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## Higher Education Committee

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### E2SSB 5098

**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).

<p style="text-align: center;"><b>Brief Summary of Engrossed Second Substitute Bill</b></p> <ul style="list-style-type: none"><li>• Creates the Washington College Bound Scholarship Program to provide a four-year tuition scholarship program for students from low income families.</li><li>• Requires identification of eligible students in the seventh and eighth grades.</li></ul>
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**Hearing Date:** 3/28/07

**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 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.

**Summary of Bill:**

The Washington College Bound Scholarship is created. In essence, the Higher Education Coordinating Board (HECB) purchases GET units, which are then held in trust by the HECB and

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later distributed as scholarships to eligible students. Eligible students are students who are eligible for free or reduced price lunch. 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 years, 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 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.

**Appropriation:** None.

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

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