

**COMMITTEE ON HIGHER EDUCATION**  
*Representative Don Carlson, Chair*

**BILL ANALYSIS**  
**HB 1851**

**BRIEF DESCRIPTION:** Changing higher education financial aid.

**BACKGROUND:** Needy state residents attending accredited in-state public and independent institutions of higher education are eligible to receive assistance from several state funded student aid programs. The two major state aid programs are the Need Grant and Work Study programs. 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 about \$57 million to the Need Grant Program for the 1996-97 academic year. The money is distributed from the neediest student up until the money is totally depleted. About 42,000 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 \$1,350. 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 about \$14,200,000 to the Work Study Program for the current academic year. 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 \$19 million is available for the program when matching monies from employers are added to state appropriations.

Educational Opportunity Grant Program (EOG): The EOG program was created in 1989. The program is designed to help needy placebound 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 independent 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 \$1 million to the program for the current academic year. The funding will assist about 400 students.

***24 Percent Formula:*** *Since 1977, funding for state programs has been guided by legislative intent language in statute. The language indicates that an amount that equals or exceeds 24 percent of the revenue from tuition increases at public colleges and universities should be added to financial aid programs funded from the general fund.*

***At the time the 24 percent intent language was adopted, about 24 percent of the full-time students attending public colleges and universities were receiving financial aid. In 1992, that percentage was about 38 percent. The percentage climbed to more than 40 percent when full-time resident students at private institutions were included. With the revision of federal financial aid eligibility requirements, the percentage of students receiving assistance is expected to continue to climb.***

**SUMMARY:** Existing statutory language describing the state financial aid program is revised to distinguish between the State Need Grant and Work Study programs. The Higher Education Coordinating Board will ensure that both programs are designed around the principle that state financial aid money follows the student to the student's choice of institution of higher education. The board will also widely distribute financial aid information to students, parents, schools, colleges, libraries, and community based organizations. When distributing the information, the board will undertake a special outreach effort to inform the parents of middle and junior high students about financial aid opportunities and about the performance requirements necessary for college entrance.

Generally, students may use their need grants in lower division courses for a maximum of two years plus one additional academic term. Their grant eligibility is also limited to the published length of their program. Generally, students may participate in the Need Grant Program for a maximum of four years plus one additional academic term, rather than five years. The board may permit a student to receive a grant for five years if the student is enrolled in a five-year program.

Students under the age of 24 will not be able to use credits earned in pre-college and developmental courses to meet the number of credits required to obtain or maintain financial aid eligibility.

The Educational Opportunity Grant Program has a new purpose. Its second purpose is to minimize the need to build new public colleges and universities or to expand the physical

capacity of existing public colleges. All needy, resident, placebound students with an associate of arts degree are eligible to participate in the program. First priority in the program will be given to eligible students from branch campus areas who wish to attend the main campus of an institution with unused capacity. Second priority will be given to eligible students who wish to relocate to attend an institution with a recent history of under enrollment. Third priority will be given to eligible students who wish to attend a branch campus or extension center.

The Higher Education Coordinating Board will continue to evaluate and refine the recommendations of its 1995-96 Financial Aid Task Force. The board will devise an accurate method of determining a family's ability to pay college expenses. The board will also consider several different methods for determining the amount of a need grant award. By December 20, 1997, the board will report its findings and recommendations to the Governor, the House and Senate Higher Education Committees, and other interested parties.

During the 1997-99 biennium, \$10 million is added to the Work Study Program, \$10 million is added to the Educational Opportunity Grant Program, and \$23 million is added to the Need Grant Program. The money will be divided equally between each year of the biennium.

Revisions to the Need Grant Program will take effect in the 1998 fall academic term.