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HOUSE BILL 2834

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State of Washington

56th Legislature

2000 Regular Session

By Representatives Kenney, Radcliff, Quall, Cox, McIntire and Veloria;  
by request of Lieutenant Governor

Read first time 01/21/2000. Referred to Committee on Higher Education.

1 AN ACT Relating to a conditional scholarship for vocational-  
2 technical education; reenacting and amending RCW 43.79A.040; and adding  
3 a new chapter to Title 28B RCW.

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

5 NEW SECTION. **Sec. 1.** INTENT. The legislature finds that the  
6 labor market demand by businesses in Washington for vocational-  
7 technical certificates is high and that there is a severe shortage in  
8 this state in the supply of individuals completing a postsecondary  
9 vocational-technical certificate or degree program. The legislature  
10 further finds that encouraging students to enroll in postsecondary  
11 vocational-technical degree or certificate programs in high-demand  
12 industrial sectors will benefit students, business and industry, and  
13 the economy as a whole. By creating a conditional scholarship program  
14 for students at community and technical colleges and private career  
15 schools, the legislature intends to assist in the effort to recruit  
16 students to be trained for employment in high-demand industrial  
17 sectors.

1        NEW SECTION.    **Sec. 2.**    DEFINITIONS.    Unless the context clearly  
2 requires otherwise, the definitions in this section apply throughout  
3 this chapter.

4        (1) "Conditional scholarship" means a loan that may be used for (a)  
5 the payment of tuition and services and activities fees; (b) the  
6 purchase of books and training supplies; and (c) transportation  
7 expenses; and that is forgiven in whole or in part if the recipient is  
8 employed in this state in the occupation or industrial sector in which  
9 the recipient was trained.

10       (2) "Board" means the higher education coordinating board.

11       (3) "Eligible student" means an individual who qualifies for  
12 enrollment in an eligible program.

13       (4) "Eligible program" means:

14       (a) A vocational-technical program offered through a community  
15 college, a technical college, or a licensed private career school that  
16 results in a certificate or degree; and

17       (b) A program that the work force training and education  
18 coordinating board determines constitutes an eligible program under  
19 section 5 of this act.

20       (5) "Participant" means an eligible student who has received a  
21 conditional scholarship under this chapter.

22       (6) "Satisfied" means paid-in-full.

23       NEW SECTION.    **Sec. 3.**    PROGRAM CREATED--POWERS AND DUTIES OF BOARD.  
24 The bright futures conditional scholarship program is established. The  
25 program shall be administered by the board.    In administering the  
26 program, the board shall:

27       (1) Adopt selection criteria based on the date of application;

28       (2) Adopt necessary rules and guidelines;

29       (3) Record the amount of loan forgiven for those students who meet  
30 their service obligations and collect and manage repayments from  
31 students who do not meet their service obligations under this chapter;

32       (4) Accept grants and donations from public and private sources for  
33 the program and develop guidelines for the participation of public and  
34 private donors in the oversight of the program; and

35       (5) Ensure that the awarding of conditional scholarships to  
36 students under this program (a) maximizes the opportunity for students  
37 to enroll in vocational-technical programs leading to employment with  
38 Washington employers; and (b) does not result in the loss of other

1 federal or state financial and gift assistance to those students, to  
2 the extent allowable under federal and state student aid rules and  
3 regulations.

4 NEW SECTION. **Sec. 4.** DUTIES OF THE WORK FORCE TRAINING AND  
5 EDUCATION COORDINATING BOARD. The work force training and education  
6 coordinating board shall:

7 (1) Publicize and promote the scholarship program under this  
8 chapter in consultation with the higher education coordinating board;

9 (2) Solicit grants and donations from public and private sources  
10 for the program;

11 (3) Jointly with the state board for community and technical  
12 colleges, determine what constitutes an eligible program; and

13 (4) Determine what constitutes being employed in the occupation or  
14 industrial sector in which an individual was trained for purposes of  
15 the repayment obligation under section 7 of this act.

16 NEW SECTION. **Sec. 5.** ELIGIBLE PROGRAM. (1) In making its  
17 determination of what constitutes an eligible program, the work force  
18 training and education coordinating board and the state board for  
19 community and technical colleges shall consider:

20 (a) Whether there is a significant industry or occupational gap  
21 between the supply of skilled workers and the demand for such workers  
22 within the occupation or industrial sector that the degree or  
23 certificate program prepares students to work in;

24 (b) The wage level likely to be earned by persons who complete the  
25 program; and

26 (c) Whether the degree or certificate program performs at a high  
27 level in terms of placement rates.

28 (2) In order to be an eligible program, there must be a  
29 contribution from the industry that benefits from students graduating  
30 from the degree or certificate program that equals or exceeds fifty  
31 percent of the scholarships awarded to individuals who enroll in the  
32 degree or certificate programs that prepare students to work in that  
33 occupation or industry.

34 NEW SECTION. **Sec. 6.** AWARD--AMOUNT, DURATION. The board shall  
35 allocate funds for conditional scholarships to eligible students from  
36 the funds appropriated to the board for this purpose, or from any

1 private donations, or any other funds given to the board for this  
2 program. The amount of the conditional scholarship awarded an  
3 individual shall not exceed an amount that is double the common tuition  
4 and service and activities fees charged at Washington state public  
5 community and technical colleges per academic year. The board may  
6 adjust the amount of the scholarships to maximize the number of  
7 recipients. Students are eligible to receive conditional scholarships  
8 for a maximum of two years and must begin employment in the occupation  
9 or industrial sector in which they were trained within five years after  
10 receipt of the last loan installment.

11 NEW SECTION. **Sec. 7.** REPAYMENT OBLIGATION. (1) Participants in  
12 the conditional scholarship program incur an obligation to repay the  
13 conditional scholarship, with interest, unless they are employed in  
14 this state for two years in the occupation or industrial sector in  
15 which they were trained, for each year of scholarship received, under  
16 rules adopted by the board.

17 (2) The interest rate shall be eight percent for the length of the  
18 repayment period. The board shall establish the repayment period, with  
19 payments accruing quarterly commencing nine months from the date the  
20 participant completes or discontinues the eligible program. Payments  
21 shall be no less than one hundred fifty dollars per quarter.

22 (3) The entire principal and interest of each payment shall be  
23 forgiven for each payment period in which the participant is employed  
24 in this state in the occupation or industrial sector in which the  
25 participant was trained until either the entire repayment obligation is  
26 satisfied or the participant has been employed in this state in the  
27 occupation or industrial sector in which he or she was trained for  
28 eight payment periods for each year of receiving a scholarship under  
29 this chapter. Should the participant cease to be employed in this  
30 state in the occupation or industrial sector in which the participant  
31 was trained before the participant's repayment obligation is completed,  
32 payments on the unsatisfied portion of the principal and interest shall  
33 begin the next payment period and continue until the remainder of the  
34 participant's repayment obligation is satisfied.

35 (4) The board is responsible for collection of repayments made  
36 under this section and shall exercise due diligence in such collection,  
37 maintaining all necessary records to ensure that maximum repayments are  
38 made. Collection and servicing of repayments under this section shall

1 be pursued using the full extent of the law, including wage garnishment  
2 if necessary. The board is responsible to forgive all or parts of such  
3 repayments under the criteria established in this section and shall  
4 maintain all necessary records of forgiven payments.

5 (5) Receipts from the payment of principal or interest or any other  
6 subsidies to which the board as administrator is entitled, which are  
7 paid by or on behalf of participants under this section, shall be  
8 deposited with the board and shall be used to cover the costs of  
9 granting the conditional scholarships, maintaining necessary records,  
10 and making collections under subsection (4) of this section. The board  
11 shall maintain accurate records of these costs, and all receipts beyond  
12 those necessary to pay such costs shall be used to grant conditional  
13 scholarships under this chapter.

14 NEW SECTION. **Sec. 8.** BRIGHT FUTURES CONDITIONAL SCHOLARSHIP  
15 ACCOUNT. (1) The bright futures conditional scholarship account is  
16 created in the custody of the state treasurer.

17 (2) All appropriations for the bright futures conditional  
18 scholarship program, private donations to the bright futures  
19 conditional scholarship program, and receipts from students' repayments  
20 must be deposited into the account.

21 (3) Expenditures from the account may be used only for conditional  
22 loans to students and the board's administrative costs associated with  
23 the awarding, tracking, and collection of the loans.

24 (4) With the exception of the operating costs associated with the  
25 management of the account by the treasurer's office as authorized in  
26 chapter 43.79A RCW, the account shall be credited with all investment  
27 income earned by the account. Only the director of the board or the  
28 director's designee may authorize expenditures from the account.

29 (5) Disbursements from the account are exempt from appropriations  
30 and the allotment provisions of chapter 43.88 RCW, however money used  
31 for program administration is subject to the allotment and budgetary  
32 controls of chapter 43.88 RCW, and an appropriation is required for  
33 expenditures.

34 **Sec. 9.** RCW 43.79A.040 and 1999 c 384 s 8 and 1999 c 182 s 2 are  
35 each reenacted and amended to read as follows:

36 (1) Money in the treasurer's trust fund may be deposited, invested,  
37 and reinvested by the state treasurer in accordance with RCW 43.84.080

1 in the same manner and to the same extent as if the money were in the  
2 state treasury.

3 (2) All income received from investment of the treasurer's trust  
4 fund shall be set aside in an account in the treasury trust fund to be  
5 known as the investment income account.

6 (3) The investment income account may be utilized for the payment  
7 of purchased banking services on behalf of treasurer's trust funds  
8 including, but not limited to, depository, safekeeping, and  
9 disbursement functions for the state treasurer or affected state  
10 agencies. The investment income account is subject in all respects to  
11 chapter 43.88 RCW, but no appropriation is required for payments to  
12 financial institutions. Payments shall occur prior to distribution of  
13 earnings set forth in subsection (4) of this section.

14 (4)(a) Monthly, the state treasurer shall distribute the earnings  
15 credited to the investment income account to the state general fund  
16 except under (b) and (c) of this subsection.

17 (b) The following accounts and funds shall receive their  
18 proportionate share of earnings based upon each account's or fund's  
19 average daily balance for the period: The bright futures conditional  
20 scholarship account, the Washington advanced college tuition payment  
21 program account, the agricultural local fund, the American Indian  
22 scholarship endowment fund, the Washington international exchange  
23 scholarship endowment fund, the developmental disabilities endowment  
24 trust fund, the energy account, the fair fund, the game farm  
25 alternative account, the grain inspection revolving fund, the juvenile  
26 accountability incentive account, the rural rehabilitation account, the  
27 stadium and exhibition center account, the youth athletic facility  
28 grant account, the self-insurance revolving fund, the sulfur dioxide  
29 abatement account, and the children's trust fund. However, the  
30 earnings to be distributed shall first be reduced by the allocation to  
31 the state treasurer's service fund pursuant to RCW 43.08.190.

32 (c) The following accounts and funds shall receive eighty percent  
33 of their proportionate share of earnings based upon each account's or  
34 fund's average daily balance for the period: The advanced right of way  
35 revolving fund, the advanced environmental mitigation revolving  
36 account, the federal narcotics asset forfeitures account, the high  
37 occupancy vehicle account, the local rail service assistance account,  
38 and the miscellaneous transportation programs account.

1 (5) In conformance with Article II, section 37 of the state  
2 Constitution, no trust accounts or funds shall be allocated earnings  
3 without the specific affirmative directive of this section.

4 NEW SECTION. **Sec. 10.** CAPTIONS NOT LAW. Captions used in this  
5 chapter are not any part of the law.

6 NEW SECTION. **Sec. 11.** Sections 1 through 8 and 10 of this act  
7 constitute a new chapter in Title 28B RCW.

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