

HOUSE BILL REPORT

HB 1927

As Reported by House Committee On:
College & Workforce Development

Title: An act relating to the Washington opportunity scholarship program.

Brief Description: Concerning the Washington opportunity scholarship program.

Sponsors: Representatives Slatter, Sells, Paul, Leavitt, Ortiz-Self and Pollet.

Brief History:

Committee Activity:

College & Workforce Development: 2/12/19, 2/19/19 [DPS].

Brief Summary of Substitute Bill

- Defines "private sources" for the Washington State Opportunity Scholarship (WSOS) Program to include contributions from private organizations, corporations, municipalities, or counties.
- Requires contribution from municipalities or counties, plus the state match, to be awarded to participants within that municipality or county.
- Changes the conditional scholarship for advanced degrees in health professions under the WSOS Program to a traditional scholarship by eliminating the service obligation.
- Prohibits the Student Achievement Council and higher education institutions from considering the WSOS as state-funded aid for the purpose of calculating awards for other state financial aid programs.
- Requires the state match for the WSOS Program to be based on donations received as of the date the Caseload Forecast Council submits the official state forecasts to the Legislature.

HOUSE COMMITTEE ON COLLEGE & WORKFORCE DEVELOPMENT

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 10 members: Representatives Hansen, Chair; Entenman, Vice Chair; Leavitt, Vice Chair; Bergquist, Mead, Paul, Pollet, Ramos, Sells and Slatter.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Minority Report: Do not pass. Signed by 7 members: Representatives Van Werven, Ranking Minority Member; Gildon, Assistant Ranking Minority Member; Graham, Assistant Ranking Minority Member; Kraft, Rude, Sutherland and Young.

Staff: Megan Mulvihill (786-7304).

Background:

The Washington State Opportunity Scholarship (WSOS) Program was established in 2011 to provide scholarships to low and middle-income resident students pursuing eligible high-demand majors in science, technology, engineering, mathematics (STEM), and health care, and to encourage scholarship recipients to work in the state upon completion of their degrees. The eligible student needs to be working towards a first bachelor's degree or a professional-technical certificate or degree at an eligible Washington college or university. For the 2017-18 academic year, 1,862 recipients were selected to receive the scholarship.

The WSOS Program is overseen by the WSOS Board and administered by the program administrator. Washington STEM is the current program administrator, and is charged with publicizing the program, selecting scholarship recipients, distributing awards, and managing the account investments. The WSOS Program is a public-private partnership in which the state matches private contributions to fund the scholarships.

During the 2018 Legislative Session, the WSOS Program was amended to include scholarships for students pursuing advanced degrees in health professions with the condition that the student be employed in a service obligation area following graduation. The terms of the service obligation are to be determined by the WSOS Board. The expansion has not yet been implemented.

Summary of Substitute Bill:

A definition for "private sources," "private funds," "private contributions," or "private sector contributions" is added to the WSOS Program to mean donations from private organizations, corporations, municipalities, counties, and other sources, but excludes state dollars. The WSOS Program administrator must ensure that if a private source is from a municipality or county, that an amount equal to the value of the private source plus the state match is awarded to participants within the municipality or county according to the municipality's or county's program rules.

The conditional scholarship for advanced degrees in health professions is changed to a traditional scholarship with no service obligation.

The Student Achievement Council's Office of Student Financial Assistance and the higher education institutions are prohibited from considering WSOS awards to be state aid for the purpose of determining awards for other state financial aid programs.

The state matching funds for the WSOS Program 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. This is to ensure predictable treatment of the WSOS Program in the budget process by clarifying the state match calculation process.

In addition, technical corrections are made to the WSOS account language.

Substitute Bill Compared to Original Bill:

The substitute bill removed the service obligation for student's receiving a scholarship to pursue an advanced degree in a health profession. The statement that WSOS awards are not state aid for the purposes of financial aid calculations was added, in addition to the requirement that the state match be calculated as of the date each official state caseload forecast is submitted to the Legislature.

Appropriation: None.

Fiscal Note: Available.

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

Staff Summary of Public Testimony:

(In support) The WSOS Program is a first of its kind public-private partnership created in 2011 to provide scholarships for high-demand degrees and was expanded to professional-technical certificates and degrees. The WSOS Program has been very successful in reducing the opportunity gap and is a proven model. The WSOS Program eliminates a lot of barriers for low-income students. Adding cities and counties to the definition of private sources allows more students to benefit from the WSOS Program. Since 2011 the state has matched \$87 million total, and the state match cannot exceed \$50 million in any year.

Spokane is a rapidly growing city with amazing higher education opportunities. The city wants to achieve more with its students. Spokane could help provide scholarships to students in the community in partnership with the state.

(Opposed) None.

(Other) The WSOS Program does an amazing job, but there is a problem with the underlying WSOS Program due to legislation that passed last year. For the advanced degrees in health professions, a service obligation in exchange for the scholarship means these students are no longer eligible for loan repayment under state and federal programs. Students take on a lot of debt in these graduate programs, and the state should not want them working for a fraction of the money. It is worth the state's investment to send these students to school without a service obligation. Instead, obligate the students under the loan repayment program.

Persons Testifying: (In support) Representative Slatter, prime sponsor; Alex Alston, City of Seattle; and Kate Burke, City of Spokane.

(Other) Kate White Tutor, Washington Association for Community Health.

Persons Signed In To Testify But Not Testifying: None.