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HOUSE BILL 3009

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State of Washington

65th Legislature

2018 Regular Session

By Representatives Dent and Holy

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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