

CERTIFICATION OF ENROLLMENT
ENGROSSED SECOND SUBSTITUTE HOUSE BILL 2177

65th Legislature
2018 Regular Session

Passed by the House March 5, 2018
Yeas 97 Nays 0

Speaker of the House of Representatives

Passed by the Senate March 2, 2018
Yeas 48 Nays 1

President of the Senate

Approved

Governor of the State of Washington

CERTIFICATE

I, Bernard Dean, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **ENGROSSED SECOND SUBSTITUTE HOUSE BILL 2177** as passed by House of Representatives and the Senate on the dates hereon set forth.

Chief Clerk

FILED

**Secretary of State
State of Washington**

ENGROSSED SECOND SUBSTITUTE HOUSE BILL 2177

AS AMENDED BY THE SENATE

Passed Legislature - 2018 Regular Session

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, 28B.145.070, and
3 28B.145.010; adding new sections to chapter 28B.145 RCW; and creating
4 a new 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, particularly in science,
8 technology, engineering, and mathematics (STEM) and health care
9 fields of study. These opportunities often require specialized skills
10 tailored for specific, regional employer needs. In many cases,
11 employment opportunities are available in rural communities; however,
12 some assistance is needed to help local residents acquire the skills
13 necessary to access the opportunities in their own backyards.

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

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

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

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

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

37 (2) Board members shall hold their offices for a term of four
38 years from the first day of September and until their successors are

1 appointed. No more than the terms of two members may expire
2 simultaneously on the last day of August in any one year.

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

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

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

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

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

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

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

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

32 (1) The board may elect to have the state investment board invest
33 the funds in the student support pathways account and the scholarship
34 account and endowment account described under RCW 28B.145.030(2)(b).
35 If the board so elects, the state investment board has the full power
36 to invest, reinvest, manage, contract, sell, or exchange investment
37 money in the (~~two~~) three accounts. All investment and operating
38 costs associated with the investment of money shall be paid under RCW
39 43.33A.160 and 43.84.160. With the exception of these expenses, the

1 earnings from the investment of the money shall be retained by the
2 accounts.

3 (2) All investments made by the state investment board shall be
4 made with the exercise of that degree of judgment and care under RCW
5 43.33A.140 and the investment policy established by the state
6 investment board.

7 (3) As deemed appropriate by the state investment board, money in
8 the student support pathways account, scholarship account, and
9 endowment (~~accounts~~) account may be commingled for investment with
10 other funds subject to investment by the state investment board.

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

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

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

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

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

37 (1)(a) The rural county high employer demand jobs program is
38 created to meet the workforce needs of business and industry in rural
39 counties by assisting students in earning certificates, associate

1 degrees, or other industry-recognized credentials necessary for
2 employment in high employer demand fields.

3 (b) Subject to the requirements of this section, the rural jobs
4 program provides selected students scholarship funds and support
5 services, as determined by the board, to help students meet their
6 eligible expenses when they enroll in a community or technical
7 college program that prepares them for high employer demand fields.

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

11 (2) The program administrator has the duties and responsibilities
12 provided under this section, including but not limited to:

13 (a) Publicizing the rural jobs program and conducting outreach to
14 eligible counties;

15 (b) In consultation with the state board for community and
16 technical colleges, any interested community or technical college
17 located in an eligible county, and the county's workforce development
18 council, identify high employer demand fields within the eligible
19 counties. When identifying high employer demand fields, the board
20 must consider:

21 (i) County-specific employer demand reports issued by the
22 employment security department or the list of statewide high-demand
23 programs for secondary career and technical education established
24 under RCW 28A.700.020; and

25 (ii) The ability and capacity of the community and technical
26 college to meet the needs of qualifying students and industry in the
27 eligible county;

28 (c) Develop and implement an application, selection, and
29 notification process for awarding rural jobs program scholarship
30 funds. In making determinations on scholarship recipients, the board
31 shall use county-specific employer high-demand data;

32 (d) Determine the annual scholarship fund amounts to be awarded
33 to selected students;

34 (e) Distribute funds to selected students;

35 (f) Notify institutions of higher education of the rural jobs
36 program recipients who will attend their institutions of higher
37 education and inform them of the scholarship fund amounts and terms
38 of the awards; and

39 (g) Establish and manage an account as provided under section 5
40 of this act to receive donations, grants, contributions from private

1 sources, and state matching funds, and from which to disburse
2 scholarship funds to selected students.

3 (3) To be eligible for scholarship funds under the rural jobs
4 program, a student must:

5 (a) Be a resident of an eligible county or have attended and
6 graduated from a school in an eligible school district;

7 (b) Be a resident student as defined in RCW 28B.15.012;

8 (c) Be enrolled in a community or technical college established
9 under chapter 28B.50 RCW located in an eligible county;

10 (d) Be in a certificate, degree, or other industry-recognized
11 credential or training program that has been identified by the board
12 as a program that prepares students for a high employer demand field;

13 (e) Have a family income that does not exceed seventy percent of
14 the state median family income adjusted for family size; and

15 (f) Demonstrate financial need according to the free application
16 for federal student aid or the Washington application for state
17 financial aid.

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

21 (5) A scholarship award under the rural jobs program may not
22 result in a reduction of any gift aid. Nothing in this section
23 creates any right or entitlement.

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

26 (1) For the purposes of the rural jobs program, the program
27 administrator shall:

28 (a) Jointly with the board, solicit and accept donations, grants,
29 and contributions from private sources via direct payment, pledge
30 agreement, or escrow account, for deposit into the student support
31 pathways account created in this section, and set annual fund-raising
32 goals;

33 (b) Establish and manage the student support pathways account to
34 receive grants, contributions from private sources, and state
35 matching funds, and from which to disburse scholarship funds to
36 selected students; and

37 (c) Provide proof of receipt of grants and contributions from
38 private sources to the council, identifying the amounts received by
39 the name of the private source and date received, and whether the

1 amounts received were deposited into the student support pathways
2 account.

3 (2) The student support pathways account, whose principal may be
4 invaded, must be created by the board from which scholarship funds
5 will be disbursed beginning no later than the fall term of the 2020
6 academic year, if by that date, state matching funds have been
7 received. Thereafter, scholarship funds shall be disbursed on an
8 annual basis.

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

11 (1) The rural jobs program match transfer account is created in
12 the custody of the state treasurer as a nonappropriated account to be
13 used solely and exclusively for the rural jobs program created in
14 section 4 of this act. The purpose of the rural jobs program match
15 transfer account is to provide state matching funds for the rural
16 jobs program.

17 (2) Revenues to the rural jobs program match transfer account
18 shall consist of appropriations by the legislature into the rural
19 jobs program match transfer account.

20 (3) No expenditures from the rural jobs program match transfer
21 account may be made except upon receipt of proof, by the executive
22 director of the council from the program administrator, of private
23 contributions to the rural jobs program. Expenditures, in the form of
24 matching funds, may not exceed the total amount of private
25 contributions.

26 (4) Only the executive director of the council or the executive
27 director's designee may authorize expenditures from the rural jobs
28 program match transfer account. Such authorization must be made as
29 soon as practicable following receipt of proof as required under this
30 section.

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

34 (b) Once moneys in the rural jobs program match transfer account
35 are subject to an agreement under this subsection and are deposited
36 in the student support pathways account, the state acts in a
37 fiduciary rather than ownership capacity with regard to those assets.
38 Assets in the student support pathways account are not considered
39 state money, common cash, or revenue to the state.

1 (6) The state match must not exceed one million dollars in a
2 single fiscal biennium and must be based on donations and pledges
3 received by the rural jobs program as of the date each official state
4 caseload forecast is submitted by the caseload forecast council to
5 the legislative fiscal committees, as provided under RCW 43.88C.020.
6 Nothing in this section expands or modifies the responsibilities of
7 the caseload forecast council.

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

10 The total amount of state matching funds for the rural jobs
11 program shall not exceed one million dollars in a single fiscal
12 biennium.

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

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

20 (a) Which education programs the board determined were eligible
21 for purposes of the opportunity scholarship and which high employer
22 demand fields within eligible counties were identified for purposes
23 of the rural jobs program;

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

27 (c) The number of participants in the opportunity scholarship
28 program and rural jobs program, disaggregated, to the extent
29 possible, by race, ethnicity, gender, county of origin, age, and
30 median family income;

31 (d) The number and amount of the scholarships actually awarded,
32 (~~and~~) whether the scholarships were paid from the student support
33 pathways account, the scholarship account, or the endowment account,
34 and the number and amount of scholarships actually awarded under the
35 rural jobs program;

36 (e) The institutions and eligible education programs in which
37 opportunity scholarship participants enrolled, together with data
38 regarding participants' completion and graduation, and the

1 institutions and programs in which recipients of the rural jobs
2 program scholarship enrolled, together with recipients' data on
3 completion and graduation;

4 (f) The total amount of private contributions and state match
5 moneys received for the rural jobs program and the opportunity
6 scholarship program, how the funds under the opportunity scholarship
7 program were distributed between the student support pathways
8 account, the scholarship account, and the endowment account((s)), the
9 interest or other earnings on all the accounts created under this
10 chapter, and the amount of any administrative fee paid to the program
11 administrator; and

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

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

23 **Sec. 9.** RCW 28B.145.010 and 2014 c 208 s 1 are each amended to
24 read as follows:

25 The definitions in this section apply throughout this chapter
26 unless the context clearly requires otherwise.

27 (1) "Board" means the opportunity scholarship board.

28 (2) "Council" means the student achievement council.

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

33 (4) "Eligible education programs" means high employer demand and
34 other programs of study as determined by the board.

35 ~~((+4))~~ (5) "Eligible expenses" means reasonable expenses
36 associated with the costs of acquiring an education such as tuition,
37 books, equipment, fees, room and board, and other expenses as
38 determined by the program administrator in consultation with the
39 council and the state board for community and technical colleges.

1 ~~((5))~~ (6) "Eligible school district" means a school district of
2 the second class as identified in RCW 28A.300.065(2).

3 (7) "Eligible student" means a resident student who received his
4 or her high school diploma or high school equivalency certificate as
5 provided in RCW 28B.50.536 in Washington and who:

6 (a)(i) Has been accepted at a four-year institution of higher
7 education into an eligible education program leading to a
8 baccalaureate degree; or

9 (ii) Will attend a two-year institution of higher education and
10 intends to transfer to an eligible education program at a four-year
11 institution of higher education;

12 (b) Declares an intention to obtain a baccalaureate degree; and

13 (c) Has a family income at or below one hundred twenty-five
14 percent of the state median family income at the time the student
15 applies for an opportunity scholarship.

16 ~~((6))~~ (8) "Gift aid" means financial aid received from the
17 federal Pell grant, the state need grant program in chapter 28B.92
18 RCW, the college bound scholarship program in chapter 28B.118 RCW,
19 the opportunity grant program in chapter 28B.50 RCW, the opportunity
20 scholarship program in this chapter, or any other state grant,
21 scholarship, or worker retraining program that provides funds for
22 educational purposes with no obligation of repayment. "Gift aid" does
23 not include student loans, work-study programs, the basic food
24 employment and training program administered by the department of
25 social and health services, or other employment assistance programs
26 that provide job readiness opportunities and support beyond the costs
27 of tuition, books, and fees.

28 (9) "High employer demand program of study" has the same meaning
29 as provided in RCW 28B.50.030.

30 ~~((7))~~ (10) "Participant" means an eligible student who has
31 received a scholarship under the opportunity scholarship program.

32 ~~((8))~~ (11) "Program administrator" means a college scholarship
33 organization that is a private nonprofit corporation registered under
34 Title 24 RCW and qualified as a tax-exempt entity under section
35 501(c)(3) of the federal internal revenue code, with expertise in
36 managing scholarships and college advising.

37 ~~((9))~~ (12) "Resident student" has the same meaning as provided
38 in RCW 28B.15.012.

1 (13) "Rural jobs program" means the rural county high employer
2 demand jobs program created in this chapter.

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