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**HOUSE BILL 1123**

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**State of Washington 66th Legislature 2019 Regular Session**

**By** Representatives Pollet, Kilduff, Slatter, Peterson, Valdez, Ryu, Jinkins, Macri, Wylie, Goodman, Doglio, Robinson, Stanford, Frame, Shewmake, and Leavitt

AN ACT Relating to establishing the Washington promise, providing for affordable access to postsecondary education; amending RCW 43.88C.010, 28B.92.010, 28B.92.030, 28B.92.060, and 28B.118.005; reenacting and amending RCW 28B.145.030, 28B.145.040, and 28B.145.090; adding a new section to chapter 28B.92 RCW; adding a new chapter to Title 28B RCW; repealing RCW 28B.119.005, 28B.119.010, 28B.119.020, 28B.119.030, 28B.119.040, 28B.119.050, and 28B.119.900; making an appropriation; providing an effective date; providing an expiration date; and declaring an emergency.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

NEW SECTION. **Sec.**  The Washington promise is the state's commitment to provide access to affordable higher education for low-income and moderate-income students. This commitment includes the state's successful college bound scholarship program and the state need grant. The legislature recognizes that these programs help fulfill this promise, but finds that the state can do more to provide affordable access to postsecondary opportunities. Therefore, the legislature intends to expand the Washington promise by strengthening funding for the state need grant and by creating a new Washington promise program.

The Washington promise program is established to make the first two years of college affordable and accessible to low-income and moderate-income Washingtonians by offering a tuition waiver for eligible students enrolled in an associate degree or certificate program offered by Washington's community and technical colleges. The program's purpose is to encourage Washington residents who have not yet earned an associate's degree to enroll in and successfully complete an associate's degree or certificate that will lead to better career opportunities and further education. The legislature finds that increasing the number of residents with associate degrees will lead to increased attainment for higher-level degrees as students may transfer to comprehensive or research universities. By making a higher education credential more affordable and accessible, Washington will progress towards the legislature's attainment goal of seventy percent of Washington adults having a postsecondary credential by 2023.

The legislature intends to implement the Washington promise program in phases, starting with a pilot and then a free thirteenth year. The legislature recognizes that free thirteenth year programs and promise programs are proven to significantly increase high school graduation rates by ensuring high school graduates know they can attend a community or technical college regardless of their family income. Thus, investment in these programs is an evidence-based means to improve high school graduation rates and to reduce, or even eliminate, opportunity gaps in postsecondary education for students from underrepresented minority groups, for low-income students, for foster youth, and for students with disabilities. The Washington promise program will help fulfill Washington's ultimate promise of affordable and accessible higher education for all.

NEW SECTION. **Sec.**  The definitions in this section apply throughout this chapter unless the context clearly requires otherwise.

(1) "Board" means the state board for community and technical colleges.

(2) "Community or technical college" means the community or technical colleges governed under chapter 28B.50 RCW.

(3) "Eligible degree or certificate program" means:

(a) An associate degree program;

(b) Academic programs with credits that can fully transfer via an articulation agreement toward a baccalaureate degree or postbaccalaureate degree at an institution of higher education; or

(c) Professional and technical programs that lead to a recognized postsecondary credential.

(4) "Gift aid" means financial aid received from the federal Pell grant, the state need grant program under chapter 28B.92 RCW, the college bound scholarship program under chapter 28B.118 RCW, the opportunity grant program under chapter 28B.50 RCW, the opportunity scholarship program under chapter 28B.145 RCW, or any other state grant or scholarship program that provides funds for educational purposes with no obligation of repayment. "Gift aid" does not include student loans and work-study programs.

(5) "Office" means the office of student financial assistance.

(6) "Program" means the Washington promise program.

(7) "Resident student" has the same meaning as in RCW 28B.15.012(2) (a) through (e).

NEW SECTION. **Sec.**  (1) For the 2019-20 academic year, the office, in consultation with the board, shall establish a Washington promise pilot program at up to five cities or counties within the following parameters:

(a) The two largest cities in the state;

(b) One city or county must be located on the east side of the Cascade mountains; and

(c) One or two cities or counties must be located on the west side of the Cascade mountains.

(2) The Washington promise pilot program shall provide tuition free access to community and technical colleges within the participating city or county for students who have recently earned a high school diploma or the equivalent. To participate in the pilot program, selected cities and counties must match any state funds they receive to implement the pilot program. The city or county matching funds for the pilot program may be the same contributions the city or county provided to the Washington state opportunity scholarship program for the student support pathways account.

NEW SECTION. **Sec.**  (1) Subject to the availability of amounts appropriated for this specific purpose, the office shall administer the Washington promise program for resident students seeking an associate's degree or certificate from a community or technical college under the terms and conditions in this section.

(2) To be eligible for the program, a resident student who has not previously earned an associate's degree must be enrolled in a community or technical college in an eligible degree or certificate program.

(3) Students must complete the free application for federal student aid or the Washington application for state financial aid each academic year in which they seek eligibility for the program.

(4) To remain eligible for the program, once a student has earned forty-five credits, the student must maintain a cumulative grade point average of 2.0.

(5) For the 2020-21 academic year, eligible students shall receive an award for a free thirteenth year, or three academic quarters, if they meet the following requirements:

(a) Have graduated high school within the past six calendar months before enrolling in a community or technical college; and

(b) Have a family income that does not exceed seventy percent of the state median family income, adjusted for family size.

(6) For the 2021-22 academic year, eligible students shall receive an award for six academic quarters if they meet the following requirements:

(a) Have obtained a high school diploma or its equivalent within the past six calendar months before enrolling in a community or technical college; and

(b) Have a family income that does not exceed seventy percent of the state median family income, adjusted for family size.

(7) For the 2022-23 and 2023-24 academic years, eligible students shall receive an award for six academic quarters if they meet the following requirements:

(a) Have obtained a high school diploma or its equivalent within the past sixteen calendar months before enrolling in a community or technical college; and

(b) Have a family income that does not exceed the state median family income, adjusted for family size.

(8) Beginning with the 2024-25 academic year, eligible students shall receive an award for six academic quarters if they meet the following requirements:

(a) Have obtained a high school diploma or its equivalent; and

(b) Have a family income that does not exceed the state median family income, adjusted for family size.

(9)(a) The office shall award grants to eligible students for an amount up to the cost of tuition fees as defined in RCW 28B.15.020, and services and activities fees as defined in RCW 28B.15.041, less all other gift aid. The student shall also receive a cost of attendance stipend if the student meets the criteria in (b) of this subsection. The calculation in this subsection (9)(a) shall not result in a reduction of gift aid.

(b) Eligible students with a family income that does not exceed seventy percent of the state median family income, adjusted for family size, shall receive an annual stipend of five hundred dollars for books and other related higher education expenses. If a student eligible for the stipend under this subsection (9)(b) is enrolled less than full time, the student must receive a prorated stipend based on the number of credits in which the student is enrolled.

(10) The office shall advertise and market the Washington promise program, state need grant program, and college bound scholarship program as the Washington promise to ensure that Washington students and residents understand that there is an affordable, easily accessible path to higher education.

NEW SECTION. **Sec.**  The board shall develop a plan to provide all program students who are enrolled at a community or technical college with a quarter-long student success course, during or before their first enrollment period, that teaches essential skills for college success. Essential skills may include tips for study habits and time management, financial aid information and resources, connecting students with advisors, encouraging student mentoring, helping establish student cohorts, and providing information about services available on campus. The plan must address how the board will ensure that students receiving a Washington promise program grant are enrolled in a quarter-long student success course during or before their first quarter of eligibility. The board shall provide the plan to the relevant committees of the legislature by December 1, 2019, and begin implementation of the plan for the 2020-21 academic year.

NEW SECTION. **Sec.**  (1) The office, in collaboration with the state board for community and technical colleges, shall conduct a study on the effectiveness of the Washington promise program including, but not limited to: Any increase in enrollments in community or technical colleges; any decreases in enrollments elsewhere in institutions of higher education; and changes in student persistence, completion, and time-to-degree rates in eligible degree and certificate programs. The study shall include an analysis on the demand for student services, such as advising and student success courses, recommendations to improve student services and outcomes, and the financial impact of the program on Washington promise students. The office shall report its findings to the relevant committees of the legislature by December 1, 2024.

(2) This section expires December 1, 2025.

NEW SECTION. **Sec.**  The caseload forecast council shall estimate the anticipated caseload of the program and submit this forecast as required under RCW 43.88C.020.

NEW SECTION. **Sec.**  The office may adopt rules to implement this chapter.

NEW SECTION. **Sec.**  This chapter may be known and cited as the Washington promise program.

**Sec.**  RCW 43.88C.010 and 2018 c 208 s 4 are each amended to read as follows:

(1) The caseload forecast council is hereby created. The council shall consist of two individuals appointed by the governor and four individuals, one of whom is appointed by the chairperson of each of the two largest political caucuses in the senate and house of representatives. The chair of the council shall be selected from among the four caucus appointees. The council may select such other officers as the members deem necessary.

(2) The council shall employ a caseload forecast supervisor to supervise the preparation of all caseload forecasts. As used in this chapter, "supervisor" means the caseload forecast supervisor.

(3) Approval by an affirmative vote of at least five members of the council is required for any decisions regarding employment of the supervisor. Employment of the supervisor shall terminate after each term of three years. At the end of the first year of each three-year term the council shall consider extension of the supervisor's term by one year. The council may fix the compensation of the supervisor. The supervisor shall employ staff sufficient to accomplish the purposes of this section.

(4) The caseload forecast council shall oversee the preparation of and approve, by an affirmative vote of at least four members, the official state caseload forecasts prepared under RCW 43.88C.020. If the council is unable to approve a forecast before a date required in RCW 43.88C.020, the supervisor shall submit the forecast without approval and the forecast shall have the same effect as if approved by the council.

(5) A councilmember who does not cast an affirmative vote for approval of the official caseload forecast may request, and the supervisor shall provide, an alternative forecast based on assumptions specified by the member.

(6) Members of the caseload forecast council shall serve without additional compensation but shall be reimbursed for travel expenses in accordance with RCW 44.04.120 while attending sessions of the council or on official business authorized by the council. Nonlegislative members of the council shall be reimbursed for travel expenses in accordance with RCW 43.03.050 and 43.03.060.

(7) "Caseload," as used in this chapter, means:

(a) The number of persons expected to meet entitlement requirements and require the services of public assistance programs, state correctional institutions, state correctional noninstitutional supervision, state institutions for juvenile offenders, the common school system, long-term care, medical assistance, foster care, and adoption support;

(b) The number of students who are eligible for the Washington college bound scholarship program and are expected to attend an institution of higher education as defined in RCW 28B.92.030;

(c) The number of students who are eligible for the Washington promise program and are expected to attend a community or technical college as defined in section 2 of this act;

(d) The number of students who are eligible for the state need grant under RCW 28B.92.060 and are expected to attend an institution of higher education as defined in RCW 28B.10.016, an independent four-year institution of higher education, or a private vocational institution; and

(e) The number of children who are eligible, as defined in RCW 43.216.505, to participate in, and the number of children actually served by, the early childhood education and assistance program.

(8) The caseload forecast council shall forecast the temporary assistance for needy families and the working connections child care programs as a courtesy.

(9) The caseload forecast council shall forecast youth participating in the extended foster care program pursuant to RCW 74.13.031 separately from other children who are residing in foster care and who are under eighteen years of age.

(10) The caseload forecast council shall forecast the number of youth expected to receive behavioral rehabilitation services while involved in the foster care system and the number of screened in reports of child abuse or neglect.

(11) Unless the context clearly requires otherwise, the definitions provided in RCW 43.88.020 apply to this chapter.

**Sec.**  RCW 28B.92.010 and 2014 c 1 s 1 are each amended to read as follows:

The purposes of this chapter are to establish the principles upon which the state financial aid programs will be based and to establish the state of Washington state need grant program as part of the Washington promise, thus assisting financially needy or disadvantaged students domiciled in Washington to obtain the opportunity of attending an accredited institution of higher education. State need grants under this chapter are available only to students who are resident students as defined in RCW 28B.15.012(2) (a) through (e) or any person who has completed the full senior year of high school and obtained a high school diploma, either at a Washington public high school or private high school approved under chapter 28A.195 RCW, or a person who has received the equivalent of a diploma; who has lived in Washington state for at least three years immediately before receiving the diploma or its equivalent; who has continuously lived in the state of Washington after receiving the diploma or its equivalent and until such time as the individual is admitted to an eligible institution of higher education and has been granted deferred action for childhood arrival status pursuant to the rules and regulations adopted by the United States citizenship and immigration services.

**Sec.**  RCW 28B.92.030 and 2013 c 248 s 2 are each amended to read as follows:

As used in this chapter:

(1) "Council" means the student achievement council.

(2) "Disadvantaged student" means a posthigh school student who by reason of adverse cultural, educational, environmental, experiential, familial or other circumstances is unable to qualify for enrollment as a full-time student in an institution of higher education, who would otherwise qualify as a needy student, and who is attending an institution of higher education under an established program designed to qualify the student for enrollment as a full-time student.

(3) "Financial aid" means loans and/or grants to needy students enrolled or accepted for enrollment as a student at institutions of higher education.

(4) "Former foster youth" means a person who is at least eighteen years of age, but not more than twenty-four years of age, who was a dependent of the department of children, youth, and families at the time he or she attained the age of eighteen.

(5) "Homeless youth" means a person who was verified on or after July 1st of the prior academic year as an unaccompanied youth experiencing homelessness, before age twenty-one.

(6) "Institution" or "institutions of higher education" means:

(a) Any public university, college, community college, or technical college operated by the state of Washington or any political subdivision thereof; or

(b) Any other university, college, school, or institute in the state of Washington offering instruction beyond the high school level that is a member institution of an accrediting association recognized by rule of the council for the purposes of this section and that agrees to and complies with program rules adopted pursuant to RCW 28B.92.150. However, any institution, branch, extension or facility operating within the state of Washington that is affiliated with an institution operating in another state must be:

(i) A separately accredited member institution of any such accrediting association;

(ii) A branch of a member institution of an accrediting association recognized by rule of the council for purposes of this section, that is eligible for federal student financial aid assistance and has operated as a nonprofit college or university delivering on-site classroom instruction for a minimum of twenty consecutive years within the state of Washington, and has an annual enrollment of at least seven hundred full-time equivalent students; or

(iii) A nonprofit institution recognized by the state of Washington as provided in RCW 28B.77.240.

((~~(5)~~)) (7) "Maximum state need grant award" means the following:

(a) For a student attending a four-year institution of higher education, the award shall be equal to tuition fees as defined in RCW 28B.15.020 and services and activities fees as defined in RCW 28B.15.041, but not to exceed tuition fees and services and activities fees at the highest priced public institution of higher education in the state; or

(b) For a student attending a two-year institution of higher education, the award shall be equal to tuition fees as defined in RCW 28B.15.020 and services and activities fees as defined in RCW 28B.15.041, but not to exceed tuition fees and services and activities fees at the state's community and technical colleges.

(8) "Needy student" means a posthigh school student of an institution of higher education who demonstrates to the office the financial inability, either through the student's parents, family and/or personally, to meet the total cost of board, room, books, and tuition and incidental fees for any semester or quarter. "Needy student" also means an opportunity internship graduate as defined by RCW 28C.18.162 who enrolls in a postsecondary program of study as defined in RCW 28C.18.162 within one year of high school graduation.

((~~(6)~~)) (9) "Office" means the office of student financial assistance.

((~~(7)~~)) (10) "Placebound student" means a student who (a) is unable to complete a college program because of family or employment commitments, health concerns, monetary inability, or other similar factors; and (b) may be influenced by the receipt of an enhanced student financial aid award to complete a baccalaureate degree at an eligible institution.

**Sec.**  RCW 28B.92.060 and 2012 c 229 s 558 are each amended to read as follows:

((~~In awarding need grants~~)) (1) The office shall award the maximum state need grant award to students whose median family income is at or below the following thresholds:

(a) For the 2019-20 and 2020-21 academic years, sixty percent of the state median family income, adjusted for family size;

(b) For the 2021-22 and 2022-23 academic years, seventy percent of the state median family income, adjusted for family size; and

(c) Beginning with the 2023-24 academic year, one hundred percent of the state median family income, adjusted for family size.

(2) Until the 2023-24 academic year, if a student has a median family income above the thresholds outlined in subsection (1)(a) and (b) of this section, the office shall proceed substantially as follows: PROVIDED, That nothing contained herein shall be construed to prevent the office, in the exercise of its sound discretion, from following another procedure when the best interest of the program so dictates: ((~~(1)~~)) The office shall ((~~annually select the~~)) prioritize financial aid awards ((~~recipients from among Washington residents applying for student financial aid who have been ranked according to~~)) in the following way:

(a) Financial need as determined by the amount of the family contribution; and

(b) Other considerations, such as whether the student is a former foster or homeless youth, or is a placebound student who has completed an associate of arts or associate of science degree or its equivalent.

((~~(2)~~)) (3) The financial need of the highest ranked students shall be met by grants depending upon the evaluation of financial need until the total allocation has been disbursed. Funds from grants which are declined, forfeited or otherwise unused shall be reawarded until disbursed, except that eligible former foster youth shall be assured receipt of a grant. The office, in consultation with four-year institutions of higher education, the council, and the state board for community and technical colleges, shall develop award criteria and methods of disbursement based on level of need, and not solely rely on a first-come, first-served basis.

((~~(3)~~)) (4) A student shall be eligible to receive a state need grant for up to five years, or the credit or clock hour equivalent of five years, or up to one hundred twenty-five percent of the published length of time of the student's program. A student may not start a new associate degree program as a state need grant recipient until at least five years have elapsed since earning an associate degree as a need grant recipient, except that a student may earn two associate degrees concurrently. Qualifications for renewal will include maintaining satisfactory academic progress toward completion of an eligible program as determined by the office. Should the recipient terminate his or her enrollment for any reason during the academic year, the unused portion of the grant shall be returned to the state educational grant fund by the institution according to the institution's own policy for issuing refunds, except as provided in RCW 28B.92.070.

((~~(4)~~)) (5) In computing financial need, the office shall determine a maximum student expense budget allowance, not to exceed an amount equal to the total maximum student expense budget at the public institutions plus the current average state appropriation per student for operating expense in the public institutions. Any child support payments received by students who are parents attending less than half-time shall not be used in computing financial need.

((~~(5)~~)) (6)(a) A student who is enrolled in three to six credit-bearing quarter credits, or the equivalent semester credits, may receive a grant for up to one academic year before beginning a program that leads to a degree or certificate.

(b) An eligible student enrolled on a less-than-full-time basis shall receive a prorated portion of his or her state need grant for any academic period in which he or she is enrolled on a less-than-full-time basis, as long as funds are available.

(c) An institution of higher education may award a state need grant to an eligible student enrolled in three to six credit-bearing quarter credits, or the semester equivalent, on a provisional basis if:

(i) The student has not previously received a state need grant from that institution;

(ii) The student completes the required free application for federal student aid;

(iii) The institution has reviewed the student's financial condition, and the financial condition of the student's family if the student is a dependent student, and has determined that the student is likely eligible for a state need grant; and

(iv) The student has signed a document attesting to the fact that the financial information provided on the free application for federal student aid and any additional financial information provided directly to the institution is accurate and complete, and that the student agrees to repay the institution for the grant amount if the student submitted false or incomplete information.

((~~(6) As used in this section, "former foster youth" means a person who is at least eighteen years of age, but not more than twenty-four years of age, who was a dependent of the department of social and health services at the time he or she attained the age of eighteen.~~))

**Sec.**  RCW 28B.118.005 and 2007 c 405 s 1 are each amended to read as follows:

The legislature intends to inspire and encourage all Washington students to dream big by creating a guaranteed four-year tuition scholarship program for students from low-income families as part of the Washington promise. The legislature finds that, too often, financial barriers prevent many of the brightest students from considering college as a future possibility. Often the cost of tuition coupled with the complexity of finding and applying for financial aid is enough to prevent a student from even applying to college. Many students become disconnected from the education system early on and may give up or drop out before graduation. It is the intent of the legislature to alert students early in their educational career to the options and opportunities available beyond high school.

**Sec.**  RCW 28B.145.030 and 2018 c 209 s 8, 2018 c 204 s 2, and 2018 c 114 s 4 are each reenacted and amended to read as follows:

(1) The program administrator shall provide administrative support to execute the duties and responsibilities provided in this chapter, including but not limited to publicizing the program, selecting participants for the opportunity scholarship award, distributing opportunity scholarship awards, and achieving the maximum possible rate of return on investment of the accounts in subsection (2) of this section, while ensuring transparency in the investment decisions and processes. Duties, exercised jointly with the board, include soliciting funds and setting annual fund-raising goals. The program administrator shall be paid an administrative fee as determined by the board.

(2) With respect to the opportunity scholarship program, the program administrator shall:

(a) Establish and manage ((~~three separate~~)) the specified accounts created in (b) of this subsection, into which to receive grants and contributions from private sources as well as state matching funds, and from which to disburse scholarship funds to participants;

(b) Solicit and accept grants and contributions from private sources, via direct payment, pledge agreement, or escrow account, of private sources for deposit into any of the ((~~three~~)) specified accounts created in this subsection (2)(b) upon the direction of the donor and in accordance with this subsection (2)(b):

(i) The "scholarship account," whose principal may be invaded, and from which scholarships must be disbursed for baccalaureate programs beginning no later than December 1, 2011, if, by that date, state matching funds in the amount of five million dollars or more have been received. Thereafter, scholarships shall be disbursed on an annual basis beginning no later than May 1, 2012, and every October 1st thereafter;

(ii) The "student support pathways account," whose principal may be invaded, and from which scholarships may be disbursed for professional-technical certificate or degree programs in the fiscal year following appropriations of state matching funds. Thereafter, scholarships shall be disbursed on an annual basis;

(iii) The "advanced degrees pathways account," whose principal may be invaded, and from which scholarships may be disbursed for eligible advanced degree programs in the fiscal year following appropriations of state matching funds. Thereafter, scholarships shall be disbursed on an annual basis;

(iv) The "endowment account," from which scholarship moneys may be disbursed for baccalaureate programs from earnings only in years when:

(A) The state match has been made into both the scholarship and the endowment account; and

(B) The state appropriations for the state need grant under RCW 28B.92.010 meet or exceed state appropriations for the state need grant made in the 2011-2013 biennium, adjusted for inflation, and eligibility for state need grant recipients is at least seventy percent of state median family income;

(v) An amount equal to at least fifty percent of all grants and contributions must be deposited into the scholarship account until such time as twenty million dollars have been deposited into the scholarship account, after which time the private donors may designate whether their contributions must be deposited to the scholarship account, the student support pathways account, the advanced degrees pathways account, or the endowment account((~~s~~)). The board and the program administrator must work to maximize private sector contributions to ((~~the scholarship account, the student support pathways account, the advanced degrees pathways account, and the endowment account,~~)) these accounts to maintain a robust scholarship program while simultaneously building the endowment, and to determine the division between the ((~~scholarship, the student support pathways, the advanced degrees pathways, and the endowment~~)) accounts in the case of undesignated grants and contributions, taking into account the need for a long‑term funding mechanism and the short‑term needs of families and students in Washington. The first five million dollars in state match, as provided in RCW 28B.145.040, shall be deposited into the scholarship account and thereafter the state match shall be deposited into the ((~~three~~)) specified accounts created in this subsection (2)(b) in equal proportion to the private funds deposited in each account, except that no more than one million dollars in state match shall be deposited into the advanced degrees pathways account in a single fiscal biennium; and

(vi) Once moneys in the opportunity scholarship match transfer account are subject to an agreement under RCW 28B.145.050(5) and are deposited in the scholarship account, the student support pathways account, the advanced degrees pathways account, or the endowment account under this section, the state acts in a fiduciary rather than ownership capacity with regard to those assets. Assets in the scholarship account, the student support pathways account, the advanced degrees pathways account, and the endowment account are not considered state money, common cash, or revenue to the state;

(c) Provide proof of receipt of grants and contributions from private sources to the council, identifying the amounts received by name of private source and date, and whether the amounts received were deposited into the scholarship account, the student support pathways account, the advanced degrees pathways account, or the endowment account((~~s~~));

(d) In consultation with the council and the state board for community and technical colleges, make an assessment of the reasonable annual eligible expenses associated with eligible education programs and eligible advanced degree programs identified by the board;

(e) Determine the dollar difference between tuition fees charged by institutions of higher education in the 2008-09 academic year and the academic year for which an opportunity scholarship is being distributed;

(f) Develop and implement an application, selection, and notification process for awarding opportunity scholarships;

(g) Determine the annual amount of the opportunity scholarship for each selected participant. The annual amount shall be at least one thousand dollars or the amount determined under (e) of this subsection, but may be increased on an income-based, sliding scale basis up to the amount necessary to cover all reasonable annual eligible expenses as assessed pursuant to (d) of this subsection, or to encourage participation in professional-technical certificate programs, professional-technical degree programs, ((~~or~~)) baccalaureate degree programs, or eligible advanced degree programs identified by the board;

(h) Distribute scholarship funds to selected participants. Once awarded, and to the extent funds are available for distribution, an opportunity scholarship shall be automatically renewed as long as the participant annually submits documentation of filing both a free application for federal student aid (FAFSA) and for available federal education tax credits including, but not limited to, the American opportunity tax credit, or if ineligible to apply for federal student aid, the participant annually submits documentation of filing a state financial aid application as approved by the office of student financial assistance; and until the participant withdraws from or is no longer attending the program, completes the program, or has taken the credit or clock hour equivalent of one hundred twenty-five percent of the published length of time of the participant's program, whichever occurs first;

(i) Notify institutions of scholarship recipients who will attend their institutions and inform them of the terms of the students' eligibility;

(j) Establish a required service obligation for participants enrolled in an eligible advanced degree program, and establish a process for verifying a participant's employment in a service obligation area; and

(k) Establish a repayment obligation and appeals process for participants who serve less than the required service obligation, unless the program administrator determines the circumstances are beyond the participant's control. If the participant is unable to pay the repayment obligation in full, the participant may enter into payment arrangements with the program administrator. The program administrator is responsible for the collection of repayment obligations on behalf of participants who fail to complete their service obligation.

(3) With respect to the opportunity expansion program, the program administrator shall:

(a) Assist the board in developing and implementing an application, selection, and notification process for making opportunity expansion awards; and

(b) Solicit and accept grants and contributions from private sources for opportunity expansion awards.

**Sec.**  RCW 28B.145.040 and 2018 c 209 s 9 and 2018 c 114 s 5 are each reenacted and amended to read as follows:

(1) The opportunity scholarship program is established.

(2) The purpose of this scholarship program is to provide scholarships that will help low and middle-income Washington residents earn professional-technical certificates, professional-technical degrees, or baccalaureate degrees in high employer demand and other programs of study and advanced degrees in health professions needed in service obligation areas, and encourage them to remain in the state to work. The program must be designed for students starting professional-technical certificate or degree programs, students starting at two-year institutions of higher education and intending to transfer to four-year institutions of higher education, students starting at four-year institutions of higher education, and students enrolled in an eligible advanced degree program.

(3) The opportunity scholarship board shall determine which programs of study, including but not limited to high employer demand programs, are eligible for purposes of the opportunity scholarship. For eligible advanced degree programs, the board shall limit scholarships to eligible students enrolling in programs that lead to credentials in health professions needed in service obligation areas.

(4)(a) The source of funds for the program shall be a combination of private grants and contributions and state matching funds. A state match may be earned under this section for private contributions made on or after June 6, 2011. A state match, up to a maximum of fifty million dollars annually, shall be provided beginning the later of January 1, 2014, or January 1st next following the end of the fiscal year in which collections of state retail sales and use tax, state business and occupation tax, and state public utility tax exceed, by ten percent the amounts collected from these tax resources in the fiscal year that ended June 30, 2008, as determined by the department of revenue.

(b) For the purposes of the student support pathways account, contributions collected from cities and counties must be treated as private contributions for the purpose of the state match. The state match for these contributions may be provided as soon as proof of receipt for city and county contributions is provided to the council.

**Sec.**  RCW 28B.145.090 and 2018 c 254 s 3, 2018 c 209 s 10, and 2018 c 114 s 6 are each reenacted and amended to read as follows:

(1) The board may elect to have the state investment board invest the funds in the scholarship account, the student support pathways account, the advanced degrees pathways account, and the endowment account described under RCW 28B.145.030(2)(b). If the board so elects, the state investment board has the full power to invest, reinvest, manage, contract, sell, or exchange investment money in ((~~the three~~)) these accounts. All investment and operating costs associated with the investment of money shall be paid under RCW 43.33A.160 and 43.84.160. With the exception of these expenses, the earnings from the investment of the money shall be retained by the accounts.

(2) All investments made by the state investment board shall be made with the exercise of that degree of judgment and care under RCW 43.33A.140 and the investment policy established by the state investment board.

(3) As deemed appropriate by the state investment board, money in the scholarship account, the student support pathways account, the advanced degrees pathways account, and the endowment account may be commingled for investment with other funds subject to investment by the state investment board.

(4) Members of the state investment board shall not be considered an insurer of the funds or assets and are not liable for any action or inaction.

(5) Members of the state investment board are not liable to the state, to the fund, or to any other person as a result of their activities as members, whether ministerial or discretionary, except for willful dishonesty or intentional violations of law. The state investment board in its discretion may purchase liability insurance for members.

(6) The authority to establish all policies relating to the scholarship account, the student support pathways account, the advanced degrees pathways account, and the endowment account, other than the investment policies as provided in subsections (1) through (3) of this section, resides with the board and program administrator acting in accordance with the principles set forth in this chapter. With the exception of expenses of the state investment board in subsection (1) of this section, disbursements from the scholarship account, the student support pathways account, the advanced degrees pathways account, and the endowment account shall be made only on the authorization of the opportunity scholarship board or its designee, and moneys in the accounts may be spent only for the purposes specified in this chapter.

(7) The state investment board shall routinely consult and communicate with the board on the investment policy, earnings of the accounts, and related needs of the program.

NEW SECTION. **Sec.**  A new section is added to chapter 28B.92 RCW to read as follows:

The appropriations for the state need grant, state work-study, and college bound scholarship programs must be structured as a pool appropriation to the student achievement council.

NEW SECTION. **Sec.**  The sum of two million dollars, or as much thereof as may be necessary, is appropriated for the fiscal year ending June 30, 2020, from the general fund to the office of student financial assistance for the purposes of section 3 of this act.

NEW SECTION. **Sec.**  The following acts or parts of acts are each repealed:

(1)RCW 28B.119.005 (Intent—Finding) and 2002 c 204 s 1;

(2)RCW 28B.119.010 (Program design—Parameters) and 2013 c 39 s 12, 2011 1st sp.s. c 11 s 231, 2004 c 275 s 60, 2003 c 233 s 5, & 2002 c 204 s 2;

(3)RCW 28B.119.020 (Implementation and administration) and 2011 1st sp.s. c 11 s 232 & 2002 c 204 s 3;

(4)RCW 28B.119.030 (Funding for state need grant program not impaired) and 2011 1st sp.s. c 11 s 233, 2004 c 275 s 71, & 2002 c 204 s 4;

(5)RCW 28B.119.040 (Requirements for students receiving home-based instruction not affected) and 2002 c 204 s 5;

(6)RCW 28B.119.050 (Washington promise scholarship account) and 2011 1st sp.s. c 11 s 234 & 2002 c 204 s 6; and

(7)RCW 28B.119.900 (Effective date—2002 c 204) and 2002 c 204 s 9.

NEW SECTION. **Sec.**  Sections 1 through 9 of this act constitute a new chapter in Title 28B RCW.

NEW SECTION. **Sec.**  This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect July 1, 2019.

**--- END ---**