

HOUSE BILL REPORT

2SHB 1851

As Reported By House Committee On:
Higher Education

Title: An act relating to financial aid.

Brief Description: Changing higher education financial aid.

Sponsors: House Committee on Appropriations (originally sponsored by Representatives Carlson, Radcliff, Mason, Kenney, Dunn, Talcott and Sullivan).

Brief History:

Committee Activity:

Higher Education: 1/29/98, 2/3/98 [DP3S].

HOUSE COMMITTEE ON HIGHER EDUCATION

Majority Report: The third substitute bill be substituted therefor and the third substitute bill 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 Luven.

Staff: Sherie Story (786-7120).

Background: Needy state residents attending accredited in-state public and private institutions of higher education are eligible to receive assistance from several state-funded student aid programs. The two major state aid programs are the state Need Grant program and the Work Study program. One of the smaller aid programs is the Educational Opportunity Grant program. Institutional aid administrators provide students with an aid package. Whenever the resources are available, the package includes assistance from a combination of federal, state, and institutional aid programs. In order to minimize administrative effort and expense, regulations for state and federal programs are generally as compatible as laws permit.

State Need Grant Program. The Legislature has appropriated \$67.3 million to the Need Grant program for the 1997-98 academic year, and \$74.0 million for the 1998-99 academic year. The money is distributed from the neediest student up until the money is totally depleted. About 51,000 students will receive grants through the program. Of those students, about two-thirds are enrolled in community or technical colleges. Eligible students receive an award that equals 15 percent of the students' educational and living

costs. The average grant is about \$1,400. By law, full-time and part-time students may participate in the program for up to five years. By rule, the Higher Education Coordinating Board has limited participation in the Need Grant program to undergraduate students. There is no restriction on the amount of time students may use their grants at any particular educational level. However, under federal student aid programs, students are restricted to one year of remedial work.

State Work Study Program. The Legislature has appropriated \$15.4 million to the Work Study program for each year of the current biennium. The funding will provide part-time employment for about 9,000 needy low and middle-income students. Institutions try to help students find jobs in the students' chosen fields of study. Most employers must partially match the state funds. Public employers provide 20 percent in matching funds. Private employers provide a minimum of 35 percent in matching funds. For the current academic year, a total of about \$20 million is available for the program when matching monies from employers are added to state appropriations.

Educational Opportunity Grant (EOG) Program. The EOG program was created in 1989. The program is designed to help needy place bound students with an Associate of Arts degree complete their upper division work. Students may receive a maximum yearly grant of \$2,500 under the program. The students may attend a Washington public or private institution of higher education with unused capacity. To qualify for the program, students must live in areas served by branch campuses. However, they cannot use this grant to attend a branch campus. The Legislature appropriated \$2.4 million to the program for the current biennium. The funding will assist about 400 students.

Summary of Third Substitute Bill: Existing statutory language describing the state financial aid program is revised to specifically identify the state Need Grant program. The Higher Education Coordinating Board is required to ensure that state financial aid programs are designed around the principle that state financial aid money follows the student to the student's choice of an eligible institution of higher education.

Generally, students may use their need grant awards for a maximum of 125 percent of the published length of their program, or up to five years. All eligibility periods are adjusted to the equivalent credit or clock hours.

The Educational Opportunity Grant is made available to assist financially needy place bound upper division students to attend any public or private baccalaureate institution in the state of Washington that is accredited by an accrediting association approved by the Higher Education Coordinating Board. The board may deposit some money for the program into the state education trust fund to provide funding for a second year grant for new program recipients.

The Higher Education Coordinating Board is directed to evaluate the reports prepared in response to the 1997 legislative directive to the House and Senate fiscal committees

to study tuition and financial aid. By September 1, 1998, the board will make recommendations to the Governor and the Legislature regarding Washington State's financial aid policies and programs. The board will also provide information on how its policy recommendations impact current students and state costs. The board will also provide information on enrollment of financial aid recipients in pre-college and developmental courses.

Revisions to the Need Grant program take effect in the Fall 1999 academic term.

Third Substitute Bill Compared to Second Substitute Bill: Intent language is changed to remove findings that Need Grant eligibility should be limited to two years, plus one academic term for lower division students, and that the Higher Education Coordinating Board should enhance its financial aid outreach program. Intent language is changed from a finding that Need Grant eligibility should not extend beyond the published length of the program, plus one term to say that eligibility should not extend beyond 125 percent of the published length of the program. Requirements for the Higher Education Coordinating Board to conduct a study of financial aid are changed to requirements for the board to evaluate the reports prepared in response to the 1997 legislative directive for studies of tuition and financial aid and to make recommendations to the Governor and Legislature by September 1, 1998. The requirement for the Higher Education Coordinating Board to enhance its financial aid outreach program is removed. Changes to the definition of what student resources are recognized in determining grant size are removed. The length of Need Grant eligibility is established as 125 percent of the published length of the student's program or up to five years, or the credit or clock hour equivalent of those limits. Language declaring a second major purpose of the Educational Opportunity Grant program as minimizing the need to build new public colleges and universities is removed. The effective date for changes to the state Need Grant program is changed from Fall 1998 to Fall 1999.

Appropriation: None.

Fiscal Note: Requested on February 3, 1998.

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

Testimony For: There is a lot of information in the 1997 studies prepared for the Legislature. The Higher Education Coordinating Board is the right agency to evaluate the reports and make recommendations. The community and technical college system really wants to engage in a discussion of what is best for students in the next millennium, and not to engage in a fight. The language limiting need grant eligibility to 125 percent of program needs to be clarified. The Council of Presidents is appreciative of the work done by the committee, but is not ready to make recommendations. The Council of Presidents wants to be a constructive player in the process to develop recommendations.

The Friends of Higher Education appreciate the improvements made to HB 1851, but are opposed to the expansion of the Education Opportunity Grant program to branches. This is a topic that should be studied during the interim. The Washington Federation of Private Career Colleges appreciates being included in the study groups and is thankful for the clear language regarding student choice.

Testimony Against: None

Testified: Terry Teale, Council of Presidents; Rhonda Coats, State Board for Community and Technical Colleges; Kim Merriman, The Evergreen State College; Susan Patrick, Higher Education Board; Tom Parker, Washington Friends of Higher Education; and Linda Broderick, Washington State Federation of Career Schools and Colleges.