

**E2SSB 6423** - H COMM AMD  
By Committee on Higher Education

1 Strike everything after the enacting clause and insert the  
2 following:

3 "Sec. 1. RCW 28B.145.010 and 2013 c 39 s 13 are each amended to  
4 read as follows:

5 The definitions in this section apply throughout this chapter  
6 unless the context clearly requires otherwise.

7 (1) "Board" means the (~~higher education coordinating board or its~~  
8 ~~successor~~) opportunity scholarship board.

9 (2) "Council" means the student achievement council.

10 (3) "Eligible education programs" means high employer demand and  
11 other programs of study as determined by the (~~opportunity~~  
12 ~~scholarship~~) board.

13 (~~(3)~~) (4) "Eligible expenses" means reasonable expenses  
14 associated with the costs of acquiring an education such as tuition,  
15 books, equipment, fees, room and board, and other expenses as  
16 determined by the program administrator in consultation with the  
17 (~~board~~) council and the state board for community and technical  
18 colleges.

19 (~~(4)~~) (5) "Eligible student" means a resident student who  
20 received his or her high school diploma or high school equivalency  
21 certificate as provided in RCW 28B.50.536 in Washington and who:

22 (a)(i) Has been accepted at a four-year institution of higher  
23 education into an eligible education program leading to a baccalaureate  
24 degree; or

25 (ii) Will attend a two-year institution of higher education and  
26 intends to transfer to an eligible education program at a four-year  
27 institution of higher education;

28 (b) Declares an intention to obtain a baccalaureate degree; and

29 (c) Has a family income at or below one hundred twenty-five percent

1 of the state median family income at the time the student applies for  
2 an opportunity scholarship.

3 ((+5)) (6) "High employer demand program of study" has the same  
4 meaning as provided in RCW 28B.50.030.

5 ((+6)) (7) "Participant" means an eligible student who has  
6 received a scholarship under the opportunity scholarship program.

7 ((+7)) (8) "Program administrator" means a college scholarship  
8 organization that is a private nonprofit corporation registered under  
9 Title 24 RCW and qualified as a tax-exempt entity under section  
10 501(c)(3) of the federal internal revenue code, with expertise in  
11 managing scholarships and college advising.

12 ((+8)) (9) "Resident student" has the same meaning as provided in  
13 RCW 28B.15.012.

14 **Sec. 2.** RCW 28B.145.020 and 2011 1st sp.s. c 13 s 3 are each  
15 amended to read as follows:

16 (1) The opportunity scholarship board is created. The  
17 ((~~opportunity scholarship~~)) board consists of ((~~seven~~)) eleven members:

18 (a) ((~~Three~~)) Six members appointed by the governor, subject to  
19 confirmation by the senate. For ((~~two~~)) three of the ((~~three~~)) six  
20 appointments, the governor shall consider names from a list provided by  
21 the president of the senate and the speaker of the house of  
22 representatives; and

23 (b) ((~~Four~~)) Five foundation or business and industry  
24 representatives appointed by the governor, subject to confirmation by  
25 the senate, from among the state's most productive industries such as  
26 aerospace, manufacturing, health ((~~sciences~~)) care, information  
27 technology, engineering, agriculture, and others, as well as  
28 philanthropy. The foundation or business and industry representatives  
29 shall be selected from among nominations provided by the private sector  
30 donors to the opportunity scholarship and opportunity expansion  
31 programs. However, the governor may request, and the private sector  
32 donors shall provide, an additional list or lists from which the  
33 governor shall select these representatives.

34 (2) Board members shall hold their offices for a term of four years  
35 from the first day of September and until their successors are  
36 appointed. No more than the terms of two members may expire  
37 simultaneously on the last day of August in any one year.

1 (3) The members of the ((~~opportunity scholarship~~)) board shall  
2 elect one of the business and industry representatives to serve as  
3 chair.

4 (4) ((~~Five~~)) Seven members of the board constitute a quorum for the  
5 transaction of business. In case of a vacancy, or when an appointment  
6 is made after the date of expiration of the term, the governor or the  
7 president of the senate or the speaker of the house of representatives,  
8 depending upon which made the initial appointment to that position,  
9 shall fill the vacancy for the remainder of the term of the board  
10 member whose office has become vacant or expired.

11 (5) The ((~~opportunity scholarship~~)) board shall be staffed by the  
12 program administrator.

13 (6) The purpose of the ((~~opportunity scholarship~~)) board is to  
14 provide oversight and guidance for the opportunity expansion and the  
15 opportunity scholarship programs in light of established legislative  
16 priorities and to fulfill the duties and responsibilities under this  
17 chapter, including but not limited to determining eligible education  
18 programs for purposes of the opportunity scholarship program. Duties,  
19 exercised jointly with the program administrator, include soliciting  
20 funds and setting annual fund-raising goals.

21 (7) The ((~~opportunity scholarship~~)) board may report to the  
22 governor and the appropriate committees of the legislature with  
23 recommendations as to:

24 (a) Whether some or all of the scholarships should be changed to  
25 conditional scholarships that must be repaid in the event the  
26 participant does not complete the eligible education program; and

27 (b) A source or sources of funds for the opportunity expansion  
28 program in addition to the voluntary contributions of the high  
29 technology research and development tax credit under RCW 82.32.800.

30 **Sec. 3.** RCW 28B.145.030 and 2011 1st sp.s. c 13 s 4 are each  
31 amended to read as follows:

32 (1) The program administrator, under contract with the ((~~board~~))  
33 council, shall staff the ((~~opportunity scholarship~~)) board and shall  
34 have the duties and responsibilities provided in this chapter,  
35 including but not limited to publicizing the program, selecting  
36 participants for the opportunity scholarship award, distributing  
37 opportunity scholarship awards, and achieving the maximum possible rate

1 of return on investment of the accounts in subsection (2) of this  
2 section, while ensuring transparency in the investment decisions and  
3 processes. Duties, exercised jointly with the ((~~opportunity~~  
4 ~~scholarship~~)) board, include soliciting funds and setting annual fund-  
5 raising goals. The program administrator shall be paid an  
6 administrative fee as determined by the ((~~opportunity-scholarship~~))  
7 board.

8 (2) With respect to the opportunity scholarship program, the  
9 program administrator shall:

10 (a) Establish and manage two separate accounts into which to  
11 receive grants and contributions from private sources as well as state  
12 matching funds, and from which to disburse scholarship funds to  
13 participants;

14 (b) Solicit and accept grants and contributions from private  
15 sources, via direct payment, pledge agreement, or escrow account, of  
16 private sources for deposit into one or both of the two accounts  
17 created in this subsection (2)(b) in accordance with this subsection  
18 (2)(b):

19 (i) The "scholarship account," whose principal may be invaded, and  
20 from which scholarships must be disbursed beginning no later than  
21 December 1, 2011, if, by that date, state matching funds in the amount  
22 of five million dollars or more have been received. Thereafter,  
23 scholarships shall be disbursed on an annual basis beginning no later  
24 than May 1, 2012, and every ((~~May~~)) October 1st thereafter;

25 (ii) The "endowment account," from which scholarship moneys may be  
26 disbursed from earnings only in years when:

27 (A) The state match has been made into both the scholarship and the  
28 endowment account;

29 (B) The state appropriations for the state need grant under RCW  
30 28B.92.010 meet or exceed state appropriations for the state need grant  
31 made in the 2011-2013 biennium, adjusted for inflation, and eligibility  
32 for state need grant recipients is at least seventy percent of state  
33 median family income; and

34 (C) The state has demonstrated progress toward the goal of total  
35 per-student funding levels, from state appropriations plus tuition and  
36 fees, of at least the sixtieth percentile of total per-student funding  
37 at similar public institutions of higher education in the global  
38 challenge states, as defined, measured, and reported in RCW 28B.15.068.

1 In any year in which the office of financial management reports that  
2 the state has not made progress toward this goal, no new scholarships  
3 may be awarded. In any year in which the office of financial  
4 management reports that the percentile of total per-student funding is  
5 less than the sixtieth percentile and at least five percent less than  
6 the prior year, pledges of future grants and contributions may, at the  
7 request of the donor, be released and grants and contributions already  
8 received refunded to the extent that opportunity scholarship awards  
9 already made can be fulfilled from the funds remaining in the endowment  
10 account. In fulfilling the requirements of this subsection, the office  
11 of financial management shall use resources that facilitate measurement  
12 and comparisons of the most recently completed academic year. These  
13 resources may include, but are not limited to, the data provided in a  
14 uniform dashboard format under RCW 28B.77.090 as the statewide public  
15 four-year dashboard and academic year reports prepared by the state  
16 board for community and technical colleges; ((and))

17 (iii) An amount equal to at least fifty percent of all grants and  
18 contributions must be deposited into the scholarship account until such  
19 time as twenty million dollars have been deposited into the account,  
20 after which time the private donors may designate whether their  
21 contributions must be deposited to the scholarship or the endowment  
22 account. The ~~((opportunity scholarship))~~ board and the program  
23 administrator must work to maximize private sector contributions to  
24 both the scholarship account and the endowment account, to maintain a  
25 robust scholarship program while simultaneously building the endowment,  
26 and to determine the division between the two accounts in the case of  
27 undesignated grants and contributions, taking into account the need for  
28 a long-term funding mechanism and the short-term needs of families and  
29 students in Washington. The first five million dollars in state match,  
30 as provided in RCW 28B.145.040, shall be deposited into the scholarship  
31 account and thereafter the state match shall be deposited into the two  
32 accounts in equal proportion to the private funds deposited in each  
33 account; and

34 (iv) Once moneys in the opportunity scholarship match transfer  
35 account are subject to an agreement under RCW 28B.145.050(5) and are  
36 deposited in the scholarship account or endowment account under this  
37 section, the state acts in a fiduciary rather than ownership capacity

1 with regard to those assets. Assets in the scholarship account and  
2 endowment account are not considered state money, common cash, or  
3 revenue to the state;

4 (c) Provide proof of receipt of grants and contributions from  
5 private sources to the ((~~board~~)) council, identifying the amounts  
6 received by name of private source and date, and whether the amounts  
7 received were deposited into the scholarship or the endowment account;

8 (d) In consultation with the ((~~higher education coordinating~~  
9 ~~board~~)) council and the state board for community and technical  
10 colleges, make an assessment of the reasonable annual eligible expenses  
11 associated with eligible education programs identified by the  
12 ((~~opportunity scholarship~~)) board;

13 (e) Determine the dollar difference between tuition fees charged by  
14 institutions of higher education in the 2008-09 academic year and the  
15 academic year for which an opportunity scholarship is being  
16 distributed;

17 (f) Develop and implement an application, selection, and  
18 notification process for awarding opportunity scholarships;

19 (g) Determine the annual amount of the opportunity scholarship for  
20 each selected participant. The annual amount shall be at least one  
21 thousand dollars or the amount determined under (e) of this subsection,  
22 but may be increased on an income-based, sliding scale basis up to the  
23 amount necessary to cover all reasonable annual eligible expenses as  
24 assessed pursuant to (d) of this subsection, or to encourage  
25 participation in baccalaureate degree programs identified by the  
26 ((~~opportunity scholarship~~)) board;

27 (h) Distribute scholarship funds to selected participants. Once  
28 awarded, and to the extent funds are available for distribution, an  
29 opportunity scholarship shall be automatically renewed until the  
30 participant withdraws from or is no longer attending the program,  
31 completes the program, or has taken the credit or clock hour equivalent  
32 of one hundred twenty-five percent of the published length of time of  
33 the participant's program, whichever occurs first, and as long as the  
34 participant annually submits documentation of filing both a free  
35 application for federal student aid and for available federal education  
36 tax credits, including but not limited to the American opportunity tax  
37 credit; and

1 (i) Notify institutions of scholarship recipients who will attend  
2 their institutions and inform them of the terms of the students'  
3 eligibility.

4 (3) With respect to the opportunity expansion program, the program  
5 administrator shall:

6 (a) Assist the (~~opportunity scholarship~~) board in developing and  
7 implementing an application, selection, and notification process for  
8 making opportunity expansion awards; and

9 (b) Solicit and accept grants and contributions from private  
10 sources for opportunity expansion awards.

11 NEW SECTION. **Sec. 4.** A new section is added to chapter 28B.145  
12 RCW to read as follows:

13 (1) The board may elect to have the state investment board invest  
14 the funds in the scholarship account and endowment account described  
15 under RCW 28B.145.030(2)(b). If the board so elects, the state  
16 investment board has the full power to invest, reinvest, manage,  
17 contract, sell, or exchange investment money in the two accounts. All  
18 investment and operating costs associated with the investment of money  
19 shall be paid under RCW 43.33A.160 and 43.84.160. With the exception  
20 of these expenses, the earnings from the investment of the money shall  
21 be retained by the accounts.

22 (2) All investments made by the state investment board shall be  
23 made with the exercise of that degree of judgment and care under RCW  
24 43.33A.140 and the investment policy established by the state  
25 investment board.

26 (3) As deemed appropriate by the state investment board, money in  
27 the scholarship and endowment accounts may be commingled for investment  
28 with other funds subject to investment by the state investment board.

29 (4) Members of the state investment board shall not be considered  
30 an insurer of the funds or assets and are not liable for any action or  
31 inaction.

32 (5) Members of the state investment board are not liable to the  
33 state, to the fund, or to any other person as a result of their  
34 activities as members, whether ministerial or discretionary, except for  
35 willful dishonesty or intentional violations of law. The state  
36 investment board in its discretion may purchase liability insurance for  
37 members.

1 (6) The authority to establish all policies relating to the  
2 scholarship account and the endowment account, other than the  
3 investment policies as provided in subsections (1) through (3) of this  
4 section, resides with the board and program administrator acting in  
5 accordance with the principles set forth in this chapter. With the  
6 exception of expenses of the state investment board in subsection (1)  
7 of this section, disbursements from the scholarship account and  
8 endowment account shall be made only on the authorization of the  
9 opportunity scholarship board or its designee, and moneys in the  
10 accounts may be spent only for the purposes specified in this chapter.

11 (7) The state investment board shall routinely consult and  
12 communicate with the board on the investment policy, earnings of the  
13 accounts, and related needs of the program.

14 **Sec. 5.** RCW 28B.145.050 and 2011 1st sp.s. c 13 s 6 are each  
15 amended to read as follows:

16 (1) The opportunity scholarship match transfer account is created  
17 in the custody of the state treasurer as a nonappropriated account to  
18 be used solely and exclusively for the opportunity scholarship program  
19 created in RCW 28B.145.040. The purpose of the account is to provide  
20 matching funds for the opportunity scholarship program.

21 (2) Revenues to the account shall consist of appropriations by the  
22 legislature into the account and any gifts, grants, or donations  
23 received by the executive director of the ((~~board~~)) council for this  
24 purpose.

25 (3) No expenditures from the account may be made except upon  
26 receipt of proof, by the executive director of the ((~~board~~)) council  
27 from the program administrator, of private contributions to the  
28 opportunity scholarship program. Expenditures, in the form of matching  
29 funds, may not exceed the total amount of private contributions.

30 (4) Only the executive director of the ((~~board~~)) council or the  
31 executive director's designee may authorize expenditures from the  
32 opportunity scholarship match transfer account. Such authorization  
33 must be made as soon as practicable following receipt of proof as  
34 required under subsection (3) of this section.

35 (5) The council shall enter into an appropriate agreement with the  
36 program administrator to demonstrate exchange of consideration for the  
37 matching funds.



1           **Sec. 6.** RCW 28B.145.060 and 2013 c 39 s 14 are each amended to  
2 read as follows:

3           (1) The opportunity expansion program is established.

4           (2) The ((~~opportunity scholarship~~)) board shall select institutions  
5 of higher education to receive opportunity expansion awards. In so  
6 doing, the ((~~opportunity scholarship~~)) board must:

7           (a) Solicit, receive, and evaluate proposals from institutions of  
8 higher education that are designed to directly increase the number of  
9 baccalaureate degrees produced in high employer demand and other  
10 programs of study, and that include annual numerical targets for the  
11 number of such degrees, with a strong emphasis on serving students who  
12 received their high school diploma or high school equivalency  
13 certificate as provided in RCW 28B.50.536 in Washington or are adult  
14 Washington residents who are returning to school to gain a  
15 baccalaureate degree;

16           (b) Develop criteria for evaluating proposals and awarding funds to  
17 the proposals deemed most likely to increase the number of  
18 baccalaureate degrees and degrees produced in high employer demand and  
19 other programs of study;

20           (c) Give priority to proposals that include a partnership between  
21 public and private partnership entities that leverage additional  
22 private funds;

23           (d) Give priority to proposals that are innovative, efficient, and  
24 cost-effective, given the nature and cost of the particular program of  
25 study;

26           (e) Consult and operate in consultation with existing higher  
27 education stakeholders, including but not limited to: Faculty, labor,  
28 student organizations, and relevant higher education agencies; and

29           (f) Determine which proposals to improve and accelerate the  
30 production of baccalaureate degrees in high employer demand and other  
31 programs of study will receive opportunity expansion awards for the  
32 following state fiscal year, notify the state treasurer, and announce  
33 the awards.

34           (3) The state treasurer, at the direction of the ((~~opportunity~~  
35 ~~scholarship~~)) board, must distribute the funds that have been awarded  
36 to the institutions of higher education from the opportunity expansion  
37 account.

1 (4) Institutions of higher education receiving awards under this  
2 section may not supplant existing general fund state revenues with  
3 opportunity expansion awards.

4 (5) Annually, the office of financial management shall report to  
5 the ((~~opportunity scholarship~~)) board, the governor, and the relevant  
6 committees of the legislature regarding the percentage of Washington  
7 households with incomes in the middle-income bracket or higher. For  
8 purposes of this section, "middle-income bracket" means household  
9 incomes between two hundred and five hundred percent of the 2010  
10 federal poverty level, as determined by the United States department of  
11 health and human services for a family of four, adjusted annually for  
12 inflation.

13 (6) Annually, the ((~~student achievement~~)) council must report to  
14 the ((~~opportunity scholarship~~)) board, the governor, and the relevant  
15 committees of the legislature regarding the increase in the number of  
16 degrees in high employer demand and other programs of study awarded by  
17 institutions of higher education over the average of the preceding ten  
18 academic years.

19 (7) In its comprehensive plan, the workforce training and education  
20 coordinating board shall include specific strategies to reach the goal  
21 of increasing the percentage of Washington households living in the  
22 middle-income bracket or higher, as calculated by the office of  
23 financial management and developed by the agency or education  
24 institution that will lead the strategy.

25 **Sec. 7.** RCW 28B.145.070 and 2011 1st sp.s. c 13 s 8 are each  
26 amended to read as follows:

27 (1) ((~~By December 1, 2012, and~~)) Annually each December 1st  
28 ((~~thereafter~~)), the ((~~opportunity scholarship~~)) board, together with  
29 the program administrator, shall report to the ((~~board~~)) council, the  
30 governor, and the appropriate committees of the legislature regarding  
31 the opportunity scholarship and opportunity expansion programs,  
32 including but not limited to:

33 (a) Which education programs the ((~~opportunity scholarship~~)) board  
34 determined were eligible for purposes of the opportunity scholarship;

35 (b) The number of applicants for the opportunity scholarship,  
36 disaggregated, to the extent possible, by race, ethnicity, gender,  
37 county of origin, age, and median family income;

1 (c) The number of participants in the opportunity scholarship  
2 program, disaggregated, to the extent possible, by race, ethnicity,  
3 gender, county of origin, age, and median family income;

4 (d) The number and amount of the scholarships actually awarded, and  
5 whether the scholarships were paid from the scholarship account or the  
6 endowment account;

7 (e) The institutions and eligible education programs in which  
8 opportunity scholarship participants enrolled, together with data  
9 regarding participants' completion and graduation;

10 (f) The total amount of private contributions and state match  
11 moneys received for the opportunity scholarship program, how the funds  
12 were distributed between the scholarship and endowment accounts, the  
13 interest or other earnings on the accounts, and the amount of any  
14 administrative fee paid to the program administrator; and

15 (g) Identification of the programs the (~~opportunity scholarship~~)  
16 board selected to receive opportunity expansion awards and the amount  
17 of such awards.

18 (2) In the next succeeding legislative session following receipt of  
19 a report required under subsection (1) of this section, the appropriate  
20 committees of the legislature shall review the report and consider  
21 whether any legislative action is necessary with respect to either the  
22 opportunity scholarship program or the opportunity expansion program,  
23 including but not limited to consideration of whether any legislative  
24 action is necessary with respect to the nature and level of focus on  
25 high employer demand fields and the number and amount of scholarships."

26 Correct the title.

EFFECT: Makes the following changes:

Changes the definition of the "Board" to mean the Opportunity Scholarship Board (OSB), rather than the Higher Education Coordinating Board or its successor.

Adds a definition for "Council," which means the Washington Student Achievement Council.

Corrects and updates the references to the "Board" and the "Council" throughout the chapter on the OSB, using the new definitions.

Adds that appointments to the OSB made by the Governor are subject to confirmation by the Senate.

--- END ---