

# HOUSE BILL REPORT

## HB 1179

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### As Reported by House Committee On:

Higher Education

Appropriations

**Title:** An act relating to allowing students attending a postsecondary institution on a less than half-time basis to qualify for a State Need Grant.

**Brief Description:** Allowing part-time students at postsecondary institutions to qualify for a State Need Grant.

**Sponsors:** Representatives Hasegawa, Jarrett, Sells, Roberts, Anderson, Green, Sommers, Kenney, Wallace, Buri, Appleton, Hudgins, Kagi, Ormsby, McDonald, Conway, Wood, Santos, Schual-Berke, Simpson, Lantz, Haigh and Morrell.

### Brief History:

#### Committee Activity:

Higher Education: 1/24/07.

Appropriations: 2/15/07, 2/26/07 [DPS].

#### Brief Summary of Substitute Bill

- Reduces the minimum number of quarter credits for which a student must be enrolled to receive a State Need Grant from six to three (or the semester equivalent).
- Allows students enrolled on a less-than-half-time basis to be eligible for a State Need Grant for one year even if the student has not yet matriculated into a program leading to a degree or certificate.
- Changes the minimum number of quarter credits required to receive a loan or aid from an institution's institutional financial aid fund from six per term to three (or the semester equivalent).

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## HOUSE COMMITTEE ON HIGHER EDUCATION

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*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.*

**Majority Report:** Do pass. Signed by 8 members: Representatives Wallace, Chair; Sells, Vice Chair; Anderson, Ranking Minority Member; Buri, Assistant Ranking Minority Member; Hasegawa, Jarrett, McIntire and Sommers.

**Staff:** Sarah Ream (786-7303).

**Background:**

State Need Grant

The State Need Grant program began in 1971, and until 1990 was available only to students enrolled full-time (those taking at least 12 quarter credits, or the semester equivalent). In 1990, the Legislature extended State Need Grant eligibility to students enrolled at least half-time (six quarter credits or more). The amount of a particular student's grant depends on the student's family income, the type of institution the student attends (e.g., community college, public research university), and whether the student attends full-time or half-time.

Less-Than-Half-Time Pilot Project

In 2005, the Legislature passed Substitute House Bill 1345 which directed the Higher Education Coordinating Board (HECB) to develop a two-year pilot project to assess the need for and feasibility of allowing students enrolled for at least four quarter credits to be eligible for a State Need Grant. Under the pilot, students attending a participating school who enroll for four or five credits are eligible to receive a grant as long as they meet the other eligibility criteria for a State Need Grant, including family income limitations and residency requirements. The Legislature appropriated \$500,000 for the 2005-2007 biennium for the pilot project.

The pilot began in the fall of 2005 and will continue through the 2005-07 biennium. Nine institutions are participating -- seven community colleges, The Evergreen State College, and Pacific Lutheran University. In the 2005-06 academic year, a total of 680 less-than-half-time students received a State Need Grant under the pilot project. Award amounts were \$194 at the participating community colleges, \$310 at The Evergreen State College, and \$626 at Pacific Lutheran University (an independent institution).

In December 2006, the HECB issued a report on the pilot project. The HECB reports that the primary reasons students enroll on a less-than-half-time basis include work and family obligations, costs of attending school, and childcare needs. The HECB further reports that seventy-two percent of the students participating in the pilot are financially independent from their parents, almost half have children of their own, a quarter are single parents, and thirty-four percent are the first in their family to attend an institute of higher education. Most participating students enrolled for just one term at a less-than-half-time rate and then enrolled half-time or greater for the remainder of the year.

The HECB estimates that about 4,000 students would be eligible for a State Need Grant if the grant were available statewide to students on a less-than-half-time basis. The HECB estimates it would cost between \$900,000 and \$1.4 million per year to serve eligible less-than-half-time students statewide.

The HECB's report makes a number of recommendations regarding the State Need Grant, including:

- allowing students taking at least three credits to qualify for a grant;
- having a one-year exception to the matriculation requirement for students enrolled less-than-half-time;
- and, authorizing institutions to make provisional State Need Grant awards to give students additional time to complete the Free Application for Federal Student Aid (FAFSA).

#### Institutional Financial Aid Fund

Each public institution of higher education in Washington must deposit at least 3.5% of its revenues collected from tuition and fees into an institutional financial aid fund. The money deposited in the fund may be used to make long- and short-term loans to eligible students or to provide financial aid to students.

Current law requires a student to be enrolled in at least six credits to be eligible for a loan or aid from a school's institutional financial aid fund. In its December 2006 report, the HECB recommends changing this eligibility requirement from six to three credits.

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#### **Summary of Bill:**

Students enrolled for at least three quarter credits (or the equivalent semester credits) at an institution of higher education in Washington may be eligible for a prorated portion of the State Need Grant if they meet the other eligibility requirements of the State Need Grant program.

An eligible student enrolled for three to six quarter credits (or the equivalent semester credits) may receive a grant for up to one academic year before matriculating into a program that leads to a degree or certificate.

Institutions of higher education may award a State Need Grant to an eligible student on a provisional basis before the student completes the required FAFSA if:

- (1) the student has never received a State Need Grant;
- (2) the institution has reviewed the student's financial condition and concludes the student is likely eligible for a State Need Grant; and,
- (3) the student attests in writing that the financial information he/she provided the school is accurate and complete, and the student agrees to repay the grant amount if the student is subsequently found to be ineligible for a grant.

If a student receives a provisional State Need Grant and is later determined to have been ineligible for a grant, the student must repay the amount of the grant and cannot receive any additional State Need Grant money until the amount is repaid.

The minimum number of credits required to receive a loan or aid from an institution's institutional financial aid fund is changed from six credits per term to three.

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**Appropriation:** None.

**Fiscal Note:** Requested on 1/23/2007.

**Effective Date:** The bill takes effect 90 days after adjournment of session in which bill is passed.

**Staff Summary of Public Testimony:**

(In support) Most students normally attend school on a half-time or greater basis. However, occasionally some students need to drop below half-time status for a term or two. This leaves a gap in the financial aid system, which this bill fills.

This bill is necessary to serve the needs of the students and will make a significant difference for people who want to better their career prospects through education. Extending the State Need Grant to students taking three credits will substantially broaden access to students and will attract more students to higher education who might not otherwise attend. Also, allowing students to receive a grant before matriculating into a program will diversify the types of students receiving aid. Early financial aid will help build students' momentum to continue their educations.

There is a misalignment between when aid applications are due and when many students make the decision to go to school. Giving financial aid administrators the ability to do special calculations and award provisional grants will serve as a bridge for many students.

The less-than-half-time pilot project for the State Need Grant has been a success and students report being very happy with the pilot.

(In support with concerns) Lowering the eligibility requirements for the State Need Grant to three credits per quarter is a good thing. However, it seems onerous that a student would have to pay back a provision award of the State Need Grant if the school later determined the student was actually not eligible for the grant.

(Opposed) None.

**Persons Testifying:**

(In support) Representative Hasegawa, prime sponsor; Julie Japhet, Higher Education Coordinating Board; John Klacik, Higher Education Coordinating Board; Greg Scheiderer, Independent Colleges of Washington; Madeleine Thompson, Workforce Training and Education Coordinating Board; Nani Jackins Park, State Board for Community and Technical Colleges; and Deb Merle, Washington State Governor's Office.

(In support with concerns) Terry Tilton, Washington State Building and Construction Trades Council.

(Opposed) None.

**Persons Signed In To Testify But Not Testifying:** None.

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## HOUSE COMMITTEE ON APPROPRIATIONS

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 33 members: Representatives Sommers, Chair; Dunshee, Vice Chair; Alexander, Ranking Minority Member; Bailey, Assistant Ranking Minority Member; Haler, Assistant Ranking Minority Member; Anderson, Buri, Chandler, Cody, Conway, Darneille, Ericks, Fromhold, Grant, Haigh, Hinkle, Hunt, Hunter, Kagi, Kenney, Kessler, Kretz, Linville, McDermott, McDonald, McIntire, Morrell, Pettigrew, Priest, Schual-Berke, Seaquist, P. Sullivan and Walsh.

**Minority Report:** Without recommendation. Signed by 1 member: Representative Dunn.

**Staff:** Debbie Driver (786-7143).

### **Summary of Recommendation of Committee On Appropriations Compared to Recommendation of Committee On Higher Education:**

The substitute bill requires all students to fill out the free application for federal student aid (FAFSA) prior to receiving the state need grant. The substitute removes the provisional state need grant for less than part-time students which provided provisional grants to students based on an institution's review of the students financial situation. Additionally, the substitute bill adds a null and void clause.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date of Substitute Bill:** The bill takes effect 90 days after adjournment of session in which bill is passed. However, the bill is null and void unless funding is provided in the budget.

### **Staff Summary of Public Testimony:**

(In support) The bill follows-up on a pilot project which provided state need grant dollars to students who attended college at a less than half-time rate. The pilot project found the primary reason students enrolled less than half-time was due to family and/or work obligations, costs of attendance and child care reasons. The pilot project resulted in serving more low income students and significantly increasing access to higher education for many students. In addition, the pilot project provided the Higher Education Coordinating Board with data and information that was used to develop House Bill 1179. If the program is appropriated, \$1.4 million per year the award would serve 4,000 students, of which close to 1,000 would be new

state need grant recipients. Extending the state need grant to less than half-time students provides funding for students in need of additional financial support while attending college.

(In support with concerns) There are two provisions in the bill that require further consideration. First, the bill includes a provisional state need grant award to students who have not completed the free application for federal student aid (FAFSA) form. If these students are later found to be ineligible for the state need grant, the bill requires them to pay back that amount. If students provide fraudulent information, they should pay back the award but instead of including it as a requirement, a rigorous eligibility process at the institutions should be developed. Please consider removing this requirement as it is possible for students to simply incorrectly estimate their eligibility.

Second, please consider modifying the pro-ration of the state need grant for students attending college less than full-time. Currently, the state need grant does not cover the full cost of tuition and fees and the bill should consider increasing the level of support to equal tuition and fees.

(Opposed) None.

**Persons Testifying:** (In support) Representative Hasegawa, prime sponsor; Julie Japhet, and Jon Klacik, Higher Education Coordinating Board; and Wes Pruitt, Workforce Board.

(In support with concerns) Nani Jackins Park, State Board for Community and Technical Colleges.

**Persons Signed In To Testify But Not Testifying:** None.