

SENATE BILL REPORT

2SHB 1587

As Reported by Senate Committee On:
Higher Education & Workforce Development, March 24, 2025
Ways & Means, April 7, 2025

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: House Committee on Appropriations (originally sponsored by Representatives Bergquist, Rude, Reed, Pollet, Reeves, Zahn, Timmons, Doglio, Salahuddin and Nance).

Brief History: Passed House: 3/8/25, 58-38.

Committee Activity: Higher Education & Workforce Development: 3/17/25, 3/24/25 [DPA-WM, w/oRec].

Ways & Means: 4/03/25, 4/07/25 [DPA (HEWD), DNP, w/oRec].

Brief Summary of Amended Bill

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

SENATE COMMITTEE ON HIGHER EDUCATION & WORKFORCE DEVELOPMENT

Majority Report: Do pass as amended and be referred to Committee on Ways & Means.
Signed by Senators Nobles, Chair; Hansen, Vice Chair; Slatter.

Minority Report: That it be referred without recommendation.
Signed by Senator Boehnke.

Staff: Kellee Gunn (786-7429)

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.

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass as amended by Committee on Higher Education & Workforce Development.

Signed by Senators Robinson, Chair; Stanford, Vice Chair, Operating; Trudeau, Vice Chair, Capital; Frame, Vice Chair, Finance; Cleveland, Conway, Dhingra, Hansen, Hasegawa, Kauffman, Pedersen, Riccelli, Saldaña, Wellman and Wilson, C..

Minority Report: Do not pass.

Signed by Senators Schoesler, Ranking Member, Capital; Dozier, Assistant Ranking Member, Capital; Braun.

Minority Report: That it be referred without recommendation.

Signed by Senators Gildon, Ranking Member, Operating; Torres, Assistant Ranking Member, Operating; Muzzall, Wagoner and Warnick.

Staff: Michele Alishahi (786-7433)

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 Program 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 1st 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.

Summary of Amended Bill: Local Promise Scholarship Match Program. Municipalities, counties, or federally recognized Indian tribes (local government partners) may establish their own Local Promise Scholarship Match Program(scholarship program) within the WSOS Program. The scholarship program will cover the tuition, and student and activities fees costs for eligible students.

Student Eligibility. To be eligible a student must:

- have received their high school diploma or high school equivalency certificate in Washington; and
- be attending a public two-year institution of higher education, a professional-technical certificate, or degree program approved by the State Board for Community and Technical Colleges.

Eligibility may not extend for more than three years.

A local government partner that establishes a scholarship program may establish separate rules for its scholarship program that are independent from the broader WSOS Program.

If a student transfers to a school that is not eligible under the local government partner's scholarship program rules, the student must reapply to the broader WSOS Program and meet all eligibility requirements. A local government partner may continue to provide funds to the student through its own scholarship program if their program rules allow continued payment. A student may not receive funds from the broader WSOS Program and the local government partner scholarship program at the same time.

Scholarship Amounts. The actual value of the promise scholarship the student may receive is dependent on the need of the student after other awards such as the College Bound Scholarship Match Program, the Washington College Grant (WCG), scholarship, gift aid, or waiver assistance.

The local government partner may provide additional scholarship awards to cover reasonable student expenses.

WSAC and institutions of higher education may not consider awards made under a local government partner's scholarship program to be state-funded for the purpose of determining the value of an award for other state financial aid programs.

If there are not enough funds to serve all eligible applicants, funding must be given to applicants to the broader Washington State Opportunity Scholarship Program over applicants to a government partner scholarship program.

Washington State Opportunity Scholarship Administrative Duties. WSOS, in consultation with the local government partner, is responsible for the following administrative duties:

- implementing a selection and notification process for awarding local government scholarship funds;
- distributing funds to selected students;
- notifying institutions of higher education of the local government scholarship program recipients who will attend their institutions of higher education; and
- informing the institutions of the local government scholarship program fund amounts and terms of the awards.

Up to 10 percent of the local partner funds may be used for administrative costs.

State Match Limit. For each local government partner scholarship program, state matching funds shall be limited to \$250,000 per fiscal year. To be eligible for a state match in the 2025-27 biennium, a local government partner shall submit a pledge amount to the program administrator referencing the local government partner scholarship program by February 1, 2025.

Washington State Opportunity Scholarship Program Reporting, and Other Duties. Beginning in 2025, the Education Research and Data Center (ERDC) shall provide data on the outcomes of all WSOS recipients and graduates by November 1st of each year.

All institutions of higher education that participate in the WSOS Program shall provide timely verification of eligibility information to WSOS.

WSOS must include, in their annual report, information on the total amount of private contributions and state match moneys received and the total number of students served with the local government scholarship program.

EFFECT OF HIGHER EDUCATION & WORKFORCE DEVELOPMENT COMMITTEE AMENDMENT(S):

- Establishes that the degree program participating in the local government promise program must be approved by the State Board for Community and Technical Colleges, rather than be defined by the local government partner.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

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

Staff Summary of Public Testimony on Second Substitute House Bill (Higher Education & Workforce Development): *The committee recommended a different version of the bill than what was heard.* PRO: This expands on the current WSOS Program. Some students would switch to this program from the current program. The bill limits the amount that may be spent on administration to 10 percent, which is lower than the current WSOS admin fee. This will be open to students to apply through the fall, without limiting it to May, which has been problematic for the main WSOS Program. There has been two years of funding from the state for the Renton Promise Program. The Renton Promise Program has had a significant retention rate for a promise program, and there is a desire to keep this program going.

Promise programs are a last-mile investment to meet unmet student need. Tacoma has worked with the city and county, and other partners, to develop a promise program. This program is a good vehicle for cities and other municipalities who want to create a promise program.

OTHER: Though cities can already invest in WSOS to create their own match, this may provide another avenue. We are neutral as this is outside the intent of the existing program. Promise-style programs are a great option for students. The local government partner will have a broader authority to set the eligibility criteria than what is established with the current WSOS programs. This bill will help make us more efficient and compile data.

Persons Testifying (Higher Education & Workforce Development): PRO: Representative Steve Bergquist, Prime Sponsor; Ben Mitchell, Foundation for Tacoma Students; John Axtell.

OTHER: Jessica Monger, Washington State Opportunity Scholarship.

Persons Signed In To Testify But Not Testifying (Higher Education & Workforce Development): No one.

Staff Summary of Public Testimony on Bill as Amended by Higher Education & Workforce Development (Ways & Means): PRO: Under the current rules establishing a Local Promise Program can be difficult. This bill will provide greater flexibility and efficiency for local governments. The goal is to get students into the door to take advantage of workforce opportunities, particularly in stem related fields.

CON: This bill puts up a roadblock. Most of what is covered in the GED or the requirements for a high school diploma have very little relevance to competencies required to succeed in post-secondary education programs. The only prerequisite for a student to participate in this program should be that they meet the minimum qualifications for the program for which they are applying. I submit for consideration that on page 2, lines 11 and 12 should be deleted.

Persons Testifying (Ways & Means): PRO: Eric Perry, City of Renton.

CON: John Axtell.

Persons Signed In To Testify But Not Testifying (Ways & Means): No one.