

SENATE BILL REPORT

SB 5349

As of February 2, 2015

Title: An act relating to financial literacy information for students at institutions of higher education.

Brief Description: Requiring live financial literacy seminars for students at institutions of higher education.

Sponsors: Senators Bailey, Becker, Warnick, Roach, Mullet and Chase.

Brief History:

Committee Activity: Higher Education: 1/29/15.

SENATE COMMITTEE ON HIGHER EDUCATION

Staff: Kimberly Cushing (786-7421)

Background: In 2012 the Legislature directed the Office of Student Financial Assistance, within the Washington Student Achievement Council (WSAC), to provide online financial aid counseling curriculum to all higher education institutions participating in the State Need Grant (SNG) program. The curriculum must include, but not be limited to:

- an explanation of SNG program rules;
- information on scholarships and work study options;
- an overview of student loan options and consequences;
- an overview of financial literacy;
- average salaries for a range of jobs;
- perspectives from students who are or were recipients of financial aid, including loans; and
- contact information for local financial aid resources and the Federal Student Aid Ombudsman's Office.

The higher education institutions are required to take reasonable steps to ensure that each SNG recipient receives information by directly referencing or linking to a website on the Conditions of Award statement provided to each recipient. Institutions may also require non-SNG students to participate in all or portions of the counseling. The curriculum is available on WSAC's Ready, Set, Grad website.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Additionally, federal law requires a school to ensure that federal loan borrowers fulfill entrance and exit counseling requirements in person, by an audio-visual presentation, or electronically.

Summary of Bill: By the 2015-16 academic year, each institution of higher education must take reasonable steps to ensure each enrolled student participates in a live financial literacy seminar. The seminar must include information being provided to SNG recipients under current law.

The institutions are encouraged to present the seminars during student orientation or as early as possible in the academic year.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

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

Staff Summary of Public Testimony: PRO: The bill is intended to give students an opportunity to see what lies ahead before they sign on the dotted line. A live financial seminar is a good first step in helping college students make smarter financial decisions. The benefit of a live seminar allows students to ask questions to make it relevant and retain skills to use in personal finance. In 2013 the average student debt in Washington was \$24,418. The number one problem in today's generation and economy is the lack of financial literacy. Financial reasons are the number-one reason students leave college. Engaging students at the outset of their college experience will make it more likely students will make sound financial decisions and complete their degree on time.

Financial literacy efforts are currently in place at Western Washington University (WWU), including workshops during orientation and throughout the year. Free seminars are provided by accounting students to prepare for long-term financial planning. Due to lack of resources none of this is mandatory. Often those most likely to need information are the least likely to attend. An in-person, face-to-face seminar for each student would cost \$55,000 per year, but it would be a very valuable investment. The Evergreen State College (TESC) serves a high number of low-income students and launched an online literacy program last term. We want to ensure the resources are available. What does live mean? What sort of tracking is needed?

OTHER: Federal loans require entrance and exit loan counseling, which is often web based. Institutions are required to track that counseling happened for federal loans. The financial outline in the bill goes well beyond federal requirements. We believe it is critically important to present information to all students.

Persons Testifying: PRO: Senator Bailey, prime sponsor; Kristi Shafer, WA State Parent Teacher Assn.; Linda Jekel, Dept. of Financial Institutions; Becca Kenna-Schenk, WWU; Julie Garver, TESC.

OTHER: Rachelle Sharpe, WA Student Achievement Council.