

SENATE BILL REPORT

2SHB 1851

As Reported By Senate Committee On:
Higher Education, April 3, 1997

Title: An act relating to financial aid.

Brief Description: Changing higher education financial aid.

Sponsors: House Committee on Appropriations (originally sponsored by Representatives Carlson, Radcliff, Mason, Kenney, Dunn, Talcott and Sullivan).

Brief History:

Committee Activity: Higher Education: 3/27/97 [DPA-WM].

SENATE COMMITTEE ON HIGHER EDUCATION

Majority Report: Do pass as amended and be referred to Committee on Ways & Means.
Signed by Senators Wood, Chair; Winsley, Vice Chair; Bauer, Hale, Kohl, Patterson, Prince and Sheldon.

Staff: Jean Six (786-7423)

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 Program and the Work Study Program. 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 \$14.2 million 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 (EOG) Program. 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 of Amended Bill: 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 ensures that both programs are designed around the principle that state financial aid money follows the student to the student's choice of an eligible institution of higher education. The board also widely distributes financial aid information to students, parents, schools, colleges, libraries, and community-based organizations. When distributing the information, the board undertakes 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 grant awards for a maximum of 125 percent of the published length of their program. All eligibility periods are adjusted to the equivalent credit or clock hours.

The Educational Opportunity Grant is a permanent program to assist financially needy placebound upper division students to attend any public or independent baccalaureate institution in the state of Washington that is accredited by an accrediting association approved by the Higher Education Coordinating Board.

The Higher Education Coordinating Board must continue to evaluate and refine the recommendations of its 1995-96 Financial Aid Task Force. The board must devise an

accurate method of determining a family's ability to pay college expenses. The board must consider several different methods for determining need grant amounts based on tuition and fees. By December 20, 1997, the board must report its findings and recommendations to the Governor, the House and Senate Higher Education Committees, and other interested parties. The board must also collect information on financial aid recipients enrolled in precollege and developmental courses, and report the information to the House and Senate Higher Education Committees.

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

Amended Bill Compared to Substitute Bill: Eligibility for the state need grant is limited to 125 percent of the published length of the program in which the student is enrolled. Exceptional circumstances are no longer required for three-year programs or five-year programs.

An eligible student may receive a full four years of the state need grant even if the student has completed the coursework for a baccalaureate degree program in less than four years.

Changes in the distribution of the state need grant program will not occur until after the completion of the financial aid study conducted by the HECB.

The Educational Opportunity Grant is available to all financially needy placebound resident upper division students to use without restriction at any eligible public or private baccalaureate institution in Washington.

Students will not be allowed to use all state need grant eligibility in the CTC system. A five-year lifetime eligibility is established with provisions for students enrolled in a five-year program.

Appropriation: None.

Fiscal Note: Available.

Effective Date: Ninety days after adjournment of session in which bill is passed. However, the bill is null and void unless funded in the budget.

Testimony: The bill was originally much broader and included meritorious achievement in the eligibility requirements for financial aid as well as restrictions on the use of financial aid for remedial coursework. However, it still limits the length of time a student may receive financial aid--an important policy change that will encourage students to obtain their degrees within the required number of credits for both associate and baccalaureate degrees. Receiving financial aid is often the determining factor in the student's choice to attend college or university. A change in the distribution of aid to a tuition based model is supported by the public institutions. Concerns about the time limit included students who cannot gain timely admission to popular majors, the timely availability of certain required courses, the restriction of students' ability to explore different areas of study, and the fact that many community college programs are three years long.

The changes to the Education Opportunity Grant program that include a first priority for students wanting to attend private institutions or institutions with unused capacity or a recent history of underenrollments is strongly opposed by the UW, WWU, and TESC. The primary reason stated for the opposition is that the priority for students attending private schools appears to discourage institutional growth at the same time the public institutions are being asked to prepare for enormous enrollment growth projections.

The HECB master plan assumptions include building out all sectors of the state's higher education system. There are a number of financial aid studies being mentioned in various pieces of legislation; please coordinate the requirements.

Washington Friends of Higher Education supports all the provisions that support independent institutions and offer student choice. The prime sponsor stressed that students who attend private schools are also citizens who pay taxes so are entitled to financial aid so long as students are not taking religious instruction.

Testified: Representative Don Carlson, original prime sponsor; Judy McNickle, WWU; Kim Merriman, TESC; Susan Patrick, HECB; Keith Boyd, WSL; Pat McDonald, Washington Friends of Higher Education; Cindy Hough, SBCTC.