

E2SHB 2177 - S COMM AMD

By Committee on Higher Education & Workforce Development

OUT OF ORDER 03/02/2018

1 Strike everything after the enacting clause and insert the
2 following:

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

4 (a) According to research from Georgetown University, by the year
5 2020, seventy percent of jobs in Washington state will require at
6 least some education and training beyond high school, which aligns
7 with Washington's educational attainment goals established under RCW
8 28B.77.020; and

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

14 (2) In addition, the legislature finds that:

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

23 (b) One barrier to economic growth and investment in many rural
24 counties is the lack of a trained, qualified workforce for the
25 opportunities present in rural areas, particularly in science,
26 technology, engineering, and mathematics (STEM) and health care
27 fields of study. These opportunities often require specialized skills
28 tailored for specific, regional employer needs. In many cases,
29 employment opportunities are available in rural communities; however,
30 some assistance is needed to help local residents acquire the skills
31 necessary to access the opportunities in their own backyards.

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

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

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

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

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

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

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

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

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

38 (6) The purpose of the board is to provide oversight and guidance
39 for the opportunity expansion (~~and~~), the opportunity scholarship

1 programs, and the rural jobs program, in light of established
2 legislative priorities and to fulfill the duties and responsibilities
3 under this chapter, including but not limited to determining eligible
4 education programs for purposes of the opportunity scholarship
5 program and rural jobs program. Duties, exercised jointly with the
6 program administrator, include soliciting funds and setting annual
7 fund-raising goals.

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

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

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

16 **Sec. 3.** RCW 28B.145.090 and 2014 c 208 s 4 are each amended to
17 read as follows:

18 (1) The board may elect to have the state investment board invest
19 the funds in the student support pathways account and the scholarship
20 account and endowment account described under RCW 28B.145.030(2)(b).
21 If the board so elects, the state investment board has the full power
22 to invest, reinvest, manage, contract, sell, or exchange investment
23 money in the (~~two~~) three accounts. All investment and operating
24 costs associated with the investment of money shall be paid under RCW
25 43.33A.160 and 43.84.160. With the exception of these expenses, the
26 earnings from the investment of the money shall be retained by the
27 accounts.

28 (2) All investments made by the state investment board shall be
29 made with the exercise of that degree of judgment and care under RCW
30 43.33A.140 and the investment policy established by the state
31 investment board.

32 (3) As deemed appropriate by the state investment board, money in
33 the student support pathways account, scholarship account, and
34 endowment (~~accounts~~) account may be commingled for investment with
35 other funds subject to investment by the state investment board.

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

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

7 (6) The authority to establish all policies relating to the
8 student support pathways account, scholarship account, and ~~((the))~~
9 endowment account, other than the investment policies as provided in
10 subsections (1) through (3) of this section, resides with the board
11 and program administrator acting in accordance with the principles
12 set forth in this chapter. With the exception of expenses of the
13 state investment board in subsection (1) of this section,
14 disbursements from the student support pathways account, scholarship
15 account, and endowment account shall be made only on the
16 authorization of the opportunity scholarship board or its designee,
17 and moneys in the accounts may be spent only for the purposes
18 specified in this chapter.

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

22 NEW SECTION. Sec. 4. A new section is added to chapter 28B.145
23 RCW to read as follows:

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

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

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

28 (c) "Eligible county" has the same meaning as "rural county"
29 defined in RCW 82.14.370 and also includes any county that shares a
30 common border with Canada and has a population of over one hundred
31 twenty-five thousand.

32 (d) "Eligible expenses" has the same meaning as in RCW
33 28B.145.010.

34 (e) "Eligible school district" means a school district of the
35 second class as identified in RCW 28A.300.065(2).

36 (f) "Gift aid" means financial aid received from the federal Pell
37 grant, the state need grant program in chapter 28B.92 RCW, the
38 college bound scholarship program in chapter 28B.118 RCW, the
39 opportunity grant program in chapter 28B.50 RCW, the opportunity

1 scholarship program in this chapter, or any other state grant,
2 scholarship, or worker retraining program that provides funds for
3 educational purposes with no obligation of repayment. "Gift aid" does
4 not include student loans, work-study programs, the basic food
5 employment and training program administered by the department of
6 social and health services, or other employment assistance programs
7 that provide job readiness opportunities and support beyond the costs
8 of tuition, books, and fees.

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

12 (h) "Program administrator" has the same meaning as in RCW
13 28B.145.010.

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

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

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

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

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

31 (a) Publicizing the rural jobs program and conducting outreach to
32 eligible counties;

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

39 (i) County-specific employer demand reports issued by the
40 employment security department or the list of statewide high-demand

1 programs for secondary career and technical education established
2 under RCW 28A.700.020; and

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

6 (c) Develop and implement an application, selection, and
7 notification process for awarding rural jobs program scholarship
8 funds. In making determinations on scholarship recipients, the board
9 shall use county-specific employer high-demand data;

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

12 (e) Distribute funds to selected students;

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

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

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

23 (a) Be a resident of an eligible county or have attended and
24 graduated from a school in an eligible school district;

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

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

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

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

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

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

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

4 NEW SECTION. **Sec. 5.** A new section is added to chapter 28B.145
5 RCW to read as follows:

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

8 (a) Jointly with the board, solicit and accept donations, grants,
9 and contributions from private sources via direct payment, pledge
10 agreement, or escrow account, for deposit into the student support
11 pathways account created in this section, and set annual fund-raising
12 goals;

13 (b) Establish and manage the student support pathways account to
14 receive grants, contributions from private sources, and state
15 matching funds, and from which to disburse scholarship funds to
16 selected students; and

17 (c) Provide proof of receipt of grants and contributions from
18 private sources to the council, identifying the amounts received by
19 the name of the private source and date received, and whether the
20 amounts received were deposited into the student support pathways
21 account.

22 (2) The student support pathways account, whose principal may be
23 invaded, must be created by the board from which scholarship funds
24 will be disbursed beginning no later than the fall term of the 2020
25 academic year, if by that date, state matching funds have been
26 received. Thereafter, scholarship funds shall be disbursed on an
27 annual basis.

28 NEW SECTION. **Sec. 6.** A new section is added to chapter 28B.145
29 RCW to read as follows:

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

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

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

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

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

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

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

27 NEW SECTION. **Sec. 7.** A new section is added to chapter 28B.145
28 RCW to read as follows:

29 The total amount of state matching funds for the rural jobs
30 program shall not exceed the maximum amount specified in RCW
31 28B.145.040(4).

32 **Sec. 8.** RCW 28B.145.070 and 2014 c 208 s 7 are each amended to
33 read as follows:

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

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

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

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

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

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

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

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

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

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OUT OF ORDER 03/02/2018

1 On page 1, line 2 of the title, after "program;" strike the
2 remainder of the title and insert "amending RCW 28B.145.020,
3 28B.145.090, and 28B.145.070; adding new sections to chapter 28B.145
4 RCW; and creating a new section."

EFFECT: (1) Renames the rural jobs program account the student support pathways account;

(2) Specifies that when making determinations on scholarship recipients, the WSOS board must use county-specific employer high-demand data;

(3) Removes the mandate that an eligible student may only receive funding for one year;

(4) Expands the scholarship to include funding for support services; and

(5) Expands eligibility to include students who attended and graduated from a school district of the second class, a school district with less than two thousand students in its schools.

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