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**HOUSE BILL 2578**

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**State of Washington 66th Legislature 2020 Regular Session**

**By** Representatives Dye, Van Werven, and Gildon

AN ACT Relating to establishing the Washington excels scholarship program; amending RCW 28A.230.090; adding a new section to chapter 82.04 RCW; and adding a new chapter to Title 28B RCW.

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

NEW SECTION. **Sec.**  The legislature recognizes that Washington has made historic investments in financial aid in recent years and has one of the most generous need-based financial aid programs in the country. However, the legislature also recognizes that the state does not offer any merit-based financial aid for students who excel in academics. In addition, institutional merit-based financial aid provided by public institutions may be more limited than that provided based on financial need or athletic ability. The legislature further recognizes that hardworking, academically bright students from middle class families are often left without grant aid to pursue higher education in Washington. As a result, some of the most academically prepared and bright students may leave the state to attend private institutions across the country with large endowments that can offer more generous financial aid packages. The legislature intends to encourage these students to stay in state by recognizing their academic achievements and their future potential contributions to the state's workforce by providing them with a scholarship to attend a public institution of higher education.

NEW SECTION. **Sec.**  The definitions in this section apply throughout this chapter unless the context clearly requires otherwise.

(1) "Council" means the student achievement council.

(2) "Eligible student" means a resident student who completed grades nine through twelve at a Washington public school as defined in RCW 28A.150.010, a Washington private school approved under chapter 28A.195 RCW, or as part of home-based instruction as defined in RCW 28A.200.010.

(3) "Foundation" means the Washington excels scholarship foundation.

(4) "Full-time" means fifteen quarter credits or the equivalent per term.

(5) "Private contributions" means donations from private organizations, corporations, and other nonstate sources.

(6) "Program" means the Washington excels scholarship program.

(7) "Recipient" means a student who has received a scholarship under the Washington excels scholarship program.

NEW SECTION. **Sec.**  (1) The Washington excels scholarship program is established to provide scholarships to high performing Washington high school students who excel in academic pursuits beginning with the 2021-22 academic year.

(2) To qualify for a Washington excels scholarship upon graduation from high school, an eligible student must meet the following requirements:

(a) Have a cumulative high school grade point average of 3.65 or higher;

(b) For the 2021-22 academic year, score at least one thousand two hundred fifty on the SAT or twenty-seven on the ACT. For subsequent academic years, the council shall determine appropriate SAT and ACT scores that represent the top two percent of students in Washington;

(c) Fill out a federal or state application for financial aid; and

(d) Enroll full-time in a community or technical college.

(3)(a) A Washington excels scholarship recipient must maintain at least a cumulative grade point average of 3.5 during their first academic year at the community or technical college in order to receive the scholarship for the second year.

(b)(i) If the recipient graduates from the community and technical college with a cumulative grade point average of 3.85, the recipient qualifies to continue receiving the Washington excels scholarship at a public four-year institution of higher education; or

(ii) If the recipient is enrolled in the honors program at a community or technical college and graduates with a cumulative grade point average of at least 3.65, the recipient qualifies to continue receiving the Washington excels scholarship at a public four-year institution of higher education.

(4) A recipient who graduates from a community or technical college and qualifies to receive the scholarship at a public four-year institution of higher education must enroll full-time at the public four-year institution of higher education and maintain a cumulative grade point average of at least 3.3 to continue to receive the scholarship.

(5) A recipient shall receive a scholarship with the following value:

(a) The cost of tuition fees as defined in RCW 28B.15.020 and services and activities fees as defined in RCW 28B.15.041 for fifteen quarter credit hours or the equivalent, less the value of any state-funded or federal-funded grant, scholarship, or waiver assistance the student receives; and

(b) An annual stipend of one thousand dollars, prorated per term.

(6) The recipient may receive the scholarship for the estimated length of the recipient's degree program.

NEW SECTION. **Sec.**  (1) The source of the program funding is a combination of private contributions and state matching funds.

(2) The state match must be based on donations and pledges received as of the date each official state caseload forecast is submitted by the caseload forecast council to the legislative fiscal committees, as provided under RCW 43.88C.020. This subsection ensures the predictable treatment of the program in the budget process by clarifying the calculation process of the state match required by this section and ensuring the program is budgeted at maintenance level.

(3) A state match, up to a maximum of fifty million dollars annually, shall be provided beginning January 1, 2021.

NEW SECTION. **Sec.**  (1) The Washington excels scholarship foundation is created. The foundation shall consist of six members appointed by the governor as follows:

(a) One member representing the public four-year institutions of higher education;

(b) One member representing the community and technical college system;

(c) Four members representing foundation interests selected from nominations provided by private sector donors who gave private contributions to the Washington excels scholarship program. However, the governor may request, and the private sector donors shall provide, an additional list of names from which the governor may select these representatives.

(2) The foundation members shall hold their offices for a term of four years from the first day of September and until their successors are appointed. No more than the terms of two members may expire simultaneously on the last day of August in any given year.

(3) The foundation shall elect one member to serve as chair.

(4) Four members of the foundation constitute a quorum for the transaction of business. In case of a vacancy, or when an appointment is made after the date of expiration of the term, the governor shall fill the vacancy for the remainder of the term of the foundation member whose office has become vacant or expired.

(5) The council shall staff the foundation.

(6) The foundation's purpose is to provide oversight and guidance for the program, including soliciting funds and setting annual fund-raising goals. The foundation shall also promote and market the program and provide oversight of the program's administrative costs by annually approving the Washington excels scholarship program's budget.

(7) The foundation is responsible for hosting an annual reception on behalf of the governor to recognize eligible students for their academic achievement. Scholars shall be given a certificate with the Washington state seal and be provided the opportunity to meet the governor, or his or her designee, and be applauded for their commitment to academic excellence.

NEW SECTION. **Sec.**  The council shall provide administrative support to execute the duties and responsibilities provided in this chapter. The council shall;

(1) Publicize and conduct outreach regarding the program to educate students about the Washington excels scholarship program, including providing information for the high school and beyond plan required by the state board of education and the ready set grad web site maintained by the council;

(2) Solicit and accept private contributions for the program and maintain records of the private contributions; and

(3) Establish and manage the account established in section 7 of this act, into which to receive private contributions as well as state matching funds, and from which to disburse scholarship funds to participants.

NEW SECTION. **Sec.**  (1) The Washington excels scholarship account is created in the custody of the state treasury as a nonappropriated account to be used solely and exclusively for the Washington excels scholarship program created in section 3 of this act. The purpose of the account is to provide matching funds for the Washington excels scholarship program.

(2) Receipts to the account consist of appropriations made by the legislature into the account and any private contributions received by the executive director of the council for the program.

(3) Only the executive director of the council or the executive director's designee may authorize expenditures from the Washington excels scholarship account.

(4) For private contributions and state match dollars deposited into the account, the state acts in a fiduciary rather than ownership capacity with regard to those assets. Assets in the account are not considered state money, common cash, or revenue to the state.

NEW SECTION. **Sec.**  (1) The council shall invest the funds in the Washington excels scholarship account with the state investment board. The state investment board has the full power to invest, reinvest, manage, contract, sell, or exchange investment money in the Washington excels scholarship account. All investment and operating costs associated with the investment of money shall be paid under RCW 43.33A.160 and 43.84.160. With the exception of these expenses, the earnings from the investment of the money shall be retained by the account.

(2) All investments made by the state investment board shall be made with the exercise of that degree of judgment and care under RCW 43.33A.140 and the investment policy established by the state investment board.

(3) As deemed appropriate by the state investment board, money in the Washington excels scholarship account may be commingled for investment with other funds subject to investment by the state investment board.

(4) Members of the state investment board are not insurers of the funds or assets and are not liable for any action or inaction.

(5) Members of the state investment board are not liable to the state, to the fund, or to any other person as a result of their activities as members, whether ministerial or discretionary, except for willful dishonesty or intentional violations of law. The state investment board in its discretion may purchase liability insurance for members.

(6) The authority to establish all policies relating to the Washington excels scholarship account, other than investment policies as provided in subsections (1) through (3) of this section, resides with the foundation and the council acting in accordance with the principles set forth in this chapter.

(7) The state investment board shall routinely consult and communicate with the foundation and the council on the investment policy, earnings of the account, and related needs of the program.

NEW SECTION. **Sec.**  A new section is added to chapter 82.04 RCW to read as follows:

(1) Subject to the limitations in this section, a company that is taxable under this chapter is allowed a credit against the tax for contributions made by that company to the Washington excels scholarship program.

(2) The credit is equal to the total amount of contributions made to the Washington excels scholarship program in a calendar year. The credit may not exceed the amount of the tax due under this chapter. The credit may be used against the tax due on tax returns due after January 31st of the calendar year in which the application was approved and before February 1st of the following calendar year. No refunds may be granted for credits under this section. A company taking an exemption under this subsection must keep and preserve records for the period required by RCW 82.32.070, documenting contributions made to the Washington excels scholarship program.

(3) To receive the credit, a company must submit an application to the department. Applications for tax credits under this section must be received by the department between the first day of January and the thirty-first day of January, following the calendar year in which the applicant made contributions to the Washington excels scholarship program. The application must be made to the department in a form and manner prescribed by the department. The application must contain information including the number of contributions made, the contribution amounts, and any other information required by the department.

(4) If the Washington excels scholarship foundation returns any qualifying contribution to the company for any reason, the company must file an amended tax return.

**Sec.**  RCW 28A.230.090 and 2019 c 252 s 103 are each amended to read as follows:

(1) The state board of education shall establish high school graduation requirements or equivalencies for students, except as provided in RCW 28A.230.122 and 28A.655.250 and except those equivalencies established by local high schools or school districts under RCW 28A.230.097. The purpose of a high school diploma is to declare that a student is ready for success in postsecondary education, gainful employment, and citizenship, and is equipped with the skills to be a lifelong learner.

(a) Any course in Washington state history and government used to fulfill high school graduation requirements shall consider including information on the culture, history, and government of the American Indian peoples who were the first inhabitants of the state.

(b) Except as provided otherwise in this subsection, the certificate of academic achievement requirements under RCW 28A.655.061 or the certificate of individual achievement requirements under RCW 28A.155.045 are required for graduation from a public high school but are not the only requirements for graduation. The requirement to earn a certificate of academic achievement to qualify for graduation from a public high school concludes with the graduating class of 2019. The obligation of qualifying students to earn a certificate of individual achievement as a prerequisite for graduation from a public high school concludes with the graduating class of 2021.

(c)(i) Each student must have a high school and beyond plan to guide the student's high school experience and inform course taking that is aligned with the student's goals for education or training and career after high school.

(ii)(A) A high school and beyond plan must be initiated for each student during the seventh or eighth grade. In preparation for initiating that plan, each student must first be administered a career interest and skills inventory.

(B) For students with an individualized education program, the high school and beyond plan must be developed in alignment with their individualized education program. The high school and beyond plan must be developed in a similar manner and with similar school personnel as for all other students.

(iii)(A) The high school and beyond plan must be updated to reflect high school assessment results in RCW 28A.655.070(3)(b) and to review transcripts, assess progress toward identified goals, and revised as necessary for changing interests, goals, and needs. The plan must identify available interventions and academic support, courses, or both, that are designed for students who are not on track to graduate, to enable them to fulfill high school graduation requirements. Each student's high school and beyond plan must be updated to inform junior year course taking.

(B) For students with an individualized education program, the high school and beyond plan must be updated in alignment with their school to postschool transition plan. The high school and beyond plan must be updated in a similar manner and with similar school personnel as for all other students.

(iv) School districts are encouraged to involve parents and guardians in the process of developing and updating the high school and beyond plan, and the plan must be provided to the students' parents or guardians in their native language if that language is one of the two most frequently spoken non-English languages of students in the district. Nothing in this subsection (1)(c)(iv) prevents districts from providing high school and beyond plans to parents and guardians in additional languages that are not required by this subsection.

(v) All high school and beyond plans must, at a minimum, include the following elements:

(A) Identification of career goals, aided by a skills and interest assessment;

(B) Identification of educational goals;

(C) Identification of dual credit programs and the opportunities they create for students, including eligibility for automatic enrollment in advanced classes under RCW 28A.320.195, career and technical education programs, running start programs, AP courses, international baccalaureate programs, and college in the high school programs;

(D) Information about the college bound scholarship program established in chapter 28B.118 RCW and the Washington excels scholarship program established in section 3 of this act;

(E) A four-year plan for course taking that:

(I) Includes information about options for satisfying state and local graduation requirements;

(II) Satisfies state and local graduation requirements;

(III) Aligns with the student's secondary and postsecondary goals, which can include education, training, and career;

(IV) Identifies course sequences to inform academic acceleration, as described in RCW 28A.320.195 that include dual credit courses or programs and are aligned with the student's goals; and

(V) Includes information about the college bound scholarship program;

(F) Evidence that the student has received the following information on federal and state financial aid programs that help pay for the costs of a postsecondary program:

(I) Information about the documentation necessary for completing the applications; application timeliness and submission deadlines; the importance of submitting applications early; information specific to students who are or have been in foster care; information specific to students who are, or are at risk of being, homeless; information specific to students whose family member or guardians will be required to provide financial and tax information necessary to complete applications; and

(II) Opportunities to participate in sessions that assist students and, when necessary, their family members or guardians, fill out financial aid applications; and

(G) By the end of the twelfth grade, a current resume or activity log that provides a written compilation of the student's education, any work experience, and any community service and how the school district has recognized the community service pursuant to RCW 28A.320.193.

(d) Any decision on whether a student has met the state board's high school graduation requirements for a high school and beyond plan shall remain at the local level. Effective with the graduating class of 2015, the state board of education may not establish a requirement for students to complete a culminating project for graduation. A district may establish additional, local requirements for a high school and beyond plan to serve the needs and interests of its students and the purposes of this section.

(e)(i) The state board of education shall adopt rules to implement the career and college ready graduation requirement proposal adopted under board resolution on November 10, 2010, and revised on January 9, 2014, to take effect beginning with the graduating class of 2019 or as otherwise provided in this subsection (1)(e). The rules must include authorization for a school district to waive up to two credits for individual students based on a student's circumstances, provided that none of the waived credits are identified as mandatory core credits by the state board of education. School districts must adhere to written policies authorizing the waivers that must be adopted by each board of directors of a school district that grants diplomas. The rules must also provide that the content of the third credit of mathematics and the content of the third credit of science may be chosen by the student based on the student's interests and high school and beyond plan with agreement of the student's parent or guardian or agreement of the school counselor or principal.

(ii) School districts may apply to the state board of education for a waiver to implement the career and college ready graduation requirement proposal beginning with the graduating class of 2020 or 2021 instead of the graduating class of 2019. In the application, a school district must describe why the waiver is being requested, the specific impediments preventing timely implementation, and efforts that will be taken to achieve implementation with the graduating class proposed under the waiver. The state board of education shall grant a waiver under this subsection (1)(e) to an applying school district at the next subsequent meeting of the board after receiving an application.

(iii) A school district must update the high school and beyond plans for each student who has not earned a score of level 3 or level 4 on the middle school mathematics assessment identified in RCW 28A.655.070 by ninth grade, to ensure that the student takes a mathematics course in both ninth and tenth grades. This course may include career and technical education equivalencies in mathematics adopted pursuant to RCW 28A.230.097.

(2)(a) In recognition of the statutory authority of the state board of education to establish and enforce minimum high school graduation requirements, the state board shall periodically reevaluate the graduation requirements and shall report such findings to the legislature in a timely manner as determined by the state board.

(b) The state board shall reevaluate the graduation requirements for students enrolled in vocationally intensive and rigorous career and technical education programs, particularly those programs that lead to a certificate or credential that is state or nationally recognized. The purpose of the evaluation is to ensure that students enrolled in these programs have sufficient opportunity to earn a certificate of academic achievement, complete the program and earn the program's certificate or credential, and complete other state and local graduation requirements.

(c) The state board shall forward any proposed changes to the high school graduation requirements to the education committees of the legislature for review. The legislature shall have the opportunity to act during a regular legislative session before the changes are adopted through administrative rule by the state board. Changes that have a fiscal impact on school districts, as identified by a fiscal analysis prepared by the office of the superintendent of public instruction, shall take effect only if formally authorized and funded by the legislature through the omnibus appropriations act or other enacted legislation.

(3) Pursuant to any requirement for instruction in languages other than English established by the state board of education or a local school district, or both, for purposes of high school graduation, students who receive instruction in American sign language or one or more American Indian languages shall be considered to have satisfied the state or local school district graduation requirement for instruction in one or more languages other than English.

(4) Unless requested otherwise by the student and the student's family, a student who has completed high school courses before attending high school shall be given high school credit which shall be applied to fulfilling high school graduation requirements if:

(a) The course was taken with high school students, if the academic level of the course exceeds the requirements for seventh and eighth grade classes, and the student has successfully passed by completing the same course requirements and examinations as the high school students enrolled in the class; or

(b) The academic level of the course exceeds the requirements for seventh and eighth grade classes and the course would qualify for high school credit, because the course is similar or equivalent to a course offered at a high school in the district as determined by the school district board of directors.

(5) Students who have taken and successfully completed high school courses under the circumstances in subsection (4) of this section shall not be required to take an additional competency examination or perform any other additional assignment to receive credit.

(6) At the college or university level, five quarter or three semester hours equals one high school credit.

NEW SECTION. **Sec.**  Sections 1 through 8 of this act constitute a new chapter in Title 28B RCW.

**--- END ---**