

**Relating to the affordable college for everyone grant contract program**

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Major Provisions of Underlying Bill:

- Replaces the current State Need Grant (SNG) program with the Affordable College for Everyone Grant Contract (ACE) program and the current College Bound Scholarship (CBS) program with a College Bound Affordable College for Everyone Grant Contract (CB ACE) program.
- Requires that students receiving grants toward tuition (and books under the CB ACE program) agree, through a grant contract, to make contributions to the programs beginning one year after completion or discontinuation of their higher education, based on their ability to afford contributions.
- Requires that contributions to the programs are based on the recipient's total grant amount and on number of years the student received a grant, and only based on taxable income above certain thresholds.
- Provides that a recipient is not required to make contributions, unless certain state appropriations are made.
- Requires seventh or eighth graders to sign up for the current CBS program by June 30, 2015, and after that date, provides that they are only eligible to sign up for the CB ACE program.
- Directs that the changes to the SNG and CBS programs take effect on July 1, 2015.

Effect of Proposed Substitute:

- Removes:
  - Provisions replacing the SNG program with the ACE program and the CBS program with the CB ACE program.
  - Requirement that a recipient is not required to make contributions, unless certain state appropriations are made.
  - The emergency clause.
- Provides that students who sign the CBS pledge in middle school, but whose family income exceeds sixty-five percent of the state median family income at graduation student may be eligible for the ACE program.
- Makes the following changes to the ACE program:
  - Only students that that met the eligibility requirements to sign up for the CBS program during middle school, but whose family income no longer meets the income requirements upon the student's graduation are eligible
  - The value of a grant contract may be up to \$10,000 per year for 4 years, calculated as the difference between the student's tuition and required fees, less the value of any state-funded grant, scholarship. The institutions of higher education must award eligible students all need-based and merit-based aid for which the students would otherwise qualify.
  - Requires the value of the contract to be used within 5 years of receipt.

- Specifies that the contributions must be 5.9% of the recipient's eligible taxable income each year, rather than a variable rate based on the number of years the recipient received funds under the program.
- Provides that the interest rate is 2% of the total grant contract amount minus contributions made in previous years for the entire term, rather than having the interest rate increase to 4% after ten years.
- Requires the Office of Student Financial Assistance (Office) to enter into up to 100 grant contracts per year between 2016 and 2019.
- Provides that, by January 1, 2010, if fewer than 250 students have signed grant contracts the Office must not enter into any more grant contracts, otherwise the ACE program must be made available to all eligible applicants.
- Adds to the duties of the Office:
  - Implement and administer the ACE program;
  - Distribute to all students who completed the CBS pledge and whose family income exceeds income requirement upon graduation from high school a grant contract application form that can be completed and returned to the Office;
  - Prioritize grants contracts to applicants with the lowest family income.
  - Report on the ACE program along with the annual financial aid report.
  - Estimate in consultation with the office of the state actuary, payments back to the ACE program over the next 20 years, but December 1, 2017.
- Creates the ACE Grant Contract Account in the custody of the State Treasurer.
  - No appropriation is required for expenditures of funds from the account for grant contract disbursements, but an appropriation is required for expenditures of costs to cover program administration by the Office.
  - The account is not subject to allotment procedures.
  - The office must deposit all moneys received for the program into the account, which must be self-sustaining and consist of moneys received for the program by the office, and receipts from grant contract recipients' contributions, including principal and interest.
  - Expenditures from the account may be used solely for grant contract disbursements to program recipients and costs associated with program administration by the Office.
  - Disbursements from the account may be made only on the authorization of the office.
- Requires the Caseload Forecast Council to forecast the number of students who are eligible for the ACE program.

1 AN ACT Relating to the affordable college for everyone grant  
2 contract program; amending RCW 43.88C.010; reenacting and amending  
3 RCW 28B.118.010; and adding new sections to chapter 28B.118 RCW; and  
4 creating a new section.

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

6 NEW SECTION. **Sec. 1.** (1) In 2007, the legislature intended to  
7 inspire and encourage all Washington students to go to college by  
8 creating a guaranteed four-year tuition scholarship program for  
9 students from low-income families. This college bound scholarship  
10 makes up any difference between a student's other state-funded  
11 grants, scholarships, or waiver assistance and the student's tuition  
12 and required fees, and also provides a five hundred dollar stipend  
13 for books and materials. The scholarship is available to low-income  
14 students who, in middle school, commit to graduating from high school  
15 with at least a C average and no felony convictions. If, at the time  
16 of graduation, the student's family income does not exceed sixty-five  
17 percent of the state median family income, the scholarship will be  
18 awarded for up to four years.

19 (2) The legislature finds that, in academic year 2012-13, one  
20 thousand six hundred sixty-one out of seven thousand nine hundred  
21 ten, or twenty-one percent, of students fulfilled their end of the

1 deal by getting good grades and staying out of trouble, but were  
2 denied the promised scholarship because their families no longer met  
3 the income requirement. These students have done everything right  
4 but, through no fault of their own, are left with a broken promise  
5 because their families made a little too much money during their  
6 senior year in high school. This is not fair, as the students and  
7 their families have been counting on that promise and, more than  
8 likely, have not been saving additional funds for college.  
9 Consequently, the broken promise forces these students and families  
10 to take out student loans and accrue credit card debt. The state  
11 needs to make this right.

12 (3) This act is intended to remove the financial barriers to  
13 attending college faced by these students whose promise of free  
14 tuition and fees has, through no fault of their own, been taken away.  
15 The legislature intends to increase access to the state's  
16 institutions of higher education by creating a way that these  
17 students can go to college without paying for tuition up front and  
18 without relying on the increasingly expensive federal student loans.

19 (4) To accomplish these purposes, the legislature intends to  
20 establish a financial aid program under which only those students who  
21 can afford it will make contributions to the program fund based on a  
22 very low percentage of their income. This is intended to enable  
23 future students to participate in the program and attend an  
24 institution of higher education without having to pay tuition.

25 (5) Through the affordable college for everyone grant contract  
26 program, the legislature recognizes that students who qualify for the  
27 college bound scholarship in middle school, but whose family income  
28 no longer meets the requirements upon graduation, could receive  
29 financial assistance without increasing reliance on federal student  
30 loans, while significantly reducing the debt and financial repayment  
31 burdens on these students.

32 (6) The legislature recognizes that because some students who  
33 meet the income threshold would have to make contributions to the  
34 program based on the amount of aid they received, the amount of money  
35 available to future students will grow. For those students who do not  
36 meet the income threshold after graduation or exit, the program would  
37 have no requirement.

38 NEW SECTION. **Sec. 2.** (1) By December 31, 2015, the office of  
39 student financial assistance shall design the Washington affordable

1 college for everyone grant contract program based on the parameters  
2 in this section. When creating an acronym for the affordable college  
3 for everyone grant contract program for the purposes of information  
4 and marketing materials created by state agencies, including  
5 institutions of higher education, the program shall be referred to as  
6 the ACE program.

7 (2)(a) A student who elects to participate in the affordable  
8 college for everyone grant contract program shall enter into an  
9 affordable college for everyone grant contract developed by the  
10 office of student financial assistance that defines the terms of the  
11 contract.

12 (b) Eligible students are those who meet the eligibility  
13 requirements to sign up for the college bound scholarship in chapter  
14 28B.118 RCW during middle school, but whose family income no longer  
15 meets the income requirements upon the student's graduation. The  
16 first grant contracts must be made with eligible students graduating  
17 in 2016.

18 (c) Affordable college for everyone grant contract amounts must  
19 be applied to all or a portion of an eligible student's tuition and  
20 fees as long as the recipient agrees to make contributions to the  
21 program as provided in this section.

22 (d) The value of a grant contract may be up to ten thousand  
23 dollars per year for four years, calculated as the difference between  
24 the student's tuition and required fees, less the value of any state-  
25 funded grant or scholarship. The institutions of higher education  
26 must award eligible students all need-based and merit-based aid for  
27 which the students would otherwise qualify.

28 (e) The value of a grant contract must be used within five years  
29 of receipt.

30 (3) A recipient of a grant contract shall make contributions to  
31 the affordable college for everyone grant contract program based on  
32 the total grant amount that was applied toward his or her tuition and  
33 fees and as provided in this section.

34 (a) A recipient shall begin contributing to the affordable  
35 college for everyone grant contract program one year after completion  
36 or discontinuation of the recipient's higher education.

37 (b) Contributions must be at a rate of 5.9 percent of the  
38 recipient's eligible taxable income each year.

39 (c)(i) Eligible taxable income is based on a grant contract  
40 recipient's tax status and amount of taxable income as follows:

1 (A) For a grant contract recipient with a federal income tax  
2 filing status of single with no dependents, eligible taxable income  
3 is any income over thirty thousand dollars;

4 (B) For a grant contract recipient with a federal income tax  
5 filing status of single, head of household, or qualifying widow or  
6 widow(er) with dependent child, eligible taxable income depends on  
7 the number of qualifying dependent children:

8 (I) For one qualifying dependent child, eligible taxable income  
9 is any income over forty thousand dollars;

10 (II) For two qualifying dependent children, eligible taxable  
11 income is any income over fifty thousand dollars; and

12 (III) For three or more qualifying dependent children, eligible  
13 taxable income is any income over sixty thousand dollars; and

14 (C) For a grant contract recipient with a federal income tax  
15 filing status of married filing jointly or married filing separately,  
16 eligible taxable income is any income over sixty thousand dollars.

17 (ii) In order to encourage savings for retirement, the  
18 calculation of a recipient's eligible taxable income may include the  
19 deduction of contributions toward a Roth individual retirement  
20 account as defined in the internal revenue code.

21 (d) A grant contract recipient whose federal and state loan  
22 repayments are ten percent or more of their annual taxable income is  
23 not required to make contributions. A recipient whose other federal  
24 and state loan repayments are less than ten percent of their annual  
25 taxable income are required to make contributions according to this  
26 section, however the recipient's contributions must be adjusted to  
27 ensure that the combined total of other loan repayments and  
28 affordable college for everyone grant contract program contributions  
29 does not exceed ten percent of the recipient's annual taxable income  
30 in any year.

31 (e) An interest rate of two percent of the program recipient's  
32 total grant contract amount minus contributions made in previous  
33 years must be applied to the recipient's contributions.

34 (f) An affordable college for everyone grant contract recipient  
35 who has an eligible taxable income greater than that provided in (c)  
36 of this subsection shall continue to contribute to the program until  
37 either:

38 (i) The recipient contributes an amount equal to the total grant  
39 contract amount plus interest, as defined in (e) of this subsection;  
40 or

1 (ii) Twenty-one years pass from the time the recipient completes  
2 or discontinues his or her higher education.

3 (g) A grant contract recipient who elects to contribute the  
4 remainder of his or her affordable college for everyone grant  
5 contract amount plus interest in a lump sum payment shall receive a  
6 ten percent discount as long as the remaining amount is at least two  
7 thousand dollars.

8 (4) The office shall develop measures to recover contributions  
9 from and impose penalties on a grant contract recipient who does not  
10 make contributions to the affordable college for everyone grant  
11 contract program in a timely manner.

12 (5) The office shall allow a recipient with eligible taxable  
13 income to forgo making contributions for up to two one-year periods.  
14 However, the contribution time described in subsection (3)(f)(ii) of  
15 this section must be increased accordingly.

16 (6) The office shall annually report on the program along with  
17 its annual financial aid report. The report must provide information  
18 on the program fund growth from contributions and make  
19 recommendations regarding increasing the income thresholds for  
20 recipients in the program.

21 (7) By December 1, 2017, the office, in consultation with the  
22 office of the state actuary, shall estimate contributions to the  
23 program over the next twenty years.

24 **Sec. 3.** RCW 28B.118.010 and 2012 c 229 s 402 and 2012 c 163 s 8  
25 are each reenacted and amended to read as follows:

26 The office of student financial assistance shall design the  
27 Washington college bound scholarship program in accordance with this  
28 section and in alignment with the state need grant program in chapter  
29 28B.92 RCW unless otherwise provided in this section.

30 (1) "Eligible students" are those students who:

31 (a) Qualify for free or reduced-price lunches. If a student  
32 qualifies in the seventh or eighth grade, the student remains  
33 eligible even if the student does not (~~receive~~) qualify for free or  
34 reduced-price lunches thereafter; or

35 (b) Are dependent pursuant to chapter 13.34 RCW and:

36 (i) In grade seven through twelve; or

37 (ii) Are between the ages of eighteen and twenty-one and have not  
38 graduated from high school.

1 (2) Eligible students shall be notified of their eligibility for  
2 the Washington college bound scholarship program beginning in their  
3 seventh grade year. Students shall also be notified of the  
4 requirements for award of the scholarship.

5 (3)(a) To be eligible for a Washington college bound scholarship,  
6 a student eligible under subsection (1)(a) of this section must sign  
7 a pledge during seventh or eighth grade that includes a commitment to  
8 graduate from high school with at least a C average and with no  
9 felony convictions. The pledge must be witnessed by a parent or  
10 guardian and forwarded to the office of student financial assistance  
11 by mail or electronically, as indicated on the pledge form.

12 (b) A student eligible under subsection (1)(b) of this section  
13 shall be automatically enrolled, with no action necessary by the  
14 student or the student's family, and the enrollment form must be  
15 forwarded by the department of social and health services to the  
16 (~~higher education coordinating board or its successor~~) office of  
17 student financial assistance by mail or electronically, as indicated  
18 on the 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  
22 under chapter 28A.200 RCW.

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

31 (6)(a) If at graduation from high school the student's family  
32 income does not exceed sixty-five percent of the state median family  
33 income, scholarship award amounts shall be as provided in this  
34 section.

35 (~~(a)~~) (i) For students attending two or four-year institutions  
36 of higher education as defined in RCW 28B.10.016, the value of the  
37 award shall be (~~(i)~~) (A) the difference between the student's  
38 tuition and required fees, less the value of any state-funded grant,  
39 scholarship, or waiver assistance the student receives; (~~(ii)~~) (B)  
40 plus five hundred dollars for books and materials.

1        ~~((b))~~    (ii)    For students attending private four-year  
2 institutions of higher education in Washington, the award amount  
3 shall be the representative average of awards granted to students in  
4 public research universities in Washington.

5        ~~((e))~~    (iii)    For students attending private vocational schools  
6 in Washington, the award amount shall be the representative average  
7 of awards granted to students in public community and technical  
8 colleges in Washington.

9        (b) If at graduation from high school the students' family income  
10 exceeds sixty-five percent of the state median family income, the  
11 student may be eligible for the affordable college for everyone grant  
12 contract program under section 2 of this act.

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

15        (8) Institutions of higher education shall award the student all  
16 need-based and merit-based financial aid for which the student would  
17 otherwise qualify. The Washington college bound scholarship is  
18 intended to replace unmet need, loans, and, at the student's option,  
19 work-study award before any other grants or scholarships are reduced.

20        (9) The first scholarships shall be awarded to students  
21 graduating in 2012.

22        (10) The state of Washington retains legal ownership of tuition  
23 units awarded as scholarships under this chapter until the tuition  
24 units are redeemed. These tuition units shall remain separately held  
25 from any tuition units owned under chapter 28B.95 RCW by a Washington  
26 college bound scholarship recipient.

27        (11) The scholarship award must be used within five years of  
28 receipt. Any unused scholarship tuition units revert to the  
29 Washington college bound scholarship account.

30        (12) Should the recipient terminate his or her enrollment for any  
31 reason during the academic year, the unused portion of the  
32 scholarship tuition units shall revert to the Washington college  
33 bound scholarship account.

34        NEW SECTION.    **Sec. 4.**    The office of student financial assistance  
35 shall:

36        (1) With the assistance of the office of the superintendent of  
37 public instruction, implement and administer the affordable college  
38 for everyone grant contract program created in section 2 of this act;

1 (2) Develop and distribute, to all students who completed the  
2 college bound scholarship pledge, required under RCW 28B.118.010, and  
3 whose family income exceeds sixty-five percent of the state median  
4 family income upon graduation from high school, a grant contract  
5 application form that can be completed and returned electronically or  
6 by mail by the student or the school to the office of student  
7 financial assistance;

8 (3) Develop and implement a student application, selection, and  
9 notification process for grant contracts, which prioritizes grant  
10 contracts to the applicants with the lowest family incomes;

11 (4) Track grant contract recipients to ensure continued  
12 eligibility and determine student compliance for awarding of grant  
13 contracts;

14 (5) Subject to appropriations made specifically for the program,  
15 deposit funds into the affordable college for everyone grant contract  
16 account created in section 6 of this act;

17 (6) Purchase tuition units under the advanced college tuition  
18 payment program in chapter 28B.95 RCW to be owned and held in trust  
19 by the student achievement council, for the purpose of grant  
20 contracts as provided for in this section;

21 (7) Distribute program funds, in the form of tuition units  
22 purchased under the advanced college tuition payment program in  
23 chapter 28B.95 RCW or through direct payments from the affordable  
24 college for everyone grant contract account created in section 6 of  
25 this act, to institutions of higher education on behalf of grant  
26 contract recipients identified by the office of student financial  
27 assistance, as long as recipients maintain satisfactory academic  
28 progress;

29 (8) Report on the program along with the annual financial aid  
30 report; and

31 (9) Estimate, in consultation with the office of the state  
32 actuary, payments back to the program over the next twenty years, by  
33 December 1, 2017.

34 NEW SECTION. **Sec. 5.** (1) The office of student financial  
35 assistance shall enter into up to one hundred grant contracts per  
36 year between 2016 and 2019.

37 (2)(a) By January 1, 2020, the office of student financial  
38 assistance shall determine how many students have signed grant  
39 contracts under sections 2 and 4 of this act.

1 (b) If fewer than two hundred fifty students have signed grant  
2 contracts by January 1, 2020, the office of student financial  
3 assistance shall not enter any new grant contracts after this date;  
4 however, the office shall continue to implement and administer the  
5 grant contracts already entered into under sections 2 and 4 of this  
6 act.

7 (c) The affordable college for everyone grant contract program  
8 must be made available to all eligible applicants beginning January  
9 1, 2020, if two hundred fifty or more students have signed grant  
10 contracts by this date.

11 NEW SECTION. **Sec. 6.** (1) The affordable college for everyone  
12 grant contract account is created in the custody of the state  
13 treasurer. No appropriation is required for expenditures of funds  
14 from the account for grant contract disbursements. An appropriation  
15 is required for expenditures of funds from the account for costs  
16 associated with program administration by the office of student  
17 financial assistance. The account is not subject to allotment  
18 procedures under chapter 43.88 RCW.

19 (2) The office of student financial assistance shall deposit into  
20 the account all moneys received for the affordable college for  
21 everyone grant contract program created in section 2 of this act. The  
22 account shall be self-sustaining and consist of moneys received for  
23 the program by the office of student financial assistance, and  
24 receipts from grant contract recipients' contributions, including  
25 principal and interest.

26 (3) Expenditures from the account may be used solely for grant  
27 contract disbursements to recipients in the program established under  
28 section 2 of this act and costs associated with program  
29 administration by the office of student financial assistance.

30 (4) Disbursements from the account may be made only on the  
31 authorization of the office of student financial assistance.

32 **Sec. 7.** RCW 43.88C.010 and 2013 c 332 s 11 are each amended to  
33 read as follows:

34 (1) The caseload forecast council is hereby created. The council  
35 shall consist of two individuals appointed by the governor and four  
36 individuals, one of whom is appointed by the chairperson of each of  
37 the two largest political caucuses in the senate and house of  
38 representatives. The chair of the council shall be selected from

1 among the four caucus appointees. The council may select such other  
2 officers as the members deem necessary.

3 (2) The council shall employ a caseload forecast supervisor to  
4 supervise the preparation of all caseload forecasts. As used in this  
5 chapter, "supervisor" means the caseload forecast supervisor.

6 (3) Approval by an affirmative vote of at least five members of  
7 the council is required for any decisions regarding employment of the  
8 supervisor. Employment of the supervisor shall terminate after each  
9 term of three years. At the end of the first year of each three-year  
10 term the council shall consider extension of the supervisor's term by  
11 one year. The council may fix the compensation of the supervisor. The  
12 supervisor shall employ staff sufficient to accomplish the purposes  
13 of this section.

14 (4) The caseload forecast council shall oversee the preparation  
15 of and approve, by an affirmative vote of at least four members, the  
16 official state caseload forecasts prepared under RCW 43.88C.020. If  
17 the council is unable to approve a forecast before a date required in  
18 RCW 43.88C.020, the supervisor shall submit the forecast without  
19 approval and the forecast shall have the same effect as if approved  
20 by the council.

21 (5) A councilmember who does not cast an affirmative vote for  
22 approval of the official caseload forecast may request, and the  
23 supervisor shall provide, an alternative forecast based on  
24 assumptions specified by the member.

25 (6) Members of the caseload forecast council shall serve without  
26 additional compensation but shall be reimbursed for travel expenses  
27 in accordance with RCW 44.04.120 while attending sessions of the  
28 council or on official business authorized by the council.  
29 Nonlegislative members of the council shall be reimbursed for travel  
30 expenses in accordance with RCW 43.03.050 and 43.03.060.

31 (7) "Caseload," as used in this chapter, means:

32 (a) The number of persons expected to meet entitlement  
33 requirements and require the services of public assistance programs,  
34 state correctional institutions, state correctional noninstitutional  
35 supervision, state institutions for juvenile offenders, the common  
36 school system, long-term care, medical assistance, foster care, and  
37 adoption support;

38 (b) The number of students who are eligible for the Washington  
39 college bound scholarship program and are expected to attend an  
40 institution of higher education as defined in RCW 28B.92.030.

1 (8) The caseload forecast council shall forecast the temporary  
2 assistance for needy families and the working connections child care  
3 programs as a courtesy.

4 (9) The caseload forecast council shall forecast youth  
5 participating in the extended foster care program pursuant to RCW  
6 74.13.031 separately from other children who are residing in foster  
7 care and who are under eighteen years of age.

8 (10) The caseload forecast council shall forecast the number of  
9 students who are eligible for the affordable college for everyone  
10 grant contract program under section 2 of this act.

11 (11) Unless the context clearly requires otherwise, the  
12 definitions provided in RCW 43.88.020 apply to this chapter.

13 NEW SECTION. **Sec. 8.** Sections 2 and 4 through 6 of this act are  
14 each added to chapter 28B.118 RCW.

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