

# HOUSE BILL REPORT

## HB 2177

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**As Reported by House Committee On:**  
Higher Education  
Appropriations

**Title:** An act relating to creating the rural county high employer demand jobs program.

**Brief Description:** Creating the rural county high employer demand jobs program.

**Sponsors:** Representatives Chapman, Steele, Frame and Tharinger.

**Brief History:**

**Committee Activity:**

Higher Education: 1/10/18, 1/17/18 [DPS];

Appropriations: 1/29/18, 2/6/18 [DP2S(w/o sub HE)].

**Brief Summary of Second Substitute Bill**

- Creates the Rural County High Employer Demand Jobs Program to assist students in earning certificates, associate degrees, or other industry-recognized credentials in high employer demand fields in certain rural counties.

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### HOUSE COMMITTEE ON HIGHER EDUCATION

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 8 members: Representatives Hansen, Chair; Pollet, Vice Chair; Holy, Ranking Minority Member; Van Werven, Assistant Ranking Minority Member; Haler, Orwall, Sells and Tarleton.

**Staff:** Trudes Tango (786-7384).

**Background:**

Student Financial Aid.

There are various state financial aid and grant programs for eligible students pursuing post secondary education. The State Board for Community and Technical Colleges (SBCTC) administers a workforce education program known as the Opportunity Grant (OG) program.

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*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.*

The OG program covers full-time tuition and fees for eligible students up to 45 credits, and students may receive up to \$1,000 for books, tools, and supplies. To be eligible to participate, the student must, among other things, have a family income that is at or below 200 percent of the federal poverty level and be determined to have financial need based on the free application for federal student aid (FAFSA). The student must enroll in an approved program of study. Approved programs of study include those programs addressing a skill gap shortage in a targeted industry. Examples of approved programs include nursing, surgical technology, business technology management, education, and vocational studies such as automotive technology and manufacturing.

#### Rural Counties.

In November 2017 the Economic Security Department (ESD) issued a report comparing the economic recovery in rural counties versus urban counties. For its report, the ESD used the same definition of rural county as used in an existing statute providing sales and use tax for public facilities in rural counties. That statute defines a rural county as a county with a population density of less than 100 people per square mile, or a county smaller than 225 square miles. According to the ESD, there are 30 counties meeting that definition, as of 2016 (all counties except King, Pierce, Snohomish, Kitsap, Whatcom, Thurston, Clark, Benton, and Spokane).

#### Washington State Opportunity Scholarship.

The Washington State Opportunity Scholarship (WSOS) program was established in 2011 to provide scholarships to low- and middle-income resident students pursuing eligible high-demand majors in science, technology, engineering, mathematics (STEM), and health care, and to encourage scholarship recipients to work in the state upon completion of their degrees. The eligible student needs to be working towards a first bachelor's degree at an eligible Washington state college or university. The student may attend a public community or technical college if the student indicates plans to transfer to a four-year college or university by the time he or she has earned 90 quarter credits.

The WSOS program is overseen by the WSOS Board and administered by the program administrator. "Program administrator" is defined as a college scholarship organization that is a private nonprofit corporation and qualified as a tax-exempt entity under section 501(c)(3) of the federal Internal Revenue Code, with expertise in managing scholarships and college advising. The duties of the program administrator include soliciting and accepting grants and private contributions, publicizing the program, selecting scholarship recipients, and distributing awards. The program administrator also administers two separate accounts to receive grants and contributions from private sources and state matching funds, and to disburse scholarship funds to participants.

The source of funding for the WSOS program is a combination of private grants and contributions, and state matching funds. A state match is provided under specified circumstances, and is not to exceed fifty million dollars annually.

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#### **Summary of Substitute Bill:**

The Rural County High Employer Demand Jobs Program (program) is established to meet the workforce needs of business and industry in rural counties, by assisting students in earning certificates, associate degrees, or other industry-recognized credentials necessary for employment in high employer demand fields. The SBCTC must administer the program.

Funding for the program must be a combination of private funds and state matching funds, with the state match not to exceed \$50 million annually. The state matching funds must be provided beginning January 1, 2020, and must be based on donations and pledges received as of the dates the state caseload forecast is submitted to the Legislature. To the extent funds are available for distribution, the SBCTC must begin awarding grants no later than the fall term of the 2020 academic year.

A qualifying student may receive an award in the amount equal to tuition and required services and activities fees, less any gift aid received, for up to 45 credits or the equivalent of one year of full-time study, when the student enrolls in a community and technical college (CTC) program that prepares students for a high employer demand field. A "high employer demand field" means an industry sector within an eligible county in which there is or will likely be a shortage of skilled labor to meet job demands. The SBCTC in consultation with interested CTCs in rural counties and the county's Workforce Development Council must identify high employer demand fields by January 1, 2019. An eligible county is defined as a rural county with a population density of less than 100 people per square mile, or a county smaller than 225 square miles.

To be eligible to receive grants under the program, a student must:

- be a resident of a rural county;
- be a resident student for in-state tuition;
- be enrolled in a CTC located in a rural county;
- be enrolled in a certificate, degree, or other industry-recognized credential or training program that prepares students for a high employer demand field;
- have a family income that does not exceed 70 percent of the state median family income adjusted for family size; and
- demonstrate financial need based on either the FAFSA or the Washington application for state financial aid.

To remain eligible for the award, the student must maintain a grade point average of 2.0. Awards may not result in the reduction of any other gift aid, unless the award would result in aid that exceeds the student's unmet need. No right or entitlement is created under the program.

"Gift aid" is defined and includes financial aid received from the Federal Pell Grant, State Need Grant, and other state grant programs or worker retraining programs that provide funds for educational purposes with no obligation of repayment. "Gift aid" does not include student loans, work-study programs, the Basic Food Employment and Training program or other employment assistance programs that provide job readiness opportunities and support beyond the costs of tuition, books, and fees.

The Rural Jobs Program Account is created in the custody of the State Treasurer as a nonappropriated account to provide funds for the implementation and administration of the

program. Revenues to the account will consist of appropriations by the Legislature and any gifts, grants, or donations received by the SBCTC for the program. No expenditures from the account to provide grants to students may be made except upon receipt of proof of private contributions to the program. Only the executive director of the SBCTC or a designee may authorize expenditures.

**Substitute Bill Compared to Original Bill:**

The substitute made numerous changes, including:

- requiring that funding for the program come from a combination of private funds and state matching funds, and creating the nonappropriated account;
- changing the definition of "eligible county" to refer to rural counties as defined under an existing tax statute;
- changing the definition of "high employer demand field" to mean an industry sector rather than a program of study at a CTC;
- moving the administration of the program from the Washington Student Achievement Council to the SBCTC;
- expanding the definition of "gift aid;"
- requiring the SBCTC to consult with the county's Workforce Development Council;
- specifying that the program does not create a right or entitlement;
- adding language to the intent section; and
- making other grammatical and technical corrections.

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**Appropriation:** None.

**Fiscal Note:** Available. New fiscal note requested on January 17, 2018.

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

**Staff Summary of Public Testimony:**

(In support) This bill has been reworked to focus on the needs of employers in rural counties. There are living wage jobs in rural Washington, but there are not enough trained workers to fill those jobs. There are shortages in nursing, carpentry, and forestry and timber jobs in certain counties. Schools are not emphasizing skilled trades and sometimes schools do not recognize the workforce needs of employers. Part of the issue is the perception around these types of trade jobs, but in reality these jobs pay well. The SBCTC is well positioned to implement this program and can align it with the other programs it administers. Businesses want to help build the workforce. This bill demonstrates to rural counties that the state wants to help.

(Opposed) None.

**Persons Testifying:** Representative Chapman, prime sponsor; Jason Callahan, Washington Forest Protection Association; Lisa Perry, Sierra Pacific Industries; Erin Fraiser, State Board

for Community and Technical Colleges; Jenny Knoth and Reed Wendel, Green Crow; and Amy Anderson, Association for Washington Businesses.

**Persons Signed In To Testify But Not Testifying:** None.

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## 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. Signed by 26 members: Representatives Ormsby, Chair; Robinson, Vice Chair; Chandler, Ranking Minority Member; MacEwen, Assistant Ranking Minority Member; Bergquist, Caldier, Cody, Fitzgibbon, Graves, Haler, Hansen, Harris, Hudgins, Jinkins, Kagi, Lytton, Manweller, Pettigrew, Pollet, Sawyer, Senn, Springer, Stanford, Sullivan, Tharinger and Wilcox.

**Minority Report:** Do not pass. Signed by 7 members: Representatives Stokesbary, Assistant Ranking Minority Member; Buys, Condotta, Schmick, Taylor, Vick and Volz.

**Staff:** Lily Sobolik (786-7157).

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

The administration of the Rural County High Employer Demand Jobs Program (Rural Jobs Program) is moved to the Washington State Opportunity Scholarship Board (board) from the State Board for Community and Technical Colleges (SBCTC). Among other things, the board is required to:

- award scholarship funds to selected students that will help students with eligible expenses for up to one year (instead of awards of tuition and fees, less gift aid received);
- determine "high employer demand fields" in consultation with the SBCTC and the Workforce Development Councils;
- develop procedures for accepting applications, selecting students, disbursing awards, and notifying institutions of award recipients;
- jointly with the program administrator, solicit and accept private grants and donations;
- establish and administer an account to receive private funds and state matching funds; and
- submit annual reports to the Legislature, Governor, and Washington Student Achievement Council regarding data from the Rural Jobs Program.

The Rural Jobs Program Match Transfer Account is created in the custody of the State Treasurer as a nonappropriated account to be administered by the Washington Student Achievement Council.

Provides that the state matching funds for all programs under the board (the Rural Jobs Program and the board) may not exceed \$50 million annually.

**Appropriation:** None.

**Fiscal Note:** Available.

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

**Staff Summary of Public Testimony:**

(In support) There are 750,000 job openings in Washington and the majority will require a post-secondary degree. Currently only 31 percent of high school graduates get a post-secondary education. Businesses are looking for an educated and skilled workforce. There are over 70 manufacturers in Washington, many in rural areas, and every one of them needs educated and skilled employees. Many manufacturers are not expanding, or closing lines of business, because of a lack of entry level and skilled workers, which is more acute in rural areas. Businesses are willing to play a role in educating the workforce.

(Opposed) None.

**Persons Testifying:** Amy Anderson, Association of Washington Business; and Tom Nelson, Sierra Pacific Industries.

**Persons Signed In To Testify But Not Testifying:** None.