
SUBSTITUTE HOUSE BILL 1289

AS AMENDED BY THE SENATE

Passed Legislature - 2023 Regular Session

State of Washington 68th Legislature 2023 Regular Session

By House Postsecondary Education & Workforce (originally sponsored by Representatives Reed, Ybarra, Berry, Ortiz-Self, Riccelli, Paul, Reeves, Leavitt, and Timmons)

READ FIRST TIME 02/02/23.

1 AN ACT Relating to program administration for the Washington
2 state opportunity scholarship program; amending RCW 28B.145.010,
3 28B.145.020, 28B.145.040, 28B.145.100, and 28B.145.120; repealing RCW
4 28B.145.130; and declaring an emergency.

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

6 **Sec. 1.** RCW 28B.145.010 and 2022 c 211 s 1 are each amended to
7 read as follows:

8 The definitions in this section apply throughout this chapter
9 unless the context clearly requires otherwise.

- 10 (1) "Board" means the opportunity scholarship board.
- 11 (2) "Council" means the student achievement council.
- 12 (3) "Eligible advanced degree program" means a health
13 professional degree program beyond the baccalaureate level and
14 includes graduate and professional degree programs.
- 15 (4) "Eligible county" has the same meaning as "rural county" as
16 defined in RCW 82.14.370 and also includes any county that shares a
17 common border with Canada and has a population of over 125,000.
- 18 (5) "Eligible education programs" means high employer demand and
19 other programs of study as determined by the board.
- 20 (6) "Eligible expenses" means reasonable expenses associated with
21 the costs of acquiring an education such as tuition, books,

1 equipment, fees, room and board, and other expenses as determined by
2 the program administrator in consultation with the council and the
3 state board for community and technical colleges.

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

6 (8) (a) "Eligible student" means a resident student who:

7 (i) (A) Received his or her high school diploma or high school
8 equivalency certificate as provided in RCW 28B.50.536 in Washington
9 and has been accepted at a four-year institution of higher education
10 into an eligible education program leading to a baccalaureate degree;

11 (B) Received his or her high school diploma or high school
12 equivalency certificate as provided in RCW 28B.50.536 in Washington
13 and will attend a two-year institution of higher education and
14 intends to transfer to an eligible education program at a four-year
15 institution of higher education;

16 (C) Received his or her high school diploma or equivalent and has
17 been accepted at an institution of higher education into a
18 professional-technical certificate or degree program in an eligible
19 education program; or

20 (D) Has been accepted at an institution of higher education into
21 an eligible advanced degree program that leads to credentials in
22 health professions;

23 (ii) Declares an intention to obtain a professional-technical
24 certificate, professional-technical degree, baccalaureate degree, or
25 an advanced degree; and

26 (iii) Has a family income at or below 125 percent of the state
27 median family income at the time the student applies for an
28 opportunity scholarship. For the advanced degree program, family
29 income may be greater than 125 percent if the eligible student can
30 demonstrate financial need through other factors such as a history of
31 prior household income, income loss caused by entering the advanced
32 degree program, level of student debt at application and annually
33 thereafter, or other factors determined by the program.

34 (b) To remain eligible for scholarship funds under the
35 opportunity scholarship program the student must meet satisfactory
36 academic progress toward completion of an eligible program as
37 determined by the office of student financial assistance in the
38 Washington college grant program under chapter 28B.92 RCW.

39 (9) "Gift aid" means financial aid received from the federal Pell
40 grant, the Washington college grant program in chapter 28B.92 RCW,

1 the college bound scholarship program in chapter 28B.118 RCW, the
2 opportunity grant program in chapter 28B.50 RCW, or any other state
3 grant, scholarship, or worker retraining program that provides funds
4 for educational purposes with no obligation of repayment. "Gift aid"
5 does not include student loans, work-study programs, the basic food
6 employment and training program administered by the department of
7 social and health services, or other employment assistance programs
8 that provide job readiness opportunities and support beyond the costs
9 of tuition, books, and fees.

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

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

14 (12) "Private sources," "private funds," "private contributions,"
15 or "private sector contributions" means donations from private
16 organizations, corporations, federally recognized Indian tribes,
17 municipalities, counties, and other sources, but excludes state
18 dollars.

19 (13) "Professional-technical certificate" means a program as
20 approved by the state board for community and technical colleges
21 under RCW 28B.50.090(7)(c), that is offered by an institution of
22 higher education or an eligible registered apprenticeship program
23 under chapter 28B.92 RCW.

24 (14) "Professional-technical degree" means a program as approved
25 by the state board for community and technical colleges under RCW
26 28B.50.090(7)(c), that is offered by an institution of higher
27 education or an eligible registered apprenticeship program under
28 chapter 28B.92 RCW.

29 (15) "Program administrator" means ((a)) one or more private
30 nonprofit corporations registered under Title 24 RCW and qualified as
31 a tax-exempt entity under section 501(c)(3) of the federal internal
32 revenue code.

33 (16) "Resident student" means a student meeting the requirements
34 under RCW 28B.92.200(5)(c) as defined in the Washington college grant
35 program.

36 (17) "Rural jobs program" means the rural county high employer
37 demand jobs program created in this chapter.

38 **Sec. 2.** RCW 28B.145.020 and 2019 c 406 s 64 are each amended to
39 read as follows:

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

3 (a) Six members appointed by the governor. For three of the six
4 appointments, the governor shall consider names from a list provided
5 by the president of the senate and the speaker of the house of
6 representatives; and

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

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

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

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

30 (5) The board shall be staffed by ((a)) one or more program
31 administrators, under contract with the board and the council. The
32 board may cause one or more tax-exempt nonprofit corporations to be
33 created, organized, and operated exclusively to perform some or all
34 of the program administrator duties under this act. The board and
35 council may contract directly with any such nonprofit corporation.

36 (6) The purpose of the board is to provide oversight and guidance
37 for the opportunity expansion program, the opportunity scholarship
38 program, and the rural jobs program, in light of established
39 legislative priorities and to fulfill the duties and responsibilities
40 under this chapter, including but not limited to determining eligible

1 education programs and eligible advanced degree programs for purposes
2 of the opportunity scholarship program and rural jobs program. In
3 determining eligible advanced degree programs, the board shall
4 consider advanced degree programs that lead to credentials in health
5 professions that include, but are not limited to, primary care,
6 dental care, behavioral health, and public health. Duties, exercised
7 jointly with the program administrator, include soliciting funds and
8 setting annual fund-raising goals.

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

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

14 (b) A source or sources of funds for the opportunity expansion
15 program in addition to the voluntary contributions of the high-
16 technology research and development tax credit under RCW 82.32.800;
17 and

18 (c) Whether the program should include a loan repayment or low-
19 interest or no-interest loan component for the advanced degree
20 portion of the program.

21 **Sec. 3.** RCW 28B.145.040 and 2019 c 406 s 66 are each amended to
22 read as follows:

23 (1) The opportunity scholarship program is established.

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

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

1 scholarships to eligible students enrolling in programs that lead to
2 credentials in health professions.

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 ~~((The state match must be based on donations and pledges
8 received as))~~ (i) The state must provide an annual appropriation for
9 a state match, on an equal dollar basis, not to exceed \$50,000,000
10 per fiscal year.

11 (ii) Appropriations for the state match in the biennial omnibus
12 operating appropriations act must be based on estimated donations and
13 pledges for those fiscal years as reported by the board to the office
14 of financial management as of the date each official state caseload
15 forecast is submitted by the caseload forecast council to the
16 legislative fiscal committees, as provided under RCW 43.88C.020.

17 (iii) Annually in the supplemental omnibus operating
18 appropriations act, the state match must be adjusted to donations
19 received and estimated pledges committed for the current fiscal
20 biennium as reported by the board to the office of financial
21 management as of the date each official state caseload forecast is
22 submitted by the caseload forecast council to the legislative fiscal
23 committees, as provided under RCW 43.88C.020. Additionally, the state
24 match for the current fiscal year must be adjusted to reflect the
25 excess or deficit between donations and pledges actually received in
26 the prior fiscal year and the state match provided in the prior
27 fiscal year.

28 (iv) The purpose of this subsection (4)(b) is to ensure the
29 predictable treatment of the program in the budget process by
30 clarifying the calculation process of the state match required by
31 this section and ensuring the program is budgeted at maintenance
32 level.

33 ~~((c) A state match, up to a maximum of fifty million dollars
34 annually, shall be provided beginning the later of January 1, 2014,
35 or January 1st next following the end of the fiscal year in which
36 collections of state retail sales and use tax, state business and
37 occupation tax, and state public utility tax exceed, by ten percent
38 the amounts collected from these tax resources in the fiscal year
39 that ended June 30, 2008, as determined by the department of
40 revenue.))~~

1 **Sec. 4.** RCW 28B.145.100 and 2022 c 211 s 3 are each amended to
2 read as follows:

3 (1)(a) The rural county high employer demand jobs program is
4 created to meet the workforce needs of business and industry in rural
5 counties by assisting students in earning certificates, associate
6 degrees, or other industry-recognized credentials necessary for
7 employment in high employer demand fields.

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

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

16 (d) The state (~~match must be based on donations and pledges~~
17 ~~received~~) must provide an annual appropriation for the state match,
18 on an equal dollar basis, not to exceed \$1,000,000 each fiscal
19 biennium.

20 (i) Appropriations for the state match in the biennial omnibus
21 operating appropriations act must be based on estimated donations and
22 pledges for those fiscal years as reported by the board to the office
23 of financial management as of the date each official state caseload
24 forecast is submitted by the caseload forecast council to the
25 legislative fiscal committees, as provided under RCW 43.88C.020.

26 (ii) Annually in the supplemental omnibus operating
27 appropriations act, the state match must be adjusted to donations
28 received and estimated pledges committed for the current fiscal
29 biennium as reported by the board to the office of financial
30 management as of the date each official state caseload forecast is
31 submitted by the caseload forecast council to the legislative fiscal
32 committees, as provided under RCW 43.88C.020. Additionally, the state
33 match for the current fiscal year must be adjusted to reflect the
34 excess or deficit between donations and pledges actually received in
35 the prior fiscal year and the state match provided in the prior
36 fiscal year.

37 (iii) The purpose of this subsection (1)(d) is to ensure the
38 predictable treatment of the program in the budget process by
39 clarifying the calculation process of the state match required by

1 this section and to ensure the program is budgeted at maintenance
2 level.

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

5 (a) Publicize the rural jobs program and conducting outreach to
6 eligible counties;

7 (b) In consultation with the state board for community and
8 technical colleges, any interested community or technical college
9 located in an eligible county, and the county's workforce development
10 council, identify high employer demand fields within the eligible
11 counties. When identifying high employer demand fields, the board
12 must consider:

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

17 (ii) The ability and capacity of the community and technical
18 college to meet the needs of qualifying students and industry in the
19 eligible county;

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

24 (d) Determine the annual scholarship fund amounts to be awarded
25 to selected students;

26 (e) Distribute funds to selected students;

27 (f) Notify institutions of higher education of the rural jobs
28 program recipients who will attend their institutions of higher
29 education and inform them of the scholarship fund amounts and terms
30 of the awards; and

31 (g) Establish and manage an account as provided under RCW
32 28B.145.110 to receive donations, grants, contributions from private
33 sources, and state matching funds, and from which to disburse
34 scholarship funds to selected students.

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

37 (a) Either:

38 (i) Be a resident of an eligible county;

39 (ii) Have attended and graduated from a school in an eligible
40 school district; or

1 (iii) Be enrolled in either a community or technical college
2 established under chapter 28B.50 RCW located in an eligible county or
3 participating in an eligible registered apprenticeship program under
4 chapter 28B.92 RCW in an eligible county;

5 (b) Be a resident student as defined in the Washington college
6 grant program in RCW 28B.92.200(5)(c);

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

10 (d) Have a family income that does not exceed seventy percent of
11 the state median family income adjusted for family size; and

12 (e) Demonstrate financial need according to the free application
13 for federal student aid or the Washington application for state
14 financial aid.

15 (4) To remain eligible for scholarship funds under the rural jobs
16 program, the student must meet satisfactory academic progress toward
17 completion of an eligible program as established by the program.
18 Rural jobs program eligibility may not extend beyond five years or
19 125 percent of the published length of the program in which the
20 student is enrolled or the credit or clock-hour equivalent.

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 **Sec. 5.** RCW 28B.145.120 and 2018 c 254 s 6 are each amended to
25 read as follows:

26 (1) The rural jobs program match transfer account is created in
27 the custody of the state treasurer as a nonappropriated account to be
28 used solely and exclusively for the rural jobs program created in RCW
29 28B.145.100. The purpose of the rural jobs program match transfer
30 account is to provide state matching funds for the rural jobs
31 program.

32 (2) Revenues to the rural jobs program match transfer account
33 shall consist of appropriations by the legislature into the rural
34 jobs program match transfer account.

35 (3) No expenditures from the rural jobs program match transfer
36 account may be made except upon receipt of proof, by the executive
37 director of the council from the program administrator, of private
38 contributions to the rural jobs program. Expenditures, in the form of

1 matching funds, may not exceed the total amount of private
2 contributions.

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

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

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

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

24 NEW SECTION. **Sec. 6.** RCW 28B.145.130 (Rural jobs program—State
25 matching funds) and 2018 c 254 s 7 are each repealed.

26 NEW SECTION. **Sec. 7.** This act is necessary for the immediate
27 preservation of the public peace, health, or safety, or support of
28 the state government and its existing public institutions, and takes
29 effect immediately.

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