institutions partnered with 27 businesses and trained 805 employees.

## 2018-23 summary

CTP Projects	Totals
Total number of projects awarded and completed	31
Total number of businesses using CTP <sup>1</sup>	27
Total number of employees trained	805
Total number of training institutions participating	9
Total amount of funding loaned	\$931,397
Total projects repaid in full and on time <sup>2</sup>	26
Total projects currently in the statutory 18-month repayment timeframe and making satisfactory progress	5

### (a) Industries supported by the program

Sector	% of Projects	# of Businesses
Manufacturing	78%	21
Various industries: Agriculture Software development Ship repair Health services Civil engineering professional services Retail	22%	6

### (b) Geographical location of businesses utilizing the program

Region	# of Business	% of All Business	Funding (All Projects 2018-2023)	Distribution of Funding (All Projects 2018-2023)
King County	11	41%	\$336,781	36%
Pierce County	5	19%	\$246,716	26%
Snohomish County	4	15%	\$141,000	15%
Thurston County	3	11%	\$76,967	8%

<sup>1</sup> Unique count of businesses.

<sup>2</sup> Five projects are currently in the allotted repayment period and making satisfactory progress.

Region	# of Business	% of All Business	Funding (All Projects 2018-2023)	Distribution of Funding (All Projects 2018-2023)
Franklin County	1	4%	\$68,718	7%
Grant County	1	4%	\$8,550	1%
Kitsap County	1	4%	\$46,000	5%
Klickitat County	1	4%	\$6,665	1%

### (c)(i) Number of employees trained, by project

Business/Project	County	# of Employees Trained
AMT/Damar Aerosystems	Snohomish	18
AstaReal	Grant	26
Cameron Nursery	Franklin	33
Gundersen Dental Care	Thurston	8
HySecurity	King	55
IDD Aerospace Zodiac 3	King	8
Jamco America (contract #4)	Snohomish	18
Jamco America (#5)	Snohomish	16
Korry Electronics Company (contract #4)	Snohomish	45
Korry Electronics Company (#5)	Snohomish	32
Korry Electronics Company (#6)	Snohomish	30
KPG Psomas	Pierce	131
Liquid Planner Inc.	King	16
Motive Power Marine	Pierce	36
Natus Medical	King	20
Onamac Industries Inc.	Snohomish	6
Red Dot Corporation	King	14
Retail Association Services	Thurston	10
SAFE Boats	Kitsap	25
SageTech Avionics	Clark	1
Sahale/JM Smucker	King	10
Seaport Steel	King	22
Seattle Espresso Machine Co.	King	17
Small Planet Building Supplies	Thurston	16

Business/Project	County	# of Employees Trained
Technical Cable Applications, Inc. (contract #2)	King	24
Technical Cable Applications, Inc. (#3)	King	34
Theo Chocolate	King	7
True Linkswear	Pierce	24
Urban Accessories	Pierce	54
Vigor Marine	King	24
Wilcox Farms	Pierce	25
<b>Total</b>		<b>805</b>

**(c)(ii) Number of employees trained, by year**

Year	# of Employees Trained
2018	296
2019	102
2020	55
2021	59
2022	74
2023	219
<b>Total</b>	<b>805</b>

**(d) Types of occupations included in the training**

The types of occupations included in CTP training projects during the reporting period are as follows:

- Management
- Supervisor
- Production
- Support staff
- Sales staff
- Engineers
- Maintenance technicians
- Warehouse workers
- Distribution staff
- Senior staff
- Interns



### (e) Wages of employees trained prior to program entrance<sup>3</sup>

Occupation	Average Hourly Wage of Trainees Prior to Training
Senior staff	\$63.19
Management	\$55.11
Engineers	\$43.26
Sales staff	\$36.35
Supervisor	\$32.47
Maintenance technicians	\$30.00
Support staff	\$29.08
Distribution staff	\$28.74
Production	\$26.66
Interns	\$22.64
Warehouse workers	\$19.00

### (g) Instructional content of training projects<sup>4,5</sup>

Instructional Category	# of Courses Delivered
Business Management and Administrative Services	33
Mechanics and Repairers	14
Engineering/Engineering-Related Technologies/Technicians	7
Precision Production Trades	6
Agricultural/Animal/Plant/Veterinary Science and Related Fields	5
Engineering	3
Communications	1
Computer and Information Sciences	1
Health Professions and Related Sciences	1
<b>Total</b>	<b>71</b>

<sup>3</sup> SBCTC has not previously tracked wages of trainees one year after training. Collection of this information has been incorporated into program administration and will be available in future reporting as called upon.

<sup>4</sup> Item (f), Retention of employees for a period of one year after training, intentionally omitted. Collection of this information has been incorporated into program administration and will be available in future reporting as called upon.

<sup>5</sup> Instructional content of training projects is offered in lieu of credential attainment of employees upon completion of the training. SBCTC has not previously tracked credential attainment. Collection of this information has been incorporated into program administration and will be available in future reporting as called upon.



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Washington State Board for Community and Technical Colleges