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**SECOND SUBSTITUTE HOUSE BILL 2177**

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**State of Washington 65th Legislature 2018 Regular Session**

**By** House Appropriations (originally sponsored by Representatives Chapman, Steele, Frame, and Tharinger)

AN ACT Relating to creating the rural county high employer demand jobs program; amending RCW 28B.145.020, 28B.145.090, and 28B.145.070; adding new sections to chapter 28B.145 RCW; and creating a new section.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

NEW SECTION. **Sec.**  (1) The legislature recognizes that:

(a) According to research from Georgetown University, by the year 2020, seventy percent of jobs in Washington state will require at least some education and training beyond high school, which aligns with Washington's educational attainment goals established under RCW 28B.77.020; and

(b) Research by the state board for community and technical colleges and other entities has found that attending college for at least one year and earning a credential results in a substantial boost in earnings for adults who enter a community college with a high school diploma or less.

(2) In addition, the legislature finds that:

(a) Rural counties face unique challenges to achieving full economic and community development in the face of societal trends that concentrate job and population growth in larger metropolitan areas. For example, seventy-five percent of the job growth in Washington by 2018 is projected to be confined to just five large counties. In addition, two-thirds of the state's recent population growth has occurred in the three largest counties and seven counties have actually lost population in recent years.

(b) One barrier to economic growth and investment in many rural counties is the lack of a trained, qualified workforce for the opportunities present in rural areas. These opportunities often require specialized skills tailored for specific, regional employer needs. In many cases, employment opportunities are available in rural communities; however, some assistance is needed to help local residents acquire the skills necessary to access the opportunities in their own backyards.

(3) The legislature declares that opportunity, community vitality, quality of life, and prosperity are essential for all Washington communities. Therefore, the legislature intends to create a program to assist rural communities in growing the workforce the community needs to meet its specific industry sector demands.

**Sec.**  RCW 28B.145.020 and 2014 c 208 s 2 are each amended to read as follows:

(1) The opportunity scholarship board is created. The board consists of eleven members:

(a) Six members appointed by the governor. For three of the six appointments, the governor shall consider names from a list provided by the president of the senate and the speaker of the house of representatives; and

(b) Five foundation or business and industry representatives appointed by the governor from among the state's most productive industries such as aerospace, manufacturing, health care, information technology, engineering, agriculture, and others, as well as philanthropy. The foundation or business and industry representatives shall be selected from among nominations provided by the private sector donors to the opportunity scholarship and opportunity expansion programs. However, the governor may request, and the private sector donors shall provide, an additional list or lists from which the governor shall select these representatives.

(2) Board members shall hold their offices for a term of four years from the first day of September and until their successors are appointed. No more than the terms of two members may expire simultaneously on the last day of August in any one year.

(3) The members of the board shall elect one of the business and industry representatives to serve as chair.

(4) Seven members of the board constitute a quorum for the transaction of business. In case of a vacancy, or when an appointment is made after the date of expiration of the term, the governor or the president of the senate or the speaker of the house of representatives, depending upon which made the initial appointment to that position, shall fill the vacancy for the remainder of the term of the board member whose office has become vacant or expired.

(5) The board shall be staffed by the program administrator.

(6) The purpose of the board is to provide oversight and guidance for the opportunity expansion ((~~and~~)), the opportunity scholarship programs, and the rural jobs program, in light of established legislative priorities and to fulfill the duties and responsibilities under this chapter, including but not limited to determining eligible education programs for purposes of the opportunity scholarship program and rural jobs program. Duties, exercised jointly with the program administrator, include soliciting funds and setting annual fund-raising goals.

(7) The board may report to the governor and the appropriate committees of the legislature with recommendations as to:

(a) Whether some or all of the scholarships should be changed to conditional scholarships that must be repaid in the event the participant does not complete the eligible education program; and

(b) A source or sources of funds for the opportunity expansion program in addition to the voluntary contributions of the high-technology research and development tax credit under RCW 82.32.800.

**Sec.**  RCW 28B.145.090 and 2014 c 208 s 4 are each amended to read as follows:

(1) The board may elect to have the state investment board invest the funds in the scholarship account and endowment account described under RCW 28B.145.030(2)(b) and the rural jobs program account under section 5 of this act. If the board so elects, the state investment board has the full power to invest, reinvest, manage, contract, sell, or exchange investment money in the ((~~two~~)) accounts created under this chapter. All investment and operating costs associated with the investment of money shall be paid under RCW 43.33A.160 and 43.84.160. With the exception of these expenses, the earnings from the investment of the money shall be retained by the accounts.

(2) All investments made by the state investment board shall be made with the exercise of that degree of judgment and care under RCW 43.33A.140 and the investment policy established by the state investment board.

(3) As deemed appropriate by the state investment board, money in the rural jobs program account, scholarship account, and endowment ((~~accounts~~)) account may be commingled for investment with other funds subject to investment by the state investment board.

(4) Members of the state investment board shall not be considered an insurer of the funds or assets and are not liable for any action or inaction.

(5) Members of the state investment board are not liable to the state, to the fund, or to any other person as a result of their activities as members, whether ministerial or discretionary, except for willful dishonesty or intentional violations of law. The state investment board in its discretion may purchase liability insurance for members.

(6) The authority to establish all policies relating to the rural jobs program account, scholarship account, and ((~~the~~)) endowment account, other than the investment policies as provided in subsections (1) through (3) of this section, resides with the board and program administrator acting in accordance with the principles set forth in this chapter. With the exception of expenses of the state investment board in subsection (1) of this section, disbursements from the rural jobs program account, scholarship account, and endowment account shall be made only on the authorization of the opportunity scholarship board or its designee, and moneys in the accounts may be spent only for the purposes specified in this chapter.

(7) The state investment board shall routinely consult and communicate with the board on the investment policy, earnings of the accounts, and related needs of the program.

NEW SECTION. **Sec.**  A new section is added to chapter 28B.145 RCW to read as follows:

(1) The definitions in this subsection apply throughout this section unless the context clearly requires otherwise.

(a) "Board" has the same meaning as in RCW 28B.145.010.

(b) "Council" has the same meaning as in RCW 28B.145.010.

(c) "Eligible county" has the same meaning as "rural county" defined in RCW 82.14.370.

(d) "Eligible expenses" has the same meaning as in RCW 28B.145.010.

(e) "Gift aid" means financial aid received from the federal Pell grant, the state need grant program in chapter 28B.92 RCW, the college bound scholarship program in chapter 28B.118 RCW, the opportunity grant program in chapter 28B.50 RCW, the opportunity scholarship program in this chapter, or any other state grant, scholarship, or worker retraining program that provides funds for educational purposes with no obligation of repayment. "Gift aid" does not include student loans, work-study programs, the basic food employment and training program administered by the department of social and health services, or other employment assistance programs that provide job readiness opportunities and support beyond the costs of tuition, books, and fees.

(f) "High employer demand field" means an industry sector, as identified by the board, within an eligible county in which there is or will likely be a shortage of skilled labor to meet job demands.

(g) "Program administrator" has the same meaning as in RCW 28B.145.010.

(h) "Rural jobs program" means the rural county high employer demand jobs program created in this section.

(2)(a) The rural county high employer demand jobs program is created to meet the workforce needs of business and industry in rural counties by assisting students in earning certificates, associate degrees, or other industry-recognized credentials necessary for employment in high employer demand fields.

(b) Subject to the requirements of this section, the rural jobs program provides selected students scholarship funds, as determined by the board, to help students meet their eligible expenses for up to one year, when they enroll in a community or technical college program that prepares them for high employer demand fields.

(c) The source of funds for the rural jobs program shall be a combination of private donations, grants, and contributions and state matching funds.

(3) The program administrator has the duties and responsibilities provided under this section, including but not limited to:

(a) Publicizing the rural jobs program;

(b) In consultation with any interested community or technical college located in an eligible county and the county's workforce development council, identify high employer demand fields within the eligible counties. When identifying high employer demand fields, the board must consider:

(i) County-specific employer demand reports issued by the employment security department or the list of statewide high-demand programs for secondary career and technical education established under RCW 28A.700.020; and

(ii) The ability and capacity of the community and technical college to meet the needs of qualifying students and industry in the eligible county;

(c) Develop and implement an application, selection, and notification process for awarding rural jobs program scholarship funds;

(d) Determine the annual scholarship fund amounts to be awarded to selected students;

(e) Distribute funds to selected students;

(f) Notify institutions of higher education of the rural jobs program recipients who will attend their institutions of higher education and inform them of the scholarship fund amounts and terms of the awards; and

(g) Establish and manage an account as provided under section 5 of this act to receive donations, grants, contributions from private sources, and state matching funds, and from which to disburse scholarship funds to selected students.

(4) To be eligible for scholarship funds under the rural jobs program, a student must:

(a) Be a resident of an eligible county;

(b) Be a resident student as defined in RCW 28B.15.012;

(c) Be enrolled in a community or technical college established under chapter 28B.50 RCW located in an eligible county;

(d) Be in a certificate, degree, or other industry-recognized credential or training program that has been identified by the board as a program that prepares students for a high employer demand field;

(e) Have a family income that does not exceed seventy percent of the state median family income adjusted for family size; and

(f) Demonstrate financial need according to the free application for federal student aid or the Washington application for state financial aid.

(5) To remain eligible for scholarship funds under the rural jobs program, the student must maintain a cumulative grade point average of 2.0.

(6) A scholarship award under the rural jobs program may not result in a reduction of any gift aid. Nothing in this section creates any right or entitlement.

NEW SECTION. **Sec.**  A new section is added to chapter 28B.145 RCW to read as follows:

(1) For the purposes of the rural jobs program, the program administrator shall:

(a) Jointly with the board, solicit and accept donations, grants, and contributions from private sources via direct payment, pledge agreement, or escrow account, for deposit into the rural jobs program account created in this section, and set annual fund-raising goals;

(b) Establish and manage the rural jobs program account to receive grants, contributions from private sources, and state matching funds, and from which to disburse scholarship funds to selected students; and

(c) Provide proof of receipt of grants and contributions from private sources to the council, identifying the amounts received by the name of the private source and date received, and whether the amounts received were deposited into the rural jobs program account.

(2) The rural jobs program account, whose principal may be invaded, must be created by the board from which scholarship funds will be disbursed beginning no later than the fall term of the 2020 academic year, if by that date, state matching funds have been received. Thereafter, scholarship funds shall be disbursed on an annual basis.

NEW SECTION. **Sec.**  A new section is added to chapter 28B.145 RCW to read as follows:

(1) The rural jobs program match transfer account is created in the custody of the state treasurer as a nonappropriated account to be used solely and exclusively for the rural jobs program created in section 4 of this act. The purpose of the rural jobs program match transfer account is to provide state matching funds for the rural jobs program.

(2) Revenues to the rural jobs program match transfer account shall consist of appropriations by the legislature into the rural jobs program match transfer account.

(3) No expenditures from the rural jobs program match transfer account may be made except upon receipt of proof, by the executive director of the council from the program administrator, of private contributions to the rural jobs program. Expenditures, in the form of matching funds, may not exceed the total amount of private contributions.

(4) Only the executive director of the council or the executive director's designee may authorize expenditures from the rural jobs program match transfer account. Such authorization must be made as soon as practicable following receipt of proof as required under this section.

(5)(a) The council shall enter into an appropriate agreement with the program administrator to demonstrate exchange of consideration for the matching funds.

(b) Once moneys in the rural jobs program match transfer account are subject to an agreement under this subsection and are deposited in the rural jobs program account, the state acts in a fiduciary rather than ownership capacity with regard to those assets. Assets in the rural jobs program account are not considered state money, common cash, or revenue to the state.

(6) The state match must be based on donations and pledges received by the rural jobs program as of the date each official state caseload forecast is submitted by the caseload forecast council to the legislative fiscal committees, as provided under RCW 43.88C.020. Nothing in this section expands or modifies the responsibilities of the caseload forecast council.

NEW SECTION. **Sec.**  A new section is added to chapter 28B.145 RCW to read as follows:

The total amount of state matching funds required under this chapter may not exceed fifty million dollars annually.

**Sec.**  RCW 28B.145.070 and 2014 c 208 s 7 are each amended to read as follows:

(1) Annually each December 1st, the board, together with the program administrator, shall report to the council, the governor, and the appropriate committees of the legislature regarding the rural jobs program and opportunity scholarship and opportunity expansion programs, including but not limited to:

(a) Which education programs the board determined were eligible for purposes of the opportunity scholarship and which high employer demand fields within eligible counties were identified for purposes of the rural jobs program;

(b) The number of applicants for the opportunity scholarship and rural jobs program, disaggregated, to the extent possible, by race, ethnicity, gender, county of origin, age, and median family income;

(c) The number of participants in the opportunity scholarship program and rural jobs program, disaggregated, to the extent possible, by race, ethnicity, gender, county of origin, age, and median family income;

(d) The number and amount of the scholarships actually awarded, ((~~and~~)) whether the scholarships were paid from the scholarship account or the endowment account, and the number and amount of scholarships actually awarded under the rural jobs program;

(e) The institutions and eligible education programs in which opportunity scholarship participants enrolled, together with data regarding participants' completion and graduation, and the institutions and programs in which recipients of the rural jobs program scholarship enrolled, together with recipients' data on completion and graduation;

(f) The total amount of private contributions and state match moneys received for the rural jobs program and the opportunity scholarship program, how the funds under the opportunity scholarship program were distributed between the scholarship and endowment accounts, the interest or other earnings on all the accounts created under this chapter, and the amount of any administrative fee paid to the program administrator; and

(g) Identification of the programs the board selected to receive opportunity expansion awards and the amount of such awards.

(2) In the next succeeding legislative session following receipt of a report required under subsection (1) of this section, the appropriate committees of the legislature shall review the report and consider whether any legislative action is necessary with respect to ((~~either~~)) the rural jobs program, the opportunity scholarship program, or the opportunity expansion program, including but not limited to consideration of whether any legislative action is necessary with respect to the nature and level of focus on high employer demand fields and the number and amount of scholarships.

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