

HOUSE BILL REPORT

E2SSB 6423

As Reported by House Committee On:
Higher Education

Title: An act relating to the opportunity scholarship program.

Brief Description: Changing provisions relating to the opportunity scholarship.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Bailey, Kohl-Welles, Litzow, McAuliffe, Dammeier, Frockt, Fain, Mullet, Chase and Tom).

Brief History:

Committee Activity:

Higher Education: 2/25/14, 2/26/14 [DPA].

**Brief Summary of Engrossed Second Substitute Bill
(As Amended by Committee)**

- 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 enter into an agreement with the Program Administrator of the Opportunity Scholarship Program to demonstrate exchange of consideration for the matching funds.
- Adds that appointments to the Board made by the Governor are subject to confirmation by the Senate.
- Makes changes and additions to term definitions and corrects these terms throughout the chapter.

HOUSE COMMITTEE ON HIGHER EDUCATION

Majority Report: Do pass as amended. Signed by 18 members: Representatives Seaquist, Chair; Pollet, Vice Chair; Haler, Ranking Minority Member; Zeiger, Assistant Ranking

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Minority Member; Gregerson, Hansen, Hargrove, Johnson, Magendanz, Muri, Reykdal, Sawyer, Sells, Smith, Tarleton, Walkinshaw, Walsh and Wylie.

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

Staff: Megan Wargacki (786-7194).

Background:

In 2011 the Legislature established the Opportunity Scholarship Program (Program) to support low- and middle-income resident 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 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, and other industries, nominated by private-sector donors. Five members of the Board constitute a quorum for the transaction of business.

The Program Administrator manages two separate accounts to: (1) receive grants and contributions from private sources and state matching funds; and (2) distribute scholarship funds to participants. The accounts are:

- 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 on May 1, annually. However, no new scholarships may be awarded, unless the Office of Financial Management (OFM) reports that the state has demonstrated progress toward the goal of state and tuition per-student funding levels of at least the fiftieth percentile of total per-student funding at similar public institutions of higher education in the Global Challenge States.

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 Program. The Match Transfer Account is managed by the Executive Director of the Washington Student Achievement Council (WSAC).

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.

The Higher Education Coordinating (HEC) Board was a Washington agency. On July 1, 2012, the HEC Board was abolished and some of its duties were transferred to the WSAC.

Summary of Amended Bill:

The membership of the Board is increased to 11 members as follows:

- six, rather than three, members are appointed by the Governor with three of the names under consideration to be submitted by leadership in the Senate and the House of Representatives;
- five, rather than four, members are appointed by the Governor 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; and
- any appointments to the Board by the Governor are subject to confirmation by the Senate.

The quorum requirement is increased to seven members.

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

Language is added directing the OFM, when determining whether the state has demonstrated progress toward meeting the sixtieth percentile of Global Challenge States for state and tuition funding per student, to use resources that facilitate measurement and comparisons of the most recent completed academic year, including the statewide public four-year dashboard on the Education Data and Resource Center's website and academic year reports prepared by the State Board for Community and Technical Colleges.

Language 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 the law.

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

Language is added requiring the WSAC to enter into an agreement with the Program Administrator of the Program to demonstrate exchange of consideration for the matching funds.

The definition of the "board" is changed to mean the Opportunity Scholarship Board, rather than the HEC Board or its successor. A definition for "council" is added to mean the WSAC. References to "board" and "council" are updated and corrected throughout the chapter on the Board.

Amended Bill Compared to Engrossed Second Substitute Bill:

The amended bill makes the following changes to the engrossed second substitute bill:

- Any appointments to the Board by the Governor are subject to confirmation by the Senate.

- The definition of the "board" is changed to mean the Opportunity Scholarship Board, rather than the HEC Board or its successor. A definition for "council" is added to mean the WSAC. References to "board" and "council" are updated and corrected throughout the chapter on the Board.
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Appropriation: None.

Fiscal Note: Available.

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

Staff Summary of Public Testimony:

(In support) This bill makes administrative improvements to the Program. It modifies the disbursement dates to closely align with the start dates of the school year. The bill clarifies references to the WSAC.

(Opposed) None.

Persons Testifying: Larry Wright, College Success Foundation.

Persons Signed In To Testify But Not Testifying: None.