

HOUSE BILL REPORT

E2SSB 5598

As Reported By House Committee On:
Higher Education

Title: An act relating to higher education scholarships.

Brief Description: Creating the Washington promise scholarship program.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators McAuliffe, Finkbeiner, West, Jacobsen, Long, Kline, Costa, Snyder, Eide, Patterson, Hale and Winsley; by request of Governor Locke).

Brief History:

Committee Activity:

Higher Education: 3/26/99, 4/2/99 [DPA].

**Brief Summary of Engrossed Second Substitute Bill
(As Amended by House Committee)**

- Creates the Washington Promise Scholarship program that awards scholarships to students graduating from high school beginning with 1999 graduates.
- Depending on the availability of funds, scholarships will be *up to* the equivalent of two years of community college tuition.
- Scholarships are awarded to high school graduates who meet both academic and financial eligibility criteria.
- The awarding of Promise Scholarships is restricted to those years in which the State Need Grant program is funded at a level that provides aid to eligible students up to 65 percent of median family income.

HOUSE COMMITTEE ON HIGHER EDUCATION

Majority Report: Do pass as amended. Signed by 8 members: Representatives Carlson, Republican Co-Chair; Kenney, Democratic Co-Chair; Lantz, Democratic Vice Chair; Radcliff, Republican Vice Chair; Dunn; Edmonds; Esser and Gombosky.

Staff: Sherie Story (786-7120).

Background:

Currently Washington provides two merit-based scholarships to undergraduate higher education students. These scholarships include the Washington Award for Vocational Excellence (WAVE) and the Washington Scholars program. Under these programs, awards are presented to up to three students per legislative district based on vocational merit in the case of the WAVE program, and upon academic merit for the Washington Scholars program. The state's largest need-based financial aid program is the State Need Grant program which currently provides grants to about 50,000 students whose family incomes do not exceed 55 percent of the state's median family income.

Summary of Amended Bill:

The Higher Education Coordinating Board (HECB) is required to design and implement a Washington Promise Scholarship program that begins for students graduating from high school in 1999. Within available funds, the HECB is directed to give the highest priority to awarding scholarships to the maximum number of recipients who qualify. The HECB determines the amount and number of scholarships, but they will be no greater than two years of full-time resident community college tuition. The HECB is directed to evaluate the impact and effectiveness of the program and report its findings and make recommendations by November 1, 2000.

To be eligible for a promise scholarship, students must meet both academic and financial eligibility criteria. The academic requirement for students graduating in 1999, 2000, 2001, and 2002 is to be in the top 15 percent of their graduating class. Beginning with the graduating class of 2003, students must pass all parts of the Washington Assessment of Student Learning (WASL) on their first attempt when they take it as tenth graders. To meet the financial eligibility criteria, a student's family income may not exceed 135 percent of the state median family income (currently, this equals \$69,000 for a family of four). The HECB is directed to adjust financial eligibility if it finds that promise scholarships supplant federal scholarships or tax programs.

For eligible students graduating from high school in the years 1999, 2000, 2001, and 2002, the scholarships will be in the form of cash grants. Beginning with the graduating class of 2003, the scholarships will be in the form of tuition units purchased through the advanced college tuition payment program (GET). There are three differences between the use of these scholarship GET units and the current GET program units: (1) the scholarship units may only be used to attend accredited institutions of higher education in the state of Washington; (2) the scholarship units may not be transferred; and (3), the scholarship units may not be refunded to students.

The scholarships must be used within 10 years of being awarded.

The awarding of Promise Scholarships is restricted to those years in which the State Need Grant program is funded at a level that provides aid to eligible students up to 65 percent of median family income.

Amended Bill Compared to Engrossed Second Substitute Bill: High school graduation or its equivalent is made an eligibility requirement. Students graduating in the top 15 percent of their high school class in 1999, 2000, 2001, and 2002 are made eligible for scholarships in the form of grants. The Office of the Superintendent of Public Instruction is required to provide the names of these students to the HECB by June 30 of each year.

The provision is added that if the HECB finds that promise scholarships supplant any federal scholarship or tax program, then the board shall adjust the financial eligibility criteria to the level necessary to avoid supplanting.

The scholarship amount is increased to the equivalent of two years' rather than one year's worth of resident, full-time tuition at community colleges. The HECB is required to determine the amount of scholarships by July 15th of each year, after taking into account the availability of funds for the program.

A requirement is added that the scholarships be used within 10 years of being awarded. Transportation expenses are no longer an allowable use for the scholarships.

A requirement is added for the HECB to evaluate the impact and effectiveness of the promise scholarship program and report its findings and recommendations to the Governor and Legislature by November 1, 2000.

The awarding of Promise Scholarships is restricted to those years in which the State Need Grant program is funded at a level that provides aid to eligible students up to 65 percent of median family income.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Amended Bill: The bill contains an emergency clause and takes effect immediately.

Testimony For: The intent of this program is to give promise to students early on in the ninth and tenth grades. Using the tenth grade WASL encourages students to work hard. This program also provides much needed financial assistance to students from middle-class families.

This bill still includes several aspects of the Governor's original request, in that it provides merit-based, means-tested scholarships that encourage savings and reduce debt burden by providing scholarships through the GET program. The changes the Governor would like to see restored include the awarding of scholarships to students based on class rank for the years before the WASL is implemented. Also, the intent was that the scholarships be for two years. The Governor would rather see the award size reduced than exclude students meeting both the merit and financial requirements. Making the scholarships subject to appropriation rather than funded based on workload makes the program more affordable and conducive to legislative scrutiny. The program should be unaffected by federal tax credits for higher education, however, the Governor is supportive of the change to ensure that state dollars are not supplanting federal dollars.

This program will assist those students to attend college who are just a bit above the need grant limit. It is really a merit-based scholarship, providing assistance for those who have worked very hard. By providing students some choice, students can choose schools that fit their needs and state dollars go farther. Students knowing in high school that if they work hard they will get some assistance and can have choice about where to go to school are two extremely strong points.

(Concerns) The Higher Education Coordinating Board supports the concept of awarding scholarships based on academic merit. However, the State Need Grant program remains the board's priority, and it would not want to see new programs funded at the State Need Grant's expense. The board recognizes that the bill is an effort to complement the State Need Grant program and would like to help any way it can to make that work. The community and technical colleges think it is a priority to fully fund the State Need Grant program before we move to serve the middle class. The colleges would like to see the need grant goal of 65 percent of median family income reached first. This bill is confusing. Clearer direction needs to be given to the HECB about the program design and a clearer message needs to be sent to students and parents about what it takes to be eligible for a Washington promise

scholarship. The Washington Student Lobby appreciates the intent of this proposal, but under the restraints of 601 believes the state needs to fully fund the State Need Grant program before this program. The Foster Parents Association supports this bill and would like an amendment to include scholarships specifically for foster children.

(Neutral) The Council of Presidents (COP) appreciates the spirit of the Governor's Washington Promise initiative to provide incentives for academic achievement, but is a little worried about whether the state will be able to fully deliver on the expectations this promise will create in the future due to budget constraints. This initiative could be perceived as an entitlement program for some students that will take precedence over funding other important higher education requirements. The 2020 Commission constructed a coherent set of recommendations and cautioned policy makers about the importance of maintaining the integrity of the combined recommendations while implementing the various components. The COP agrees with the commission. The COP is on record in support of funding the State Need Grant at 65 percent of the median family income, and serving the most needy students first. The COP continues to believe that the State Need Grant program should be the state's primary financial aid initiative.

Testimony Against: None.

Testified: (In support) Senator Rosemary McAuliffe, prime sponsor; Carolyn Busch, Governor's Office; David Spangler, Saint Martin's College; Trent House, Washington Independent Student Advocates; Sabrina Stabbert and Julie Rorabaugh, students from Pacific Lutheran University; Carol Albers, Washington State Federation of Career Schools and Colleges; and Richard Peet, Foster Parents Association.

(Support with concerns) Bruce Botka, Higher Education Coordinating Board; Rhonda Coats, State Board for Community and Technical Colleges; and Cody Benson, Washington Student Lobby.

(Neutral) Terry Teale, Council of Presidents.