

HOUSE BILL REPORT

E2SHB 2177

As Amended by the Senate

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

Brief Description: Creating a rural county jobs program.

Sponsors: House Committee on Appropriations (originally sponsored by 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)].

Floor Activity:

Passed House: 2/8/18, 98-0.

Senate Amended.

Passed Senate: 3/2/18, 48-1.

Brief Summary of Engrossed Second Substitute Bill

- Creates the Rural County High Employer Demand Jobs Program, funded by private donations and state matching funds, to assist students in earning certificates, associate degrees, or other industry-recognized credentials in high employer demand fields in certain eligible counties.
- Requires the Washington State Opportunity Scholarship Board to administer the Rural County High Employer Demand Jobs Program.
- Creates the Rural Jobs Program Match Transfer Account in the custody of the State Treasurer, a nonappropriated account administered by the Washington Student Achievement Council.

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.

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.

Staff: Trudes Tango (786-7384).

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, Calder, 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).

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. 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. The student must enroll in an approved program of study addressing a skill gap shortage in a targeted industry.

Washington State Opportunity Scholarship.

The Washington State Opportunity Scholarship (WSOS) program provides scholarships to low- and middle-income resident students pursuing eligible high-demand majors in science, technology, engineering, mathematics (STEM), and health care, and encourages scholarship recipients to work in the state upon completion of their degrees. The eligible student must 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 \$50 million dollars annually.

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. As of 2016, there are 30 counties meeting that definition (all counties except King, Pierce, Snohomish, Kitsap, Whatcom, Thurston, Clark, Benton, and Spokane).

Summary of Engrossed Second 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 WSOS Board must oversee and administer the program, including develop procedures for accepting applications, select students, and disburse awards. The WSOS Board must create and administer the Rural Jobs Program account from which scholarship funds will be disbursed.

Funding for the program must be a combination of private funds and state matching funds. The state matching funds must be based on donations and pledges received as of the dates the state caseload forecast is submitted to the Legislature. If state matching funds have been received, the WSOS Board must begin awarding grants no later than the fall term of the 2020 academic year.

A qualifying student may receive scholarship funds, in amounts determined by the WSOS Board, to help the student meet eligible expenses for up to one year when the student enrolls in a public community and technical college (CTC) program that prepares students for a high employer demand field. "Eligible expenses" means reasonable expenses associated with the costs of education, such as tuition, fees, books, and room and board. 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 WSOS Board, in consultation with interested CTCs in rural counties and the county's Workforce Development Council, must identify high employer demand fields. 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, and also includes any county that shares a common border with Canada and has a population of over 125,000.

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.

The Rural Jobs Program Match Transfer Account is created in the custody of the State Treasurer as a nonappropriated account to provide state matching funds for the program. No expenditures from the account 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. Once moneys in the account are deposited into the Rural Jobs Program account, the state acts in a fiduciary rather than ownership capacity with regard to those assets.

The total amount of state matching funds for programs overseen by the WSOS Board may not exceed \$50 million annually.

EFFECT OF SENATE AMENDMENT(S):

The Senate amendment:

1. allows students to receive scholarships for longer than one year;
2. specifies that the program includes support services to students receiving scholarships;
3. allows students who graduated from a school in a school district with a student enrollment of less than 2,000 to be eligible for scholarship funds, not just students who are residents of eligible counties;
4. requires the Washington Opportunity Scholarship Board to use county-specific employer high-demand data when making determinations on scholarship recipients;
5. provides that state matching funds for the Rural Jobs Program may not exceed \$1 million dollars in a single fiscal biennium;
6. changes the name of the account from the Rural Jobs Program Account to the Student Support Pathways Account;
7. requires the Opportunity Scholarship Board to consult with the State Board for Community and Technical Colleges when determining high employer demand fields;
8. moves new definitions for the program into the existing definition section for the Opportunity Scholarship Program; and
9. adds language in the intent section emphasizing science, technology, engineering, and mathematics (STEM) and health care fields of study.

Appropriation: None.

Fiscal Note: Available.

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

Staff Summary of Public Testimony (Higher Education):

(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.

Staff Summary of Public Testimony (Appropriations):

(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 (Higher Education): 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 Testifying (Appropriations): Amy Anderson, Association of Washington Business; and Tom Nelson, Sierra Pacific Industries.

Persons Signed In To Testify But Not Testifying (Higher Education): None.

Persons Signed In To Testify But Not Testifying (Appropriations): None.