

# HOUSE BILL REPORT

## E2SSB 5098

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### As Reported by House Committee On:

Higher Education

Appropriations

**Title:** An act relating to the Washington college bound scholarship program.

**Brief Description:** Creating the Washington college bound scholarship program.

**Sponsors:** Senate Committee on Ways & Means (originally sponsored by Senators Rockefeller, Keiser, Weinstein, Fairley, Marr, Murray, Kastama, Kohl-Welles, Rasmussen, McAuliffe, Kauffman, Kilmer, Tom and Shin).

### Brief History:

#### Committee Activity:

Higher Education: 3/28/07, 3/29/07 [DPA];

Appropriations: 3/31/07, 4/2/07 [DPA(HE)].

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

- Creates the Washington College Bound Scholarship Program to provide a four-year tuition scholarship program for students from low-income families.
- Requires identification of eligible students in the seventh and eighth grades.

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### HOUSE COMMITTEE ON HIGHER EDUCATION

**Majority Report:** Do pass as amended. Signed by 9 members: Representatives Wallace, Chair; Sells, Vice Chair; Anderson, Ranking Minority Member; Buri, Assistant Ranking Minority Member; Hasegawa, Jarrett, McIntire, Roberts and Sommers.

**Staff:** Andrew Colvin (786-7304).

#### Background:

The State of Washington established a prepaid college tuition program known as the Guaranteed Education Tuition (GET) Program in 1998 to offer families a guaranteed way to

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save for future college tuition. Families can prepay for college tuition by buying GET units for use in the future. The state guarantees that the value of the units purchased will keep pace with increases in resident undergraduate tuition and state-mandated fees at the most expensive public university in Washington, currently either the University of Washington or Washington State University. The GET Program is a Qualified Tuition Program under Section 529 of the Internal Revenue Code and is governed by federal IRS rules and Washington State law (RCW 28B.95).

Today, the GET Program has approximately 70,000 accounts worth more than \$800 million.

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### **Summary of Amended Bill:**

The Washington College Bound Scholarship is created. To provide the scholarships, the Higher Education Coordinating Board (HECB) purchases GET units, which are then held in trust by the HECB and later distributed as scholarships to eligible students. Eligible students are students who qualify for free or reduced price lunches. Students are notified of their eligibility for the scholarship beginning in seventh grade. Home-schooled students are eligible for the scholarship program. To be awarded the scholarship an eligible student must pledge, during their seventh or eighth grade year, that they will:

- graduate from high school;
- graduate with a C average; and
- not have any felony convictions.

To receive the scholarship, the student must have kept the pledge, must at high school graduation have a family income not exceeding 65 percent of the state Median Family Income, and must be a resident.

The HECB shall work with the Office of the Superintendent of Public Instruction (OSPI) to identify potentially eligible students and implement and administer the program. In addition, the HECB develops and distributes the pledge forms, tracks scholarship recipients, and distributes scholarship funds.

The scholarship is equal to the difference between the cost of the student's tuition and fees at a public college or university, plus \$500 for books and materials, minus the value of any other state financial aid received for those items. The maximum award is for four years, and the first scholarships are awarded to students graduating from high school in 2012.

The award does not supplant other grants, scholarships or tax programs, and institutions must award a student all need-based and merit-based financial aid for which he or she qualifies. If the scholarship is not used within five years it reverts back to the account to be used for scholarships for other students.

Grants or gifts may be accepted by the HECB in addition to state funding. The HECB has rule-making authority to implement the program.

### **Amended Bill Compared to Engrossed Second Substitute Bill:**

Rather than the OSPI notifying students, parents, teachers, counselors, and principals about the program, the OSPI will notify the schools, and the schools will then notify the students, parents, and others.

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**Appropriation:** None.

**Fiscal Note:** Requested on March 27, 2007.

**Effective Date of Amended Bill:** The bill takes effect 90 days after adjournment of session in which bill is passed.

**Staff Summary of Public Testimony:**

(In support) Our state ranks 32nd in the percentage of low-income students who get a post-secondary education. At the same time, low-income students are a growing segment of the population. We need to remove financial constraints as a barrier to obtaining post-secondary education and training. Other states, such as Indiana and Oklahoma, have implemented similar programs and found that a higher percentage of students who participate in the programs continue their education after high school. In addition, participating students tend to stay in school and do better academically. This program takes advantage of the existing Guaranteed Education Tuition Program, and is intended to supplement the State Need Grant and other financial aid. When students and families see college as beyond their financial means, many students give up on their studies. This program is designed to change behavior and planning by providing hope to low-income students, at an earlier stage, that they will have the means to attend post-secondary education. Under this program, students will have a reliable funding source. The academic requirements are reasonable enough so that the program will be inclusive of students who, in junior high and high school, may not be sure of their direction, and may not be academic stars at that point. [There was also testimony that urged consideration of raising the academic eligibility requirements.] We need to educate more people to higher levels, and this will help. Although it will be expensive, it will be a worthwhile investment in the long run.

(Opposed) None.

**Persons Testifying:** Senator Rockefeller, prime sponsor; Ann Daley, Higher Education Coordinating Board; Nani Jackins Park, State Board for Community and Technical Colleges; Sherri Ballantyne, Bellevue Community College; Michael Itti, League of Education Voters; Ariann Griffin, Nicole Chrisp, and Ashley Preston, John Stanford Public Service Academy at Franklin High School; and Madeleine Thompson, Workforce Training and Education Coordinating Board.

**Persons Signed In To Testify But Not Testifying:** None.

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**HOUSE COMMITTEE ON APPROPRIATIONS**

**Majority Report:** Do pass as amended by Committee on Higher Education. Signed by 33 members: Representatives Sommers, Chair; Dunshee, Vice Chair; Alexander, Ranking Minority Member; Bailey, Assistant Ranking Minority Member; Haler, Assistant Ranking Minority Member; Anderson, Buri, Chandler, Cody, Conway, Darneille, Ericks, Fromhold, Grant, Haigh, Hinkle, Hunt, Hunter, Kagi, Kenney, Kessler, Kretz, Linville, McDermott, McDonald, McIntire, Morrell, Pettigrew, Priest, Schual-Berke, Seaquist, P. Sullivan and Walsh.

**Minority Report:** Do not pass. Signed by 1 member: Representative Dunn.

**Staff:** Debbie Driver (786-7143).

**Summary of Recommendation of Committee On Appropriations Compared to Recommendation of Committee On Higher Education:**

No new changes were recommended.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date of Amended Bill:** The bill takes effect 90 days after adjournment of session in which bill is passed.

**Staff Summary of Public Testimony:**

(In support) Currently over one million adults in the state hold a high school diploma or less with no college experience. Research shows that falling short of the educational tipping point of at least one year of college limits access to family wage employment. The state's economy relies on citizen access to higher education. This bill holds promise for young people by providing them opportunities to think and dream and consider higher education options while still in middle school. It also provides resources for students to attend college.

(Opposed) None.

**Persons Testifying:** Nani Jenkins Park, State Board of Community and Technical Colleges.

**Persons Signed In To Testify But Not Testifying:** None