

HOUSE BILL REPORT

HB 1096

As Reported by House Committee On:
Community & Economic Development & Trade
Higher Education
Appropriations

Title: An act relating to creating postsecondary opportunity programs.

Brief Description: Creating postsecondary opportunity programs.

Sponsors: Representatives Kenney, Priest, Quall, Wallace, Conway, Haler, Morris, Ormsby, Linville, Jarrett, Dickerson, Hunt, Walsh, P. Sullivan, Darneille, Appleton, Morrell, Williams, Dunn, Schual-Berke, Fromhold, Hasegawa, Chase, Upthegrove, McCoy, Green, O'Brien, Hudgins, Sells, Springer, Moeller, Goodman, Barlow, Eddy, Santos, Simpson, Haigh, Lantz, Kagi and Rolfes.

Brief History:

Committee Activity:

Community & Economic Development & Trade: 1/18/07, 1/22/07 [DPS];
Higher Education: 2/5/07 [DPS(CEDT-A HE)].
Appropriations: 2/22/07, 2/26/07 [DP2S(w/o sub CEDT)].

Brief Summary of Second Substitute Bill

- Directs the State Board for Community and Technical Colleges (SBCTC) to develop and implement the Opportunity Grant Program.
- Instructs SBCTC, business, labor, and the Workforce Training and Education Coordinating Board to identify high demand training programs and designate them as "opportunity grant-eligible programs of study."
- Directs community and technical colleges and local workforce development councils to develop the Opportunity Partnership Program.

HOUSE COMMITTEE ON COMMUNITY & ECONOMIC DEVELOPMENT & TRADE

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.

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 9 members: Representatives Kenney, Chair; Pettigrew, Vice Chair; Bailey, Ranking Minority Member; McDonald, Assistant Ranking Minority Member; Chase, Darneille, Haler, Rolfes and P. Sullivan.

Staff: Jennifer Thornton (786-7111).

Background:

Employer Needs

Regular surveys of employers conducted by the Workforce Training and Education Coordinating Board (WTECB), show that employers in the state consistently report difficulty finding workers for jobs with mid-level skills that require some postsecondary education, but less than a bachelor's degree. The WTECB projects job openings for new workers with mid-level skills in Washington at 31,000 annually between 2009 and 2012. The WTECB estimates that to meet this demand, an additional 1,170 full-time equivalent (FTE) workforce education students are needed annually, in addition to increases tied to student-age population growth.

Unmet Financial Needs of Students

In 2006-2007, the average cost of community and technical college attendance is \$12,900 per year, when tuition and fees, books, living expenses and transportation are included. Seven different state agencies currently administer 18 state and federally-funded workforce programs in Washington. 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 his/her costs.

A 2006 budget proviso required the WTECB to conduct a study on financial aid and access issues for workforce education students. The study found that during 2004-05, after accessing traditional student aid and aid from workforce development programs, the remaining unmet need for students was \$97 million per year. The study found financial need to be the biggest barrier to increased student access and retention in workforce programs.

Opportunity Grants Pilot Program

The 2006 operating budget provided \$4 million for the community and technical college system to develop and implement the Opportunity Grants Pilot Program, which was designed to test strategies for increasing access to postsecondary education for low income students in job-specific programs. As of December 2006, 436 students were participating in the 10 colleges selected from across the state to participate in the pilot. A preliminary report by SBCTC stated that:

- 68 percent of Opportunity Grant participants are parents;
- the average household income for Opportunity Grant participants is less than \$11,000 per year, with an average household size of three;
- 97 percent of students who began in one of the pilot programs remain engaged and on their chosen career pathway;
- Opportunity Grant students are enrolled at all educational levels, from adult basic skills to college-level coursework;

- 51 percent of Opportunity Grant participants are enrolled in healthcare related pathways; and
- more than half of Opportunity Grant participants received a combination of Opportunity Grant awards and other forms of financial aid.

Summary of Substitute Bill:

Creation of the Opportunity Grant Program

The State Board for Community and Technical Colleges (SBCTC) will develop and implement the Opportunity Grant Program. Students enrolled in the program will be eligible to receive funding for tuition and fees at the public community and technical college rate, plus \$1,000 per academic year for books, tools, and supplies (both are prorated if the credit load is less than full time).

The program will be available to Washington residents enrolled in "opportunity grant-eligible programs of study" at community and technical colleges, private career schools and Washington State Apprenticeship and Training Council-approved apprenticeship programs. It will be phased in as follows:

- Students who enroll prior to January 2010 must have a family income at or below 200 percent of the federal poverty level.
- Students who enroll between January 2010 and January 2012 must have a family income that is at or below the state median family income.
- After January 2012, all students in eligible programs will qualify.

A student must make satisfactory progress and maintain a cumulative 2.0 grade point average for continued eligibility. Funding is limited to 45 credits or the equivalent or three years, whichever comes first.

Colleges will receive an enhancement of \$1,500 per full-time equivalent student enrolled in the Opportunity Grant Program whose income is below 200 percent of the federal poverty level.

These funds will be used for individualized support services necessary for student success. The SBCTC is accountable for student retention and program completion. They will set and monitor performance, and must reduce funding at institutions that do not meet targets.

The SBCTC and the Higher Education Coordinating Board (HECB) will work together to ensure that students participating in the Opportunity Grant Program receive all other state and federal financial aid to which they are entitled. They will also provide answers to transition to state and federal financial aid for students who complete the Opportunity Grant Program and pursue additional education.

Creation of Opportunity Partnerships

The SBCTC, in partnership with business, labor, and the Workforce Training and Education Coordinating Board (WTECB), will:

- identify high demand training programs offered by qualified postsecondary institutions that lead to a credential, certificate, or degree;
- gain recognition of the credentials, certificates, and degrees by Washington's employers and labor organizations, and designate them as "opportunity grant-eligible programs of study;" and
- market the credentials, certificates, and degrees to potential students, businesses, and apprenticeship programs.

Community and technical colleges and local workforce development councils will partner to develop the opportunity partnership program, which will provide mentoring to opportunity grant students. Participating students will be matched with a business or labor mentor employed in their field of study. The mentor will help the student explore careers and employment options through any combination of tours, informational interviews, job shadowing, and internships. The WTECB will receive funding on behalf of the opportunity partnerships. In partnership with business, labor, and the SBCTC, the WTECB will determine criteria and distribute funds for the program.

Substitute Bill Compared to Original Bill:

Clarifies that the same credit limit applies for students attending programs at institutions which are on a clock hour system as students attending institutions on a credit system.

Includes Washington State Apprenticeship and Training Council-approved apprenticeship programs on the list of institutions that are qualified to participate in the Opportunity Grant Program.

Appropriation: None.

Fiscal Note: Requested on January 15, 2007.

Effective Date of Substitute Bill: The bill takes effect 90 days after adjournment of session in which bill is passed, except for section 101, relating to the Opportunity Grant Program funding for students, which takes effect immediately.

Staff Summary of Public Testimony:

(In support) For the first time in U. S. history, people are less likely to be as well educated as the generation before them. The majority of students don't pursue baccalaureate degrees. This program is critical because it: reduces costs; presents a clear pathway; and meets the needs of local businesses and communities.

Approximately 30 colleges applied to participate in the Opportunity Grant Pilot Program and due to limited funding, only 10 grants were awarded. This program was designed to help students who typically struggle in postsecondary education to be successful. The pilot programs kept students engaged by providing them with intense personal interaction and support, in addition to financial assistance. Either because they were not at college level, or

needed more support than typical financial aid could provide for them, this program provided what they needed to go to school and build their lives.

Aerospace and health care are facing dramatic staffing challenges. There are not enough people with the necessary skills to fill the job openings. The Association of Washington Business's members cite workforce issues as the biggest problem facing them in the global economy. Each Opportunity Grant Pilot Program has very strong industry support; industry match was a requirement for participation.

The Washington State Building and Construction Trades Council and the American Federation of Labor-Congress of Industrial Organizations (AFL-CIO) support the program and look forward to partnering with mentoring and in other areas. Flexibility to increase the funding for supplies for new apprentices above the \$1,000 limit would be beneficial, and they would like to see apprenticeship and pre-apprenticeship programs referenced along with internships in the bill.

The additions of the mentor component and private career schools were appreciated and are seen as great ways to help more students. The HECB is committed to coordinating financial aid for Opportunity Grant students. They have a few technical suggestions, and a caveat on the data from the WTECB that is being used to describe the unmet financial need.

(Opposed) None.

Persons Testifying: Chris Reykdal, State Board for Community and Technical Colleges; William Bonaudi, Big Bend Community College; Brad Eishold; Michael Itti, League of Education Voters; Kim Justice, Statewide Poverty Action Network; Christel Salazar; Linda Lanham, Aerospace Futures Alliance of Washington; Troy Hutson, Washington State Hospital Association; Amber Carter, Association of Washington Business; Terry Tilton, Washington State Building and Construction Trades Council; Jeff Johnson, Washington State Labor Council; Don Bennett, Workforce Training and Education Coordinating Board; Tim Probst, Washington Workforce Association; Gena Wikstrom, Northwest Career Colleges Federation; and John Klacik, Higher Education Coordinating Board.

Persons Signed In To Testify But Not Testifying: None.

HOUSE COMMITTEE ON HIGHER EDUCATION

Majority Report: The substitute bill by Committee on Community & Economic Development & Trade be substituted therefor and the substitute bill as amended by Committee on Higher Education do pass. Signed by 7 members: Representatives Wallace, Chair; Sells, Vice Chair; Buri, Assistant Ranking Minority Member; Hasegawa, Jarrett, McIntire and Sommers.

Minority Report: Without recommendation. Signed by 1 member: Representative Anderson, Ranking Minority Member.

Staff: Jennifer Thornton (786-7111).

Summary of Recommendation of Committee On Higher Education Compared to Recommendation of Committee On Community & Economic Development & Trade:

Refines the description of high demand occupations to occupations where data show that employer demand for workers exceeds the supply of qualified job applicants throughout the state or in a specific region, and where training capacity is underutilized.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Substitute Bill: The bill takes effect 90 days after adjournment of session in which bill is passed, except for section 101, relating to the Opportunity Grant Program funding for students, which takes effect immediately.

Staff Summary of Public Testimony:

(In support) This bill is beneficial because it reduces student costs, presents a clear simple pathway for people to access higher education, and meets the needs of local business and industry. In this economy, young adults need at least one year of post-secondary education. Financial issues pose the most challenging obstacle for student access, particularly for adults with families returning to school who have costs beyond tuition. This bill will provide financial support, wrap-around services, mentoring and coaching, and will link people with high wage jobs.

Many of the pilot programs were in health care. The program is helping diversify the labor force in this field.

The program will serve a critical unmet need. The pilot had incredible retention, and it builds accountability into the design. Initial data show successful pilot projects meeting or exceeding expectations on many levels. It is important to ensure that all community and technical colleges and private career schools can offer the program.

(Opposed) None.

Persons Testifying: Representative Kenney, prime sponsor; Kim Justice, Statewide Poverty Action Network; Troy Hutson, Washington State Hospital Association; Madeleine Thompson, Workforce Training and Education Coordinating Board; Michael Itti, League of Education Voters; Chris Reykdal, State Board for Community and Technical Colleges; John Walstrum, Clover Park Technical College; Jose Tenos, Edmonds Community College; and Amber Carter, Association of Washington Business.

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 Community & Economic

Development & Trade. Signed by 34 members: Representatives Sommers, Chair; Dunshee, Vice Chair; Alexander, Ranking Minority Member; Bailey, Assistant Ranking Minority Member; Haler, Assistant Ranking Minority Member; Anderson, Buri, Chandler, Cody, Conway, Darneille, Dunn, Ericks, Fromhold, Grant, Haigh, Hinkle, Hunt, Hunter, Kagi, Kenney, Kessler, Kretz, Linville, McDermott, McDonald, McIntire, Morrell, Pettigrew, Priest, Schual-Berke, Seaquist, P. Sullivan and Walsh.

Staff: Debbie Driver (786-7143).

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

The second substitute requires an assessment of a student's full financial situation, in addition to a review of only income, to determine eligibility for the opportunity grant. It changes the start date for development of the program from July to August and removes the emergency clause from the bill. Finally, it makes opportunity grants subject to available funds.

Appropriation: None.

Fiscal Note: Available.

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

Staff Summary of Public Testimony:

(In support) The opportunity grants program addresses immediate needs of high demand employers as well as the financial needs of students interested in pursuing high demand fields of study. A recent state study found financial barriers are the number one barrier to attending higher education. The opportunity grant program lessens that barrier to students. Furthermore, the opportunity grants provide a way for businesses to increase diversity within the workforce. Funding in 2006 for opportunity grant pilot projects resulted in 10 currently operating pilot projects around the state. Preliminary results show 92 percent of students who began pilot programs in the fall of 2006 remain enrolled in winter 2007 and 52 percent are enrolled in healthcare pathways. Opportunity grants bring businesses, colleges, and students together to meet student's financial needs, create skilled employees, and respond to employer workforce gaps.

(Opposed) None.

Persons Testifying: (In support) Tony Lee, Solid Ground; Pete Crow, Washington State Association of Plumbers and Pipe Fitters; Mike Hudson, Institute for Workforce Development and Economic Stability and Association of Washington Business; Brian Wilson, Workforce Training and Education Coordinating Board; Kevin McNellis, Whitman College State of the State for Washington Latinos; George Scarola, League of Education Voters; and Troy Hudson, Washington State Hospital Association.

Persons Signed In To Testify But Not Testifying: None.