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HOUSE BILL 2801

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State of Washington                      64th Legislature                      2016 Regular Session

By Representatives Hansen, Haler, Hudgins, Stanford, Ortiz-Self, Santos, Pollet, Walkinshaw, and Tarleton

Read first time 01/20/16. Referred to Committee on Higher Education.

1            AN ACT Relating to expanding higher education opportunities for  
2 certain students; and amending RCW 28B.118.010 and 28B.145.030.

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

4            **Sec. 1.** RCW 28B.118.010 and 2015 3rd sp.s. c 36 s 8 are each  
5 amended to read as follows:

6            The office of student financial assistance shall design the  
7 Washington college bound scholarship program in accordance with this  
8 section and in alignment with the state need grant program in chapter  
9 28B.92 RCW unless otherwise provided in this section.

10            (1) "Eligible students" are those students who:

11            (a) Qualify for free or reduced-price lunches. If a student  
12 qualifies in the seventh grade, the student remains eligible even if  
13 the student does not receive free or reduced-price lunches  
14 thereafter; or

15            (b) Are dependent pursuant to chapter 13.34 RCW and:

16            (i) In grade seven through twelve; or

17            (ii) Are between the ages of eighteen and twenty-one and have not  
18 graduated from high school.

19            (2) Eligible students shall be notified of their eligibility for  
20 the Washington college bound scholarship program beginning in their

1 seventh grade year. Students shall also be notified of the  
2 requirements for award of the scholarship.

3 (3)(a) To be eligible for a Washington college bound scholarship,  
4 a student eligible under subsection (1)(a) of this section must sign  
5 a pledge during seventh or eighth grade that includes a commitment to  
6 graduate from high school with at least a C average and with no  
7 felony convictions. The pledge must be witnessed by a parent or  
8 guardian and forwarded to the office of student financial assistance  
9 by mail or electronically, as indicated on the pledge form.

10 (b) A student eligible under subsection (1)(b) of this section  
11 shall be automatically enrolled, with no action necessary by the  
12 student or the student's family, and the enrollment form must be  
13 forwarded by the department of social and health services to the  
14 higher education coordinating board or its successor by mail or  
15 electronically, as indicated on the form.

16 (4)(a) Scholarships shall be awarded to eligible students  
17 graduating from public high schools, approved private high schools  
18 under chapter 28A.195 RCW, or who received home-based instruction  
19 under chapter 28A.200 RCW.

20 (b)(i) To receive the Washington college bound scholarship, a  
21 student must graduate with at least a "C" average from a public high  
22 school or an approved private high school under chapter 28A.195 RCW  
23 in Washington or have received home-based instruction under chapter  
24 28A.200 RCW, must have no felony convictions, and must be a resident  
25 student as defined in RCW 28B.15.012(2) (a) through ~~((d))~~ (e).

26 (ii) For a student who does not meet the "C" average requirement,  
27 and who completes fewer than two quarters in the running start  
28 program, under chapter 28A.600 RCW, the student's first quarter of  
29 running start course grades must be excluded from the student's  
30 overall grade point average for purposes of determining their  
31 eligibility to receive the scholarship.

32 (5) A student's family income will be assessed upon graduation  
33 before awarding the scholarship.

34 (6) If at graduation from high school the student's family income  
35 does not exceed sixty-five percent of the state median family income,  
36 scholarship award amounts shall be as provided in this section.

37 (a) For students attending two or four-year institutions of  
38 higher education as defined in RCW 28B.10.016, the value of the award  
39 shall be (i) the difference between the student's tuition and  
40 required fees, less the value of any state-funded grant, scholarship,

1 or waiver assistance the student receives; (ii) plus five hundred  
2 dollars for books and materials.

3 (b) For students attending private four-year institutions of  
4 higher education in Washington, the award amount shall be the  
5 representative average of awards granted to students in public  
6 research universities in Washington or the representative average of  
7 awards granted to students in public research universities in  
8 Washington in the 2014-15 academic year, whichever is greater.

9 (c) For students attending private vocational schools in  
10 Washington, the award amount shall be the representative average of  
11 awards granted to students in public community and technical colleges  
12 in Washington or the representative average of awards granted to  
13 students in public community and technical colleges in Washington in  
14 the 2014-15 academic year, whichever is greater.

15 (7) Recipients may receive no more than four full-time years'  
16 worth of scholarship awards.

17 (8) Institutions of higher education shall award the student all  
18 need-based and merit-based financial aid for which the student would  
19 otherwise qualify. The Washington college bound scholarship is  
20 intended to replace unmet need, loans, and, at the student's option,  
21 work-study award before any other grants or scholarships are reduced.

22 (9) The first scholarships shall be awarded to students  
23 graduating in 2012.

24 (10) The state of Washington retains legal ownership of tuition  
25 units awarded as scholarships under this chapter until the tuition  
26 units are redeemed. These tuition units shall remain separately held  
27 from any tuition units owned under chapter 28B.95 RCW by a Washington  
28 college bound scholarship recipient.

29 (11) The scholarship award must be used within five years of  
30 receipt. Any unused scholarship tuition units revert to the  
31 Washington college bound scholarship account.

32 (12) Should the recipient terminate his or her enrollment for any  
33 reason during the academic year, the unused portion of the  
34 scholarship tuition units shall revert to the Washington college  
35 bound scholarship account.

36 **Sec. 2.** RCW 28B.145.030 and 2014 c 208 s 3 are each amended to  
37 read as follows:

38 (1) The program administrator, under contract with the council,  
39 shall staff the board and shall have the duties and responsibilities

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

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

12 (a) Establish and manage two separate accounts into which to  
13 receive grants and contributions from private sources as well as  
14 state matching funds, and from which to disburse scholarship funds to  
15 participants;

16 (b) Solicit and accept grants and contributions from private  
17 sources, via direct payment, pledge agreement, or escrow account, of  
18 private sources for deposit into one or both of the two accounts  
19 created in this subsection (2)(b) in accordance with this subsection  
20 (2)(b):

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

28 (ii) The "endowment account," from which scholarship moneys may  
29 be disbursed from earnings only in years when:

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

32 (B) The state appropriations for the state need grant under RCW  
33 28B.92.010 meet or exceed state appropriations for the state need  
34 grant made in the 2011-2013 biennium, adjusted for inflation, and  
35 eligibility for state need grant recipients is at least seventy  
36 percent of state median family income; and

37 (C) The state has demonstrated progress toward the goal of total  
38 per-student funding levels, from state appropriations plus tuition  
39 and fees, of at least the sixtieth percentile of total per-student  
40 funding at similar public institutions of higher education in the

1 global challenge states, as defined, measured, and reported in RCW  
2 28B.15.068. In any year in which the office of financial management  
3 reports that the state has not made progress toward this goal, no new  
4 scholarships may be awarded. In any year in which the office of  
5 financial management reports that the percentile of total per-student  
6 funding is less than the sixtieth percentile and at least five  
7 percent less than the prior year, pledges of future grants and  
8 contributions may, at the request of the donor, be released and  
9 grants and contributions already received refunded to the extent that  
10 opportunity scholarship awards already made can be fulfilled from the  
11 funds remaining in the endowment account. In fulfilling the  
12 requirements of this subsection, the office of financial management  
13 shall use resources that facilitate measurement and comparisons of  
14 the most recently completed academic year. These resources may  
15 include, but are not limited to, the data provided in a uniform  
16 dashboard format under RCW 28B.77.090 as the statewide public four-  
17 year dashboard and academic year reports prepared by the state board  
18 for community and technical colleges;

19 (iii) An amount equal to at least fifty percent of all grants and  
20 contributions must be deposited into the scholarship account until  
21 such time as twenty million dollars have been deposited into the  
22 account, after which time the private donors may designate whether  
23 their contributions must be deposited to the scholarship or the  
24 endowment account. The board and the program administrator must work  
25 to maximize private sector contributions to both the scholarship  
26 account and the endowment account, to maintain a robust scholarship  
27 program while simultaneously building the endowment, and to determine  
28 the division between the two accounts in the case of undesignated  
29 grants and contributions, taking into account the need for a  
30 long-term funding mechanism and the short-term needs of families and  
31 students in Washington. The first five million dollars in state  
32 match, as provided in RCW 28B.145.040, shall be deposited into the  
33 scholarship account and thereafter the state match shall be deposited  
34 into the two accounts in equal proportion to the private funds  
35 deposited in each account; and

36 (iv) Once moneys in the opportunity scholarship match transfer  
37 account are subject to an agreement under RCW 28B.145.050(5) and are  
38 deposited in the scholarship account or endowment account under this  
39 section, the state acts in a fiduciary rather than ownership capacity  
40 with regard to those assets. Assets in the scholarship account and

1 endowment account are not considered state money, common cash, or  
2 revenue to the state;

3 (c) Provide proof of receipt of grants and contributions from  
4 private sources to the council, identifying the amounts received by  
5 name of private source and date, and whether the amounts received  
6 were deposited into the scholarship or the endowment account;

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

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

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

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

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

1 ~~including but not limited to the American opportunity tax credit));~~  
2 and

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

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

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

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

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