

# HOUSE BILL REPORT

## HB 1355

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**As Reported by House Committee On:**  
Education  
Ways & Means

**Title:** An act relating to establishing the opportunity internship program for high school students.

**Brief Description:** Establishing the opportunity internship program for high school students.

**Sponsors:** Representatives Probst, Quall, Kessler, Sullivan, Wallace, Maxwell, Rolfes, Springer, Green, Jacks, Carlyle, Kenney, Ormsby, Seaquist, Lias, Sells, Priest, Dammeier, Hunt, Hudgins, Morrell, Van De Wege, Moeller, Chase, Conway, Goodman, Driscoll, Simpson, Santos and Kelley.

**Brief History:**

**Committee Activity:**

Education: 1/28/09, 2/6/09 [DPS];

Ways & Means: 2/24/09, 2/27/09 [DP2S(w/o sub ED)].

**Brief Summary of Second Substitute Bill**

- Creates the Opportunity Internship Program (Program) to provide incentives for local consortia to build educational and employment pipelines for low income high school students in high demand occupations in targeted industries.
- Offers outreach, internships, pre-apprenticeships, counseling and up to one year of financial aid through the State Need Grant, and the promise of a job interview if the student completes a postsecondary program of study.
- Provides a \$2,000 payment to a consortia for each Program graduate who completes a postsecondary program of study and obtains and retains employment in a high demand occupation for at least six months.

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### HOUSE COMMITTEE ON EDUCATION

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass.  
Signed by 11 members: Representatives Quall, Chair; Probst, Vice Chair; Hope, Assistant

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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.*

Ranking Minority Member; Cox, Dammeier, Hunt, Johnson, Lias, Maxwell, Santos and Sullivan.

**Staff:** Barbara McLain (786-7383)

**Background:**

Workforce Development.

The workforce development system in Washington has federal, state, and local components. The Workforce Training and Education Coordinating Board (Workforce Board) is a state agency charged with coordinating planning, policy, and accountability for 18 workforce programs administered by seven different agencies. At the local level there are 12 Workforce Development Councils (WDCs) that are non-profit organizations made up of a broad array of community organizations, businesses, labor, education agencies, and local governments. The WDCs coordinate local workforce development services, provide outreach to employers, convene local leaders to address regional and industry-specific issues, and oversee the state's WorkSource system to deliver employment and training services. One of the target populations for the WDC services is disadvantaged youth.

In-Demand Scholars.

In 2005 the Association of the 12 WDCs received an earmark grant from the U. S. Department of Labor to create an internship and scholarship program for high school students that was intended to address local workforce needs in strategic growth industries. The In-Demand Scholars Program included classroom presentations by industry executives, internships or job shadows for students, and scholarships for postsecondary training for eligible students to give them the skills needed to develop careers in the targeted industries. Six of the WDCs participated and, over the course of a little over two years, provided a total of 144 scholarships.

State Need Grant.

The State Need Grant (SNG) is the state's primary financial aid program to assist needy students with the costs of postsecondary education. Students with family incomes of up to 70 percent of the state median family income are eligible for a grant for up to five years of study at an institution of higher education approved by the Higher Education Coordinating Board to participate in the program. In 2007-08 approximately 70,000 students received \$182 million in grants from the SNG. Students can use the grant for tuition, room, board, books, and fees.

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**Summary of Substitute Bill:**

The Opportunity Internship Program (Program) is created to provide incentives for local consortia to build educational and employment pipelines for low income high school students in high demand occupations in targeted industries. The Program is administered by the Workforce Training and Education Coordinating Board (Workforce Board). Consortia are composed of the local Workforce Development Council (WDC), Economic Development Council, high schools, community or technical colleges, public and private four-year

institutions of higher education, apprenticeship councils, private vocational schools, employers, and labor organizations.

Under the Program, consortia commit to the following activities, using existing federal, state, and private resources:

- identify high demand occupations in targeted industries for which internships will be developed and provided for low income students;
- develop paid or unpaid internships of at least 90 hours in length;
- provide mentoring, guidance, and assistance with college applications and financial aid;
- guarantee a job interview if a participating student completes a postsecondary program of study;
- conduct outreach efforts to inform students about the program and high demand occupations in targeted industries;
- maintain communication with program graduates who enroll in postsecondary programs of study; and
- submit an annual report to the Workforce Board.

Consortia are encouraged to designate the WDC as fiscal agent; provide summer internships; work with area high schools to incorporate the Program into counseling programs and make the internships count as worksite learning experiences for high school credit; and coordinate with other workforce education and financial aid programs.

A low income student is one in 10th, 11th, or 12th grade in a public high school who qualifies for federal free and reduced price meals at the time of entry into the Program. A high demand occupation is one with a substantial number of employment opportunities that pays a starting salary of at least \$30,000 per year. A postsecondary program of study is an undergraduate or graduate certificate, apprenticeship, or degree program.

The Workforce Board selects up to 10 consortia with the strongest commitment, readiness, capacity, and experience to operate a program. The Workforce Board attempts to select consortia representing a geographic distribution across the state and a variety of targeted industries. Each consortium may select no more than 100 low income students per year to participate.

Each year, the consortia submit lists of Program graduates to the Workforce Board, which sends the lists to the Higher Education Coordinating Board. Those Program graduates who enroll in a postsecondary program of study within one year of high school graduation are eligible to receive a State Need Grant (SNG) for up to one year. Program graduates must be enrolled in an approved institution of higher education, which can include related and supplemental instruction for apprentices that is provided through a community or technical college. Program graduates who are in an apprenticeship program can use the SNG award to pay for instruction, tools, and other program costs.

Each employer in a consortium that offers a paid internship of at least 90 hours in length to a low income high school student in the Program receives a credit from Business and Occupation taxes for 1.5 percent of the salary paid in the internship.

Subject to funds provided for this purpose, a consortium receives a \$2,000 payment for each Program graduate who completes a postsecondary program of study and then obtains and retains employment in a high demand occupation for at least six months. If there are not sufficient funds, the Workforce Board prorates the payment across the consortia and informs the Governor and Legislature of the amount of the shortfall. Payments must be used to continue operating Programs.

The Workforce Board conducts an outcome evaluation of the financial benefits of the Program. A preliminary analysis is due December 1, 2012, and a final analysis is due by December 1, 2014.

**Substitute Bill Compared to Original Bill:**

The Program graduates remain eligible for the SNG, but are no longer a priority ahead of other students. Graduates are no longer required to enroll in a "high employer demand program of study" to be eligible for the SNG or for the consortium to be eligible to receive an incentive payment. Instead, graduates must enroll in a postsecondary program of study, which is defined as an undergraduate, or graduate degree or certificate program, including an apprenticeship. Consortia must provide assistance with college and financial aid applications. Opportunity internships can be paid or unpaid, but must be a minimum of 90 hours in length. Consortia are encouraged to work with school districts to make the internships qualify as worksite learning experiences for high school credit.

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**Appropriation:** None.

**Fiscal Note:** Available. New fiscal note requested on 2/6/2009.

**Effective Date of Substitute Bill:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.

**Staff Summary of Public Testimony:**

(In support) This bill is based on a successful pilot program called "In-Demand Scholars." The unique element is that all of the puzzle pieces are put together ahead of time, so that the first time a high school student meets an employer in a class presentation, they hear about the internship, the scholarship, and the prospect of a job interview in a high-paying job in the community. It's not theoretical; it's real. For a 16- or 17-year old, this is a very clear and promising pathway. Also, local employers build relationships with high schools and with students to obtain the trained workforce they need. These elements together proved incredibly successful. We are facing the first generation of young people who will have lower educational attainment than their parents. This is a positive step forward to address this challenge. It is critical to engage these young people. The bill tries a bit too hard to establish a direct pathway into a particular occupation or field. The program could be just as successful but less cumbersome if it recognized that young people need the opportunity to explore and change their minds. There is also concern about providing priority access to the SNG; while it provides a guarantee for these students, it threatens to cause other qualified

students to be left out. It would be better to simply provide assistance to these students in applying early.

Prospects for local economic development are tied directly to a highly skilled workforce. This program offers an innovative and tested tool and should be significantly expanded. Simply stated: this program works. The pilot program provided 144 scholarships, which was double the original estimated number. There is a tremendous need and interest in this type of positive program. This can be done in small and rural communities, and it provides ongoing support to secondary career and technical education. In today's difficult economy, this has the potential to graduate students into the employment line, not the unemployment line. There are highly skilled jobs that employers need to fill. They want to reach out to high school students who may not wish to pursue a traditional university degree. The program's strength lies in the local focus, with local partnerships. Schools on their own have limited capacity to provide appropriate work-based learning. If you can connect students to a mentor, give them career exploration, and offer a chance at future success, you will vastly increase their chances of graduating.

(Oppose) None.

**Persons Testifying:** Representative Probst, prime sponsor; John Lederer, Higher Education Coordinating Board; Pat Mobley, Columbia River Economic Development Council; Mike Hudson, Association of Washington Business; John Aultman, Office of the Superintendent of Public Instruction; Steve Gano, Aviation and Technical Services; Lori Province, Washington State Labor Council; Susan Dixon, Evergreen Public Schools; and Wes Pruitt, Workforce Board.

**Persons Signed In To Testify But Not Testifying:** (In support) Tracy Prezeau, International Brotherhood of Electrical Workers, Local 76.

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## HOUSE COMMITTEE ON WAYS & MEANS

**Majority Report:** The second substitute bill be substituted therefor and the second substitute bill do pass and do not pass the substitute bill by Committee on Education. Signed by 14 members: Representatives Linville, Chair; Ericks, Vice Chair; Cody, Conway, Darneille, Haigh, Hunt, Hunter, Kagi, Kenney, Kessler, Pettigrew, Seaquist and Sullivan.

**Minority Report:** Do not pass. Signed by 8 members: Representatives Alexander, Ranking Minority Member; Bailey, Assistant Ranking Minority Member; Dammeier, Assistant Ranking Minority Member; Chandler, Hinkle, Priest, Ross and Schmick.

**Staff:** Debbie Driver (786-7143)

### **Summary of Recommendation of Committee On Ways & Means Compared to Recommendation of Committee On Education:**

The second substitute bill changes the substitute bill in several ways:

- The business and occupation tax credit for employers who offer paid internships through an Opportunity Internship Program (Program) consortium is removed.
- The description of a high-demand occupation as one that pays a starting salary of not less than \$30,000 is moved from the definition section and into other sections of the bill. This results in a clearer definition of high-demand occupation.
- The Program includes both pre-apprenticeships and internships, and pre-apprenticeships are defined in the bill.
- Pre-apprenticeship programs, such as Running Start for the Trades, are included in the local consortia.
- The Workforce Board is required to consult with the Washington State Apprenticeship and Training Council in selecting local consortia.
- The Workforce Board is directed to support the Program, including providing incentive payments to the consortia.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date of Second Substitute Bill:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.

**Staff Summary of Public Testimony:**

(In support) This bill outlines a life changing program that captures students and places them in a career pathway before they drop-out of high school. The Opportunity Internship Program connects high school students with local employers and provides them with funding for the first year of college. Furthermore, the student is provided a job interview and incentives to employ and retain that employee exist for local partners. A pilot project was designed by a partnership between labor and business with funding from the Department of Labor. This bill provides a concrete plan and pathway for students, strengthens apprenticeship programs, links workforce and education, and would leverage future federal funds. This bill comes to the Legislature at a time when we need to create a pipeline to move students into trades and careers that are facing a skills and employee gap in the future. The students this program would engage are students that might otherwise drop off and out of school. With the insertion of pre-apprenticeship language this bill would be stronger. The potential of leveraging federal dollars is great with this bill.

(Neutral) There are some technical corrections that would clarify the salary definitions to make it more consistent with other definitions in statute.

(Opposed) None

**Persons Testifying:** (In support) Representative Probst, prime sponsor; John Aultman, Office of the Superintendent of Public Instruction; David Johnson, Washington State Building Trades; and Steve Gano, Aviation and Technical Services.

(Neutral) Wes Pruitt, WorkForce Board.

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