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**HOUSE BILL 3009**

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

**By** Representatives Dent, Holy, McCabe, and Dye

AN ACT Relating to meeting the demands of the aviation industry by increasing the number of commercial and professional pilots in Washington; amending RCW 28B.145.020, 28B.145.090, and 28B.145.070; adding new sections to chapter 28B.145 RCW; and adding new sections to chapter 47.68 RCW.

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

**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 commercial and professional aviation scholarship 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 the commercial and professional aviation scholarship 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 commercial and professional aviation scholarship program account. 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 ((~~scholarship and endowment~~)) accounts created under this chapter 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 commercial and professional aviation scholarship 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 commercial and professional aviation scholarship 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 aviation program" means a degree or certificate program offered by a public institution of higher education that prepares students for careers as professional or commercial pilots.

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

(2)(a) The commercial and professional aviation scholarship program is created to increase the number of commercial and professional pilots in Washington in order to meet the aviation industry demands.

(b) Subject to the requirements of this section, the commercial and professional aviation scholarship program provides selected students scholarship funds, as determined by the board, to help students meet their eligible expenses when they enroll in an eligible aviation program to pursue a career as a pilot.

(c) The source of funds for the commercial and professional aviation scholarship 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 commercial and professional aviation scholarship program;

(b) Developing and implementing an application, selection, and notification process for awarding scholarship funds;

(c) Determining the annual scholarship fund amounts to be awarded to selected students;

(d) Distributing funds to selected students;

(e) Notifying institutions of higher education of the recipients who will attend their institutions and the scholarship fund amounts and terms of the awards; and

(f) Establishing and managing an account as provided under section 4 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 commercial and professional aviation scholarship program, a student must be:

(a) A resident student as defined in RCW 28B.15.012; and

(b) Enrolled in an eligible aviation program.

(5) A scholarship award under the commercial and professional aviation scholarship 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 commercial and professional aviation scholarship 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 commercial and professional aviation scholarship program account created in this section, and set annual fund-raising goals;

(b) Establish and manage the commercial and professional aviation scholarship 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 commercial and professional aviation scholarship program account.

(2) The commercial and professional aviation scholarship 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 47.68 RCW to read as follows:

Subject to availability of amounts appropriated for this specific purpose, the commercial and professional aviation loan program is established to increase the number of commercial and professional pilots in the state. Loans under the program are limited to students who are pursuing careers as pilots. The secretary of the department shall administer the program and has the following powers and duties:

(1) To design and implement a low-interest aviation student loan program with the following elements:

(a) A low-interest rate, comparable to or more favorable than the federal direct loan program, that begins once the participant leaves or finishes his or her aviation program; and

(b) An annual loan limit not to exceed the participant's estimated cost of attendance as determined by his or her aviation program.

(2) To determine which aviation programs are eligible and establish an application, selection, and notification process for awarding aviation student loans to eligible students;

(3) To define the terms of repayment, including applicable interest rates, fees, and deferments;

(4) To collect and manage repayments on the aviation student loans;

(5) To solicit and accept grants and donations from public and private sources for the program;

(6) To exercise discretion to revise repayment obligations in certain cases, such as economic hardship or disability;

(7) To publicize the program;

(8) To contract with a third-party entity or organization to implement the loan program; and

(9) To adopt necessary rules.

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

The total amount of state matching funds allowed for all programs created under this chapter, including the matching funds required under RCW 28B.145.040, 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 commercial and professional aviation scholarship 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;

(b) The number of applicants for the opportunity scholarship and commercial and professional aviation scholarship 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 commercial and professional aviation scholarship 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 commercial and professional aviation scholarship 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 commercial and professional aviation scholarship program enrolled, together with recipients' data on completion and graduation;

(f) The total amount of private contributions and state match moneys received for the commercial and professional aviation scholarship 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 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 commercial and professional aviation scholarship 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.

NEW SECTION. **Sec.**  A new section is added to chapter 47.68 RCW to read as follows:

(1) The commercial and professional aviation match transfer account is created in the custody of the state treasurer as a nonappropriated account to be used solely and exclusively for the commercial and professional aviation scholarship program created in section 4 of this act and the commercial and professional aviation loan program created under section 5 of this act. The purpose of the match transfer account is to provide state matching funds for the commercial and professional aviation scholarship program and to provide loans for the commercial and professional aviation loan program.

(2) Revenues to the commercial and professional aviation match transfer account shall consist of appropriations by the legislature into the match transfer account.

(3)(a) For purposes of the scholarship program, no expenditures from the commercial and professional aviation match transfer account may be made except upon receipt of proof, from the scholarship program administrator to the secretary of the department, of private contributions to the commercial and professional aviation scholarship program. Expenditures, in the form of matching funds, may not exceed the total amount of private contributions.

(b) For purposes of the loan program, no expenditures from the commercial and professional aviation match transfer account may be made except upon approval of the secretary of the department subject to the requirements and restrictions of section 5 of this act.

(4) Only the secretary of the department or the secretary's designee may authorize expenditures from the commercial and professional aviation match transfer account. Such authorization must be made as soon as practicable following receipt of proof as required under this section.

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

(b) Once moneys in the commercial and professional aviation match transfer account are subject to an agreement under this subsection and are deposited in the commercial and professional aviation scholarship program account created under section 4 of this act, the state acts in a fiduciary rather than ownership capacity with regard to those assets. Assets in the commercial and professional aviation scholarship program account are not considered state money, common cash, or revenue to the state.

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