

# HOUSE BILL REPORT

## HB 2834

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### As Reported By House Committee On:

Higher Education

**Title:** An act relating to a conditional scholarship for vocational-technical education.

**Brief Description:** Creating a conditional scholarship for vocational-technical education.

**Sponsors:** Representatives Kenney, Radcliff, Quall, Cox, McIntire and Veloria; by request of Lieutenant Governor.

### Brief History:

#### Committee Activity:

Higher Education: 2/2/00, 2/3/00 [DP].

#### Brief Summary of Bill

- Creates the "Bright Futures" scholarship program that awards eligible students up to two times the annual tuition at a public community college for two years.
- Students must be enrolled in an approved vocational-technical program that prepares them for work in an industry with an identified skills gap.
- Students must repay the scholarship, with interest, unless they work in the industry in which they were trained, for two years for each year of scholarship received.

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### HOUSE COMMITTEE ON HIGHER EDUCATION

**Majority Report:** Do pass. Signed by 6 members: Representatives Carlson, Republican Co-Chair; Kenney, Democratic Co-Chair; Lantz, Democratic Vice Chair; Dunn; Edmonds and Gombosky.

**Minority Report:** Without recommendation. Signed by 1 member: Representative Esser.

**Staff:** Erika Prager (786-7120).

**Background:**

According to the Workforce Training and Education Coordinating Board, a large gap exists between the number of job openings that require more than one year, but less than four years of postsecondary education, and the supply of workers with the same educational attainment. Between 1998 and 2008, Washington is estimated to have 32,000 job openings, while the supply of qualified workers is estimated at only 21,300. This leaves approximately one-third of the state labor need unmet.

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**Summary of Bill:**

The Bright Futures conditional scholarship program is created. To be eligible, students must be enrolled in a vocational-technical program that is offered through a community college, technical college, or a licensed private career school that results in a degree or certificate; and is identified as a program that prepares students for employment in an industry with a significant gap between the supply of skilled workers and the demand for such workers.

Scholarship recipients may receive no more than double the annual tuition and fees at the public community and technical colleges for a period of two years. Recipients must repay the scholarship with interest, unless they are employed in the state in the occupation sector in which they were trained, for two years for each year of scholarship received. Recipients must begin employment within five years after receiving the last loan installment.

The interest rate is 8 percent for the length of the repayment period, which begins nine months after completing or discontinuing from the program. If a participant ceases employment in the occupation sector for which he or she is trained, he or she must repay the remaining portion of the principal and interest beginning on the next specified payment period.

The Bright Futures conditional scholarship program is administered by the Higher Education Coordinating Board, which establishes rules and guidelines, and adopts selection criteria. An account is established in the Office of the State Treasurer.

The Workforce Training and Education Coordinating Board publicizes and promotes the program; solicits grants and donations for the program; determines what constitutes an eligible educational program, in conjunction with the State Board for Community and Technical Colleges; and determines what constitutes being employed in the occupation of training for purposes of repayment obligation.

When determining what constitutes an eligible program, the Workforce Training and Education Coordinating Board and State Board for Community and Technical Colleges

must consider whether there is a significant gap between the supply of skilled workers and the demand for such workers within the occupation that the degree or certificate program prepares students for work. They must also consider the wage level likely to be earned by program completers and whether the degree or certificate program has a high placement rate.

Industries that benefit from students graduating from the degree or certificate program must contribute to the scholarship fund. The minimum contribution is 50 percent of the scholarships awarded to individuals who enroll in a program that prepares a student for work in that industry.

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**Appropriation:** None.

**Fiscal Note:** Requested on January 24, 2000.

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

**Testimony For:** This is a recommendation from the Lieutenant Governor's committee that worked over the interim on work force issues. Currently, there are major work force needs in the state. There tends to be a bias towards four-year degrees; but there are a lot of good jobs out there that require only a two-year degree. The Workforce Training and Education Coordinating Board does recommend this program in its existing comprehensive plan. The definition of conditional scholarship may be restrictive. The language could be clarified in terms of which agency has responsibility. The requirement of having to work in the state and in the industrial sector in which the student is trained may be too restrictive. You could have a situation where shortages exist in many areas. For example, a student may be trained in construction, but wants to move to another occupation area that has a shortage.

**Testimony Against:** None.

**Testified:** Wes Pruitt, Workforce Training and Education Coordinating Board; and Rick Slunaker, Association of General Contractors.