

HOUSE BILL REPORT

SHB 1289

As Amended by the Senate

Title: An act relating to program administration for the Washington state opportunity scholarship program.

Brief Description: Concerning program administration for the Washington state opportunity scholarship program.

Sponsors: House Committee on Postsecondary Education & Workforce (originally sponsored by Representatives Reed, Ybarra, Berry, Ortiz-Self, Riccelli, Paul, Reeves, Leavitt and Timmons).

Brief History:

Committee Activity:

Postsecondary Education & Workforce: 1/25/23, 1/31/23 [DPS].

Floor Activity:

Passed House: 2/28/23, 96-0.

Senate Amended.

Passed Senate: 4/5/23, 48-0.

Brief Summary of Substitute Bill

- Allows the Washington State Opportunity Scholarship Board to establish and contract with private nonprofit corporations for program administration purposes.
- Modifies requirements under the state match.

HOUSE COMMITTEE ON POSTSECONDARY EDUCATION & WORKFORCE

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 15 members: Representatives Slatter, Chair; Entenman, Vice Chair; Reed, Vice Chair; Ybarra, Ranking Minority Member; Waters, Assistant Ranking Minority Member;

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.

Chandler, Hansen, Jacobsen, Klicker, Leavitt, McEntire, Paul, Pollet, Schmidt and Timmons.

Staff: Saranda Ross (786-7068).

Background:

The Washington State Opportunity Scholarship (WSOS) program was established in 2011 to provide scholarships to low- and middle-income resident students pursuing eligible high demand baccalaureate degrees in: science, technology, engineering, mathematics, and health care; and to encourage scholarship recipients to work in the state upon completion of their degrees.

The WSOS Board is staffed by a program administrator under contract with the board and the Washington Student Achievement Council. The program administrator is a private nonprofit. The WSOS is a private-public match program in which the state matches any private donations in order to fund the scholarships. The state match is capped at \$50 million annually.

Summary of Substitute Bill:

A program administrator is one or more private nonprofit corporations. Effective immediately, the WSOS Board may establish and/or contract with one or more private nonprofit corporations to operate as the program administrator to fulfill the duties required by the WSOS program.

The state match, up to a maximum of \$50 million, must be provided annually and is no longer contingent on state tax collections exceeding fiscal year 2008 levels.

EFFECT OF SENATE AMENDMENT(S):

The Senate amendment modifies the state match requirements for both the Washington State Opportunity Scholarship (WSOS) and the Rural County High Employer Demand Jobs Program (Rural Jobs Program), which sits under the WSOS, as follows:

- the state must provide an annual appropriation for the state match, not to exceed \$50 million per fiscal year for the WSOS and not to exceed \$1 million each fiscal biennium for the Rural Jobs Program;
- the appropriations for the state match in the biennial budget must be based on estimated donations and pledges for the fiscal year, as reported by the WSOS Board to the Office of Financial Management (OFM), as of the date of the official state caseload forecast;
- annually in the supplemental budget, the state match must be adjusted to donations received and estimated pledges committed for the current fiscal biennium;
- the state match for the current fiscal year must be adjusted to reflect the excess or

- deficit between donations and pledges actually received in the prior fiscal year and the state match provided in the prior fiscal year; and
- the statute with redundant language capping the Rural Jobs Program state match to \$1 million each fiscal biennium is repealed.

Appropriation: None.

Fiscal Note: Available.

Effective Date: Section 2 of the bill contains an emergency clause and takes effect immediately. The remainder of the bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) Washington's investment in the Washington State Opportunity Scholarship (WSOS) has allowed thousands of students to achieve their dream education by studying over 123 majors. The WSOS provides critical career pipeline services to the state's most productive industries and helps fill workforce shortages. The WSOS is unique because it provides wraparound services that get students to graduation. Business and philanthropic partners match the scholarship dollar for dollar.

As the program has grown, it has become more difficult to administer. If the current program administrator does not renew its contract, the program might not continue. This bill would allow the WSOS Board to form a nonprofit to administer the WSOS. This flexibility is needed in case a program administrator is not found in time. It is important for legislators to not only begin these critical programs but also see that they're properly continued and implemented.

The WSOS has supported thousands of students, the majority of which are of color, women, or first-generation college students. The state match language in current statute is confusing and this bill would provide clarity by removing that language and provide security by guaranteeing funds.

(Opposed) None.

Persons Testifying: Representative Julia Reed, prime sponsor; Jessica Monger and Diane Cecchetti, Washington State Opportunity Scholarship; and Dante Cruz.

Persons Signed In To Testify But Not Testifying: None.