

HOUSE BILL REPORT

HB 1452

As Reported by House Committee On:
Higher Education
Appropriations

Title: An act relating to the opportunity scholarship program.

Brief Description: Concerning the opportunity scholarship program.

Sponsors: Representatives Holy, Tarleton, Van Werven, Springer, Stambaugh, Haler, Pollet and Slatter.

Brief History:

Committee Activity:

Higher Education: 2/1/17, 2/15/17 [DP];

Appropriations: 2/22/17, 2/23/17 [DPS].

Brief Summary of Substitute Bill

- Expands the Washington State Opportunity Scholarship (WSOS) program to students pursuing professional-technical certificates and degrees and to students pursuing advanced degree programs, which are health professional degrees beyond the baccalaureate level.
- Requires the WSOS Board to limit scholarships to students enrolling in advanced degree programs to those that lead to credentials in health professional shortage areas, and to establish a required service obligation for participants enrolled in advanced degree programs.
- Requires the program administrator to create a new account, called the Student Support Pathways Account, from which scholarships for advanced degrees and professional-technical certificates and degrees will be awarded.
- Allows students who are ineligible to file for federal student aid to file a state financial aid application to meet scholarship renewal requirements.

HOUSE COMMITTEE ON HIGHER EDUCATION

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.

Majority Report: Do pass. Signed by 9 members: Representatives Hansen, Chair; Pollet, Vice Chair; Holy, Ranking Minority Member; Van Werven, Assistant Ranking Minority Member; Haler, Orwall, Sells, Stambaugh and Tarleton.

Staff: Megan Mulvihill (786-7304).

Background:

The Washington State Opportunity Scholarship (WSOS) program was established in 2011 to provide scholarships to low- and middle-income resident students pursuing eligible high-demand majors in science, technology, engineering, mathematics (STEM), and health care, and to encourage scholarship recipients to work in the state upon completion of their degrees. The eligible student needs to be working towards a first bachelor's degree at an eligible Washington state college or university. The student may attend a public community or technical college if the student indicates plans to transfer to a four-year college or university by the time he or she has earned 90 quarter credits. For the 2015-16 academic year, 1,057 recipients were selected to receive the scholarship.

Recipients of the scholarship must complete an annual renewal form each spring if they want to keep receiving the scholarship. In addition to meeting satisfactory academic progress, enrolling in required STEM classes, and progressing towards a bachelor's degree in an eligible high-demand major, the student must also complete the Federal Application for Federal Student Aid and, if eligible to do so, must file for Federal Education Tax Credits.

The WSOS program is overseen by the WSOS Board and administered by the program administrator. "Program administrator" is defined as a college scholarship organization that is a private nonprofit corporation and qualified as a tax-exempt entity under section 501(c)(3) of the federal Internal Revenue Code, with expertise in managing scholarships and college advising. The College Success Foundation is the current program administrator, and has the duty of publicizing the program, selecting scholarship recipients, distributing awards, and managing the account investments. Also, the College Success Foundation administers two separate accounts to receive grants and contributions from private sources and state matching funds, and to disburse scholarship funds to participants. The accounts are:

- the Scholarship Account, from which scholarship funds are disbursed; and
- the Endowment Account, from which scholarship funds are disbursed only if certain conditions are met.

Summary of Bill:

The WSOS program is expanded to include eligible students who have been accepted into a professional-technical certificate or degree program approved by the State Board for Community and Technical Colleges and offered at a public institution of higher education.

A new account is created called the Pathways Scholarship Account, from which scholarships for professional-technical certificates or degree programs will be awarded. The scholarships are to be disbursed on an annual basis, once the first fiscal year following a state

appropriation for matching funds has passed. The two existing accounts are for baccalaureate scholarships only.

Students who are ineligible to apply for federal student aid to have their WSOS renewed may file a state financial aid application, as approved by the Office of Student Financial Assistance.

College scholarship organization is removed from the definition of program administrator, as is a reference to the program administrator having expertise in managing scholarships and college advising. The program administrator is put under contract of both the Student Achievement Council and the WSOS Board. In addition, the program administrator must provide administrative support to execute the program responsibilities, rather than having full responsibility.

Appropriation: None.

Fiscal Note: Available.

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

Staff Summary of Public Testimony:

(In support) Expanding the WSOS program to low-income students pursuing high-demand technical-professional certificate and degrees is supported. Opportunity scholarships help students achieve their goals by fulfilling the unknown of how to pay for college. These credentials create pathways and are in sectors of great importance to Washington's economy. For the baccalaureate program, the program is on track to fund 15,000 students, most of whom are employed within nine months. Expanding the scholarship to technical degrees and certificates builds upon the amazing public-private partnerships the program has. Not all students have the desire to pursue four-year degrees or want to go into careers that require four-year degrees. This model works, and the support to expand the program is appreciated.

(Opposed) None.

Persons Testifying: Representative Holy, prime sponsor; and Naria Santa Lucia and Brook Negussie, Washington State Opportunity Scholarship Program.

Persons Signed In To Testify But Not Testifying: Ruben Flores, State Board for Community and Technical Colleges; Maddy Thompson, Student Advisory Council; and Nova Gattman, Workforce Training and Education Coordinating Board.

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 23 members: Representatives Ormsby, Chair; Robinson, Vice Chair; MacEwen,

Assistant Ranking Minority Member; Bergquist, Caldier, Cody, Fitzgibbon, Haler, Hansen, Harris, Hudgins, Jinkins, Kagi, Lytton, Pettigrew, Pollet, Sawyer, Senn, Springer, Sullivan, Tharinger, Volz and Wilcox.

Minority Report: Do not pass. Signed by 8 members: Representatives Chandler, Ranking Minority Member; Stokesbary, Assistant Ranking Minority Member; Buys, Condotta, Nealey, Schmick, Taylor and Vick.

Minority Report: Without recommendation. Signed by 1 member: Representative Manweller.

Staff: Lily Sobolik (786-7157).

Summary of Recommendation of Committee On Appropriations Compared to Recommendation of Committee On Higher Education:

Eligibility for the Washington State Opportunity Scholarship (WSOS) program is expanded beyond professional-technical certificate or degree programs to include students enrolled in advanced degree programs, which are health professional degrees in a shortage area beyond the baccalaureate level and include graduate or professional degrees. A new requirement is added for the WSOS Board to establish a required service obligation for participants enrolled in advanced degree programs.

The WSOS Board is permitted to consider whether the WSOS program should include a loan repayment, low-interest, or no-interest loan component for the advanced degree portion of the program.

The Pathways Scholarship Account is renamed the Student Support Pathways Account.

Language is removed that requires the state to demonstrate progress toward the goal of total per-student funding levels of at least sixtieth percentile of total per-student funding at similar institutions of higher education in global challenge states in order to disburse funds from the WSOS Endowment Account.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Substitute 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) The WSOS model works well, and the state should expand on the public-private partnership by leveraging state dollars with private dollars. A new scholarship for high-demand professional-technical certificates and degrees would benefit the state. There are many projected job openings in sectors key to the state's economy, and this scholarship would create a pathway to these jobs.

(Opposed) None.

Persons Testifying: Representative Holy, prime sponsor; and Naria Santa Lucia, Washington State Opportunity Scholarship.

Persons Signed In To Testify But Not Testifying: None.