
SUBSTITUTE SENATE BILL 5098

State of Washington

60th Legislature

2007 Regular Session

By Senate Committee on Higher Education (originally sponsored by Senators Rockefeller, Keiser, Weinstein, Fairley, Marr, Murray, Kastama, Kohl-Welles, Rasmussen, McAuliffe, Kauffman, Kilmer, Tom and Shin)

READ FIRST TIME 02/01/07.

1 AN ACT Relating to the Washington guaranteed scholarship program;
2 amending RCW 28B.95.020; and adding a new chapter to Title 28B RCW.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4 NEW SECTION. **Sec. 1.** The legislature intends to inspire and
5 encourage all Washington students to dream big by creating a guaranteed
6 four-year tuition scholarship program for students from low-income
7 families and those students that may be the first in their family to
8 attend college. The legislature finds that, too often, financial
9 barriers prevent many of the brightest students from considering
10 college as a future possibility. Often the cost of tuition coupled
11 with the complexity of finding and applying for financial aid is enough
12 to prevent a student from even applying to college. Many students
13 become disconnected from the education system early on and may give up
14 or drop out before graduation. It is the intent of the legislature to
15 alert students early in their educational career to the options and
16 opportunities available beyond high school.

17 NEW SECTION. **Sec. 2.** The higher education coordinating board

1 shall design the Washington guaranteed scholarship program in
2 accordance with this section.

3 (1) "Eligible students" are those students who qualify for free or
4 reduced-price lunches or students whose parents have not completed a
5 baccalaureate degree program. If a student qualifies in the seventh
6 grade, the student remains eligible even if the student does not
7 receive free or reduced-price lunches or a parent receives a
8 baccalaureate degree thereafter.

9 (2) Eligible students shall be notified of their eligibility for
10 the Washington guaranteed scholarship program beginning in their
11 seventh grade year. Students shall also be notified of the
12 requirements for award of the scholarship.

13 (3) To be eligible for a Washington guaranteed scholarship, a
14 student must sign a pledge during seventh or eighth grade that includes
15 a commitment to graduate from high school with at least a C average and
16 with no felony convictions. The pledge must be witnessed by a parent
17 or guardian and forwarded to the higher education coordinating board by
18 mail or electronically, as indicated on the pledge form.

19 (4)(a) Scholarships shall be awarded to eligible students
20 graduating from public high schools, approved private high schools
21 under chapter 28A.195 RCW, or who received home-based instruction under
22 chapter 28A.200 RCW.

23 (b) To receive the Washington guaranteed scholarship, a student
24 must graduate with at least a "C" average from a public high school or
25 an approved private high school under chapter 28A.195 RCW in Washington
26 or have received home-based instruction under chapter 28A.200 RCW, must
27 have no felony convictions, and must be a resident student as defined
28 in RCW 28B.15.012(2) (a) through (d).

29 (5) A student's family income will be assessed upon graduation
30 before awarding the scholarship. If the family income exceeds fifty
31 percent of the median family income but does not exceed one hundred
32 percent of the state median family income adjusted for family size, as
33 determined by the higher education coordinating board for each
34 graduating class, the student shall receive a prorated scholarship.

35 (6) Maximum scholarship award amounts shall be as provided in this
36 section.

37 (a) For students attending two or four-year institutions of higher
38 education as defined in RCW 28B.10.016, the value of the award may not

1 exceed the difference between the student's tuition, fees, books, and
2 materials, less the value of any state financial aid the student
3 receives for tuition, fees, books, and materials.

4 (b) For students attending private four-year institutions of higher
5 education in Washington, the award amount may not exceed the
6 representative average of awards granted to students in public research
7 universities in Washington.

8 (c) For students attending private vocational schools in
9 Washington, the award amount may not exceed the representative average
10 of awards granted to students in public community and technical
11 colleges in Washington.

12 (d) Recipients may receive no more than four full-time years' worth
13 of scholarship awards.

14 (7) The first scholarships shall be awarded to students graduating
15 in 2012.

16 (8) The state of Washington retains legal ownership of tuition
17 units awarded as scholarships under this chapter until the tuition
18 units are redeemed. These tuition units shall remain separately held
19 from any tuition units owned under chapter 28B.95 RCW by a Washington
20 guaranteed scholarship recipient.

21 (9) The scholarship award must be used within five years of
22 receipt. Any unused scholarship tuition units revert to the Washington
23 guaranteed scholarship account.

24 (10) Should the recipient terminate his or her enrollment for any
25 reason during the academic year, the unused portion of the scholarship
26 tuition units shall revert to the Washington guaranteed scholarship
27 account.

28 NEW SECTION. **Sec. 3.** The office of the superintendent of public
29 instruction shall:

30 (1) Notify elementary, middle, and junior high school students,
31 parents, teachers, counselors, and principals about the Washington
32 guaranteed scholarship program; and

33 (2) Work with the higher education coordinating board to develop
34 application collection and student tracking procedures.

35 NEW SECTION. **Sec. 4.** The higher education coordinating board
36 shall:

1 (1) With the assistance of the office of the superintendent of
2 public instruction, implement and administer the Washington guaranteed
3 scholarship program;

4 (2) Develop and distribute, to all schools with students enrolled
5 in grade seven or eight, a pledge form that can be completed and
6 returned electronically or by mail by the student or the school to the
7 higher education coordinating board;

8 (3) Develop and implement a student application, selection, and
9 notification process for scholarships;

10 (4) Track scholarship recipients to ensure continued eligibility
11 and determine student compliance for awarding of scholarships;

12 (5) Subject to appropriation, deposit funds into the state
13 educational trust fund;

14 (6) Purchase tuition units under the advanced college tuition
15 payment program in chapter 28B.95 RCW to be owned and held in trust by
16 the board, for the purpose of scholarship awards as provided for in
17 this section; and

18 (7) Distribute scholarship funds, in the form of tuition units
19 purchased under the advanced college tuition payment program in chapter
20 28B.95 RCW or through direct payments from the state educational trust
21 fund, to institutions of higher education on behalf of scholarship
22 recipients identified by the board, as long as recipients maintain
23 satisfactory academic progress.

24 NEW SECTION. **Sec. 5.** The higher education coordinating board may
25 accept grants, gifts, bequests, and devises of real and personal
26 property from any source for the purpose of granting financial aid in
27 addition to that funded by the state.

28 NEW SECTION. **Sec. 6.** The higher education coordinating board may
29 adopt rules to implement this chapter.

30 **Sec. 7.** RCW 28B.95.020 and 2005 c 272 s 1 are each amended to read
31 as follows:

32 The definitions in this section apply throughout this chapter,
33 unless the context clearly requires otherwise.

34 (1) "Academic year" means the regular nine-month, three-quarter, or

1 two-semester period annually occurring between August 1st and July
2 31st.

3 (2) "Account" means the Washington advanced college tuition payment
4 program account established for the deposit of all money received by
5 the board from eligible purchasers and interest earnings on investments
6 of funds in the account, as well as for all expenditures on behalf of
7 eligible beneficiaries for the redemption of tuition units and for the
8 development of any authorized college savings program pursuant to RCW
9 28B.95.150.

10 (3) "Board" means the higher education coordinating board as
11 defined in chapter 28B.76 RCW.

12 (4) "Committee on advanced tuition payment" or "committee" means a
13 committee of the following members: The state treasurer, the director
14 of the office of financial management, the executive director of the
15 higher education coordinating board, or their designees, and two
16 members to be appointed by the governor, one representing program
17 participants and one private business representative with marketing,
18 public relations, or financial expertise.

19 (5) "Governing body" means the committee empowered by the
20 legislature to administer the Washington advanced college tuition
21 payment program.

22 (6) "Contractual obligation" means a legally binding contract of
23 the state with the purchaser and the beneficiary establishing that
24 purchases of tuition units will be worth the same number of tuition
25 units at the time of redemption as they were worth at the time of the
26 purchase.

27 (7) "Eligible beneficiary" means the person for whom the tuition
28 unit will be redeemed for attendance at an institution of higher
29 education. The beneficiary is that person named by the purchaser at
30 the time that a tuition unit contract is accepted by the governing
31 body. Qualified organizations, as allowed under section 529 of the
32 federal internal revenue code, purchasing tuition unit contracts as
33 future scholarships need not designate a beneficiary at the time of
34 purchase.

35 (8) "Eligible purchaser" means an individual or organization that
36 has entered into a tuition unit contract with the governing body for
37 the purchase of tuition units for an eligible beneficiary. The state

1 of Washington may be an eligible purchaser for purposes of purchasing
2 tuition units to be held for granting Washington guaranteed
3 scholarships.

4 (9) "Full-time tuition charges" means resident tuition charges at
5 a state institution of higher education for enrollments between ten
6 credits and eighteen credit hours per academic term.

7 (10) "Institution of higher education" means an institution that
8 offers education beyond the secondary level and is recognized by the
9 internal revenue service under chapter 529 of the internal revenue
10 code.

11 (11) "Investment board" means the state investment board as defined
12 in chapter 43.33A RCW.

13 (12) "State institution of higher education" means institutions of
14 higher education as defined in RCW 28B.10.016.

15 (13) "Tuition and fees" means undergraduate tuition and services
16 and activities fees as defined in RCW 28B.15.020 and 28B.15.041 rounded
17 to the nearest whole dollar. For purposes of this chapter, services
18 and activities fees do not include fees charged for the payment of
19 bonds heretofore or hereafter issued for, or other indebtedness
20 incurred to pay, all or part of the cost of acquiring, constructing, or
21 installing any lands, buildings, or facilities.

22 (14) "Tuition unit contract" means a contract between an eligible
23 purchaser and the governing body, or a successor agency appointed for
24 administration of this chapter, for the purchase of tuition units for
25 a specified beneficiary that may be redeemed at a later date for an
26 equal number of tuition units.

27 (15) "Unit purchase price" means the minimum cost to purchase one
28 tuition unit for an eligible beneficiary. Generally, the minimum
29 purchase price is one percent of the undergraduate tuition and fees for
30 the current year, rounded to the nearest whole dollar, adjusted for the
31 costs of administration and adjusted to ensure the actuarial soundness
32 of the account. The analysis for price setting shall also include, but
33 not be limited to consideration of past and projected patterns of
34 tuition increases, program liability, past and projected investment
35 returns, and the need for a prudent stabilization reserve.

1 NEW SECTION. **Sec. 8.** Sections 1 through 6 of this act constitute
2 a new chapter in Title 28B RCW.

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