

HOUSE BILL REPORT

HB 2630

As Reported by House Committee On:
Higher Education & Workforce Education
Appropriations

Title: An act relating to postsecondary education, including creating the opportunity grant program.

Brief Description: Creating the opportunity grant program.

Sponsors: Representatives Kenney, Cox, Kessler, Priest, Conway, Hunter, Buri, Fromhold, Sells, Grant, Ormsby, Quall, Haigh, Clements, Roberts, Upthegrove, McDermott, Hasegawa, Santos, Flannigan, Appleton, Rodne, Clibborn, Simpson, Linville, Kagi, Dickerson, P. Sullivan, Morrell, Moeller, Ericks and Kilmer.

Brief History:

Committee Activity:

Higher Education & Workforce Education: 1/19/06, 1/26/06 [DPS];
Appropriations: 2/1/06, 2/2/06 [DP2S(w/o sub HE)].

Brief Summary of Second Substitute Bill

- Directs the State Board for Community and Technical Colleges (SBCTC), with a nonprofit and in consultation with other agencies and groups, to identify high demand occupations using industry groups, and to develop skills-based credentials for high demand sectors.
- Directs the SBCTC to develop and implement the Opportunity Grant Program, with student enrollment to begin by January 1, 2007.
- Requires the Washington State Institute for Public Policy to conduct a study examining barriers to access and completion of workforce education.

HOUSE COMMITTEE ON HIGHER EDUCATION & WORKFORCE EDUCATION

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 12 members: Representatives Kenney, Chair; Sells, Vice Chair; Cox, Ranking Minority Member; Rodne, Assistant Ranking Minority Member; Dunn, Fromhold, Hasegawa, Jarrett, Ormsby, Priest, Roberts and Sommers.

Staff: Nina Oman (786-7152).

Background:

Seven different state agencies currently administer 18 state- and federally-funded workforce programs in Washington. Yet in regular surveys of employers conducted by the Workforce Training and Education Coordinating Board (WTECB), employers in the state consistently report difficulty in finding skilled workers for jobs requiring some postsecondary education, but less than a bachelor's degree.

Low-income students can apply for existing state and federal need-based aid. However, not all low-income students are eligible for need-based aid, and there is no guarantee that a student will receive aid to cover all of their costs.

Eligibility requirements for most need-based aid programs include enrollment in a degree or certificate program and at least half-time attendance (six credits or more). A pilot project implemented in 2005 expands state need grants on a limited basis to students enrolled for four or five credits. Eligibility for the State Need Grant was recently expanded to students with a family income equal to or less than 65 percent of the state median.

According to the Higher Education Coordinating Board (HECB), a total of \$615 million in need-based grants was provided to students in Washington during 2004-05. The State Need Grant is the largest state-funded financial aid program. For the 2004-05 academic year, the State Need Grant provided \$125 million to about 55,500 students attending public and independent higher education institutions.

The amount of need-based state aid provided to students is awarded using an estimated budget that includes tuition and fees, books and supplies, rent, food and utilities, transportation, and miscellaneous personal expenses. The total budget used to calculate annual costs for students in 2004-05, excluding tuition and fees, ranges from \$6,408 for a dependent student living with a parent to \$10,062 for a student who does not live with a parent.

Summary of Substitute Bill:

Skills-Based Credentials

The State Board for Community and Technical Colleges (SBCTC) and a nonprofit established to address workforce development issues, in consultation with the WTECB, a statewide labor organization, and a statewide high-technology association:

- identifies high demand occupations -- defined as those where employer demand exceeds the supply of qualified job applicants -- with a priority on industry sectors important to the economic growth of the state;
- convenes or uses existing groups (such as industry skill panels or others) to identify the skills needed in high demand occupations;
- develops credentials or credit bearing curriculum based on skill sets needed in high demand areas that are recognized statewide by employers and postsecondary institutions;
- markets the credentials or credit bearing curriculum to students and employers; and

- gains recognition of the credentials of credit bearing curriculum.

The SBCTC can accept contributions to carry out this work, which are deposited with the State Treasurer.

Opportunity Grants

The SBCTC develops and implements a workforce education program known as the Opportunity Grant Program. The SBCTC is to provide funding for low-income students enrolled in the program, including but not limited to tuition, books and fees.

The SBCTC begins developing the program no later than March 15, 2006, and enrolls students no later than January 1, 2007. A progress report is due to the Legislature by January 15, 2008.

The SBCTC can accept contributions to implement the program, which are deposited with the State Treasurer.

Washington State Institute for Public Policy Study (Institute)

The Institute conducts a study that includes:

- a review of and recommendations for consolidating and simplifying the delivery of state-funded and federally-funded workforce education programs and workforce education aid, with the goal of achieving easier access to postsecondary education for students;
- a description of barriers to combining existing workforce programs and aid;
- an estimate of the funding gap between available workforce education financial aid and the financial needs of students (financial needs are defined as: tuition, fees, books, tools, childcare expenses, and living expenses);
- a description of barriers to access and completion of workforce programs for students;
- recommendations for increasing participation and completion rates in workforce programs; and
- the costs and benefits of creating a universal K-14 system in the state.

This study will be due to the Legislature by November 15, 2006. The Institute may accept contributions to carry out this work, which are deposited with the State Treasurer.

Substitute Bill Compared to Original Bill:

A nonprofit organization established to address workforce development issues shall work with the SBCTC and consult with the WTECB, a statewide labor organization, and a statewide high-technology organization to develop and identify skills-based credentials and credit-bearing curriculum. Funds, equipment, facilities and staff time provided from a non-state source may be used as a match for state funds appropriated to the SBCTC to carry out this work.

The SBCTC will develop and implement a workforce education program known as the Opportunity Grant Program. The SBCTC is to provide funding for low-income students

enrolled in the program, including but not limited to tuition, books, and fees. Childcare expenses are not specifically listed as an item to be included in opportunity grants.

The Institute will coordinate its study and research with the Washington Learns study of postsecondary education technical colleges.

Appropriation: An appropriation of \$75,000 is provided to the SBCTC to develop skills-based credentials in high demand areas, and \$5 million to develop and implement the Opportunity Grant Program. An appropriation of \$75,000 is provided to the Institute to conduct the study. A match from non-state sources is required for expenditures from the \$75,000 appropriation to the SBCTC.

Fiscal Note: Available.

Effective Date of Substitute Bill: The bill contains an emergency clause and takes effect immediately.

Testimony For: (In support) This initiative is powerful. We support the bill and the logic and policy assumptions behind the bill. This is the most significant legislation for education this year. Our employers need a skilled workforce and workers need to earn higher wages. This bill serves two sides of the same coin. We need to do this now.

There are many with credentials we need skills. The focus on high demand areas is critical. About 56,000 employers have difficulty finding workers with skills. All studies show that the growth in the labor force will come from refugees and immigrants. The retiring baby boomers and demographic changes in the state make this an important step in the right direction.

Don't be too narrow in the focus on credentials, or restrict this bill to low-income students only. Apprenticeships, the technical trades, and less formal programs should be included, as well as information about resources. Also, please include private career schools and the career pathway model. Employees should be represented. Faculty representatives are fine with the bill and want to make sure they are consulted.

Tipping point data show that one year of postsecondary education plus some level of certification can dramatically change income level. Low income people have a difficult time accessing higher education without financial assistance. There is no financial aid available for 50 percent of the programs, an amazing disconnect. The system of financial support and assistance is very complicated. The focus on unifying that system is terribly important.

The K-12 world is centered on bachelor's degrees. This bill is a very good course correction for the K-12 system; and includes the right study at the right time. The study will be helpful for Washington Learns, and very timely.

(Expert testimony) Opportunity grants would close skills and wage gaps in Washington, helping workers earn higher wages, and helping employers who need skilled workers. Current

aid does not meet the needs of all students. Low income adults can be successful in college. High school students need to know about possible jobs and educational opportunities.

This is probably one of the most important pieces of legislation your committee will look at. In Georgia, more people than ever before are going to school beyond high school. Industry loves the HOPE Program in Georgia because it emphasizes the importance of a well-trained workforce, as well as continued retraining for workers. The HOPE Program is open to all Georgians. We limited four-year college scholarships by income for the first and second year, and then removed the limit. Start small. Don't let bureaucrats bog the program down. Georgia started with public institutions only, then to private colleges, then to private proprietary colleges and then to any school that had been in Georgia for 10 years. Georgia's HOPE Program is funded by the lottery.

(With concerns) We agree with the focus on underserved students. The HECB by statute administers all financial aid programs and coordinates them. Opportunity grants could serve the same kinds of students as served by the State Need Grant Program and others. We would like more specificity and clarity. We would like to bring expertise to the program and we are interested in working on the bill.

(Neutral) A strong workforce development system is a gold mine for the economy. The K-14 aspects of this bill are very important. There are concerns about the unintended consequence of hurting people who might need direct job placement or short term skills training. There is a large constituency that cares about skill development and can coordinate all of the available resources.

Testimony Against: None.

Persons Testifying: (In support) Representative Kenney, prime sponsor; Monica Edwards; Alan Link, Washington State Labor Council; Earl Hale and Reuven Carlyle, State Board for Community and Technical Colleges; Terry Byington, American Electronics Association Washington Council; Amber Carter, Association of Washington Business; Rick Slunaker, Associated General Contractors; Tony Lee, Fremont Public Association; Anne Keeney, Seattle Jobs Initiative; Ellen O'Brien Saunders, Workforce Training and Education Coordinating Board; Jeff Gombosky, Eastern Washington University; Gina Wikstrom, Washington Federation of Private Career Schools and Colleges; and George Scarola, League of Education Voters.

(Expert testimony) Julie Strawn, Center for Law and Social Policy; and Glen Newsome, Georgia Hope Grant Program.

(With concerns) Bruck Botka and John Klacik, Higher Education Coordinating Board.

(Neutral) Tim Probst, Washington Workforce Association.

Persons Signed In To Testify But Not Testifying: None.

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: The second substitute bill be substituted therefor and the second substitute bill do pass and do not pass the substitute bill by Committee on Higher Education & Workforce Education. Signed by 30 members: Representatives Sommers, Chair; Fromhold, Vice Chair; Alexander, Ranking Minority Member; Anderson, Assistant Ranking Minority Member; McDonald, Assistant Ranking Minority Member; Armstrong, Bailey, Buri, Chandler, Clements, Cody, Conway, Darneille, Dunshee, Grant, Haigh, Hinkle, Hunter, Kagi, Kenney, Kessler, Linville, McDermott, Miloscia, Pearson, Priest, Schual-Berke, P. Sullivan, Talcott and Walsh.

Staff: Brian Enslow (786-7143).

Summary of Recommendation of Committee On Appropriations Compared to Recommendation of Committee On Higher Education & Workforce Education:

Agency reporting requirements are expanded to include the Legislature. The Washington State Institute of Public Policy study is subject to the approval of its board, and the requirement to study the cost and benefits of creating a universal K-14 system is removed. The appropriations and the emergency clause have been eliminated.

Appropriation: None.

Fiscal Note: Available on substitute bill.

Effective Date of Second Substitute Bill: The bill takes effect 90 days after adjournment of session in which bill is passed.

Testimony For: The changing Washington economy requires a competent workforce. A high school diploma is no longer sufficient to meet our existing workforce demands. We need to start thinking about expanding the paramount duty of the state to include two years of a post-secondary education.

The Higher Education Coordinating Board (Board) is committed to the progressive advancement of students through all stages of their academic careers. The Board currently engages in numerous programs that raise student awareness of the benefits of higher education. Additionally, the Board supports expanding the need grant program to serve the students addressed by the provisions of the bill.

Educational attainment and employment are closely linked. Data illustrates that one year of college credit and a credential is a tipping point for wages. Current education models do not meet the needs of non-traditional students; this bill would provide a means for assisting underserved students.

Employers need skilled workers to keep their companies growing; this bill would help to provide those workers.

This is a really opportune time for this bill, the state has recently developed several innovative programs that would benefit from increased access.

(Comments) There is a skill shortage in Washington, particularly at the 13th and 14th years of education. A significant amount of employers indicate a shortage in skilled workers, this shortage impacts our economy.

Testimony Against: None.

Persons Testifying: (In support) Representative Kenney, prime sponsor; Tina Bloomer, State Board for Community and Technical Colleges; Tony Lee, Fremont Public Association; Jim Sulton, Higher Education Coordinating Board; Amber Carter, Association of Washington Business; and Linda Lanham, Aerospace Future Alliance of Washington.

(Comments) Bryan Wilson, Workforce Training and Education Coordinating Board.

Persons Signed In To Testify But Not Testifying: None.