

SENATE BILL REPORT

SB 5286

As Passed Senate, March 7, 1995

Title: An act relating to the state educational trust fund.

Brief Description: Changing provisions relating to the state educational grant account.

Sponsors: Senators Bauer, Wood, Sheldon and Kohl; by request of Higher Education Coordinating Board.

Brief History:

Committee Activity: Higher Education: 2/7/95, 2/20/95 [DP].
Passed Senate, 3/7/95, 49-0.

SENATE COMMITTEE ON HIGHER EDUCATION

Majority Report: Do pass.

Signed by Senators Bauer, Chair; Kohl, Vice Chair; A. Anderson, Drew, McAuliffe, Prince, Sheldon and Wood.

Staff: Jean Six (786-7423)

Background: Currently, the State Educational Grant Account (SEGA) administered by the Higher Education Coordinating Board (HECB) receives deposits from the repayment by students whose eligibility changes after the initial receipt of state student financial aid. Repayments made after the close of the biennium in which the funds were expended are returned to the account and are reappropriated for awards to other needy students. The account receives approximately \$130,000 per biennium. The 1995 balance is expected to be about \$295,000.

Summary of Bill: The state educational grant account is changed to a trust fund, allowing funds to be committed to a student years in advance of his or her actual entrance into college. The fund is used not only to support existing outreach efforts such as Upward Bound and other federal TRIO programs, but also locally-based community outreach and early awareness programs. The HECB sets aside monies for youth who complete an "early awareness" program.

The trust fund provides the vehicle for the state to meet its scholarship obligations under the federal National Early Intervention Scholarship Program (NEISP). (Washington is one of six states approved for participation in this new federal program.) Through this fund, the state offers "Early Promise" scholarships. Early Promise is the state's pledge to selected, at-risk youth that if they strive to be academically prepared and are admitted into college within two years of high school graduation, student aid will be there to assist in financing the educational costs. The award is paid out in increments, through the State Need Grant Program, once the student is admitted to an in-state college.

The trust fund serves as the repository for not only the repayments but other state appropriations, and private and federal appropriations such as those received through the NEISP. The initial funds are committed over a four-year period to eighth grade students who begin using the awards in the fall of 1998.

Appropriation: None.

Fiscal Note: Available.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: The trust fund is created to ensure the promise of college assistance to needy or disadvantaged students. The trust fund may receive not only refunds and recoveries of student aid from prior biennia, but also receive monies from other state, federal, or private sources. The trust fund becomes a flexible vehicle for both the purposes it now serves and as a means for implementing the financial aid portion of HECB sponsored or approved outreach programs such as the National Early Intervention Scholarship. This scholarship provides an incentive for at-risk kids who have completed an "early awareness" program.

Testimony Against: None.

Testified: PRO: John Klacik, HECB; Rhonda Coates, SBCTC.