

# HOUSE BILL REPORT

## HB 2001

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**As Reported by House Committee On:**  
College & Workforce Development

**Title:** An act relating to creating the Native American opportunity scholarship program.

**Brief Description:** Creating the Native American opportunity scholarship program.

**Sponsors:** Representatives Hansen, Lekanoff, Valdez, Reeves, Pettigrew, Ryu, Entenman, Ortiz-Self, Slatter, Ormsby, Gregerson, Bergquist, Santos, Thai, Leavitt, Stonier, Tarleton, Pollet, Paul, Sells, Frame, Peterson, Lovick, Stanford, Chapman, Appleton, Tharinger, Macri and Doglio.

**Brief History:**

**Committee Activity:**

College & Workforce Development: 2/19/19, 2/20/19 [DPS].

### Brief Summary of Substitute Bill

- Creates the Native American Opportunity Scholarship (NAOS) Program.
- Establishes a seven-member board to oversee the NAOS program, which is staffed by a program administrator.
- Requires the state to appropriate matching funds for private contributions made to the NAOS program.

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## HOUSE COMMITTEE ON COLLEGE & WORKFORCE DEVELOPMENT

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 14 members: Representatives Hansen, Chair; Leavitt, Vice Chair; Van Werven, Ranking Minority Member; Gildon, Assistant Ranking Minority Member; Graham, Assistant Ranking Minority Member; Bergquist, Mead, Paul, Pollet, Ramos, Sells, Slatter, Sutherland and Young.

**Minority Report:** Without recommendation. Signed by 2 members: Representatives Kraft and Rude.

**Staff:** Megan Mulvihill (786-7304).

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*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.*

## **Background:**

### American Indian Endowed Scholarship.

In 1990 the Legislature created the American Indian Endowed Scholarship. This program provides educational scholarships on a competitive basis to high-achieving, low-income resident students who have close social and cultural ties to an American Indian tribe or community within the state. Recipients demonstrate academic merit and a commitment to serve the American Indian communities in Washington.

Funding is prioritized for upper-division and graduate students. Students can use the scholarships at public colleges and many accredited independent colleges in Washington. In 2017-18, 14 students received the scholarship.

All donations and allotted funds are kept in a permanent endowment trust with the State Treasurer. The interest earnings of that fund provide for the annual scholarship awards. Representatives of the American Indian community formed a nonprofit organization, Friends of American Indians in Education, to promote and coordinate fundraising activities for the scholarship.

### Washington State Opportunity Scholarship Program.

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, a professional-technical certificate or degree, or an advanced degree leading to a credential as a health professional at an eligible Washington college or university.

The WSOS Program is overseen by the WSOS Board and administered by the program administrator. Washington STEM is the current program administrator and is charged with publicizing the program, selecting scholarship recipients, distributing awards, and managing the account investments. The WSOS Program is a public-private partnership in which the state matches private contributions to fund the scholarships.

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## **Summary of Substitute Bill:**

The Native American Opportunity Scholarship (NAOS) Program is established to provide scholarships to Native American Washington residents pursuing registered apprenticeships, certificates, associate's degrees, bachelor's degrees, and advanced degrees. To be eligible for a scholarship, a student must:

- be a resident;
- have earned a high school diploma or high school equivalency certificate in Washington;
- be accepted into a public higher education institution or a registered apprenticeship program;

- be enrolled in an eligible program for at least three credit-bearing quarter courses or the equivalent; and
- be a member of a federally recognized Indian tribe.

#### The Native American Opportunity Scholarship Board.

The Native American Opportunity Scholarship Board (Board) is created to oversee the program. The Board must consist of seven members: three appointed by the Governor on the recommendation of the Senate and the House of Representatives and four who are members of a federally recognized Indian tribe within Washington, for whom one must represent a federally recognized Indian tribe on the east side of the Cascade Mountains and one must represent a federally recognized Indian tribe on the west side of the Cascade Mountains. Board members hold office for four-year terms, from September 1 until their successors are appointed. No more than two Board members' terms may expire simultaneously on August 31 of any given year. The Board chair must be one of the members of a federally recognized Indian tribe.

The Board's responsibilities include determining eligible education programs, soliciting funds, and setting annual fund-raising goals. The Board must also submit an annual report to the Legislature on the NAOS Program.

#### Program Administration.

The Board must be staffed by the program administrator, a nonprofit corporation, who must provide administrative support for the NAOS Program and be paid an administrative fee.

The program administrator has a variety of duties, including:

- publicizing the NAOS Program;
- developing and implementing an application, selection, and notification process;
- determining annual eligible expenses associated with the eligible programs and the annual scholarship amount;
- selecting participants for scholarships;
- distributing scholarships;
- notifying institutions of scholarship recipients;
- soliciting funds and setting fund-raising goals;
- establishing and managing the scholarship account and the endowment account;
- managing account investments; and
- providing proof of receipt for contributions received to the Washington Student Achievement Council (Council) for the purpose of the state match.

#### Funding.

The NAOS Program must be funded with a combination of private contributions and state matching funds. A state match, capped at \$10 million per year, may be earned for private contributions made to the NAOS Program on or after September 1, 2019. A state match must be provided beginning September 1, 2021. The state match must be based on donations received as of the date each official state caseload forecast is submitted by the Caseload Forecast Council to the legislative fiscal committees. This is to ensure predictable treatment of the NAOS Program in the state budget process.

The NAOS Match Transfer Account is created in the custody of the State Treasurer. Expenditures from the NAOS Match Transfer Account may only be made on receipt of proof

of donations to the NAOS Program. Once state-matching funds are deposited into the scholarship or endowment account, the state acts in a fiduciary rather than ownership capacity. Assets in the accounts are not considered state money. The Board may elect to have the State Investment Board invest the funds in the scholarship and endowment account.

**Substitute Bill Compared to Original Bill:**

The substitute bill added an annual \$10 million cap to the state match and modified the NAOS Match Transfer Account to be explicitly for the state match.

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**Appropriation:** None.

**Fiscal Note:** Requested on February 14, 2019.

**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 Program is a successful public-private partnership and thousands of students are sent to school on these scholarships. This is a similar program, but for members of federally recognized Indian tribes. The NAOS Board is created with one member of a federal recognized Indian tribe from each side of the Cascade Mountains, which is appreciated. By leveraging private dollars, the state saves money. This bill is a great partnership between the state and tribes to provide some of the most vulnerable students with the opportunities they deserve.

Some of the state colleges were built on native land and forced education programs prevented Native American ancestors from attending higher education. Native Americans have the lowest graduation rates and highest levels of poverty in the country. One tribe has a 78 percent unemployment rate, and only 17 percent of Native Americans receive a postsecondary credential. Some tribes have the resources to provide their students with funding for tuition and living expenses, but a lot of tribes are not so fortunate. This bill will help contribute to the state's economy by developing a strong, smart workforce that can go back to the reservations and help very rural areas become economically viable.

(Opposed) None.

**Persons Testifying:** Representative Hansen, prime sponsor; Leonard Forsman, Suquamish Tribe; Morgan Attwood, Washington State University Global Campus; David Buri, Eastern Washington University; Jeremy Mohn, The Evergreen State College; and Charles Adkins, Geoduck Student Union.

**Persons Signed In To Testify But Not Testifying:** None.