

HOUSE BILL REPORT

HB 1587

As Reported by House Committee On:

Postsecondary Education & Workforce
Appropriations

Title: An act relating to encouraging local government partner promise scholarship programs within the Washington state opportunity scholarship program.

Brief Description: Encouraging local government partner promise scholarship programs within the opportunity scholarship program.

Sponsors: Representatives Bergquist, Rude, Reed, Pollet, Reeves, Zahn, Timmons, Doglio, Salahuddin and Nance.

Brief History:

Committee Activity:

Postsecondary Education & Workforce: 2/5/25, 2/11/25 [DPS];
Appropriations: 2/19/25, 2/28/25 [DP2S(w/o sub PEW)].

Brief Summary of Second Substitute Bill

- Establishes Local Government Partner Promise Scholarship Programs within the Washington State Opportunity Scholarship Program.

HOUSE COMMITTEE ON POSTSECONDARY EDUCATION & WORKFORCE

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 13 members: Representatives Paul, Chair; Nance, Vice Chair; Entenman, Keaton, Leavitt, Ley, Mendoza, Pollet, Reed, Rude, Salahuddin, Thomas and Timmons.

Minority Report: Without recommendation. Signed by 3 members: Representatives McEntire, Assistant Ranking Minority Member; Graham and Schmidt.

Staff: Elizabeth Allison (786-7129).

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

Background:

Washington State Opportunity Scholarship Program.

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 baccalaureate degrees in science, technology, engineering, mathematics, and health care, and to encourage scholarship recipients to work in the state upon completion of their degrees.

The WSOS Board is staffed by a program administrator under contract with the board and the Washington Student Achievement Council. The program administrator is a private nonprofit. The WSOS is a private-public match program in which the state matches any private contribution in order to fund the scholarships. The state match is capped at \$50 million annually. Private contributions include donations from private organizations, corporations, federally recognized Indian tribes, municipalities, and counties, but does not include state dollars.

By December 1 of each year, the WSOS Board must report to the Governor, the Legislature, and the Washington Student Achievement Council on various metrics, including the number of applicants, the total amount of private contributions, and the total amount of state match funds.

Education Research and Data Center.

The Education Research and Data Center (ERDC), within the Office of Financial Management, maintains a longitudinal data system which includes information on students across time and multiple sectors. These sectors include early learning, kindergarten through grade 12, postsecondary education, and the workforce. Data is shared with the ERDC by partnering agencies and institutions across the state. The longitudinal data system facilitates cross-sector data sharing, analysis, research, and reporting.

Summary of Substitute Bill:

A local government may establish its own Local Government Partner Promise Scholarship Program (Promise Scholarship) within the WSOS. The Promise Scholarship must be administered by the WSOS, which must assist the local government partner in the selection, notification, and disbursement of scholarship awards. The administrator must also implement a selection and notification process for students, distribute funds to selected students, and notify institutions of higher education of Promise Scholarship recipients who will attend their institutions.

To be eligible to participate in a Promise Scholarship, a student must:

- have received his or her high school diploma or high school equivalency certificate in Washington; and

- attend a public two-year institution of higher education or a professional-technical certificate or degree program in an education program at an institution of higher education.

A local government that establishes a Promise Scholarship may adopt separate rules for its program that are independent of the broader WSOS Program. The Promise Scholarship award amount at minimum must be the difference between the recipient's total tuition and fees minus any state aid. The local government may provide additional scholarship awards to cover additional costs.

A participating student may not receive funds from the broader WSOS Program and a Promise Scholarship at the same time. A participating student's eligibility must be reconfirmed prior to each disbursement of funds.

State matching funds for Promise Scholarship Programs are limited to \$300,000 per fiscal year. If there are not enough funds to serve all eligible applicants, priority must be given to applicants to the broader WSOS Program over applicants to a Promise Scholarship Program.

Beginning in 2025 the ERDC must provide data on the outcomes of WSOS Program recipients and graduates by November 1 of each year.

Funds for the Opportunity Scholarship Match Transfer Account may be used for Promise Scholarships.

The annual report must include the total amount of private contributions and state match money received by Promise Scholarship recipients and the total number of students served by each local government Promise Scholarship.

Substitute Bill Compared to Original Bill:

The substitute limits the state matching funds for each Promise Scholarship to \$300,000 annually. Eligibility for every student in the broader WSOS Program does not have to be reconfirmed prior to the disbursement of funds.

Appropriation: None.

Fiscal Note: Available. New fiscal note requested on February 11, 2025.

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) Government partners were added as partners to the Washington State Opportunity Scholarship Program (WSOS). State funds can not be used for those programs. There has only been one government agency take advantage of this option. We want to encourage more government partners to take advantage. This program needs to be expanded without breaking the bank. This bill opens the doors for more students to enter the community and technical college system. The hope is that those students will continue on to STEM programs through the broader WSOS Program, but this bill gets them in the door. Funding for programs to assist students is an issue. The WSOS has a great government partner process in place. Despite the strong economy and job market, most jobs require some form of postsecondary education. Washington needs to help students achieve postsecondary education or they will be left behind. As cities continue to face escalating costs for basic services, the current structure of the WSOS does not give cities the option to develop promise programs. There is lots of enthusiasm and support for this bill. Programs like the Renton Promise Program are already seeing success. The state's first round of funding showed lots of interest. There is no doubt that this bill will generate even greater access to college for the community. This is an investment in students, the economy, and in community and technical colleges.

(Opposed) The word "tuition" should be in the bill. Students should receive guidance on what debt they will have. Living expenses should be included. Tuition is not the biggest cost driver. If we have expectations for students they will meet them. There should be a grade point average requirement for the program.

(Other) Governments are already able to invest in the WSOS Program and receive matching funds. This bill broadens access to the WSOS Program. The WSOS Program will administer this new government partner program. This bill is outside the original purpose of the WSOS, which was to fill gaps. In addition to the creation of the program, this bill makes changes to existing statutes to help the WSOS administer the program.

Persons Testifying: (In support) Representative Steve Bergquist, prime sponsor; Armondo Pavone, Mayor, City of Renton; Ben Mitchell, Foundation for Tacoma Students; and Victoria Woodards, Mayor, City of Tacoma.

(Opposed) John Axtell.

(Other) Jessica Monger, Washington State Opportunity Scholarship.

Persons Signed In To Testify But Not Testifying: None.

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: The second substitute bill be substituted therefor and the second substitute bill do pass and do not pass the substitute bill by Committee on Postsecondary Education & Workforce. Signed by 19 members: Representatives Ormsby, Chair;

Gregerson, Vice Chair; Macri, Vice Chair; Berg, Bergquist, Cortes, Doglio, Fitzgibbon, Leavitt, Lekanoff, Peterson, Pollet, Rude, Ryu, Springer, Stonier, Street, Thai and Tharinger.

Minority Report: Do not pass. Signed by 7 members: Representatives Couture, Ranking Minority Member; Schmick, Assistant Ranking Minority Member; Burnett, Caldier, Corry, Dye and Marshall.

Minority Report: Without recommendation. Signed by 4 members: Representatives Connors, Assistant Ranking Minority Member; Penner, Assistant Ranking Minority Member; Keaton and Manjarrez.

Staff: Kate Henry (786-7349).

Summary of Recommendation of Committee On Appropriations Compared to Recommendation of Committee On Postsecondary Education & Workforce:

The Appropriations Committee recommends the maximum state matching amount be modified to \$250,000 per fiscal year for each Local Government Partner Promise Scholarship Program (Promise Scholarship) instead of \$300,000. A local government partner pledge amount must be received by February 1, 2025, to be eligible for a state match in the 2025-27 biennium for the Promise Scholarship.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Second 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) Government partners were added as partners to the Washington State Opportunity Scholarship Program (WSOS). There has only been one government agency to take advantage of this option. We want to encourage more government partners to take this opportunity for students. The WSOS has a great government partner process in place. The state has the best need-based financial aid for postsecondary education, and this bill will be an additional piece that can be used by local governments to assist in the last mile for students. The bill would provide a financing option for local governments and a bit more flexibility to establish a program.

Any additional support for students to decrease their debt load is appreciated. Students do not attend secondary school voluntarily, so a grade point average (GPA) threshold should not be needed to receive the scholarship, but once students choose a path in higher education there should be a GPA metric to keep the scholarship.

(Opposed) None.

Persons Testifying: Representative Steve Bergquist, prime sponsor; Ben Mitchell, Foundation for Tacoma Students; and John Axtell.

Persons Signed In To Testify But Not Testifying: None.