
HOUSE BILL 3009

State of Washington 65th Legislature 2018 Regular Session

By Representatives Dent, Holy, McCabe, and Dye

Read first time 03/01/18. Referred to Committee on Higher Education.

1 AN ACT Relating to meeting the demands of the aviation industry
2 by increasing the number of commercial and professional pilots in
3 Washington; amending RCW 28B.145.020, 28B.145.090, and 28B.145.070;
4 adding new sections to chapter 28B.145 RCW; and adding new sections
5 to chapter 47.68 RCW.

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

7 **Sec. 1.** RCW 28B.145.020 and 2014 c 208 s 2 are each amended to
8 read as follows:

9 (1) The opportunity scholarship board is created. The board
10 consists of eleven members:

11 (a) Six members appointed by the governor. For three of the six
12 appointments, the governor shall consider names from a list provided
13 by the president of the senate and the speaker of the house of
14 representatives; and

15 (b) Five foundation or business and industry representatives
16 appointed by the governor from among the state's most productive
17 industries such as aerospace, manufacturing, health care, information
18 technology, engineering, agriculture, and others, as well as
19 philanthropy. The foundation or business and industry representatives
20 shall be selected from among nominations provided by the private
21 sector donors to the opportunity scholarship and opportunity

1 expansion programs. However, the governor may request, and the
2 private sector donors shall provide, an additional list or lists from
3 which the governor shall select these representatives.

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

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

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

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

18 (6) The purpose of the board is to provide oversight and guidance
19 for the opportunity expansion ~~((and))~~, the opportunity scholarship
20 programs, and the commercial and professional aviation scholarship
21 program, in light of established legislative priorities and to
22 fulfill the duties and responsibilities under this chapter, including
23 but not limited to determining eligible education programs for
24 purposes of the opportunity scholarship program and the commercial
25 and professional aviation scholarship program. Duties, exercised
26 jointly with the program administrator, include soliciting funds and
27 setting annual fund-raising goals.

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

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

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

36 **Sec. 2.** RCW 28B.145.090 and 2014 c 208 s 4 are each amended to
37 read as follows:

38 (1) The board may elect to have the state investment board invest
39 the funds in the scholarship account and endowment account described

1 under RCW 28B.145.030(2)(b) and the commercial and professional
2 aviation scholarship program account. If the board so elects, the
3 state investment board has the full power to invest, reinvest,
4 manage, contract, sell, or exchange investment money in the ((~~two~~))
5 accounts created under this chapter. All investment and operating
6 costs associated with the investment of money shall be paid under RCW
7 43.33A.160 and 43.84.160. With the exception of these expenses, the
8 earnings from the investment of the money shall be retained by the
9 accounts.

10 (2) All investments made by the state investment board shall be
11 made with the exercise of that degree of judgment and care under RCW
12 43.33A.140 and the investment policy established by the state
13 investment board.

14 (3) As deemed appropriate by the state investment board, money in
15 the ((~~scholarship and endowment~~)) accounts created under this chapter
16 may be commingled for investment with other funds subject to
17 investment by the state investment board.

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

21 (5) Members of the state investment board are not liable to the
22 state, to the fund, or to any other person as a result of their
23 activities as members, whether ministerial or discretionary, except
24 for willful dishonesty or intentional violations of law. The state
25 investment board in its discretion may purchase liability insurance
26 for members.

27 (6) The authority to establish all policies relating to the
28 commercial and professional aviation scholarship program account,
29 scholarship account, and ((~~the~~)) endowment account, other than the
30 investment policies as provided in subsections (1) through (3) of
31 this section, resides with the board and program administrator acting
32 in accordance with the principles set forth in this chapter. With the
33 exception of expenses of the state investment board in subsection (1)
34 of this section, disbursements from the commercial and professional
35 aviation scholarship program account, scholarship account, and
36 endowment account shall be made only on the authorization of the
37 opportunity scholarship board or its designee, and moneys in the
38 accounts may be spent only for the purposes specified in this
39 chapter.

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

4 NEW SECTION. **Sec. 3.** A new section is added to chapter 28B.145
5 RCW to read as follows:

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

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

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

10 (c) "Eligible aviation program" means a degree or certificate
11 program offered by a public institution of higher education that
12 prepares students for careers as professional or commercial pilots.

13 (d) "Eligible expenses" has the same meaning as in RCW
14 28B.145.010.

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

27 (f) "Program administrator" has the same meaning as in RCW
28 28B.145.010.

29 (2)(a) The commercial and professional aviation scholarship
30 program is created to increase the number of commercial and
31 professional pilots in Washington in order to meet the aviation
32 industry demands.

33 (b) Subject to the requirements of this section, the commercial
34 and professional aviation scholarship program provides selected
35 students scholarship funds, as determined by the board, to help
36 students meet their eligible expenses when they enroll in an eligible
37 aviation program to pursue a career as a pilot.

1 (c) The source of funds for the commercial and professional
2 aviation scholarship program shall be a combination of private
3 donations, grants, and contributions and state matching funds.

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

6 (a) Publicizing the commercial and professional aviation
7 scholarship program;

8 (b) Developing and implementing an application, selection, and
9 notification process for awarding scholarship funds;

10 (c) Determining the annual scholarship fund amounts to be awarded
11 to selected students;

12 (d) Distributing funds to selected students;

13 (e) Notifying institutions of higher education of the recipients
14 who will attend their institutions and the scholarship fund amounts
15 and terms of the awards; and

16 (f) Establishing and managing an account as provided under
17 section 4 of this act to receive donations, grants, contributions
18 from private sources, and state matching funds, and from which to
19 disburse scholarship funds to selected students.

20 (4) To be eligible for scholarship funds under the commercial and
21 professional aviation scholarship program, a student must be:

22 (a) A resident student as defined in RCW 28B.15.012; and

23 (b) Enrolled in an eligible aviation program.

24 (5) A scholarship award under the commercial and professional
25 aviation scholarship program may not result in a reduction of any
26 gift aid. Nothing in this section creates any right or entitlement.

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

29 (1) For the purposes of the commercial and professional aviation
30 scholarship program, the program administrator shall:

31 (a) Jointly with the board, solicit and accept donations, grants,
32 and contributions from private sources via direct payment, pledge
33 agreement, or escrow account, for deposit into the commercial and
34 professional aviation scholarship program account created in this
35 section, and set annual fund-raising goals;

36 (b) Establish and manage the commercial and professional aviation
37 scholarship program account to receive grants, contributions from
38 private sources, and state matching funds, and from which to disburse
39 scholarship funds to selected students; and

1 (c) Provide proof of receipt of grants and contributions from
2 private sources to the council, identifying the amounts received by
3 the name of the private source and date received, and whether the
4 amounts received were deposited into the commercial and professional
5 aviation scholarship program account.

6 (2) The commercial and professional aviation scholarship program
7 account, whose principal may be invaded, must be created by the board
8 from which scholarship funds will be disbursed beginning no later
9 than the fall term of the 2020 academic year, if by that date, state
10 matching funds have been received. Thereafter, scholarship funds
11 shall be disbursed on an annual basis.

12 NEW SECTION. **Sec. 5.** A new section is added to chapter 47.68
13 RCW to read as follows:

14 Subject to availability of amounts appropriated for this specific
15 purpose, the commercial and professional aviation loan program is
16 established to increase the number of commercial and professional
17 pilots in the state. Loans under the program are limited to students
18 who are pursuing careers as pilots. The secretary of the department
19 shall administer the program and has the following powers and duties:

20 (1) To design and implement a low-interest aviation student loan
21 program with the following elements:

22 (a) A low-interest rate, comparable to or more favorable than the
23 federal direct loan program, that begins once the participant leaves
24 or finishes his or her aviation program; and

25 (b) An annual loan limit not to exceed the participant's
26 estimated cost of attendance as determined by his or her aviation
27 program.

28 (2) To determine which aviation programs are eligible and
29 establish an application, selection, and notification process for
30 awarding aviation student loans to eligible students;

31 (3) To define the terms of repayment, including applicable
32 interest rates, fees, and deferments;

33 (4) To collect and manage repayments on the aviation student
34 loans;

35 (5) To solicit and accept grants and donations from public and
36 private sources for the program;

37 (6) To exercise discretion to revise repayment obligations in
38 certain cases, such as economic hardship or disability;

39 (7) To publicize the program;

- 1 (8) To contract with a third-party entity or organization to
2 implement the loan program; and
3 (9) To adopt necessary rules.

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

6 The total amount of state matching funds allowed for all programs
7 created under this chapter, including the matching funds required
8 under RCW 28B.145.040, may not exceed fifty million dollars annually.

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

11 (1) Annually each December 1st, the board, together with the
12 program administrator, shall report to the council, the governor, and
13 the appropriate committees of the legislature regarding the
14 commercial and professional aviation scholarship program and
15 opportunity scholarship and opportunity expansion programs, including
16 but not limited to:

17 (a) Which education programs the board determined were eligible
18 for purposes of the opportunity scholarship;

19 (b) The number of applicants for the opportunity scholarship and
20 commercial and professional aviation scholarship program,
21 disaggregated, to the extent possible, by race, ethnicity, gender,
22 county of origin, age, and median family income;

23 (c) The number of participants in the opportunity scholarship
24 program and commercial and professional aviation scholarship program,
25 disaggregated, to the extent possible, by race, ethnicity, gender,
26 county of origin, age, and median family income;

27 (d) The number and amount of the scholarships actually awarded,
28 ~~((and))~~ whether the scholarships were paid from the scholarship
29 account or the endowment account, and the number and amount of
30 scholarships actually awarded under the commercial and professional
31 aviation scholarship program;

32 (e) The institutions and eligible education programs in which
33 opportunity scholarship participants enrolled, together with data
34 regarding participants' completion and graduation, and the
35 institutions and programs in which recipients of the commercial and
36 professional aviation scholarship program enrolled, together with
37 recipients' data on completion and graduation;

1 (f) The total amount of private contributions and state match
2 moneys received for the commercial and professional aviation
3 scholarship program and the opportunity scholarship program, how the
4 funds under the opportunity scholarship program were distributed
5 between the scholarship and endowment accounts, the interest or other
6 earnings on all the accounts under this chapter, and the amount of
7 any administrative fee paid to the program administrator; and

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

10 (2) In the next succeeding legislative session following receipt
11 of a report required under subsection (1) of this section, the
12 appropriate committees of the legislature shall review the report and
13 consider whether any legislative action is necessary with respect to
14 (~~either~~) the commercial and professional aviation scholarship
15 program, the opportunity scholarship program or the opportunity
16 expansion program, including but not limited to consideration of
17 whether any legislative action is necessary with respect to the
18 nature and level of focus on high employer demand fields and the
19 number and amount of scholarships.

20 NEW SECTION. Sec. 8. A new section is added to chapter 47.68
21 RCW to read as follows:

22 (1) The commercial and professional aviation match transfer
23 account is created in the custody of the state treasurer as a
24 nonappropriated account to be used solely and exclusively for the
25 commercial and professional aviation scholarship program created in
26 section 4 of this act and the commercial and professional aviation
27 loan program created under section 5 of this act. The purpose of the
28 match transfer account is to provide state matching funds for the
29 commercial and professional aviation scholarship program and to
30 provide loans for the commercial and professional aviation loan
31 program.

32 (2) Revenues to the commercial and professional aviation match
33 transfer account shall consist of appropriations by the legislature
34 into the match transfer account.

35 (3)(a) For purposes of the scholarship program, no expenditures
36 from the commercial and professional aviation match transfer account
37 may be made except upon receipt of proof, from the scholarship
38 program administrator to the secretary of the department, of private
39 contributions to the commercial and professional aviation scholarship

1 program. Expenditures, in the form of matching funds, may not exceed
2 the total amount of private contributions.

3 (b) For purposes of the loan program, no expenditures from the
4 commercial and professional aviation match transfer account may be
5 made except upon approval of the secretary of the department subject
6 to the requirements and restrictions of section 5 of this act.

7 (4) Only the secretary of the department or the secretary's
8 designee may authorize expenditures from the commercial and
9 professional aviation match transfer account. Such authorization must
10 be made as soon as practicable following receipt of proof as required
11 under this section.

12 (5)(a) The secretary shall enter into an appropriate agreement
13 with the scholarship program administrator to demonstrate exchange of
14 consideration for the matching funds.

15 (b) Once moneys in the commercial and professional aviation match
16 transfer account are subject to an agreement under this subsection
17 and are deposited in the commercial and professional aviation
18 scholarship program account created under section 4 of this act, the
19 state acts in a fiduciary rather than ownership capacity with regard
20 to those assets. Assets in the commercial and professional aviation
21 scholarship program account are not considered state money, common
22 cash, or revenue to the state.

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