
Higher Education Committee

HB 2612

Brief Description: Changing provisions relating to the opportunity scholarship.

Sponsors: Representatives Hansen, Haler, Zeiger and Seaquist.

Brief Summary of Bill

- Increases the membership of the Opportunity Scholarship Board (Board) to 11 members, and the quorum to seven members.
- Authorizes the Board to elect to have the Washington State Investment Board (WSIB) invest funds in the scholarship and endowment accounts with other funds subject to investment by the WSIB.
- Requires the Washington Student Achievement Council to manage the Opportunity Scholarship Match Transfer Account and to enter into an agreement with the Program Administrator of the Opportunity Scholarship Program to demonstrate exchange of consideration for the matching funds.

Hearing Date: 1/28/14

Staff: Megan Wargacki (786-7194).

Background:

In 2011 the Legislature established the Opportunity Scholarship Program to support low- and middle-income students pursuing eligible high-demand majors in science, technology, engineering, mathematics, and health care, and to encourage scholarship recipients to work in the state upon completion of their degrees.

The Opportunity Scholarship Program is overseen by the Opportunity Scholarship Board (Board), which consists of seven members appointed by the Governor. Currently, for two of the appointments, the Governor must consider names submitted by the leadership of the Senate and the House of Representatives. Four of the appointments must be foundation or business and industry representatives from aerospace, manufacturing, health sciences, information technology,

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and other industries, nominated by private sector donors. Five members of the Board constitutes a quorum for the transaction of business.

The Program Administrator of the Opportunity Scholarship Program administers two separate accounts to receive grants and contributions from private sources and state matching funds, and to distribute scholarship funds to participants:

- the Scholarship Account, from which scholarship monies are disbursed; and
- the Endowment Account, from which scholarship monies are disbursed only in certain circumstances.

Scholarships must be disbursed May 1, annually.

The Opportunity Scholarship Match Transfer Account (Match Transfer Account) is a nonappropriated account, in the custody of the State Treasurer, used to provide matching funds for the Opportunity Scholarship Program. The Match Transfer Account is managed by the Executive Director of the Board.

The Washington State Investment Board (WSIB) has a fiduciary duty to manage public trust funds with the highest standard of professional conduct for the exclusive benefit of fund beneficiaries.

Summary of Bill:

The membership of the Opportunity Scholarship Board (Board) is increased to 11 members as follows:

- Five members are appointed by the Governor with three of the five names under consideration to be submitted by leadership in the House of Representatives and the Senate.
- Six members are appointed from foundation or business and industry. The list of industries from which representatives may be appointed is updated to include engineering, agriculture, philanthropy, and health care (rather than health sciences).

The quorum requirement is increased to seven members.

The date for the annual disbursements of scholarship funds is changed to October 1.

A section is added authorizing the Board to elect to have the WSIB invest funds in the scholarship and endowment accounts with other funds subject to investment by the WSIB. It is specified that members of the WSIB are not insurers of the funds and are not liable for action or inaction, unless they act with willful dishonesty or intentional violation of law.

Clarifications are made that the state acts in a fiduciary, rather than ownership capacity, once monies in the Opportunity Scholarship Match Transfer Account (Match Transfer Account) are deposited in the Scholarship and Endowment Accounts, and that assets in the Scholarship and Endowment Accounts are not considered state money, common cash, or revenue to the state.

A provision is added that requires the Washington Student Achievement Council (WSAC) to enter into an agreement with the Program Administrator of the Opportunity Scholarship Program

to demonstrate exchange of consideration for the matching funds. The management of the Match Transfer Account is given to the executive director of the WSAC.

Appropriation: None.

Fiscal Note: Requested on January 23, 2014.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.