

# HOUSE BILL REPORT

## HB 2302

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### As Reported By House Committee On:

Higher Education  
Appropriations

**Title:** An act relating to the Washington state student scholarship partnership program.

**Brief Description:** Establishing the Washington state student scholarship partnership program.

**Sponsors:** Representatives Carlson, Jacobsen, Mason and Patterson.

### Brief History:

#### Committee Activity:

Higher Education: 1/19/96, 1/25/96 [DPS];  
Appropriations: 2/3/96 [DP2S(w/o sub HE)].

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### 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:** Suzi Morrissey (786-7120).

**Background:** In the past decade, the Legislature has created four programs designed both to match state funds with private donations and to attract exemplary faculty and graduate students to Washington's public colleges and universities. Through the Distinguished Professorship and Graduate Student Fellowship programs, state funds are matched with private donations to create endowed positions at the public baccalaureate institutions.

In the Community College Exceptional Faculty Awards program, state funds and private donations are equally matched either to reward outstanding service by individual faculty members or to fund faculty development activities. Community college and technical college foundations are permitted to participate in this program.

Through the Warren G. Magnuson Institute for Biomedical Research and Health Professions Training, individuals engaged in research into diabetes, Parkinson's disease, osteoporosis, and other medical disorders receive funding and support. Funding for the institute is provided through a combination of methods, including the earnings on an endowment created when state funds were doubly matched by private donations or federal funds.

**Summary of Substitute Bill:** The Washington State Student Scholarship Partnership program is created. The purpose of the program is to assist public and independent colleges, universities, and career schools to raise private aid money for needy and meritorious students. The program will be administered by the Higher Education Coordinating Board. When funding is available, the board will equally match money raised by participating institutions of higher education or their foundations. The money will be used to assist needy and meritorious students with their educational expenses.

The duties of the board are described. These include the adoption of rules, deadlines, procedures, the determination of minimum and maximum scholarship amounts per needy student, the distribution of state matching funds to participating public institutions or their foundations, and the distribution of state matching funds to students at independent colleges and private career schools. In order to qualify for the program, participating institutions and foundations must provide private matching funds received after the date this legislation takes effect. In addition, the private matching money must supplement the level of gift aid from private sources awarded to students during the 1995-96 academic year.

The board will adopt an annual allocation system to reserve moneys for participating institutions. Some of the components of the allocation system are described. The board will adopt policies that maximize the distribution of trust funds and matching moneys. The board will also adopt a mechanism to reallocate unused state funds. In addition, the board is required to adopt contracts with participating institutions and foundations, and to prepare and distribute an annual report on the results of the program.

Definitions are adopted for students who are eligible to receive funding under the program and for institutions and institutional foundations that may participate in the program. Scholarship recipients will be encouraged to repay the scholarship in order to help other needy students when the recipients' circumstances permit such repayment. Legal requirements for participating foundations are described. A trust fund is created in the State Treasurer's office for receipt of any state matching funds appropriated by the Legislature for the program.

The sum of \$10 million is appropriated into the trust fund for the program.

**Substitute Bill Compared to Original Bill:** Students are encouraged to repay the scholarship when their circumstances permit the repayment. Participating institutions must keep records, provide the Higher Education Coordinating Board with an accounting of the students who benefit under the program, and meet conditions determined by the board. The only moneys that are eligible for the state match are private funds raised after the act takes effect. The private donations must supplement the level of gift aid available to students in the 1995-96 academic year. The board cannot raise or accept private donations, and must report annually on the program.

**Appropriation:** An appropriation of \$10 million is made to the trust fund from the state's general fund.

**Fiscal Note:** Requested on January 24, 1996.

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

**Testimony For:** This legislation challenges colleges and their foundations to step up their attempts to raise private funds for student scholarships. It will help needy, academically-minded students to attend college. The legislation is a complement to other state and institutional efforts to increase access and provide low- and middle-income students who are meritorious with scholarship assistance. It will strengthen institutional efforts to forge partnerships with citizens and businesses in their communities.

**Testimony Against:** None.

**Testified:** Shane Bird, Washington Student Lobby (pro).

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## 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 Higher Education. Signed by 26 members: Representatives Huff, Chairman; Clements, Vice Chairman; Pelesky, Vice Chairman; H. Sommers, Ranking Minority Member; Valle, Assistant Ranking Minority Member; Brumsickle; Carlson; Chappell; Cooke; Crouse; Dellwo; Dyer; Foreman; Grant; Hickel; Kessler; Lambert; Linville; McMorris; Poulsen; Reams; Rust; Sehlin; Sheahan; Talcott and Wolfe.

**Minority Report:** Without recommendation. Signed by 2 members: Representatives Beeksma and Hargrove.

**Staff:** Jennifer Priddy (786-7118).

**Summary of Recommendation of Committee on Appropriations Compared to Recommendation of Committee on Higher Education:** The \$10 million state general fund appropriation is deleted.

**Appropriation:** None.

**Fiscal Note:** Requested on January 24, 1996.

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

**Testimony For:** Currently, there is a gap between demonstrated need for financial aid grants and the availability of funding. This fund would expand the number of students who could be provided with financial aid. The bill would also generate additional private donations due to the incentive of state matching funds.

**Testimony Against:** None.

**Testified:** Martha Lindley, Central Washington University; and Kim Merriman, The Evergreen State College.