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## Appropriations Committee

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### HB 2914

**Brief Description:** Creating the state financial aid account.

**Sponsors:** Representatives Kenney, Fromhold, Cox, Morell, Haigh and Wood.

#### Brief Summary of Bill

- Creates a state financial aid account to ensure that all appropriations designated for financial aid through statewide student financial aid programs are made available to students and to prevent unexpended financial aid funds from lapsing at the close of a fiscal year.

**Hearing Date:** 2/7/02

**Staff:** Laurie Schaffler (786-7143).

#### Background:

Ordinarily, appropriations lapse at the end of the fiscal period for which they are made. Under legislation enacted in 1997, the operating budget bill contains a "reappropriation" under which general fund appropriations that would otherwise lapse at the end of the fiscal year are deposited in the Incentive Savings Account and the Education Savings Account. This means that if appropriations made to the state student financial aid programs are not completely expended at the end of the fiscal year, they are deposited in the Education Savings Account. The Higher Education Coordinating Board is responsible for administering student financial aid appropriations during the fiscal year. Although the board attempts to spend the entire financial aid appropriation for aid to needy students, appropriations in some financial aid programs do lapse because of the difficulty of projecting student behavior and needs.

#### Summary of Bill:

The state financial aid account is created in the custody of the State Treasurer. The Higher Education Coordinating Board shall deposit five percent of the state general fund appropriation for the State Need Grant Program, the State Work Study Program, the Washington Scholars Program, and the Washington Award for Vocational Excellence (WAVE) program into the account. Expenditures from the account may only be used for

financial aid to students who are eligible for these programs. Only the executive director of the Higher Education Coordinating Board or the executive director's designee may authorize expenditures from the account. The amount of funds deposited into the account each fiscal year must be expended in the current or subsequent fiscal year.

**Appropriation:** None.

**Fiscal Note:** Not Requested.

**Effective Date:** The bill takes effect on July 1, 2002.