
SENATE BILL 5310

State of Washington

56th Legislature

1999 Regular Session

By Senators Fairley, Kohl-Welles, Shin and Rasmussen

Read first time 01/19/1999. Referred to Committee on Labor & Workforce Development.

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

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 the legislature intends to assist in the effort to recruit students to
15 be trained for employment in high-demand industrial sectors.

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

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

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

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

10 (4) "Eligible program" means:

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

14 (b) A program that the work force training and education
15 coordinating board determines constitutes an eligible program under
16 section 6 of this act.

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

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

20 NEW SECTION. **Sec. 3.** PROGRAM CREATED--POWERS AND DUTIES OF BOARD.

21 The bright futures conditional scholarship program is established. The
22 program shall be administered by the board. In administering the
23 program, the board shall:

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

25 (2) Allocate conditional scholarship funds, awarding at least
26 thirty percent of the scholarships to individuals that are either
27 currently eligible to receive temporary assistance for needy families
28 or were so eligible during the twenty-four months preceding their
29 application for the scholarship;

30 (3) Adopt necessary rules and guidelines;

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

34 (5) Accept grants and donations from public and private sources for
35 the program; and

36 (6) Ensure that the awarding of conditional scholarships to
37 students under this program (a) results in a net increase in the number
38 of vocational-technical students receiving financial aid; and (b) does

1 not result in the loss of other federal or state financial and gift
2 assistance to those students, to the extent allowable under federal and
3 state student aid rules and 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;

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

11 (3) Determine what constitutes an eligible program; and

12 (4) Determine what constitutes being employed in the occupation or
13 industrial sector in which an individual was trained for purposes of
14 the repayment obligation under section 8 of this act.

15 NEW SECTION. **Sec. 5.** DUTIES OF THE DEPARTMENT OF SOCIAL AND
16 HEALTH SERVICES. The department of social and health services shall:

17 (1) Work with the work force training and education coordinating
18 board to encourage recipients of temporary assistance for needy
19 families to become participants in the scholarship program under this
20 chapter; and

21 (2) Ensure that no department rule prevents recipients of temporary
22 assistance for needy families from becoming participants in the
23 scholarship program under this chapter.

24 NEW SECTION. **Sec. 6.** ELIGIBLE PROGRAM. (1) In making its
25 determination of what constitutes an eligible program, the work force
26 training and education coordinating board shall consider:

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

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

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

35 (2) In order to be an eligible program, there must be a
36 contribution from the industry that benefits from students graduating

1 from the degree or certificate program that equals or exceeds twenty-
2 five percent of the scholarships awarded to individuals who enroll in
3 the degree or certificate programs that prepare students to work in
4 that occupation or industry.

5 (3) In determining what constitutes an eligible program, the work
6 force training and education coordinating board shall consult with the
7 state board for community and technical colleges for advice on which
8 public certificate or degree programs prepare students for work in a
9 given occupation or industry.

10 NEW SECTION. **Sec. 7.** AWARD--AMOUNT, DURATION. The board shall
11 allocate funds for conditional scholarships to eligible students from
12 the funds appropriated to the board for this purpose, or from any
13 private donations, or any other funds given to the board for this
14 program. The amount of the conditional scholarship awarded an
15 individual shall not exceed an amount that is double the common tuition
16 and service and activities fees charged at Washington state public
17 community and technical colleges per academic year. Students are
18 eligible to receive conditional scholarships for a maximum of two years
19 and must complete using each award within five years of receipt.

20 NEW SECTION. **Sec. 8.** REPAYMENT OBLIGATION. (1) Participants in
21 the conditional scholarship program incur an obligation to repay the
22 conditional scholarship, with interest, unless they are employed in
23 this state for two years in the occupation or industrial sector in
24 which they were trained, for each year of scholarship received, under
25 rules adopted by the board.

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

31 (3) The entire principal and interest of each payment shall be
32 forgiven for each payment period in which the participant is employed
33 in this state in the occupation or industrial sector in which the
34 participant was trained until either the entire repayment obligation is
35 satisfied or the participant has been employed in this state in the
36 occupation or industrial sector in which he or she was trained for
37 eight payment periods for each year of receiving a scholarship under

1 this chapter. Should the participant cease to be employed in this
2 state in the occupation or industrial sector in which the participant
3 was trained before the participant's repayment obligation is completed,
4 payments on the unsatisfied portion of the principal and interest shall
5 begin the next payment period and continue until the remainder of the
6 participant's repayment obligation is satisfied.

7 (4) The board is responsible for collection of repayments made
8 under this section and shall exercise due diligence in such collection,
9 maintaining all necessary records to ensure that maximum repayments are
10 made. Collection and servicing of repayments under this section shall
11 be pursued using the full extent of the law, including wage garnishment
12 if necessary. The board is responsible to forgive all or parts of such
13 repayments under the criteria established in this section and shall
14 maintain all necessary records of forgiven payments.

15 (5) Receipts from the payment of principal or interest or any other
16 subsidies to which the board as administrator is entitled, which are
17 paid by or on behalf of participants under this section, shall be
18 deposited with the board and shall be used to cover the costs of
19 granting the conditional scholarships, maintaining necessary records,
20 and making collections under subsection (4) of this section. The board
21 shall maintain accurate records of these costs, and all receipts beyond
22 those necessary to pay such costs shall be used to grant conditional
23 scholarships under this chapter.

24 NEW SECTION. **Sec. 9.** BRIGHT FUTURES CONDITIONAL SCHOLARSHIP
25 ACCOUNT. (1) The bright futures conditional scholarship account is
26 created in the custody of the state treasurer.

27 (2) All appropriations for the bright futures conditional
28 scholarship program, private donations to the bright futures
29 conditional scholarship program, and receipts from students' repayments
30 must be deposited into the account.

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

34 (4) With the exception of the operating costs associated with the
35 management of the account by the treasurer's office as authorized in
36 chapter 43.79A RCW, the account shall be credited with all investment
37 income earned by the account. Only the director of the higher

1 education coordinating board or the director's designee may authorize
2 expenditures from the account.

3 (5) Disbursements from the account are exempt from appropriations
4 and the allotment provisions of chapter 43.88 RCW, however money used
5 for program administration is subject to the allotment and budgetary
6 controls of chapter 43.88 RCW, and an appropriation is required for
7 expenditures.

8 **Sec. 10.** RCW 43.79A.040 and 1998 c 268 s 1 are each amended to
9 read as follows:

10 (1) Money in the treasurer's trust fund may be deposited, invested,
11 and reinvested by the state treasurer in accordance with RCW 43.84.080
12 in the same manner and to the same extent as if the money were in the
13 state treasury.

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

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

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

28 (b) The following accounts and funds shall receive their
29 proportionate share of earnings based upon each account's or fund's
30 average daily balance for the period: The bright futures conditional
31 scholarship account, the Washington advanced college tuition payment
32 program account, the agricultural local fund, the American Indian
33 scholarship endowment fund, the Washington international exchange
34 scholarship endowment fund, the energy account, the fair fund, the game
35 farm alternative account, the grain inspection revolving fund, the
36 rural rehabilitation account, the stadium and exhibition center
37 account, the youth athletic facility grant account, the self-insurance
38 revolving fund, the sulfur dioxide abatement account, and the

1 children's trust fund. However, the earnings to be distributed shall
2 first be reduced by the allocation to the state treasurer's service
3 fund pursuant to RCW 43.08.190.

4 (c) The following accounts and funds shall receive eighty percent
5 of their proportionate share of earnings based upon each account's or
6 fund's average daily balance for the period: The advanced right of way
7 revolving fund, the advanced environmental mitigation revolving
8 account, the federal narcotics asset forfeitures account, the high
9 occupancy vehicle account, the local rail service assistance account,
10 and the miscellaneous transportation programs account.

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

14 NEW SECTION. **Sec. 11.** CAPTIONS NOT LAW. Captions used in this
15 chapter are not any part of the law.

16 NEW SECTION. **Sec. 12.** Sections 1 through 9 and 11 of this act
17 constitute a new chapter in Title 28B RCW.

18 NEW SECTION. **Sec. 13.** (1)(a) The sum of three million dollars, or
19 as much thereof as may be necessary, is appropriated for the fiscal
20 year ending June 30, 2000, from the general fund to the higher
21 education coordinating board for the purposes of this act.

22 (b) The sum of seven million seven hundred fifty thousand dollars,
23 or as much thereof as may be necessary, is appropriated for the fiscal
24 year ending June 30, 2001, from the general fund to the higher
25 education coordinating board for the purposes of this act.

26 (2)(a) The sum of seven million seven hundred fifty thousand
27 dollars, or as much thereof as may be necessary, is appropriated for
28 the fiscal year ending June 30, 2002, from the general fund to the
29 higher education coordinating board for the purposes of this act.

30 (b) The sum of seven million seven hundred fifty thousand dollars,
31 or as much thereof as may be necessary, is appropriated for the fiscal
32 year ending June 30, 2003, from the general fund to the higher
33 education coordinating board for the purposes of this act.

34 NEW SECTION. **Sec. 14.** (1)(a) The sum of one hundred twenty
35 thousand dollars, or as much thereof as may be necessary, is

1 appropriated for the fiscal year ending June 30, 2000, from the general
2 fund to the work force training and education coordinating board for
3 the purposes of section 4 of this act.

4 (b) The sum of sixty thousand dollars, or as much thereof as may be
5 necessary, is appropriated for the fiscal year ending June 30, 2001,
6 from the general fund to the work force training and education
7 coordinating board for the purposes of section 4 of this act.

8 (2)(a) The sum of sixty thousand dollars, or as much thereof as may
9 be necessary, is appropriated for the fiscal year ending June 30, 2002,
10 from the general fund to the work force training and education
11 coordinating board for the purposes of section 4 of this act.

12 (b) The sum of sixty thousand dollars, or as much thereof as may be
13 necessary, is appropriated for the fiscal year ending June 30, 2003,
14 from the general fund to the work force training and education
15 coordinating board for the purposes of section 4 of this act.

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