
SUBSTITUTE HOUSE BILL 1452

State of Washington

65th Legislature

2017 Regular Session

By House Appropriations (originally sponsored by Representatives Holy, Tarleton, Van Werven, Springer, Stambaugh, Haler, Pollet, and Slatter)

READ FIRST TIME 02/24/17.

1 AN ACT Relating to the opportunity scholarship program; and
2 amending RCW 28B.145.005, 28B.145.010, 28B.145.020, 28B.145.030,
3 28B.145.040, and 28B.145.090.

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

5 **Sec. 1.** RCW 28B.145.005 and 2011 1st sp.s. c 13 s 1 are each
6 amended to read as follows:

7 The legislature finds that, despite increases in degree
8 production, there remain acute shortages in high employer demand
9 programs of study, particularly in the science, technology,
10 engineering, and mathematics (STEM) and health care fields of study.
11 According to the workforce training and education coordinating board,
12 seventeen percent of Washington businesses had difficulty finding job
13 applicants in 2010. Eleven thousand employers did not fill a vacancy
14 because they lacked qualified job applicants. Fifty-nine percent of
15 projected job openings in Washington state from now until 2017 will
16 require some form of postsecondary education and training.

17 It is the intent of the legislature to provide jobs and
18 opportunity by making Washington the place where the world's most
19 productive companies find the world's most talented people. The
20 legislature intends to accomplish this through the creation of the
21 opportunity scholarship and the opportunity expansion programs to

1 help mitigate the impact of tuition increases, increase the number of
2 professional-technical certificates, professional-technical degrees,
3 baccalaureate degrees, and advanced degrees in high employer demand,
4 health professional shortage areas, and other programs, and invest in
5 programs and students to meet market demands for a knowledge-based
6 economy while filling middle-income jobs with a sufficient supply of
7 skilled workers.

8 **Sec. 2.** RCW 28B.145.010 and 2014 c 208 s 1 are each amended to
9 read as follows:

10 The definitions in this section apply throughout this chapter
11 unless the context clearly requires otherwise.

12 (1) "Advanced degree" means a health professional degree beyond
13 the baccalaureate level and includes graduate and professional
14 degrees.

15 (2) "Board" means the opportunity scholarship board.

16 ((+2)) (3) "Council" means the student achievement council.

17 ((+3)) (4) "Eligible education programs" means high employer
18 demand and other programs of study as determined by the board.

19 ((+4)) (5) "Eligible expenses" means reasonable expenses
20 associated with the costs of acquiring an education such as tuition,
21 books, equipment, fees, room and board, and other expenses as
22 determined by the program administrator in consultation with the
23 council and the state board for community and technical colleges.

24 ((+5)) (6) "Eligible student" means a resident student who
25 received his or her high school diploma or high school equivalency
26 certificate as provided in RCW 28B.50.536 in Washington and who:

27 (a)(i) Has been accepted at a four-year institution of higher
28 education into an eligible education program leading to a
29 baccalaureate degree; ((+))

30 (ii) Will attend a two-year institution of higher education and
31 intends to transfer to an eligible education program at a four-year
32 institution of higher education;

33 (iii) Has been accepted at an institution of higher education
34 into a professional-technical degree program in an eligible education
35 program;

36 (iv) Has been accepted at an institution of higher education into
37 a professional-technical certificate program in an eligible education
38 program; or

1 (v) Has been accepted at an institution of higher education into
2 an eligible advanced degree program in a health professional shortage
3 area;

4 (b) Declares an intention to obtain a professional-technical
5 certificate, professional-technical degree, baccalaureate degree, or
6 an advanced degree; and

7 (c) Has a family income at or below one hundred twenty-five
8 percent of the state median family income at the time the student
9 applies for an opportunity scholarship.

10 ~~((+6))~~ (7) "Health professional shortage areas" means those
11 areas where credentialed health care professionals are in short
12 supply as a result of geographic maldistribution or as the result of
13 a short supply of credentialed health care professionals in specialty
14 health care areas and where vacancies exist in serious numbers that
15 jeopardize patient care and pose a threat to the public health and
16 safety.

17 (8) "High employer demand program of study" has the same meaning
18 as provided in RCW 28B.50.030.

19 ~~((+7))~~ (9) "Participant" means an eligible student who has
20 received a scholarship under the opportunity scholarship program.

21 ~~((+8))~~ (10) "Professional-technical certificate" means a program
22 as approved by the state board for community and technical colleges
23 under RCW 28B.50.090(7)(c), that is offered by an institution of
24 higher education.

25 (11) "Professional-technical degree" means a program as approved
26 by the state board for community and technical colleges under RCW
27 28B.50.090(7)(c), that is offered by an institution of higher
28 education.

29 (12) "Program administrator" means a ~~((college—scholarship~~
30 ~~organization that is a))~~ private nonprofit corporation registered
31 under Title 24 RCW and qualified as a tax-exempt entity under section
32 501(c)(3) of the federal internal revenue code ~~((, —with expertise in~~
33 ~~managing scholarships and college advising))~~.

34 ~~((+9))~~ (13) "Resident student" has the same meaning as provided
35 in RCW 28B.15.012.

36 (14) "Service obligation" means an obligation by the participant
37 to be employed in the state for a specific period to be established
38 by the board.

1 **Sec. 3.** RCW 28B.145.020 and 2014 c 208 s 2 are each amended to
2 read as follows:

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

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

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

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

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

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

32 (5) The board shall be staffed by ~~((the))~~ a program
33 administrator, under contract with the board and the council.

34 (6) The purpose of the board is to provide oversight and guidance
35 for the opportunity expansion and the opportunity scholarship
36 programs in light of established legislative priorities and to
37 fulfill the duties and responsibilities under this chapter, including
38 but not limited to determining eligible education programs for
39 purposes of the opportunity scholarship program. Duties, exercised

1 jointly with the program administrator, include soliciting funds and
2 setting annual fund-raising goals.

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

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

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

12 (c) Whether the program should include a loan repayment or low-
13 interest or no-interest loan component for the advanced degree
14 portion of the program.

15 **Sec. 4.** RCW 28B.145.030 and 2014 c 208 s 3 are each amended to
16 read as follows:

17 (1) The program administrator(~~(, under contract with the~~
18 ~~council,~~) shall staff the board and shall (~~have~~) provide
19 administrative support to execute the duties and responsibilities
20 provided in this chapter, including but not limited to publicizing
21 the program, selecting participants for the opportunity scholarship
22 award, distributing opportunity scholarship awards, and achieving the
23 maximum possible rate of return on investment of the accounts in
24 subsection (2) of this section, while ensuring transparency in the
25 investment decisions and processes. Duties, exercised jointly with
26 the board, include soliciting funds and setting annual fund-raising
27 goals. The program administrator shall be paid an administrative fee
28 as determined by the board.

29 (2) With respect to the opportunity scholarship program, the
30 program administrator shall:

31 (a) Establish and manage (~~two~~) three separate accounts into
32 which to receive grants and contributions from private sources as
33 well as state matching funds, and from which to disburse scholarship
34 funds to participants;

35 (b) Solicit and accept grants and contributions from private
36 sources, via direct payment, pledge agreement, or escrow account, of
37 private sources for deposit into (~~one or both of the two~~) any of
38 the three specified accounts created in this subsection (2)(b) upon

1 the direction of the donor and in accordance with this subsection
2 (2)(b):

3 (i) The "scholarship account," whose principal may be invaded,
4 and from which scholarships must be disbursed for baccalaureate
5 programs beginning no later than December 1, 2011, if, by that date,
6 state matching funds in the amount of five million dollars or more
7 have been received. Thereafter, scholarships shall be disbursed on an
8 annual basis beginning no later than May 1, 2012, and every October
9 1st thereafter;

10 (ii) The "student support pathways account," whose principal may
11 be invaded, and from which scholarships may be disbursed for
12 professional-technical certificate programs, professional-technical
13 degree programs, or advanced degree programs in the fiscal year
14 following appropriations of state matching funds. Thereafter,
15 scholarships shall be disbursed on an annual basis;

16 (iii) The "endowment account," from which scholarship moneys may
17 be disbursed for baccalaureate programs from earnings only in years
18 when:

19 (A) The state match has been made into both the scholarship and
20 the endowment account; and

21 (B) The state appropriations for the state need grant under RCW
22 28B.92.010 meet or exceed state appropriations for the state need
23 grant made in the 2011-2013 biennium, adjusted for inflation, and
24 eligibility for state need grant recipients is at least seventy
25 percent of state median family income; ((and

26 ~~(C) The state has demonstrated progress toward the goal of total~~
27 ~~per-student funding levels, from state appropriations plus tuition~~
28 ~~and fees, of at least the sixtieth percentile of total per-student~~
29 ~~funding at similar public institutions of higher education in the~~
30 ~~global challenge states, as defined, measured, and reported in RCW~~
31 ~~28B.15.068. In any year in which the office of financial management~~
32 ~~reports that the state has not made progress toward this goal, no new~~
33 ~~scholarships may be awarded. In any year in which the office of~~
34 ~~financial management reports that the percentile of total per-student~~
35 ~~funding is less than the sixtieth percentile and at least five~~
36 ~~percent less than the prior year, pledges of future grants and~~
37 ~~contributions may, at the request of the donor, be released and~~
38 ~~grants and contributions already received refunded to the extent that~~
39 ~~opportunity scholarship awards already made can be fulfilled from the~~
40 ~~funds remaining in the endowment account. In fulfilling the~~

1 requirements of this subsection, the office of financial management
2 shall use resources that facilitate measurement and comparisons of
3 the most recently completed academic year. These resources may
4 include, but are not limited to, the data provided in a uniform
5 dashboard format under RCW 28B.77.090 as the statewide public four-
6 year dashboard and academic year reports prepared by the state board
7 for community and technical colleges;

8 ~~((iii))~~ (iv) An amount equal to at least fifty percent of all
9 grants and contributions must be deposited into the scholarship
10 account until such time as twenty million dollars have been deposited
11 into the account, after which time the private donors may designate
12 whether their contributions must be deposited to the scholarship, the
13 student support pathways, or the endowment accounts. The board and
14 the program administrator must work to maximize private sector
15 contributions to ~~((both))~~ the scholarship account, the student
16 support pathways account, and the endowment account, to maintain a
17 robust scholarship program while simultaneously building the
18 endowment, and to determine the division between the ~~((two))~~
19 scholarship, the student support pathways, and the endowment accounts
20 in the case of undesignated grants and contributions, taking into
21 account the need for a long-term funding mechanism and the short-term
22 needs of families and students in Washington. The first five million
23 dollars in state match, as provided in RCW 28B.145.040, shall be
24 deposited into the scholarship account and thereafter the state match
25 shall be deposited into the ~~((two))~~ three accounts in equal
26 proportion to the private funds deposited in each account; and

27 ~~((iv))~~ (v) Once moneys in the opportunity scholarship match
28 transfer account are subject to an agreement under RCW 28B.145.050(5)
29 and are deposited in the scholarship account, student support
30 pathways account, or endowment account under this section, the state
31 acts in a fiduciary rather than ownership capacity with regard to
32 those assets. Assets in the scholarship account, student support
33 pathways account, and endowment account are not considered state
34 money, common cash, or revenue to the state;

35 (c) Provide proof of receipt of grants and contributions from
36 private sources to the council, identifying the amounts received by
37 name of private source and date, and whether the amounts received
38 were deposited into the scholarship, the student support pathways, or
39 the endowment accounts;

1 (d) In consultation with the council and the state board for
2 community and technical colleges, make an assessment of the
3 reasonable annual eligible expenses associated with eligible
4 education programs identified by the board;

5 (e) Determine the dollar difference between tuition fees charged
6 by institutions of higher education in the 2008-09 academic year and
7 the academic year for which an opportunity scholarship is being
8 distributed;

9 (f) Develop and implement an application, selection, and
10 notification process for awarding opportunity scholarships;

11 (g) Determine the annual amount of the opportunity scholarship
12 for each selected participant. The annual amount shall be at least
13 one thousand dollars or the amount determined under (e) of this
14 subsection, but may be increased on an income-based, sliding scale
15 basis up to the amount necessary to cover all reasonable annual
16 eligible expenses as assessed pursuant to (d) of this subsection, or
17 to encourage participation in professional-technical certificate
18 programs, professional-technical degree programs, baccalaureate
19 degree programs, or advanced degree programs identified by the board;

20 (h) Distribute scholarship funds to selected participants. Once
21 awarded, and to the extent funds are available for distribution, an
22 opportunity scholarship shall be automatically renewed as long as the
23 participant annually submits documentation of filing both a free
24 application for federal student aid (FAFSA) and for available federal
25 education tax credits including, but not limited to, the American
26 opportunity tax credit, or if ineligible to apply for federal student
27 aid, the participant annually submits documentation of filing a state
28 financial aid application as approved by the office of student
29 financial assistance; and until the participant withdraws from or is
30 no longer attending the program, completes the program, or has taken
31 the credit or clock hour equivalent of one hundred twenty-five
32 percent of the published length of time of the participant's program,
33 whichever occurs first(, and as long as the participant annually
34 submits documentation of filing both a free application for federal
35 student aid and for available federal education tax credits,
36 including but not limited to the American opportunity tax credit));
37 ((and))

38 (i) Notify institutions of scholarship recipients who will attend
39 their institutions and inform them of the terms of the students'
40 eligibility; and

1 (j) Establish a required service obligation for participants
2 enrolled in an advanced degree program.

3 (3) With respect to the opportunity expansion program, the
4 program administrator shall:

5 (a) Assist the board in developing and implementing an
6 application, selection, and notification process for making
7 opportunity expansion awards; and

8 (b) Solicit and accept grants and contributions from private
9 sources for opportunity expansion awards.

10 **Sec. 5.** RCW 28B.145.040 and 2011 1st sp.s. c 13 s 5 are each
11 amended to read as follows:

12 (1) The opportunity scholarship program is established.

13 (2) The purpose of this scholarship program is to provide
14 scholarships that will help low and middle-income Washington
15 residents earn professional-technical certificates, professional-
16 technical degrees, baccalaureate degrees, or advanced degrees in high
17 employer demand, health professional shortage areas, and other
18 programs of study and encourage them to remain in the state to work.
19 The program must be designed for ~~((both))~~ students starting
20 professional-technical certificate or degree programs, students
21 starting at two-year institutions of higher education and intending
22 to transfer to four-year institutions of higher education, ~~((and))~~
23 students starting at four-year institutions of higher education, and
24 students enrolled in an advanced degree program.

25 (3) The ~~((opportunity scholarship))~~ board shall determine which
26 programs of study, including but not limited to high employer demand
27 programs, are eligible for purposes of the opportunity scholarship.
28 For advanced degree programs, the board shall limit scholarships to
29 eligible students enrolling in programs that lead to credentials in
30 health professional shortage areas.

31 (4) The source of funds for the program shall be a combination of
32 private grants and contributions and state matching funds. A state
33 match may be earned under this section for private contributions made
34 on or after June 6, 2011. A state match, up to a maximum of fifty
35 million dollars annually, shall be provided beginning the later of
36 January 1, 2014, or January 1st next following the end of the fiscal
37 year in which collections of state retail sales and use tax, state
38 business and occupation tax, and state public utility tax exceed, by
39 ten percent the amounts collected from these tax resources in the

1 fiscal year that ended June 30, 2008, as determined by the department
2 of revenue.

3 **Sec. 6.** RCW 28B.145.090 and 2014 c 208 s 4 are each amended to
4 read as follows:

5 (1) The board may elect to have the state investment board invest
6 the funds in the scholarship account, the student support pathways
7 account, and the endowment account described under RCW
8 28B.145.030(2)(b). If the board so elects, the state investment board
9 has the full power to invest, reinvest, manage, contract, sell, or
10 exchange investment money in the (~~two~~) three accounts. All
11 investment and operating costs associated with the investment of
12 money shall be paid under RCW 43.33A.160 and 43.84.160. With the
13 exception of these expenses, the earnings from the investment of the
14 money shall be retained by the accounts.

15 (2) All investments made by the state investment board shall be
16 made with the exercise of that degree of judgment and care under RCW
17 43.33A.140 and the investment policy established by the state
18 investment board.

19 (3) As deemed appropriate by the state investment board, money in
20 the scholarship, student support pathways, and endowment accounts may
21 be commingled for investment with other funds subject to investment
22 by the state investment board.

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

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

32 (6) The authority to establish all policies relating to the
33 scholarship account, the student support pathways account, and the
34 endowment account, other than the investment policies as provided in
35 subsections (1) through (3) of this section, resides with the board
36 and program administrator acting in accordance with the principles
37 set forth in this chapter. With the exception of expenses of the
38 state investment board in subsection (1) of this section,
39 disbursements from the scholarship account, the student support

1 pathways account, and the endowment account shall be made only on the
2 authorization of the opportunity scholarship board or its designee,
3 and moneys in the accounts may be spent only for the purposes
4 specified in this chapter.

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

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