
Higher Education Committee

HB 2823

Brief Description: Concerning postsecondary institution policy on gift equity packaging.

Sponsors: Representatives Steele, Holy and Stambaugh.

Brief Summary of Bill

- Requires that a post secondary institution's gift equity packaging policy must allow a student who receives a private scholarship to receive up to 100 percent of the student's unmet need before any of the student's federal or state financial aid is reduced.

Hearing Date: 1/24/18

Staff: Trudes Tango (786-7384).

Background:

Financial Aid.

Students applying for need-based financial aid for post secondary education must fill out either the federal or the state financial aid forms to determine the student's financial need. A student's need is based on the federal formula: $COA - EFC = \text{Need}$.

Cost of Attendance (COA) includes tuition, fees, room and board, books and transportation. Expected Family Contribution (EFC) is based on the assets and income of the student and, if the student is a dependent, the student's parents. Institutions must consider outside scholarships in the need equation when offering financial aid packages.

Typically, need-based financial aid is awarded in the following order:

- Federal Pell grant;
- outside scholarship/grant aid;
- state and/or institutional grants (State Need Grant, College Bound, university scholarship, etc.);

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- work study;
- need-based federal loans.

Generally, federal law does not allow institutions to award financial aid over the student's need. Funding above a student's need is considered an over award.

Gift Equity Packaging Policies.

Institutions may implement their own gift equity packaging policies, which allows the institution to limit how much of a defined category of aid (such as State Need Grant or institutional grants) can be awarded to individual students. An example of a gift equity policy is where any individual student may not receive more than 90 percent of the student's need. Gift equity policies give an institution some limited discretion on how to distribute financial aid.

Institutional gift equity policies do not apply to eligible College Bound Scholars. For all other State Need Grant (SNG) eligible students, the financial aid administrator may limit the student's SNG award if receipt of the SNG in combination with other gift aid, exceeds the institution's gift equity packaging policy. An institution's gift equity packaging policy must be the same as that used to package aid for all other students, and may not discriminate against State Need Grant recipients. Academic rankings may be used in gift equity packaging, but special talents such as athletics and theater are not permitted.

Institutions must send their financial aid policies to the Washington Student Achievement Council (WSAC) each year for review and approval.

Summary of Bill:

The WSAC shall ensure that post secondary institutions participating in the state financial aid program have gift equity packaging policies that allow a student who receives a private scholarship to receive up to 100 percent of the student's unmet need before any of the student's federal or state financial aid is reduced by the gift equity packaging policy.

The state community and technical colleges are exempt from this provision.

Appropriation: None.

Fiscal Note: Requested on January 17, 2018.

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