

SENATE BILL REPORT

E2SHB 2177

As of February 24, 2018

Title: An act relating to creating the rural county high employer demand jobs program.

Brief Description: Creating a rural county jobs program.

Sponsors: House Committee on Appropriations (originally sponsored by Representatives Chapman, Steele, Frame and Tharinger).

Brief History: Passed House: 2/08/18, 98-0.

Committee Activity: Higher Education & Workforce Development: 2/15/18, 2/22/18 [DPA].

Ways & Means: 2/24/18.

Brief Summary of Amended Bill

- Creates the Rural County High Employer Demand Jobs Program (Program), funded by private donations and state matching funds, to assist students in earning certificates, associate degrees, or other industry-recognized credentials in high employer demand fields in certain eligible counties.
- Requires the Washington State Opportunity Scholarship (WSOS) Board to administer the Program.
- Creates the Rural Jobs Program Match Transfer Account in the custody of the state treasurer, a nonappropriated account administered by the Washington Student Achievement Council (WSAC).

SENATE COMMITTEE ON HIGHER EDUCATION & WORKFORCE DEVELOPMENT

Majority Report: Do pass as amended.

Signed by Senators Ranker, Chair; Palumbo, Vice Chair; Hawkins, Ranking Member; Carlyle, Ericksen, Liias, Miloscia, Nelson and Short.

Staff: Kellee Gunn (786-7429)

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.

SENATE COMMITTEE ON WAYS & MEANS

Staff: Daniel Masterson (786-7454)

Background: WSOS. The WSOS program provides scholarships through a public-private partnership to low and middle-income resident students pursuing eligible high-demand majors in science, technology, engineering, mathematics, and health care. The eligible student must have graduated from a Washington State high school or equivalent and be working towards a first bachelor's degree at an eligible Washington State college or university. The student may attend a public community or technical college if the student indicates plans to transfer to a four-year college or university by the time the student has earned 90 quarter credits.

The WSOS program is overseen by the WSOS board and administered by the program administrator contracted by WSAC. The duties of the program administrator include soliciting and accepting grants and private contributions, publicizing the program, selecting scholarship recipients, and distributing awards. The program administrator also administers two separate accounts to receive grants and contributions from private sources and state matching funds, and to disburse scholarship funds to participants.

The source of funding for the WSOS program is a combination of private grants and contributions, and state matching funds. A state match is provided under certain circumstances, and is not to exceed \$50 million annually.

Rural Counties. Rural county is defined in statute as a county with a population density of less than 100 people per square mile, or a county smaller than 225 square miles as determined by the Office of Financial Management. As of April 1, 2017, there are 30 counties meeting that definition—all counties except King, Pierce, Snohomish, Kitsap, Whatcom, Thurston, Clark, Benton, and Spokane.

School Districts Classified as Districts of the Second-Class. The Superintendent of Public Instruction is responsible for the classification and numbering system of school districts. Any school district with of 2000 pupils or more is a first-class school district, and any other school district is a school district of the second class.

Summary of Amended Bill: Establishing the Program. The objective of the Program is to meet 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-demand fields. A high demand field is an industry sector where there will likely be a shortage of skilled labor to meet job demands. Eligible counties include rural counties as defined in statute, as well as any county bordering Canada with over 125,000 people.

The WSOS board and program administrator must administer the Program. The WSOS program administrator must develop procedures for accepting applications, select students, notify institutions, and disburse awards. To be eligible, a student must:

- be a resident of the state of Washington;

- be a resident of an eligible rural county or a person who has attended and graduated from a school district of the second class;
- be enrolled in a community and technical college (CTC) within an eligible county;
- be in a program recognized by WSOS as a high employer demand field; and
- have an income that does not exceed 70 percent of the state median family income— for a family of three in 2017, that is \$51,000.

The award amounts would be determined by the WSOS board and would provide the selected student with scholarship funds and support services to help the students meet their needs in their CTC program. The WSOS board must use county-specific employer high-demand data in making determinations on scholarship recipients.

Awards will be disbursed from the Student Support Pathways Account (Account) under the jurisdiction of the WSOS program administrator. The Account may receive grants, contributions from private sources, and state matching funds. Additionally, a Rural Jobs Program Match Account (Match Account) is created under the custody of the state treasurer as a nonappropriated account to receive and provide state matching funds to the Account. Funds from the Match Account may only be spent when there are equal matching private contributions in the Account. The total matching funds for the Program may not exceed \$50 million annually.

The WSOS program administrator and board is directed to do the same programmatic reviews, data collection, and reporting for the Program as the current WSOS program.

EFFECT OF HIGHER EDUCATION & WORKFORCE DEVELOPMENT COMMITTEE AMENDMENT(S):

- Renames the rural jobs program account the student support pathways account.
- Specifies that when making determinations on scholarship recipients, the WSOS board must use county-specific employer high-demand data.
- Removes the mandate that an eligible student may only receive funding for one year.
- Expands the scholarship to include funding for support services.
- Expands eligibility to include students who attended and graduated from a school district of the second class, a school district with less than 2000 students in its schools.

Appropriation: None.

Fiscal Note: Available. New fiscal note requested on February 13, 2018.

Creates Committee/Commission/Task Force that includes Legislative members: No.

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

Staff Summary of Public Testimony on Engrossed Second Substitute House Bill (Higher Education & Workforce Development): *The committee recommended a different version of the bill than what was heard.* PRO: Jobs are going unfilled. This will pair up students with an aptitude or interest in specific jobs that already exist in rural Washington and find a

way for them to get the training they need to fulfill these jobs. This could be a good partnership.

Since 2011, the Opportunity Scholarship has awarded scholarship funding to 8400 low and middle-income college students pursuing high demand STEM degrees in this state. Through private support, and match funds by the Legislature, the WSOS has raised over \$200 million. This rural jobs program would be administered by WSOS to fund students from rural areas pursuing high demand and technical degrees. Rural counties have unique challenges and barriers to investment. We believe this builds on HB 1452, a bill that was brought to the Legislature by WSOS. We are supportive of E2SHB 2177 as long as the foundation is HB 1452. WSOS could absorb the administrative cost if HB 1452 were to pass. The Legislature should streamline these bills to maximize this effort.

Emerging areas of economic opportunity should benefit rural communities. Rural areas care about their environment. Forestry has an aging workforce. The jobs in forestry are now high tech, modern jobs. People need to be trained to do this work. Forestry companies are supportive of this bill. This bill means that employers can identify the employment needs and make an investment in the future labor pool.

Persons Testifying (Higher Education & Workforce Development): PRO: Representative Mike Chapman, Prime Sponsor; Naria Santa Lucia, Washington State Opportunity Scholarship; Jason Callahan, Washington Forest Protection Association; Arianne Jaco, Washington Environmental Council.

Persons Signed In To Testify But Not Testifying (Higher Education & Workforce Development): No one.

Staff Summary of Public Testimony on Amended Bill (Ways & Means): PRO: In some counties, the county may not be rural, but there are rural portions and this version takes them in to account. This is a really cool bill. It allows community colleges to look into their community and identify and address needs. This is broader than forest products.

Persons Testifying (Ways & Means): PRO: Jason Callahan, Washington Forest Protection Association.

Persons Signed In To Testify But Not Testifying (Ways & Means): No one.