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SECOND SUBSTITUTE SENATE BILL 5098

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State of Washington

60th Legislature

2007 Regular Session

**By** Senate Committee on Ways & Means (originally sponsored by Senators Rockefeller, Keiser, Weinstein, Fairley, Marr, Murray, Kastama, Kohl-Welles, Rasmussen, McAuliffe, Kauffman, Kilmer, Tom and Shin)

READ FIRST TIME 03/05/07.

1 AN ACT Relating to the Washington guaranteed scholarship program;  
2 amending RCW 28B.95.020; and adding a new chapter to Title 28B RCW.

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

4 NEW SECTION. **Sec. 1.** The legislature intends to inspire and  
5 encourage all Washington students to dream big by creating a guaranteed  
6 four-year tuition scholarship program for students from low-income  
7 families. The legislature finds that, too often, financial barriers  
8 prevent many of the brightest students from considering college as a  
9 future possibility. Often the cost of tuition coupled with the  
10 complexity of finding and applying for financial aid is enough to  
11 prevent a student from even applying to college. Many students become  
12 disconnected from the education system early on and may give up or drop  
13 out before graduation. It is the intent of the legislature to alert  
14 students early in their educational career to the options and  
15 opportunities available beyond high school.

16 NEW SECTION. **Sec. 2.** The higher education coordinating board  
17 shall design the Washington guaranteed scholarship program in  
18 accordance with this section.

1 (1) "Eligible students" are those students who qualify for free or  
2 reduced-price lunches. If a student qualifies in the seventh grade,  
3 the student remains eligible even if the student does not receive free  
4 or reduced-price lunches thereafter.

5 (2) Eligible students shall be notified of their eligibility for  
6 the Washington guaranteed scholarship program beginning in their  
7 seventh grade year. Students shall also be notified of the  
8 requirements for award of the scholarship.

9 (3) To be eligible for a Washington guaranteed scholarship, a  
10 student must sign a pledge during seventh or eighth grade that includes  
11 a commitment to graduate from high school with at least a C average and  
12 with no felony convictions. The pledge must be witnessed by a parent  
13 or guardian and forwarded to the higher education coordinating board by  
14 mail or electronically, as indicated on the pledge form.

15 (4)(a) Scholarships shall be awarded to eligible students  
16 graduating from public high schools, approved private high schools  
17 under chapter 28A.195 RCW, or who received home-based instruction under  
18 chapter 28A.200 RCW.

19 (b) To receive the Washington guaranteed scholarship, a student  
20 must graduate with at least a "C" average from a public high school or  
21 an approved private high school under chapter 28A.195 RCW in Washington  
22 or have received home-based instruction under chapter 28A.200 RCW, must  
23 have no felony convictions, and must be a resident student as defined  
24 in RCW 28B.15.012(2) (a) through (d).

25 (5) A student's family income will be assessed upon graduation  
26 before awarding the scholarship.

27 (6) If at graduation from high school the student's family income  
28 does not exceed sixty-five percent of the state median family income,  
29 scholarship award amounts shall be as provided in this section.

30 (a) For students attending two or four-year institutions of higher  
31 education as defined in RCW 28B.10.016, the value of the award shall be  
32 (i) the difference between the student's tuition and required fees,  
33 less the value of any state-funded grant, scholarship, or waiver  
34 assistance the student receives; (ii) plus five hundred dollars for  
35 books and materials.

36 (b) For students attending private four-year institutions of higher  
37 education in Washington, the award amount shall be the representative

1 average of awards granted to students in public research universities  
2 in Washington.

3 (c) For students attending private vocational schools in  
4 Washington, the award amount shall be the representative average of  
5 awards granted to students in public community and technical colleges  
6 in Washington.

7 (7) Recipients may receive no more than four full-time years' worth  
8 of scholarship awards.

9 (8) Institutions of higher education shall award the student all  
10 need-based and merit-based financial aid for which the student would  
11 otherwise qualify. The guaranteed scholarship is intended to replace  
12 unmet need, loans, and, at the student's option, work-study award  
13 before any other grants or scholarships are reduced.

14 (9) The first scholarships shall be awarded to students graduating  
15 in 2012.

16 (10) The state of Washington retains legal ownership of tuition  
17 units awarded as scholarships under this chapter until the tuition  
18 units are redeemed. These tuition units shall remain separately held  
19 from any tuition units owned under chapter 28B.95 RCW by a Washington  
20 guaranteed scholarship recipient.

21 (11) The scholarship award must be used within five years of  
22 receipt. Any unused scholarship tuition units revert to the Washington  
23 guaranteed scholarship account.

24 (12) Should the recipient terminate his or her enrollment for any  
25 reason during the academic year, the unused portion of the scholarship  
26 tuition units shall revert to the Washington guaranteed scholarship  
27 account.

28 NEW SECTION. **Sec. 3.** The office of the superintendent of public  
29 instruction shall:

30 (1) Notify elementary, middle, and junior high school students,  
31 parents, teachers, counselors, and principals about the Washington  
32 guaranteed scholarship program; and

33 (2) Work with the higher education coordinating board to develop  
34 application collection and student tracking procedures.

35 NEW SECTION. **Sec. 4.** The higher education coordinating board  
36 shall:

1 (1) With the assistance of the office of the superintendent of  
2 public instruction, implement and administer the Washington guaranteed  
3 scholarship program;

4 (2) Develop and distribute, to all schools with students enrolled  
5 in grade seven or eight, a pledge form that can be completed and  
6 returned electronically or by mail by the student or the school to the  
7 higher education coordinating board;

8 (3) Develop and implement a student application, selection, and  
9 notification process for scholarships;

10 (4) Track scholarship recipients to ensure continued eligibility  
11 and determine student compliance for awarding of scholarships;

12 (5) Subject to appropriation, deposit funds into the state  
13 educational trust fund;

14 (6) Purchase tuition units under the advanced college tuition  
15 payment program in chapter 28B.95 RCW to be owned and held in trust by  
16 the board, for the purpose of scholarship awards as provided for in  
17 this section; and

18 (7) Distribute scholarship funds, in the form of tuition units  
19 purchased under the advanced college tuition payment program in chapter  
20 28B.95 RCW or through direct payments from the state educational trust  
21 fund, to institutions of higher education on behalf of scholarship  
22 recipients identified by the board, as long as recipients maintain  
23 satisfactory academic progress.

24 NEW SECTION. **Sec. 5.** The higher education coordinating board may  
25 accept grants, gifts, bequests, and devises of real and personal  
26 property from any source for the purpose of granting financial aid in  
27 addition to that funded by the state.

28 NEW SECTION. **Sec. 6.** The higher education coordinating board may  
29 adopt rules to implement this chapter.

30 **Sec. 7.** RCW 28B.95.020 and 2005 c 272 s 1 are each amended to read  
31 as follows:

32 The definitions in this section apply throughout this chapter,  
33 unless the context clearly requires otherwise.

34 (1) "Academic year" means the regular nine-month, three-quarter, or

1 two-semester period annually occurring between August 1st and July  
2 31st.

3 (2) "Account" means the Washington advanced college tuition payment  
4 program account established for the deposit of all money received by  
5 the board from eligible purchasers and interest earnings on investments  
6 of funds in the account, as well as for all expenditures on behalf of  
7 eligible beneficiaries for the redemption of tuition units and for the  
8 development of any authorized college savings program pursuant to RCW  
9 28B.95.150.

10 (3) "Board" means the higher education coordinating board as  
11 defined in chapter 28B.76 RCW.

12 (4) "Committee on advanced tuition payment" or "committee" means a  
13 committee of the following members: The state treasurer, the director  
14 of the office of financial management, the executive director of the  
15 higher education coordinating board, or their designees, and two  
16 members to be appointed by the governor, one representing program  
17 participants and one private business representative with marketing,  
18 public relations, or financial expertise.

19 (5) "Governing body" means the committee empowered by the  
20 legislature to administer the Washington advanced college tuition  
21 payment program.

22 (6) "Contractual obligation" means a legally binding contract of  
23 the state with the purchaser and the beneficiary establishing that  
24 purchases of tuition units will be worth the same number of tuition  
25 units at the time of redemption as they were worth at the time of the  
26 purchase.

27 (7) "Eligible beneficiary" means the person for whom the tuition  
28 unit will be redeemed for attendance at an institution of higher  
29 education. The beneficiary is that person named by the purchaser at  
30 the time that a tuition unit contract is accepted by the governing  
31 body. Qualified organizations, as allowed under section 529 of the  
32 federal internal revenue code, purchasing tuition unit contracts as  
33 future scholarships need not designate a beneficiary at the time of  
34 purchase.

35 (8) "Eligible purchaser" means an individual or organization that  
36 has entered into a tuition unit contract with the governing body for  
37 the purchase of tuition units for an eligible beneficiary. The state

1 of Washington may be an eligible purchaser for purposes of purchasing  
2 tuition units to be held for granting Washington guaranteed  
3 scholarships.

4 (9) "Full-time tuition charges" means resident tuition charges at  
5 a state institution of higher education for enrollments between ten  
6 credits and eighteen credit hours per academic term.

7 (10) "Institution of higher education" means an institution that  
8 offers education beyond the secondary level and is recognized by the  
9 internal revenue service under chapter 529 of the internal revenue  
10 code.

11 (11) "Investment board" means the state investment board as defined  
12 in chapter 43.33A RCW.

13 (12) "State institution of higher education" means institutions of  
14 higher education as defined in RCW 28B.10.016.

15 (13) "Tuition and fees" means undergraduate tuition and services  
16 and activities fees as defined in RCW 28B.15.020 and 28B.15.041 rounded  
17 to the nearest whole dollar. For purposes of this chapter, services  
18 and activities fees do not include fees charged for the payment of  
19 bonds heretofore or hereafter issued for, or other indebtedness  
20 incurred to pay, all or part of the cost of acquiring, constructing, or  
21 installing any lands, buildings, or facilities.

22 (14) "Tuition unit contract" means a contract between an eligible  
23 purchaser and the governing body, or a successor agency appointed for  
24 administration of this chapter, for the purchase of tuition units for  
25 a specified beneficiary that may be redeemed at a later date for an  
26 equal number of tuition units.

27 (15) "Unit purchase price" means the minimum cost to purchase one  
28 tuition unit for an eligible beneficiary. Generally, the minimum  
29 purchase price is one percent of the undergraduate tuition and fees for  
30 the current year, rounded to the nearest whole dollar, adjusted for the  
31 costs of administration and adjusted to ensure the actuarial soundness  
32 of the account. The analysis for price setting shall also include, but  
33 not be limited to consideration of past and projected patterns of  
34 tuition increases, program liability, past and projected investment  
35 returns, and the need for a prudent stabilization reserve.

1        NEW SECTION.   **Sec. 8.**   Sections 1 through 6 of this act constitute  
2   a new chapter in Title 28B RCW.

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