

SENATE BILL REPORT

SB 5820

As Reported by Senate Committee On:
Higher Education, February 16, 2017

Title: An act relating to financial assistance.

Brief Description: Concerning financial aid at institutions of higher education.

Sponsors: Senators Wilson, Bailey, Rossi and Zeiger.

Brief History:

Committee Activity: Higher Education: 2/16/17, 2/16/17 [DP-WM, DNP].

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| <p style="text-align: center;">Brief Summary of Bill</p> <ul style="list-style-type: none">• Changes the award criteria and methods of disbursement for the State Need Grant program.• Establishes a minimum grade point average requirement for continued eligibility for State Need Grant awards. |
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SENATE COMMITTEE ON HIGHER EDUCATION

Majority Report: Do pass and be referred to Committee on Ways & Means.

Signed by Senators Wilson, Chair; Bailey, Vice Chair; Baumgartner.

Minority Report: Do not pass.

Signed by Senators Palumbo, Ranking Minority Member; Frockt.

Staff: Clint McCarthy (786-7319)

Background: The State Need Grant. The State Need Grant (SNG) program assists low-income, needy, and disadvantaged students by offsetting a portion of their higher education costs. To be eligible, a student must come from a family whose income does not exceed 70 percent of the state's median family income (MFI), which currently is \$59,500 for a family of four in 2016. The 2016 Supplemental Budget provides the maximum level of aid dependent on family income:

| MFI Range | Percent of Award |
|-----------|------------------|
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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.

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| 0 to 50 percent | 100 percent |
| 51 to 55 percent | 70 percent |
| 56 to 60 percent | 65 percent |
| 61 to 65 percent | 60 percent |
| 66 to 70 percent | 50 percent |

An institution of higher education is eligible to participate in the SNG program if it is a public university, nonprofit university, college, or community or technical college operated by the state of Washington. Universities, colleges, schools, or institutes offering post-secondary instruction in Washington that are affiliated with an out-of-state institution must meet certain criteria to be eligible. They must be a separately accredited member institution or a branch of an accredited institution that is eligible for federal financial aid, have operated as a nonprofit college or university delivering on-site classroom instruction for a minimum of 20 consecutive years within the state of Washington, and have an annual enrollment of at least 700 full-time students.

The maximum award amounts for the 2016-17 school year are:

| Institution | Award |
|---|--------------|
| University of Washington | \$9,348 |
| Washington State University | \$9,369 |
| Central Washington University | \$6,293 |
| Eastern Washington University | \$5,947 |
| Community and Technical College Applied Bachelor's Degree Programs | \$5,947 |
| The Evergreen State College | \$6,268 |
| Public Community and Technical Colleges | \$3,541 |
| Private Four-Year Universities and Colleges | \$8,517 |
| WGU – Washington | \$5,619 |
| Private or Proprietary Colleges | \$2,823 |
| Dependent Care Allowance | \$906 |

In the 2015-16 school year, nearly 24,000 students with an MFI of 70 percent or less were eligible for the SNG, but unable to receive the SNG due to lack of funds.

Washington State Opportunity Scholarship (WSOS). The WSOS was created in 2011 to address unfilled seats in the high-demand sectors that drive our economy, such as aerospace, engineering, technology, and health care, as well as rising tuition costs at Washington colleges and universities. Students must have been accepted into an eligible high-demand major at an approved four-year college or university, or an approved community college offering a bachelors' degree in an eligible high-demand major. Applicants must meet the following criteria:

- be a Washington resident pursuing a degree in a high-demand major in science, technology, engineering, math, or health care;
- be a graduate of a high school in Washington State;
- have a cumulative grade point average (GPA) of at least 2.75 on a 4.0 scale;
- be planning to enroll as a full-time student;
- have completed the Free Application for Financial Student Aid;
- have applied for Federal Education tax credits, if eligible; and
- must have a family income—adjusted gross income plus all untaxed income—less \$56,500 for a household of one. The threshold for family income increases with an increased number of people in the household.

Students can only receive WSOS funding at the \$2,500 level for one, two, or three years. A high school senior is eligible to receive up to three years of funding at the \$2,500 level. After one to three years at an institution of higher learning, a student can increase their scholarship to the \$5,000 level after providing WSOS with prescribed documentation. Based on documentation provided by the student to increase the scholarship to \$5,000, the WSOS will automatically increase the scholarship to \$7,500 once it has been determined that the student has earned 135 quarter hours 90 semester hours. The scholarship is decreased to \$5,000 when WSOS has determined that a student has earned 181 quarter credits or 121 semester credits. Once students exceed 225 quarter credits or 150 semester credits, students are no longer eligible for further funding.

Summary of Bill: Award Criteria and Methods of Disbursement. The state Student Achievement Council's authority to develop award criteria and methods for disbursements of SNGs is removed. The state need grant award criteria and methods of disbursement are directed to be a function of the Omnibus Appropriations Act. In addition to need, disbursements may be made based on factors that promote degree completion and enrollment in high-demand degree programs. Institutions of higher education can only award grants on a first-come, first-serve basis; it is specifically directed in the Omnibus Appropriations Act.

Grade Point Average Qualification for State Need Grant Renewal. Students must maintain a GPA of at least a 2.25 GPA for a student's first renewal. For all subsequent renewals, a student's GPA must be at least a 2.5 GPA. Exemptions from the minimum GPA requirements include:

- the birth of a child of the student and in order to take care of the child;
- the placement of a child with the student for adoption or foster care;
- the care of a family member with a serious health condition; or
- the student has a serious health condition.

Appropriation: None.

Fiscal Note: Requested on February 14, 2017.

Creates Committee/Commission/Task Force that includes Legislative members: No.

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

Staff Summary of Public Testimony: PRO: It is important to incentivize students to complete degrees and complete degrees in high demand fields that match up to the job market. They don't want to decrease aid, but add aid for individuals making their way through a degree.

CON: There are a lot of people who just aren't scientists, and those people would feel compelled to go into STEM fields without truly having the desire to go into that type of field. Low income students should be able to follow their dreams, and you take that away when you pick winners and losers among degrees. This would take away academic freedom from low income students. This will create more obstacles than pathways. It is not the state's place to control or incentivize a student's studies.

OTHER: Making changes to SNG in the budget can be a dangerous thing. Students prefer having something in statute so that they can depend on and plan for the amount of money they'll get for the SNG. Students getting a SNG do almost as well as the regular students. There is no grandfather clause to ensure that the current students will be unharmed. WSAC has worked with other states on incentives, and is interested in working through what an incentive based system might look like. Private students have serious issues with the bill. The level of the GPA is above and beyond what the colleges require to graduate. The biggest concern is that the award criteria is established in the budget. Each budget cycle can change the criteria. Grade inflation is a risk. There is a lot of interest in serving more of the 25,000 unserved students.

Persons Testifying: PRO: Senator Lynda Wilson, Prime Sponsor.

CON: Elissa Goss, Washington Student Association; Ruben Flores, State Board of Community and Technical Colleges; Jessi Bagdasarov, Bellevue college; Nora Selander, Legislative Liaison, Associated Students of Western Washington University; Alexander Wirth, Associated Students of the University of Washington; Benjamin Rowe, Associated Students of Eastern Washington University.

OTHER: Rachelle Sharpe, Washington Student Achievement Council; Tom Fitzsimmons, Independent Colleges of Washington; JoAnn Taricani, University of Washington Faculty Senate; Paul Francis, Council of Presidents; Steven Hackenberger, Council of Faculty Representatives; Juliette Schindler Kelly, College Success Foundation.

Persons Signed In To Testify But Not Testifying: No one.