

HOUSE BILL REPORT

HB 1108

As Reported By House Committee On:

Higher Education

Title: An act relating to financial aid account flexibility between state work study and state need grant programs.

Brief Description: Authorizing the higher education coordinating board to transfer moneys between the state work study program and the state need grant program.

Sponsors: Representatives Carlson, Radcliff, O'Brien, Kenney, Mason, Dunn, Kessler and Quall; by request of Higher Education Coordinating Board.

Brief History:

Committee Activity:

Higher Education: 1/23/97, 1/31/97 [DP].

HOUSE COMMITTEE ON HIGHER EDUCATION

Majority Report: Do pass. Signed by 9 members: Representatives Carlson, Chairman; Radcliff, Vice Chairman; Mason, Ranking Minority Member; Kenney, Assistant Ranking Minority Member; Butler; Dunn; O'Brien; Sheahan and Van Loven.

Staff: Suzi Morrissey (786-7120).

Background: For at least the last few biennial budgets, the Legislature has adopted specific budget provisos for the State Need Grant and State Work Study programs. The provisos directed the Higher Education Coordinating Board to spend moneys appropriated for each program in each program. However, in the 1991-93 and 1993-95 budgets, the Legislature included language that authorized the transfer of funds from the State Need Grant to the State Work Study programs at the end of each year.

Summary of Bill: The Higher Education Coordinating Board will make every effort to spend money appropriated to the State Need Grant Program and the State Work Study Program within the program specified. Each year, between January 15 and April 1, the board will determine whether the funds appropriated to each program can be expended by the end of the fiscal year. If the board determines that funds in one of the two programs cannot be expended before the end of the fiscal year, the board

may transfer up to 1 percent of the combined appropriations for the programs into either program.

Appropriation: None.

Fiscal Note: Available.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: Students often change their minds. They may apply to a college and never come or apply for an aid package and not use a portion of the aid. For example, some students who have received a work study award may choose not to work during spring quarter. In order to fill classrooms and fully use student aid funds, campus officials must overcommit enrollment slots and financial aid packages based on the behavior of students in past years. Over time, this method of financial aid management has worked fairly well; 99.9 percent of the funds appropriated for state financial aid programs have been spent in the specified programs. However, a number of recent factors have complicated the jobs of aid administrators and caused them to become increasingly risk adverse. These factors include enrollment declines at some baccalaureate institutions, the state's movement to a fiscal year approach to budgeting and the restructuring efforts at some independent institutions. Given these campus realities, the Higher Education Coordinating Board needs some flexibility in the management of the two major state aid programs in order to assure that program funds can be fully utilized each fiscal year.

Testimony Against: None.

Testified: Susan Patrick, Higher Education Coordinating Board (supports); and Shirley Ort, Higher Education Coordinating Board (supports).