
Higher Education Committee

HB 1123

Brief Description: Creating the state financial aid account.

Sponsors: Representatives Kenney, Cox, Fromhold, Jarrett, Berkey, Chase, Kessler, Wallace, Conway, Wood, Cody, McCoy and Upthegrove.

Brief Summary of Bill

- Creates a non-appropriated state financial aid account where the Higher Education Coordinating Board deposits money received for various state financial aid programs.

Hearing Date: 2/7/03

Staff: Barbara McLain (786-7383).

Background:

State Financial Aid Programs: State funds for a number of financial aid programs are appropriated in the operating budget to the Higher Education Coordinating Board (HECB). These programs include: State Need Grant, State Work Study, Washington Scholars, Washington Award for Vocational Excellence, and Educational Opportunity Grant.

In distributing the funds to public institutions of higher education and students attending private institutions, the HECB makes certain assumptions about how many eligible students will be attending each institution. If these assumptions are not precisely accurate or money is not moved among institutions in a timely manner, it is possible for financial aid funds to remain unspent at the end of a fiscal year. Under state law, unspent funds cannot be used in the following fiscal year (e.g., the money lapses).

Over the past five years, the following money from the State Need Grant (by far the largest program) has lapsed at the end of the fiscal year:

1997-98:	\$ 450,000	2001-01:	\$ 0
1998-99:	\$ 350,000	2001-02:	\$ 0
1999-00:	\$4,100,000		

Promise Scholarship: When the Promise Scholarship was authorized in statute in 2002, the Legislature created a Promise Scholarship Account. A legislative appropriation is not needed

to spend monies placed in the account, which are to be used only for Promise Scholarships. Disbursements from the account are exempt from state laws regarding allotments or lapsing of funds at the end of a fiscal year. The account also retains its own interest. Both the statute and the biennial operating budget direct the HECB to place state funds for the Promise Scholarship into this account.

Summary of Bill:

The state financial aid account is created, with the primary purpose to ensure appropriations for financial aid are made available to eligible students. A legislative appropriation is not needed to spend monies placed in the account, which are to be used only for various scholarship programs. Disbursements from the account are exempt from state laws regarding allotment or lapsing of funds at the end of a fiscal year. The account also retains its own interest.

The HECB is directed to place state funds for the following financial aid programs in the account: State Need Grant, State Work Study, Washington Scholars, Washington Award for Vocational Excellence, and Educational Opportunity Grant.

Appropriation: None.

Fiscal Note: Not Requested.

Effective Date: The bill takes effect ninety days after adjournment of session in which bill is passed.