
SUBSTITUTE HOUSE BILL 1927

State of Washington

66th Legislature

2019 Regular Session

By House College & Workforce Development (originally sponsored by Representatives Slatter, Sells, Paul, Leavitt, Ortiz-Self, and Pollet)

READ FIRST TIME 02/21/19.

1 AN ACT Relating to the Washington opportunity scholarship
2 program; reenacting and amending RCW 28B.145.005, 28B.145.010,
3 28B.145.020, 28B.145.030, 28B.145.040, and 28B.145.090; and adding a
4 new section to chapter 28B.145 RCW.

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

6 **Sec. 1.** RCW 28B.145.005 and 2018 c 209 s 5 and 2018 c 114 s 1
7 are each reenacted and amended to read as follows:

8 The legislature finds that, despite increases in degree
9 production, there remain acute shortages in high employer demand
10 programs of study, particularly in the science, technology,
11 engineering, and mathematics (STEM) and health care fields of study.
12 According to the workforce training and education coordinating board,
13 seventeen percent of Washington businesses had difficulty finding job
14 applicants in 2010. Eleven thousand employers did not fill a vacancy
15 because they lacked qualified job applicants. Fifty-nine percent of
16 projected job openings in Washington state from now until 2017 will
17 require some form of postsecondary education and training.

18 It is the intent of the legislature to provide jobs and
19 opportunity by making Washington the place where the world's most
20 productive companies find the world's most talented people. The
21 legislature intends to accomplish this through the creation of the

1 opportunity scholarship and the opportunity expansion programs to;
2 Help mitigate the impact of tuition increases((7)); increase the
3 number of professional-technical certificates, professional-technical
4 degrees, ((and)) baccalaureate degrees in high employer demand and
5 other programs, and advanced degrees in health professions ((needed
6 ~~in service obligation areas~~)); and invest in programs and students
7 to meet market demands for a knowledge-based economy while filling
8 middle-income jobs with a sufficient supply of skilled workers.

9 **Sec. 2.** RCW 28B.145.010 and 2018 c 254 s 9, 2018 c 209 s 6, and
10 2018 c 114 s 2 are each reenacted and amended to read as follows:

11 The definitions in this section apply throughout this chapter
12 unless the context clearly requires otherwise.

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

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

15 (3) "Eligible advanced degree program" means a health
16 professional degree program beyond the baccalaureate level and
17 includes graduate and professional degree programs.

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

22 (5) "Eligible education programs" means high employer demand and
23 other programs of study as determined by the board.

24 (6) "Eligible expenses" means reasonable expenses associated with
25 the costs of acquiring an education such as tuition, books,
26 equipment, fees, room and board, and other expenses as determined by
27 the program administrator in consultation with the council and the
28 state board for community and technical colleges.

29 (7) "Eligible school district" means a school district of the
30 second class as identified in RCW 28A.300.065(2).

31 (8) "Eligible student" means a resident student who received his
32 or her high school diploma or high school equivalency certificate as
33 provided in RCW 28B.50.536 in Washington and who:

34 (a) (i) Has been accepted at a four-year institution of higher
35 education into an eligible education program leading to a
36 baccalaureate degree;

37 (ii) Will attend a two-year institution of higher education and
38 intends to transfer to an eligible education program at a four-year
39 institution of higher education;

1 (iii) Has been accepted at an institution of higher education
2 into a professional-technical degree program in an eligible education
3 program; (~~or~~)

4 (iv) Has been accepted at an institution of higher education into
5 a professional-technical certificate program in an eligible education
6 program; or

7 (v) Has been accepted at an institution of higher education into
8 an eligible advanced degree program (~~and has agreed to the service~~
9 ~~obligation established by the board~~) that leads to credentials in
10 health professions;

11 (b) Declares an intention to obtain a professional-technical
12 certificate, professional-technical degree, (~~or~~) baccalaureate
13 degree(~~or~~), or an advanced degree; and

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

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

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

31 (11) "Participant" means an eligible student who has received a
32 scholarship under the opportunity scholarship program.

33 (12) "Private sources," "private funds," "private contributions,"
34 or "private sector contributions" means donations from private
35 organizations, corporations, municipalities, counties, and other
36 sources, but excludes state dollars.

37 (13) "Professional-technical certificate" means a program as
38 approved by the state board for community and technical colleges
39 under RCW 28B.50.090(7)(c), that is offered by an institution of
40 higher education.

1 ~~((13))~~ (14) "Professional-technical degree" means a program as
2 approved by the state board for community and technical colleges
3 under RCW 28B.50.090(7)(c), that is offered by an institution of
4 higher education.

5 ~~((14))~~ (15) "Program administrator" means a private nonprofit
6 corporation registered under Title 24 RCW and qualified as a tax-
7 exempt entity under section 501(c)(3) of the federal internal revenue
8 code.

9 ~~((15))~~ (16) "Resident student" has the same meaning as provided
10 in RCW 28B.15.012.

11 ~~((16))~~ (17) "Rural jobs program" means the rural county high
12 employer demand jobs program created in this chapter.

13 ~~((17))~~ "Service obligation" means an obligation by the
14 participant to be employed in a service obligation area in the state
15 for a specific period to be established by the board.

16 ~~(18)~~ "Service obligation area" means a location that meets one of
17 the following conditions:

18 ~~(a)~~ Has been designated by the council as an eligible site under
19 the health professional conditional scholarship program established
20 under chapter 28B.115 RCW;

21 ~~(b)~~ Serves at least forty percent uninsured or medicaid enrolled
22 patients;

23 ~~(c)~~ Is located in a rural county as defined in RCW 82.14.370 and
24 serves a combination of uninsured, medicaid enrolled patients, and
25 medicare enrolled patients, equal to at least forty percent of the
26 practice location's total patients; or

27 ~~(d)~~ Serves a public agency, nonprofit organization, or local
28 health jurisdiction as defined in RCW 43.70.575 by providing public
29 health services necessary to preserve, protect, and promote the
30 health of the state's population, as determined by the board after
31 consultation with the department of health.)

32 **Sec. 3.** RCW 28B.145.020 and 2018 c 254 s 2, 2018 c 209 s 7, and
33 2018 c 114 s 3 are each reenacted and amended to read as follows:

34 (1) The opportunity scholarship board is created. The board
35 consists of eleven members:

36 (a) Six members appointed by the governor. For three of the six
37 appointments, the governor shall consider names from a list provided
38 by the president of the senate and the speaker of the house of
39 representatives; and

1 (b) Five foundation or business and industry representatives
2 appointed by the governor from among the state's most productive
3 industries such as aerospace, manufacturing, health care, information
4 technology, engineering, agriculture, and others, as well as
5 philanthropy. The foundation or business and industry representatives
6 shall be selected from among nominations provided by the private
7 sector donors to the opportunity scholarship and opportunity
8 expansion programs. However, the governor may request, and the
9 private sector donors shall provide, an additional list or lists from
10 which the governor shall select these representatives.

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

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

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

24 (5) The board shall be staffed by a program administrator, under
25 contract with the board and the council.

26 (6) The purpose of the board is to provide oversight and guidance
27 for the opportunity expansion (~~([program])~~) program, the opportunity
28 scholarship program(~~(s—[program])~~), and the rural jobs program, in
29 light of established legislative priorities and to fulfill the duties
30 and responsibilities under this chapter, including but not limited to
31 determining eligible education programs and eligible advanced degree
32 programs for purposes of the opportunity scholarship program and
33 rural jobs program. In determining eligible advanced degree programs,
34 the board shall consider advanced degree programs that lead to
35 credentials in health professions that include, but are not limited
36 to, primary care, dental care, behavioral health, and public health.
37 Duties, exercised jointly with the program administrator, include
38 soliciting funds and setting annual fund-raising goals.

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

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

4 (b) A source or sources of funds for the opportunity expansion
5 program in addition to the voluntary contributions of the high-
6 technology research and development tax credit under RCW 82.32.800;
7 and

8 (c) Whether the program should include a loan repayment or low-
9 interest or no-interest loan component for the advanced degree
10 portion of the program.

11 ~~((8) The board shall report to the governor and the appropriate
12 committees of the legislature by December 1st of each biennium,
13 beginning December 1, 2019, on the following:~~

14 ~~(a) A list of the eligible advanced degree programs and service
15 obligation areas;~~

16 ~~(b) The number of participants in eligible advanced degree
17 programs, the number of participants completing their service
18 obligations in a service obligation area, and the number of
19 participants who have completed their service obligation; and~~

20 ~~(c) The number of participants who did not complete their service
21 obligation who now owe a repayment obligation and the reasons why the
22 participants did not complete their service obligations.))~~

23 **Sec. 4.** RCW 28B.145.030 and 2018 c 209 s 8, 2018 c 204 s 2, and
24 2018 c 114 s 4 are each reenacted and amended to read as follows:

25 (1) The program administrator shall provide administrative
26 support to execute the duties and responsibilities provided in this
27 chapter, including but not limited to publicizing the program,
28 selecting participants for the opportunity scholarship award,
29 distributing opportunity scholarship awards, and achieving the
30 maximum possible rate of return on investment of the accounts in
31 subsection (2) of this section, while ensuring transparency in the
32 investment decisions and processes. Duties, exercised jointly with
33 the board, include soliciting funds and setting annual fund-raising
34 goals. The program administrator shall be paid an administrative fee
35 as determined by the board.

36 (2) With respect to the opportunity scholarship program, the
37 program administrator shall:

38 (a) Establish and manage ~~((three separate))~~ the specified
39 accounts created in (b) of this subsection, into which to receive

1 grants and contributions from private sources as well as state
2 matching funds, and from which to disburse scholarship funds to
3 participants;

4 (b) Solicit and accept grants and contributions from private
5 sources, via direct payment, pledge agreement, or escrow account, of
6 private sources for deposit into any of the (~~three~~) specified
7 accounts created in this subsection (2)(b) upon the direction of the
8 donor and in accordance with this subsection (2)(b):

9 (i) The "scholarship account," whose principal may be invaded,
10 and from which scholarships must be disbursed for baccalaureate
11 programs beginning no later than December 1, 2011, if, by that date,
12 state matching funds in the amount of five million dollars or more
13 have been received. Thereafter, scholarships shall be disbursed on an
14 annual basis beginning no later than May 1, 2012, and every October
15 1st thereafter;

16 (ii) The "student support pathways account," whose principal may
17 be invaded, and from which scholarships may be disbursed for
18 professional-technical certificate or degree programs in the fiscal
19 year following appropriations of state matching funds. Thereafter,
20 scholarships shall be disbursed on an annual basis;

21 (iii) The "advanced degrees pathways account," whose principal
22 may be invaded, and from which scholarships may be disbursed for
23 eligible advanced degree programs in the fiscal year following
24 appropriations of state matching funds. Thereafter, scholarships
25 shall be disbursed on an annual basis;

26 (iv) The "endowment account," from which scholarship moneys may
27 be disbursed for baccalaureate programs from earnings only in years
28 when:

29 (A) The state match has been made into both the scholarship and
30 the endowment account; and

31 (B) The state appropriations for the state need grant under RCW
32 28B.92.010 meet or exceed state appropriations for the state need
33 grant made in the 2011-2013 biennium, adjusted for inflation, and
34 eligibility for state need grant recipients is at least seventy
35 percent of state median family income;

36 (v) An amount equal to at least fifty percent of all grants and
37 contributions must be deposited into the scholarship account until
38 such time as twenty million dollars have been deposited into the
39 scholarship account, after which time the private donors may
40 designate whether their contributions must be deposited to the

1 scholarship account, the student support pathways account, the
2 advanced degrees pathways account, or the endowment account((s)). The
3 board and the program administrator must work to maximize private
4 sector contributions to (~~the scholarship account, the student~~
5 ~~support pathways account, the advanced degrees pathways account, and~~
6 ~~the endowment account,~~) these accounts to maintain a robust
7 scholarship program while simultaneously building the endowment, and
8 to determine the division between the (~~scholarship, the student~~
9 ~~support pathways, the advanced degrees pathways, and the endowment~~)
10 accounts in the case of undesignated grants and contributions, taking
11 into account the need for a long-term funding mechanism and the
12 short-term needs of families and students in Washington. The first
13 five million dollars in state match, as provided in RCW 28B.145.040,
14 shall be deposited into the scholarship account and thereafter the
15 state match shall be deposited into the (~~three~~) specified accounts
16 created in this subsection (2)(b) in equal proportion to the private
17 funds deposited in each account, except that no more than one million
18 dollars in state match shall be deposited into the advanced degrees
19 pathways account in a single fiscal biennium; and

20 (vi) Once moneys in the opportunity scholarship match transfer
21 account are subject to an agreement under RCW 28B.145.050(5) and are
22 deposited in the scholarship account, the student support pathways
23 account, the advanced degrees pathways account, or the endowment
24 account under this section, the state acts in a fiduciary rather than
25 ownership capacity with regard to those assets. Assets in the
26 scholarship account, the student support pathways account, the
27 advanced degrees pathways account, and the endowment account are not
28 considered state money, common cash, or revenue to the state;

29 (c) Provide proof of receipt of grants and contributions from
30 private sources to the council, identifying the amounts received by
31 name of private source and date, and whether the amounts received
32 were deposited into the scholarship account, the student support
33 pathways account, the advanced degrees pathways account, or the
34 endowment account((s));

35 (d) In consultation with the council and the state board for
36 community and technical colleges, make an assessment of the
37 reasonable annual eligible expenses associated with eligible
38 education programs and eligible advanced degree programs identified
39 by the board;

1 (e) Determine the dollar difference between tuition fees charged
2 by institutions of higher education in the 2008-09 academic year and
3 the academic year for which an opportunity scholarship is being
4 distributed;

5 (f) Develop and implement an application, selection, and
6 notification process for awarding opportunity scholarships;

7 (g) Ensure that if the private source is from a municipality or
8 county, an amount at least equal to the value of the private source
9 plus the state match is awarded to participants within that
10 municipality or county according to the municipality's or county's
11 program rules;

12 (h) Determine the annual amount of the opportunity scholarship
13 for each selected participant. The annual amount shall be at least
14 one thousand dollars or the amount determined under (e) of this
15 subsection, but may be increased on an income-based, sliding scale
16 basis up to the amount necessary to cover all reasonable annual
17 eligible expenses as assessed pursuant to (d) of this subsection, or
18 to encourage participation in professional-technical certificate
19 programs, professional-technical degree programs, ~~((e))~~
20 baccalaureate degree programs, or eligible advanced degree programs
21 identified by the board;

22 ~~((h))~~ (i) Distribute scholarship funds to selected
23 participants. Once awarded, and to the extent funds are available for
24 distribution, an opportunity scholarship shall be automatically
25 renewed as long as the participant annually submits documentation of
26 filing both a free application for federal student aid (FAFSA) and
27 for available federal education tax credits including, but not
28 limited to, the American opportunity tax credit, or if ineligible to
29 apply for federal student aid, the participant annually submits
30 documentation of filing a state financial aid application as approved
31 by the office of student financial assistance; and until the
32 participant withdraws from or is no longer attending the program,
33 completes the program, or has taken the credit or clock hour
34 equivalent of one hundred twenty-five percent of the published length
35 of time of the participant's program, whichever occurs first;

36 ~~((i))~~ (j) Notify institutions of scholarship recipients who
37 will attend their institutions and inform them of the terms of the
38 students' eligibility; and

39 ~~((j) — Establish a required service obligation))~~ (k) For
40 participants enrolled in an eligible advanced degree program, ((and

1 ~~establish a process for verifying a))~~ document each participant's
2 ~~employment ((in a service obligation area; and~~

3 ~~(k) Establish a repayment obligation and appeals process for~~
4 ~~participants who serve less than the required service obligation,~~
5 ~~unless the program administrator determines the circumstances are~~
6 ~~beyond the participant's control. If the participant is unable to pay~~
7 ~~the repayment obligation in full, the participant may enter into~~
8 ~~payment arrangements with the program administrator. The program~~
9 ~~administrator is responsible for the collection of repayment~~
10 ~~obligations on behalf of participants who fail to complete their~~
11 ~~service obligation))~~ following graduation.

12 (3) With respect to the opportunity expansion program, the
13 program administrator shall:

14 (a) Assist the board in developing and implementing an
15 application, selection, and notification process for making
16 opportunity expansion awards; and

17 (b) Solicit and accept grants and contributions from private
18 sources for opportunity expansion awards.

19 **Sec. 5.** RCW 28B.145.040 and 2018 c 209 s 9 and 2018 c 114 s 5
20 are each reenacted and amended to read as follows:

21 (1) The opportunity scholarship program is established.

22 (2) The purpose of this scholarship program is to provide
23 scholarships that will help low and middle-income Washington
24 residents earn professional-technical certificates, professional-
25 technical degrees, ~~((or))~~ baccalaureate degrees in high employer
26 demand and other programs of study, and advanced degrees in health
27 professions ~~((needed in service obligation areas))~~, and encourage
28 them to remain in the state to work. The program must be designed for
29 students starting professional-technical certificate or degree
30 programs, students starting at two-year institutions of higher
31 education and intending to transfer to four-year institutions of
32 higher education, students starting at four-year institutions of
33 higher education, and students enrolled in ~~((an))~~ eligible advanced
34 degree programs.

35 (3) The opportunity scholarship board shall determine which
36 programs of study, including but not limited to high employer demand
37 programs, are eligible for purposes of the opportunity scholarship.
38 For eligible advanced degree programs, the board shall limit
39 scholarships to eligible students enrolling in programs that lead to

1 credentials in health professions (~~needed in service obligation~~
2 ~~areas~~)).

3 (4) (a) The source of funds for the program shall be a combination
4 of private grants and contributions and state matching funds. A state
5 match may be earned under this section for private contributions made
6 on or after June 6, 2011.

7 (b) The state match must be based on donations and pledges
8 received as of the date each official state caseload forecast is
9 submitted by the caseload forecast council to the legislative fiscal
10 committees, as provided under RCW 43.88C.020. The purpose of this
11 subsection (4)(b) is to ensure the predictable treatment of the
12 program in the budget process by clarifying the calculation process
13 of the state match required by this section.

14 (c) A state match, up to a maximum of fifty million dollars
15 annually, shall be provided beginning the later of January 1, 2014,
16 or January 1st next following the end of the fiscal year in which
17 collections of state retail sales and use tax, state business and
18 occupation tax, and state public utility tax exceed, by ten percent
19 the amounts collected from these tax resources in the fiscal year
20 that ended June 30, 2008, as determined by the department of revenue.

21 **Sec. 6.** RCW 28B.145.090 and 2018 c 254 s 3, 2018 c 209 s 10, and
22 2018 c 114 s 6 are each reenacted and amended to read as follows:

23 (1) The board may elect to have the state investment board invest
24 the funds in the scholarship account, the student support pathways
25 account, the advanced degrees pathways account, and the endowment
26 account described under RCW 28B.145.030(2)(b). If the board so
27 elects, the state investment board has the full power to invest,
28 reinvest, manage, contract, sell, or exchange investment money in
29 (~~the three~~) these accounts. All investment and operating costs
30 associated with the investment of money shall be paid under RCW
31 43.33A.160 and 43.84.160. With the exception of these expenses, the
32 earnings from the investment of the money shall be retained by the
33 accounts.

34 (2) All investments made by the state investment board shall be
35 made with the exercise of that degree of judgment and care under RCW
36 43.33A.140 and the investment policy established by the state
37 investment board.

38 (3) As deemed appropriate by the state investment board, money in
39 the scholarship account, the student support pathways account, the

1 advanced degrees pathways account, and the endowment account may be
2 commingled for investment with other funds subject to investment by
3 the state investment board.

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

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

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

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

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

31 The office of student financial assistance and the institutions
32 of higher education may not consider awards made under the
33 opportunity scholarship program to be state-funded for the purpose of
34 determining the value of an award for other state financial aid
35 programs.

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