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## Higher Education Committee

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### HB 1100

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

**Sponsors:** Representatives Kenney, Priest, Morrell, Fromhold, Jarrett, Sommers, Ormsby, Appleton, Tom, Anderson, Roberts, P. Sullivan, Lantz, Dickerson, Schual-Berke and Santos.

<p style="text-align: center;"><b>Brief Summary of Bill</b></p> <ul style="list-style-type: none"><li>Creates a non-appropriated state financial aid account where the Higher Education Coordinating Board (HECB) deposits money received for various state financial aid programs.</li></ul>
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**Hearing Date:** 1/25/05

**Staff:** Barbara McLain (786-7383).

**Background:**

**State Financial Aid Programs:** State funds for a number of financial aid programs are appropriated in the operating budget to the HECB. These programs include: State Need Grant, State Work Study, Washington Scholars, Washington Award for Vocational Excellence, and Educational Opportunity Grant.

In distributing the funds to public institutions of higher education and students attending private institutions, the HECB makes certain assumptions about how many eligible students will be attending each institution. If these assumptions are not precisely accurate or money is not moved among institutions in a timely manner, it is possible for financial aid funds to remain unspent at the end of a fiscal year. Under state law, unspent funds cannot be used in the following fiscal year (e.g., the money lapses).

In recent years, the following money from the State Need Grant (by far the largest program) has lapsed at the end of the fiscal year:

1997-98:	\$ 450,000	2001-02:	\$ 0
1998-99:	\$ 350,000	2002-03:	\$ 110,000
1999-00:	\$4,100,000	2003-04:	\$ 201
2000-01:	\$ 0		

**Promise Scholarship:** When the Promise Scholarship was authorized in statute in 2002, the Legislature created a Promise Scholarship Account. A legislative appropriation is not needed to

spend monies placed in the account, which are to be used only for Promise Scholarships. Disbursements from the account are exempt from state laws regarding allotments or lapsing of funds at the end of a fiscal year. Both the statute and the biennial operating budget direct the HECB to place state funds for the Promise Scholarship into the account.

**Summary of Bill:**

The state financial aid account is created with the primary purpose to ensure appropriations for financial aid are made available to eligible students. A legislative appropriation is not needed to spend monies placed in the account, which are to be used only for various scholarship programs. Disbursements from the account are exempt from state laws regarding allotment or lapsing of funds at the end of a fiscal year.

The HECB is directed to place state funds for the following financial aid programs in the account: State Need Grant, State Work Study, Washington Scholars, Washington Award for Vocational Excellence, and Educational Opportunity Grant

**Appropriation:** None.

**Fiscal Note:** New fiscal note requested on January 17, 2005.

**Effective Date:** The bill contains an emergency clause and takes effect on July 1, 2005..