

HOUSE BILL REPORT

HB 2294

As Reported By House Committee On:

Higher Education
Appropriations

Title: An act relating to the state educational trust fund.

Brief Description: Changing provisions relating to the state educational trust fund.

Sponsors: Representatives Delvin and Carlson; by request of Higher Education Coordinating Board.

Brief History:

Committee Activity:

Higher Education: 1/23/96, 1/25/96 [DPS];

Appropriations: 2/3/96 [DPS(HE)].

HOUSE COMMITTEE ON HIGHER EDUCATION

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 12 members: Representatives Carlson, Chairman; Mulliken, Vice Chairman; Jacobsen, Ranking Minority Member; Mason, Assistant Ranking Minority Member; Basich; Benton; Blanton; Delvin; Goldsmith; Mastin; Scheuerman and Sheahan.

Staff: Marilee Scarbrough (786-7196).

Background: The State Educational Grant Account receives repayments from students whose eligibility for a state grant changes after the initial receipt of funds. The Higher Education Coordinating Board administers the account, but the board has no statutory authority to spend any of the funds.

The math and science teachers loan program is no longer operative, but the Higher Education Coordinating Board continues to receive loan repayments from prior students. The funds received by the board are deposited into an account for loan repayment.

Summary of Substitute Bill: The State Educational Grant Account is converted to a trust fund. The purpose of the trust is to provide college student assistance to needy or disadvantaged youth. Through this fund the state will offer "Early Promise"

scholarships. The students must be identified as at risk of dropping out of secondary education, participate in early awareness and outreach programs, and enter a Washington institution of higher education within two years of graduating from high school.

The board shall deposit state grant repayments received after the biennium into the trust fund. The board will also deposit into the trust fund repayments received from the loan program for math and science teachers. Additionally, the board may deposit money from state, federal, and private sources. The board may expend up to 3 percent of the fund each year for administration of the fund. All earnings on the fund are credited to the fund.

Substitute Bill Compared to Original Bill: The substitute bill clarifies that the board may expend up to 3 percent of the costs to administer the program. Annually, the board may expend funds that are necessary for scholarship awards.

Appropriation: None.

Fiscal Note: Not requested.

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

Testimony For: This bill provides a unique opportunity for financial aid without an appropriation. This bill is very important. Currently there is \$300,000 in the educational grant account. In the math science loan repayment fund there is approximately \$900,000. The two funds will allow creation of a trust fund for \$1.2 million to help middle and high school students. This program will provide hope to young adults. These funds will allow students to pursue their dreams.

Testimony Against: None.

Testified: Susan Patrick and John Klacik, Higher Education Coordinating Board; Pat Harrington, Tacoma Eastside Scholars advisory committee; Mike Welton, Wapato National Early Intervention site coordinator; Richard Johnson, National Early Intervention Scholarship program; Linda Boston, site coordinator, Hoquiam; Jennifer Farrier, student at Harbor High School; Billy Ann Parriman, student; Judae Bostian, student; and Edith Johnson, parent.

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: The substitute bill by Committee on Higher Education be substituted therefor and the substitute do pass. Signed by 29 members: Representatives Huff, Chairman; Clements, Vice Chairman; Pelesky, Vice Chairman; H. Sommers, Ranking Minority Member; Valle, Assistant Ranking Minority Member; Basich; Beeksma; Brumsickle; Carlson; Chappell; Cooke; Crouse; Dellwo; Dyer; Foreman; Grant; Hickel; Jacobsen; Kessler; Lambert; Linville; McMorris; Poulsen; Reams; Rust; Sehlin; Sheahan; Talcott and Wolfe.

Minority Report: Do not pass. Signed by 1 member: Representative Hargrove.

Staff: Jennifer Priddy (786-7118).

Summary of Recommendation of Committee on Appropriations Compared to Recommendation of Committee on Higher Education: No new changes were recommended.

Appropriation: None.

Fiscal Note: Not requested.

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

Testimony For: This legislation creates the vehicle for guaranteeing low-income students, currently in high school and participating in a drop-out prevention program, financial aid if they are admitted to college. The trust account would be funded by the repayment of grants and loans and thus would not obligate future state funding.

Testimony Against: None.

Testified: Susan Patrick and John Klacik, Higher Education Coordinating Board.