

FINAL BILL REPORT

SHB 2612

C 208 L 14
Synopsis as Enacted

Brief Description: Changing provisions relating to the opportunity scholarship.

Sponsors: House Committee on Appropriations Subcommittee on Education (originally sponsored by Representatives Hansen, Haler, Zeiger and Seaquist).

House Committee on Higher Education
House Committee on Appropriations Subcommittee on Education
Senate Committee on Higher Education
Senate Committee on Ways & Means

Background:

In 2011 legislation was enacted that established the Opportunity Scholarship Program (Program) to support low and middle-income resident students pursuing eligible high-demand majors in science, technology, engineering, mathematics, and health care and to encourage scholarship recipients to work in the state upon completion of their degrees.

The Program is overseen by the Opportunity Scholarship Board (Board), which consists of seven members appointed by the Governor. For two of the appointments, the Governor must consider names submitted by the leadership of the Senate and the House of Representatives. For four of the appointments, the Governor must consider foundation or business and industry representatives from aerospace, manufacturing, health sciences, information technology, and other industries nominated by private-sector donors. Five members of the Board constitute a quorum for the transaction of business.

The Program Administrator manages two separate accounts to: (1) receive grants and contributions from private sources and state matching funds; and (2) distribute scholarship funds to participants. The accounts are:

- the Scholarship Account, from which scholarship monies are disbursed; and
- the Endowment Account, from which scholarship monies are disbursed only in certain circumstances.

The Opportunity Scholarship Match Transfer Account (Match Transfer Account) is a nonappropriated account, in the custody of the State Treasurer, used to provide matching funds for the Program.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Scholarships must be disbursed on May 1, annually. However, no new scholarships may be awarded, unless the Office of Financial Management (OFM) reports that the state has demonstrated progress toward the goal of per-student funding levels, from state appropriations plus tuition and fees, of at least the sixtieth percentile of total per-student funding at similar public institutions of higher education in the Global Challenge States.

The Washington State Investment Board (WSIB) has a fiduciary duty to manage public trust funds with the highest standard of professional conduct for the exclusive benefit of fund beneficiaries.

Summary:

The membership of the Board is increased to 11 members as follows:

- six, rather than three, members are appointed by the Governor with three of the names to be submitted by leadership in the Senate and the House of Representatives; and
- five, rather than four, members are appointed by the Governor from foundation or business and industry. The list of industries from which representatives may be appointed is updated to include engineering, agriculture, philanthropy, and health care, rather than health sciences.

The quorum requirement is increased to seven members.

The date for the annual disbursements of scholarship funds is changed from May 1 to October 1.

The OFM, when determining whether the state has demonstrated progress toward meeting the sixtieth percentile of Global Challenge States for total funding per student, must use resources that facilitate measurement and comparisons of the most recently completed academic year, including the statewide public four-year dashboard on the Education Data and Resource Center's website and academic year reports prepared by the State Board for Community and Technical Colleges.

The Board may have the WSIB invest funds in the Scholarship and Endowment Accounts with other funds subject to investment by the WSIB. Members of the WSIB are not insurers of the funds and are not liable for action or inaction, unless they act with willful dishonesty or intentional violation of the law.

The state acts in a fiduciary, rather than ownership, capacity once monies in the Match Transfer Account are deposited in the Scholarship and Endowment Accounts, and assets in these accounts are not considered state money, common cash, or revenue to the state.

The WSAC must enter into an agreement with the Program Administrator to demonstrate exchange of consideration for the matching funds.

Votes on Final Passage:

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| House | 75 | 23 | |
| Senate | 45 | 4 | (Senate amended) |

House 62 36 (House concurred)

Effective: June 12, 2014