
ENGROSSED SECOND SUBSTITUTE HOUSE BILL 2177

State of Washington

65th Legislature

2018 Regular Session

By House Appropriations (originally sponsored by Representatives Chapman, Steele, Frame, and Tharinger)

READ FIRST TIME 02/06/18.

1 AN ACT Relating to creating the rural county high employer demand
2 jobs program; amending RCW 28B.145.020, 28B.145.090, and 28B.145.070;
3 adding new sections to chapter 28B.145 RCW; and creating a new
4 section.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6 NEW SECTION. **Sec. 1.** (1) The legislature recognizes that:

7 (a) According to research from Georgetown University, by the year
8 2020, seventy percent of jobs in Washington state will require at
9 least some education and training beyond high school, which aligns
10 with Washington's educational attainment goals established under RCW
11 28B.77.020; and

12 (b) Research by the state board for community and technical
13 colleges and other entities has found that attending college for at
14 least one year and earning a credential results in a substantial
15 boost in earnings for adults who enter a community college with a
16 high school diploma or less.

17 (2) In addition, the legislature finds that:

18 (a) Rural counties face unique challenges to achieving full
19 economic and community development in the face of societal trends
20 that concentrate job and population growth in larger metropolitan
21 areas. For example, seventy-five percent of the job growth in

1 Washington by 2018 is projected to be confined to just five large
2 counties. In addition, two-thirds of the state's recent population
3 growth has occurred in the three largest counties and seven counties
4 have actually lost population in recent years.

5 (b) One barrier to economic growth and investment in many rural
6 counties is the lack of a trained, qualified workforce for the
7 opportunities present in rural areas. These opportunities often
8 require specialized skills tailored for specific, regional employer
9 needs. In many cases, employment opportunities are available in rural
10 communities; however, some assistance is needed to help local
11 residents acquire the skills necessary to access the opportunities in
12 their own backyards.

13 (3) The legislature declares that opportunity, community
14 vitality, quality of life, and prosperity are essential for all
15 Washington communities. Therefore, the legislature intends to create
16 a program to assist rural communities in growing the workforce the
17 community needs to meet its specific industry sector demands.

18 **Sec. 2.** RCW 28B.145.020 and 2014 c 208 s 2 are each amended to
19 read as follows:

20 (1) The opportunity scholarship board is created. The board
21 consists of eleven members:

22 (a) Six members appointed by the governor. For three of the six
23 appointments, the governor shall consider names from a list provided
24 by the president of the senate and the speaker of the house of
25 representatives; and

26 (b) Five foundation or business and industry representatives
27 appointed by the governor from among the state's most productive
28 industries such as aerospace, manufacturing, health care, information
29 technology, engineering, agriculture, and others, as well as
30 philanthropy. The foundation or business and industry representatives
31 shall be selected from among nominations provided by the private
32 sector donors to the opportunity scholarship and opportunity
33 expansion programs. However, the governor may request, and the
34 private sector donors shall provide, an additional list or lists from
35 which the governor shall select these representatives.

36 (2) Board members shall hold their offices for a term of four
37 years from the first day of September and until their successors are
38 appointed. No more than the terms of two members may expire
39 simultaneously on the last day of August in any one year.

1 (3) The members of the board shall elect one of the business and
2 industry representatives to serve as chair.

3 (4) Seven members of the board constitute a quorum for the
4 transaction of business. In case of a vacancy, or when an appointment
5 is made after the date of expiration of the term, the governor or the
6 president of the senate or the speaker of the house of
7 representatives, depending upon which made the initial appointment to
8 that position, shall fill the vacancy for the remainder of the term
9 of the board member whose office has become vacant or expired.

10 (5) The board shall be staffed by the program administrator.

11 (6) The purpose of the board is to provide oversight and guidance
12 for the opportunity expansion (~~and~~), the opportunity scholarship
13 programs, and the rural jobs program, in light of established
14 legislative priorities and to fulfill the duties and responsibilities
15 under this chapter, including but not limited to determining eligible
16 education programs for purposes of the opportunity scholarship
17 program and rural jobs program. Duties, exercised jointly with the
18 program administrator, include soliciting funds and setting annual
19 fund-raising goals.

20 (7) The board may report to the governor and the appropriate
21 committees of the legislature with recommendations as to:

22 (a) Whether some or all of the scholarships should be changed to
23 conditional scholarships that must be repaid in the event the
24 participant does not complete the eligible education program; and

25 (b) A source or sources of funds for the opportunity expansion
26 program in addition to the voluntary contributions of the high-
27 technology research and development tax credit under RCW 82.32.800.

28 **Sec. 3.** RCW 28B.145.090 and 2014 c 208 s 4 are each amended to
29 read as follows:

30 (1) The board may elect to have the state investment board invest
31 the funds in the scholarship account and endowment account described
32 under RCW 28B.145.030(2)(b) and the rural jobs program account under
33 section 5 of this act. If the board so elects, the state investment
34 board has the full power to invest, reinvest, manage, contract, sell,
35 or exchange investment money in the (~~two~~) accounts created under
36 this chapter. All investment and operating costs associated with the
37 investment of money shall be paid under RCW 43.33A.160 and 43.84.160.
38 With the exception of these expenses, the earnings from the
39 investment of the money shall be retained by the accounts.

1 (2) All investments made by the state investment board shall be
2 made with the exercise of that degree of judgment and care under RCW
3 43.33A.140 and the investment policy established by the state
4 investment board.

5 (3) As deemed appropriate by the state investment board, money in
6 the rural jobs program account, scholarship account, and endowment
7 (~~accounts~~) account may be commingled for investment with other
8 funds subject to investment by the state investment board.

9 (4) Members of the state investment board shall not be considered
10 an insurer of the funds or assets and are not liable for any action
11 or inaction.

12 (5) Members of the state investment board are not liable to the
13 state, to the fund, or to any other person as a result of their
14 activities as members, whether ministerial or discretionary, except
15 for willful dishonesty or intentional violations of law. The state
16 investment board in its discretion may purchase liability insurance
17 for members.

18 (6) The authority to establish all policies relating to the rural
19 jobs program account, scholarship account, and (~~the~~) endowment
20 account, other than the investment policies as provided in
21 subsections (1) through (3) of this section, resides with the board
22 and program administrator acting in accordance with the principles
23 set forth in this chapter. With the exception of expenses of the
24 state investment board in subsection (1) of this section,
25 disbursements from the rural jobs program account, scholarship
26 account, and endowment account shall be made only on the
27 authorization of the opportunity scholarship board or its designee,
28 and moneys in the accounts may be spent only for the purposes
29 specified in this chapter.

30 (7) The state investment board shall routinely consult and
31 communicate with the board on the investment policy, earnings of the
32 accounts, and related needs of the program.

33 NEW SECTION. **Sec. 4.** A new section is added to chapter 28B.145
34 RCW to read as follows:

35 (1) The definitions in this subsection apply throughout this
36 section unless the context clearly requires otherwise.

37 (a) "Board" has the same meaning as in RCW 28B.145.010.

38 (b) "Council" has the same meaning as in RCW 28B.145.010.

1 (c) "Eligible county" has the same meaning as "rural county"
2 defined in RCW 82.14.370 and also includes any county that shares a
3 common border with Canada and has a population of over one hundred
4 twenty-five thousand.

5 (d) "Eligible expenses" has the same meaning as in RCW
6 28B.145.010.

7 (e) "Gift aid" means financial aid received from the federal Pell
8 grant, the state need grant program in chapter 28B.92 RCW, the
9 college bound scholarship program in chapter 28B.118 RCW, the
10 opportunity grant program in chapter 28B.50 RCW, the opportunity
11 scholarship program in this chapter, or any other state grant,
12 scholarship, or worker retraining program that provides funds for
13 educational purposes with no obligation of repayment. "Gift aid" does
14 not include student loans, work-study programs, the basic food
15 employment and training program administered by the department of
16 social and health services, or other employment assistance programs
17 that provide job readiness opportunities and support beyond the costs
18 of tuition, books, and fees.

19 (f) "High employer demand field" means an industry sector, as
20 identified by the board, within an eligible county in which there is
21 or will likely be a shortage of skilled labor to meet job demands.

22 (g) "Program administrator" has the same meaning as in RCW
23 28B.145.010.

24 (h) "Rural jobs program" means the rural county high employer
25 demand jobs program created in this section.

26 (2)(a) The rural county high employer demand jobs program is
27 created to meet the workforce needs of business and industry in rural
28 counties by assisting students in earning certificates, associate
29 degrees, or other industry-recognized credentials necessary for
30 employment in high employer demand fields.

31 (b) Subject to the requirements of this section, the rural jobs
32 program provides selected students scholarship funds, as determined
33 by the board, to help students meet their eligible expenses for up to
34 one year, when they enroll in a community or technical college
35 program that prepares them for high employer demand fields.

36 (c) The source of funds for the rural jobs program shall be a
37 combination of private donations, grants, and contributions and state
38 matching funds.

39 (3) The program administrator has the duties and responsibilities
40 provided under this section, including but not limited to:

- 1 (a) Publicizing the rural jobs program;
- 2 (b) In consultation with any interested community or technical
3 college located in an eligible county and the county's workforce
4 development council, identify high employer demand fields within the
5 eligible counties. When identifying high employer demand fields, the
6 board must consider:
- 7 (i) County-specific employer demand reports issued by the
8 employment security department or the list of statewide high-demand
9 programs for secondary career and technical education established
10 under RCW 28A.700.020; and
- 11 (ii) The ability and capacity of the community and technical
12 college to meet the needs of qualifying students and industry in the
13 eligible county;
- 14 (c) Develop and implement an application, selection, and
15 notification process for awarding rural jobs program scholarship
16 funds;
- 17 (d) Determine the annual scholarship fund amounts to be awarded
18 to selected students;
- 19 (e) Distribute funds to selected students;
- 20 (f) Notify institutions of higher education of the rural jobs
21 program recipients who will attend their institutions of higher
22 education and inform them of the scholarship fund amounts and terms
23 of the awards; and
- 24 (g) Establish and manage an account as provided under section 5
25 of this act to receive donations, grants, contributions from private
26 sources, and state matching funds, and from which to disburse
27 scholarship funds to selected students.
- 28 (4) To be eligible for scholarship funds under the rural jobs
29 program, a student must:
- 30 (a) Be a resident of an eligible county;
- 31 (b) Be a resident student as defined in RCW 28B.15.012;
- 32 (c) Be enrolled in a community or technical college established
33 under chapter 28B.50 RCW located in an eligible county;
- 34 (d) Be in a certificate, degree, or other industry-recognized
35 credential or training program that has been identified by the board
36 as a program that prepares students for a high employer demand field;
- 37 (e) Have a family income that does not exceed seventy percent of
38 the state median family income adjusted for family size; and

1 (f) Demonstrate financial need according to the free application
2 for federal student aid or the Washington application for state
3 financial aid.

4 (5) To remain eligible for scholarship funds under the rural jobs
5 program, the student must maintain a cumulative grade point average
6 of 2.0.

7 (6) A scholarship award under the rural jobs program may not
8 result in a reduction of any gift aid. Nothing in this section
9 creates any right or entitlement.

10 NEW SECTION. **Sec. 5.** A new section is added to chapter 28B.145
11 RCW to read as follows:

12 (1) For the purposes of the rural jobs program, the program
13 administrator shall:

14 (a) Jointly with the board, solicit and accept donations, grants,
15 and contributions from private sources via direct payment, pledge
16 agreement, or escrow account, for deposit into the rural jobs program
17 account created in this section, and set annual fund-raising goals;

18 (b) Establish and manage the rural jobs program account to
19 receive grants, contributions from private sources, and state
20 matching funds, and from which to disburse scholarship funds to
21 selected students; and

22 (c) Provide proof of receipt of grants and contributions from
23 private sources to the council, identifying the amounts received by
24 the name of the private source and date received, and whether the
25 amounts received were deposited into the rural jobs program account.

26 (2) The rural jobs program account, whose principal may be
27 invaded, must be created by the board from which scholarship funds
28 will be disbursed beginning no later than the fall term of the 2020
29 academic year, if by that date, state matching funds have been
30 received. Thereafter, scholarship funds shall be disbursed on an
31 annual basis.

32 NEW SECTION. **Sec. 6.** A new section is added to chapter 28B.145
33 RCW to read as follows:

34 (1) The rural jobs program match transfer account is created in
35 the custody of the state treasurer as a nonappropriated account to be
36 used solely and exclusively for the rural jobs program created in
37 section 4 of this act. The purpose of the rural jobs program match

1 transfer account is to provide state matching funds for the rural
2 jobs program.

3 (2) Revenues to the rural jobs program match transfer account
4 shall consist of appropriations by the legislature into the rural
5 jobs program match transfer account.

6 (3) No expenditures from the rural jobs program match transfer
7 account may be made except upon receipt of proof, by the executive
8 director of the council from the program administrator, of private
9 contributions to the rural jobs program. Expenditures, in the form of
10 matching funds, may not exceed the total amount of private
11 contributions.

12 (4) Only the executive director of the council or the executive
13 director's designee may authorize expenditures from the rural jobs
14 program match transfer account. Such authorization must be made as
15 soon as practicable following receipt of proof as required under this
16 section.

17 (5)(a) The council shall enter into an appropriate agreement with
18 the program administrator to demonstrate exchange of consideration
19 for the matching funds.

20 (b) Once moneys in the rural jobs program match transfer account
21 are subject to an agreement under this subsection and are deposited
22 in the rural jobs program account, the state acts in a fiduciary
23 rather than ownership capacity with regard to those assets. Assets in
24 the rural jobs program account are not considered state money, common
25 cash, or revenue to the state.

26 (6) The state match must be based on donations and pledges
27 received by the rural jobs program as of the date each official state
28 caseload forecast is submitted by the caseload forecast council to
29 the legislative fiscal committees, as provided under RCW 43.88C.020.
30 Nothing in this section expands or modifies the responsibilities of
31 the caseload forecast council.

32 NEW SECTION. **Sec. 7.** A new section is added to chapter 28B.145
33 RCW to read as follows:

34 The total amount of state matching funds required under this
35 chapter may not exceed fifty million dollars annually.

36 **Sec. 8.** RCW 28B.145.070 and 2014 c 208 s 7 are each amended to
37 read as follows:

1 (1) Annually each December 1st, the board, together with the
2 program administrator, shall report to the council, the governor, and
3 the appropriate committees of the legislature regarding the rural
4 jobs program and opportunity scholarship and opportunity expansion
5 programs, including but not limited to:

6 (a) Which education programs the board determined were eligible
7 for purposes of the opportunity scholarship and which high employer
8 demand fields within eligible counties were identified for purposes
9 of the rural jobs program;

10 (b) The number of applicants for the opportunity scholarship and
11 rural jobs program, disaggregated, to the extent possible, by race,
12 ethnicity, gender, county of origin, age, and median family income;

13 (c) The number of participants in the opportunity scholarship
14 program and rural jobs program, disaggregated, to the extent
15 possible, by race, ethnicity, gender, county of origin, age, and
16 median family income;

17 (d) The number and amount of the scholarships actually awarded,
18 (~~and~~) whether the scholarships were paid from the scholarship
19 account or the endowment account, and the number and amount of
20 scholarships actually awarded under the rural jobs program;

21 (e) The institutions and eligible education programs in which
22 opportunity scholarship participants enrolled, together with data
23 regarding participants' completion and graduation, and the
24 institutions and programs in which recipients of the rural jobs
25 program scholarship enrolled, together with recipients' data on
26 completion and graduation;

27 (f) The total amount of private contributions and state match
28 moneys received for the rural jobs program and the opportunity
29 scholarship program, how the funds under the opportunity scholarship
30 program were distributed between the scholarship and endowment
31 accounts, the interest or other earnings on all the accounts created
32 under this chapter, and the amount of any administrative fee paid to
33 the program administrator; and

34 (g) Identification of the programs the board selected to receive
35 opportunity expansion awards and the amount of such awards.

36 (2) In the next succeeding legislative session following receipt
37 of a report required under subsection (1) of this section, the
38 appropriate committees of the legislature shall review the report and
39 consider whether any legislative action is necessary with respect to
40 (~~either~~) the rural jobs program, the opportunity scholarship

1 program, or the opportunity expansion program, including but not
2 limited to consideration of whether any legislative action is
3 necessary with respect to the nature and level of focus on high
4 employer demand fields and the number and amount of scholarships.

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