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**SUBSTITUTE SENATE BILL 5040**

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**State of Washington**

**60th Legislature**

**2007 Regular Session**

**By** Senate Committee on Higher Education (originally sponsored by Senators Eide, Franklin, Fairley, Shin, Rockefeller, Weinstein, Marr, Oemig, Hobbs, Haugen, Kilmer, Murray, Keiser, Rasmussen, Jacobsen, Kauffman and Kohl-Welles)

READ FIRST TIME 01/23/07.

1 AN ACT Relating to the creation of a survivors' endowed scholarship  
2 program; amending RCW 28B.76.540; reenacting and amending RCW  
3 43.79A.040; and adding a new chapter to Title 28B RCW.

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

5 NEW SECTION. **Sec. 1.** The legislature intends to honor those who  
6 lost their lives in service-connected activities while engaged in  
7 military service in combat zones. The legislature further intends to  
8 assist the families of such veterans by providing an endowed  
9 scholarship for postsecondary education to the veterans' surviving  
10 children and spouses.

11 NEW SECTION. **Sec. 2.** Unless the context clearly requires  
12 otherwise, the definitions in this section apply throughout this  
13 chapter.

14 (1) "Board" means the higher education coordinating board.

15 (2) "Cost of attendance" means the cost associated with obtaining  
16 a postsecondary education as determined by the board, which may  
17 include, but is not limited to, tuition, room, board, and books, as  
18 appropriate for each student.

1 (3) "Deceased military veteran" means a veteran or national guard  
2 member who:

3 (a) Was a Washington state resident at the time he or she was  
4 deployed to a combat zone and died as a result of that deployment; or

5 (b) Served on a military base in Washington state at the time he or  
6 she was deployed to a combat zone and died as a result of that  
7 deployment.

8 (4) "Eligible scholarship recipient" means a person who:

9 (a) Is a child of a deceased military veteran and who:

10 (i) Is between the ages of sixteen and twenty-six;

11 (ii) Was a resident of Washington state at the time of his or her  
12 parent's deployment to a combat zone or death resulting from that  
13 deployment;

14 (iii) Has graduated from high school or has successfully completed  
15 his or her GED;

16 (iv) Is not pursuing a degree in theology; and

17 (v) Makes satisfactory progress towards the completion of a degree  
18 or certificate program and maintains at least a 2.00 grade point  
19 average; or

20 (b) Is a surviving spouse of a deceased military veteran and who:

21 (i) Was a Washington resident at the time of the spouse's  
22 deployment to a combat zone or death resulting from that deployment;

23 (ii) Applies for the scholarship within ten years of the date of  
24 the death of the veteran;

25 (iii) Has graduated from high school or has successfully completed  
26 his or her GED;

27 (iv) Is not pursuing a degree in theology; and

28 (v) Makes satisfactory progress towards the completion of a degree  
29 or certificate program and maintains at least a 2.00 grade point  
30 average.

31 (5) "Postsecondary education" means:

32 (a) A degree program at a public or private college or university  
33 in the state of Washington;

34 (b) A certificate program at a public or private college or  
35 university or at a private vocational school licensed by the work force  
36 training and education coordinating board;

37 (c) An apprenticeship approved by the Washington state  
38 apprenticeship and training council.

1        NEW SECTION.    **Sec. 3.**    The survivors' endowed scholarship program  
2 is created.    The purpose of the program is to help the surviving  
3 children and spouse of a deceased military veteran obtain a  
4 postsecondary education in the state of Washington.    The survivors'  
5 endowed scholarship program shall be administered by the board.    In  
6 administering the program, the board's powers and duties shall include,  
7 but not be limited to:

8        (1) Selecting students to receive scholarships, with the assistance  
9 of a screening committee composed of persons involved in helping  
10 survivors' students to obtain a higher education.    The membership of  
11 the committee may include, but is not limited to:

12        (a) One representative of the governor's office;

13        (b) Two representatives of institutions of higher education,  
14 appointed by the governor;

15        (c) Two surviving spouses of deceased military veterans, appointed  
16 by the governor; and

17        (d) One representative each, from the Washington national guard,  
18 the Washington air national guard, and the Washington state guard,  
19 appointed by the governor;

20        (2) Adopting necessary rules and guidelines;

21        (3) Administering the survivors' endowed scholarship trust fund and  
22 the survivors' scholarship endowment fund;

23        (4) Publicizing the program;

24        (5) Accepting and depositing donations into the endowment fund  
25 created in section 7 of this act;

26        (6) Requesting and accepting from the state investment board moneys  
27 earned from the trust fund and the endowment fund created in sections  
28 6 and 7 of this act; and

29        (7) Soliciting and accepting grants and donations from public and  
30 private sources for the program.

31        NEW SECTION.    **Sec. 4.**    The higher education coordinating board  
32 shall establish an advisory committee to assist in program design and  
33 to develop criteria for the screening and selection of scholarship  
34 recipients.    The committee shall be composed of representatives of the  
35 same groups as the screening committee described in section 3 of this  
36 act.

1        NEW SECTION.    **Sec. 5.**    (1) The board may award scholarships to  
2 eligible scholarship recipients from the survivors' scholarship  
3 endowment fund in section 7 of this act, from funds appropriated to the  
4 board for this purpose, from any private donations, or from any other  
5 funds given to the board for the program.

6        (2) The board may award scholarships to eligible scholarship  
7 recipients from moneys earned from the survivors' scholarship endowment  
8 fund created in section 7 of this act, or from funds appropriated to  
9 the board for this purpose, or from any private donations, or from any  
10 other funds given to the board for this program. The amount of the  
11 scholarship shall not exceed the student's demonstrated financial need.  
12 In calculating a student's need, the board shall consider the costs for  
13 tuition, fees, books, supplies, transportation, room, board, personal  
14 expenses, and child care. The scholarship awarded under this chapter  
15 shall not exceed the amount received by a student attending a state  
16 research university. A student is eligible to receive a scholarship  
17 for a maximum of four years. However, the length of the scholarship  
18 shall be determined at the discretion of the board.

19        (3) Grants under this chapter shall not affect eligibility for the  
20 state student financial aid program.

21        (4) The board may adopt rules to implement this chapter.

22        NEW SECTION.    **Sec. 6.**    (1) The survivors' endowed scholarship trust  
23 fund is created in the custody of the state treasurer.

24        (2) Funds appropriated by the legislature for the survivors'  
25 endowed scholarship trust fund shall be deposited in the survivors'  
26 endowed scholarship trust fund. When conditions in section 8 of this  
27 act are met, the board shall deposit state matching moneys from the  
28 trust fund into the survivors' scholarship endowment fund.

29        (3) No appropriation is required for expenditures from the trust  
30 fund.

31        NEW SECTION.    **Sec. 7.**    The survivors' scholarship endowment fund is  
32 created in the custody of the state treasurer.

33        (1) Moneys received from the board, private donations, state  
34 matching moneys, and funds received from any other source may be  
35 deposited into the survivors' scholarship endowment fund. Private

1 moneys received as a gift subject to conditions may be deposited into  
2 the endowment fund if the conditions do not violate state or federal  
3 law.

4 (2) The state investment board has the full power to invest,  
5 reinvest, manage, contract, sell, or exchange investment moneys in the  
6 survivors' scholarship endowment fund. All investment and operating  
7 costs associated with the investment of money shall be paid pursuant to  
8 RCW 43.33A.160 and 43.84.160. With the exception of these expenses,  
9 the earnings from the investment of the money shall be retained by the  
10 fund. All investments made by the state investment board shall be made  
11 with the exercise of that degree of judgment and care pursuant to RCW  
12 43.33A.140 and the investment policies established by the state  
13 investment board. As deemed appropriate by the state investment board,  
14 moneys in the fund may be commingled for investment with other funds  
15 subject to investment by the state investment board.

16 (3) The board may disburse grants to eligible scholarship  
17 recipients from the survivors' scholarship endowment fund. No  
18 appropriation is required for expenditures from the endowment fund.

19 (4) When notified by court order that a condition attached to a  
20 gift of private moneys from the survivors' scholarship endowment fund  
21 has failed, the board shall release those moneys to the donors  
22 according to the terms of the conditional gift.

23 (5) The principal of the survivors' scholarship endowment fund  
24 shall not be invaded. For the purposes of this section, only the first  
25 twenty-five thousand dollars deposited into the survivors' scholarship  
26 endowment fund shall be considered the principal. The release of  
27 moneys under subsection (4) of this section shall not constitute an  
28 invasion of the corpus.

29 (6) The survivors' scholarship endowment fund shall be used solely  
30 for the purposes in this chapter, except when the conditional gift of  
31 private moneys in the endowment fund require a portion of the earnings  
32 on such moneys be reinvested in the endowment fund.

33 NEW SECTION. **Sec. 8.** (1) The board may deposit twenty-five  
34 thousand dollars of state matching funds into the survivors'  
35 scholarship endowment fund when the board can match state funds with an  
36 equal amount of private cash donations.

1 (2) After the initial match of twenty-five thousand dollars, state  
2 matching funds from the survivors' endowed scholarship trust fund shall  
3 be released to the survivors' scholarship endowment fund semiannually  
4 so long as there are funds available in the survivors' endowed  
5 scholarship trust fund.

6 **Sec. 9.** RCW 28B.76.540 and 2004 c 275 s 18 are each amended to  
7 read as follows:

8 In addition to administrative responsibilities assigned in this  
9 chapter, the board shall administer the programs set forth in the  
10 following statutes: RCW 28A.600.100 through 28A.600.150 (Washington  
11 scholars); chapter 28B.85 RCW (degree-granting institutions); chapter  
12 28B.92 RCW (state need grant); chapter 28B.12 RCW (work study); RCW  
13 28B.15.543 (tuition waivers for Washington scholars); RCW 28B.15.760  
14 through 28B.15.766 (math and science loans); RCW 28B.15.100  
15 (reciprocity agreement); RCW 28B.15.730 through 28B.15.736 (Oregon  
16 reciprocity); RCW 28B.15.750 through 28B.15.754 (Idaho reciprocity);  
17 RCW 28B.15.756 and 28B.15.758 (British Columbia reciprocity); chapter  
18 28B.101 RCW (educational opportunity grant); chapter 28B.102 RCW  
19 (future teachers conditional scholarship); chapter 28B.108 RCW  
20 (American Indian endowed scholarship); chapter 28B.109 RCW (Washington  
21 international exchange scholarship); chapter 28B.115 RCW (health  
22 professional conditional scholarship); chapter 28B.119 RCW (Washington  
23 promise scholarship); ~~((and))~~ chapter 28B.133 RCW (gaining independence  
24 for students with dependents); and chapter 28B.-- RCW (sections 1  
25 through 8 of this act) (survivors' endowed scholarship).

26 **Sec. 10.** RCW 43.79A.040 and 2006 c 311 s 21 and 2006 c 120 s 2 are  
27 each reenacted and amended to read as follows:

28 (1) Money in the treasurer's trust fund may be deposited, invested,  
29 and reinvested by the state treasurer in accordance with RCW 43.84.080  
30 in the same manner and to the same extent as if the money were in the  
31 state treasury.

32 (2) All income received from investment of the treasurer's trust  
33 fund shall be set aside in an account in the treasury trust fund to be  
34 known as the investment income account.

35 (3) The investment income account may be utilized for the payment  
36 of purchased banking services on behalf of treasurer's trust funds

1 including, but not limited to, depository, safekeeping, and  
2 disbursement functions for the state treasurer or affected state  
3 agencies. The investment income account is subject in all respects to  
4 chapter 43.88 RCW, but no appropriation is required for payments to  
5 financial institutions. Payments shall occur prior to distribution of  
6 earnings set forth in subsection (4) of this section.

7 (4)(a) Monthly, the state treasurer shall distribute the earnings  
8 credited to the investment income account to the state general fund  
9 except under (b) and (c) of this subsection.

10 (b) The following accounts and funds shall receive their  
11 proportionate share of earnings based upon each account's or fund's  
12 average daily balance for the period: The Washington promise  
13 scholarship account, the college savings program account, the  
14 Washington advanced college tuition payment program account, the  
15 agricultural local fund, the American Indian scholarship endowment  
16 fund, the foster care scholarship endowment fund, the foster care  
17 endowed scholarship trust fund, the students with dependents grant  
18 account, the basic health plan self-insurance reserve account, the  
19 contract harvesting revolving account, the Washington state combined  
20 fund drive account, the commemorative works account, the Washington  
21 international exchange scholarship endowment fund, the developmental  
22 disabilities endowment trust fund, the energy account, the fair fund,  
23 the fruit and vegetable inspection account, the future teachers  
24 conditional scholarship account, the game farm alternative account, the  
25 grain inspection revolving fund, the juvenile accountability incentive  
26 account, the law enforcement officers' and fire fighters' plan 2  
27 expense fund, the local tourism promotion account, the produce railcar  
28 pool account, the regional transportation investment district account,  
29 the rural rehabilitation account, the stadium and exhibition center  
30 account, the youth athletic facility account, the self-insurance  
31 revolving fund, the sulfur dioxide abatement account, the survivors'  
32 scholarship endowment fund, the children's trust fund, the Washington  
33 horse racing commission Washington bred owners' bonus fund account, the  
34 Washington horse racing commission class C purse fund account, the  
35 individual development account program account, the Washington horse  
36 racing commission operating account (earnings from the Washington horse  
37 racing commission operating account must be credited to the Washington  
38 horse racing commission class C purse fund account), the life sciences

1 discovery fund, and the reading achievement account. However, the  
2 earnings to be distributed shall first be reduced by the allocation to  
3 the state treasurer's service fund pursuant to RCW 43.08.190.

4 (c) The following accounts and funds shall receive eighty percent  
5 of their proportionate share of earnings based upon each account's or  
6 fund's average daily balance for the period: The advanced right of way  
7 revolving fund, the advanced environmental mitigation revolving  
8 account, the city and county advance right-of-way revolving fund, the  
9 federal narcotics asset forfeitures account, the high occupancy vehicle  
10 account, the local rail service assistance account, and the  
11 miscellaneous transportation programs account.

12 (5) In conformance with Article II, section 37 of the state  
13 Constitution, no trust accounts or funds shall be allocated earnings  
14 without the specific affirmative directive of this section.

15 NEW SECTION. **Sec. 11.** Sections 1 through 8 of this act constitute  
16 a new chapter in Title 28B RCW.

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