

SENATE BILL REPORT

SB 6121

As Reported by Senate Committee On:
Higher Education & Workforce Development, February 1, 2012

Title: An act relating to financial aid counseling.

Brief Description: Requiring the office of student financial assistance to provide a financial aid counseling curriculum for institutions of higher education.

Sponsors: Senators Frockt, Tom, Kastama, Shin and Kline.

Brief History:

Committee Activity: Higher Education & Workforce Development: 1/17/12, 2/01/12 [DPS].

SENATE COMMITTEE ON HIGHER EDUCATION & WORKFORCE DEVELOPMENT

Majority Report: That Substitute Senate Bill No. 6121 be substituted therefor, and the substitute bill do pass.

Signed by Senators Tom, Chair; Shin, Vice Chair; Hill, Ranking Minority Member; Baumgartner, Becker, Frockt, Kastama and Stevens.

Staff: Kimberly Cushing (786-7421)

Background: In Washington, two- and four-year institutions of higher education currently offer a range of online and in-person financial aid orientation options.

Under current law, the Higher Education Coordinating Board (HECB), which administers the State Need Grant (SNG) program, is required to consider counseling as a paramount function of SNG and other state student financial aid programs, and in most cases could only be properly implemented at the institutional levels. Additionally, HECB must display all available student financial aid programs (except federal student loans and aid granted outside the financial aid package) if it develops a one-stop college information web-based portal to include financial, academic, and career planning information.

Currently, 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.

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SNG program assists needy and disadvantaged students by offsetting a portion of their higher education costs. To be eligible, a student's family income cannot exceed 70 percent of the state's median family income, currently \$57,000 for a family of four.

Summary of Bill (Recommended Substitute): By, July 1, 2013, the Office of Student Financial Assistance must provide a financial aid counseling curriculum to all higher education institutions participating in the SNG program. The curriculum must be available via a website. 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.

By the 2013-14 academic year, higher education institutions must take reasonable steps to ensure that each SNG recipient receives information outlined in the bill by directly referencing or linking to the 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.

EFFECT OF CHANGES MADE BY HIGHER EDUCATION & WORKFORCE DEVELOPMENT COMMITTEE (Recommended Substitute): The financial aid counseling curriculum must be available via a web site. The requirement that each SNG recipient must participate in financial aid counseling before receiving their first disbursement is removed. Rather than ensuring that each SNG recipient participates in and completes the counseling, each institution must take reasonable steps to ensure that each SNG recipient receives information outlined in the bill by directly referencing or linking to the website on the Conditions of Award statement provided to each recipient.

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 on Original Bill: PRO: There is a financial aid crisis, which is not surprising due to the budget crisis. We don't want to micromanage institutions but want a more robust counseling system. The current information is not adequate for debt that students are taking on. It could be an opportunity for students to look into careers and determine whether it is feasible to pay off current loans. This bill is building on current best practices. Requiring counseling to be tracked would create a need to check before disbursing

SNG. Most kids aren't financially literate and universities are not thinking about students. Students are told low-interest loans are the cheapest money you'll ever get.

OTHER: The bill does not provide a definition for counseling, and there are not enough resources for one-on-one counseling. Private student loans are not always made known to universities. We should look down into K-12, because there is a limit to what admissions counselors can do. Students respond best to students. Currently federal laws require colleges to post on-time graduation rates and average loan indebtedness and rough salaries for workforce development programs. The universities already do a lot of what is in the bill. Is there a possibility of providing a counseling tool online to verify who completed counseling? Career colleges have a leg up because students know what is laid out in front of them. Whether or not there is a fiscal note on the bill, what costs might be avoided if successful counseling occurs?

Persons Testifying: PRO: Senator Frockt, prime sponsor; Jake Atwell-Scrivner, Mike Bogatay, WA Student Assn.; Rachelle Sharpe, HECB; Bill Baumann, citizen.

OTHER: Paul Francis, Council of Presidents; Scott Copeland, SBCTC; Chris Mulick, WA State University; Steve Lindstrom, Northwest Career Colleges Federation.