

SENATE BILL REPORT

SB 5098

As Reported By Senate Committee On:
Higher Education, January 31, 2007
Ways & Means, March 5, 2007

Title: An act relating to the guaranteed opportunities scholarship.

Brief Description: Creating the guaranteed opportunities scholarship.

Sponsors: Senators Rockefeller, Keiser, Weinstein, Fairley, Marr, Murray, Kastama, Kohl-Welles, Rasmussen, McAuliffe, Kauffman, Kilmer, Tom and Shin.

Brief History:

Committee Activity: Higher Education: 1/24/07, 1/31/07 [DPS-WM].
Ways & Means: 2/22/07, 3/05/07 [DP2S].

SENATE COMMITTEE ON HIGHER EDUCATION

Majority Report: That Substitute Senate Bill No. 5098 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Shin, Chair; Kilmer, Vice Chair; Delvin, Ranking Minority Member; Berkey and Schoesler.

Staff: Aldo Melchiori (786-7439)

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Second Substitute Senate Bill No. 5098 be substituted therefor, and the second substitute bill do pass.

Signed by Senators Prentice, Chair; Fraser, Vice Chair, Capital Budget Chair; Pridemore, Vice Chair, Operating Budget; Zarelli, Ranking Minority Member; Brandland, Carrell, Fairley, Hatfield, Hewitt, Hobbs, Honeyford, Keiser, Kohl-Welles, Oemig, Parlette, Rasmussen, Regala, Roach, Rockefeller, Schoesler and Tom.

Staff: Tim Yowell (786-7435)

Background: The Guaranteed Education Tuition (GET) Program offers families a simple and affordable way to save for future college expenses. Parents, grandparents, and friends can prepay for college tuition by investing in tuition units today. The state of Washington guarantees that 100 GET units will cover one year of tuition and state-mandated fees at the most expensive public university in Washington. Since GET began in 1998, Washington

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families have opened more than 68,000 accounts worth \$796 million. About 6,700 students have used their accounts to go to college. State need-based tuition programs include: the State Need Grant program; the State Work Study program; the American Indian Endowed Scholarship program; and the Foster Care Endowed Scholarship.

Summary of Bill: The bill as referred to committee not considered.

Summary of Recommended Substitute as Passed Committee (Higher Education): The Washington Guaranteed Scholarship Program is created. Eligible students are students, identified while they are in the 7th grade, that are eligible for free- or reduce-price lunch or students whose parents have not completed a baccalaureate degree at the time eligibility is established. Eligible students are notified of their eligibility for the scholarship in 7th grade. Home schooled students are eligible for the scholarship program. To be awarded the scholarship an eligible student must pledge, during their 7th or 8th grade years, that they will: (1) graduate from high school; (2) graduate with a C average; and (3) not have any felony convictions. To receive the scholarship, the student must have kept the pledge and must be a resident student.

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

The scholarship is for the difference between the cost of the student's tuition, fees, books, and materials minus the value of any other state financial aid received for those items. The maximum award is for four years. An eligible student's family income is assessed upon graduation and if the family income exceeds 50 percent of the median family income, but does not exceed 100 percent of the state median family income, the student receives a prorated scholarship. The first scholarships are awarded to students graduating in 2012.

The award does not supplant other grants, scholarships or tax programs. 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 HECB in addition to state funding. HECB has rulemaking authority to implement the program.

EFFECT OF CHANGES MADE BY RECOMMENDED SECOND SUBSTITUTE AS PASSED COMMITTEE (Ways & Means): The scholarship guarantee no longer includes: (1) "first generation" 7th graders who do not have low incomes, but neither of whose parents has a bachelor's degree; (2) students whose income at high school graduation exceeds 65 percent of the state median; or (3) books and materials' costs in excess of \$500 per year.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony (Higher Education): PRO: This represents a very successful collaboration between the Governor's office and the Legislature. It is good policy for us to encourage students to attend post-secondary education by making it more financially feasible. The state will be making an investment in the future of the students and the state. It compliments current need-based programs. The HECB is prepared to perform the duties it is assigned in the bill. This gives the state a more active role in the early identification of students with a financial need so that the students and their families can plan for post-secondary education.

Persons Testifying (Higher Education): PRO: Senator Rockefeller, prime sponsor; Deb Merle, Governor's Policy Office; Chris Reykdal, State Board for Community and Technical Colleges; Rachelle Sharp, HECB.

Staff Summary of Public Testimony (Ways & Means): PRO: The Governor and Washington Learns recommended an approach such as proposed in this bill because it is important to encourage more young people to aspire to college and to recognize that it is possible for them. However, like the prime sponsor, the Governor's Office is experiencing some "sticker shock" at what it would cost, and so is glad to see that the prime sponsor is exploring alternatives to make the promise more affordable. A program that gives less advantaged young people more incentives to complete high school and go to college would return many times the investment in reduced unemployment, drug abuse, and crime. A program such as this would be of great benefit to Hispanic students, who are our fastest growing population group, but the group least likely to participate in higher education.

OTHER: Excluding "first generation" students will also exclude many Hispanics.

Persons Testifying (Ways & Means): PRO: Senator Rockefeller, prime sponsor; Deb Merle, Governor's Office; Lilly Wilson-Codega, Youth Literacy Project.

OTHER: Kevin McNellis, Washington State Latino Forum.