

# SENATE BILL REPORT

## SHB 2914

---

---

As Reported By Senate Committee On:  
Ways & Means, February 26, 2002

**Title:** An act relating to creating a financial aid account to ensure that all statewide student financial aid is made available.

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

**Sponsors:** House Committee on Appropriations (originally sponsored by Representatives Kenney, Fromhold, Cox, Morell, Haigh and Wood).

**Brief History:**

**Committee Activity:** Ways & Means: 2/25/02, 2/26/02 [DP].

---

### SENATE COMMITTEE ON WAYS & MEANS

**Majority Report:** Do pass.

Signed by Senators Brown, Chair; Regala, Vice Chair; Fairley, Vice Chair; Fraser, Hewitt, Honeyford, Kline, Kohl-Welles, Parlette, Poulsen, Rasmussen, Roach, Rossi, Sheahan, B. Sheldon, Snyder, Spanel, Thibaudeau and Winsley.

**Staff:** Karen Barrett (786-7711)

**Background:** Ordinarily, appropriations lapse at the end of the fiscal period for which they are made. Under legislation enacted in 1997, state general funds that would otherwise lapse are deposited or apportioned, depending on the character of the appropriation, into the Incentive Savings Account and the Educational Savings Account.

In the case of appropriations to state student financial aid programs, funds not fully expended by June 30 are deposited in the Education Savings Account principally for the purposes of K-12 construction and technology improvements. Subject to appropriation, 10 percent flows back to higher education institutions for distinguished professors, graduate fellowships and the community and technical colleges' faculty awards program.

The Higher Education Coordinating Board is responsible for administering student financial aid appropriations during the course of a fiscal year. Although the board attempts to spend the entire sum for college 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 function served by a new account is to receive unspent appropriations for four financial aid programs: State need Grant, State Work Study, Washington Scholars, and the Washington Award for Vocational Excellence (WAVE). The principal objective as stated in the bill is to see that funds lawmakers make available reach eligible students. Only the Executive Director of the Higher Education Coordinating Board or his or her designee may

authorize expenditures from the account. That action does not require an appropriation but the account's funds are subject to allotment procedures under current law.

**Appropriation:** None.

**Fiscal Note:** Available.

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

**Testimony For:** This bill enables state financial aid funds intended for college students to reach those individuals and further their post-secondary opportunities. It gives the Higher Education Coordinating Board a tool to manage appropriations across state fiscal years so that money is maximized to help qualified students. In fiscal year 2001, had such an account been in place, a few hundred thousand dollars could have been awarded to students for scholarships or grants in 2002 but instead, funds lapsed to the education savings account.

**Testimony Against:** None.

**Testified:** PRO: Representative Phyllis Kenney, prime sponsor; Bruce Botka, Higher Education Coordinating Board.