

HOUSE BILL REPORT

HB 2021

As Reported by House Committee On:
Higher Education

Title: An act relating to revitalizing student financial aid.

Brief Description: Revitalizing student financial aid.

Sponsors: Representatives Kenney, Probst, Wallace, Sullivan, Priest, Maxwell, Chase, Ormsby, Hudgins, Jacks, Lias, White, Sells, Morrell, Kelley, Darneille, Wood and Roberts.

Brief History:

Committee Activity:

Higher Education: 2/11/09, 2/13/09 [DPS].

Brief Summary of Substitute Bill

- Requires institutions and the Higher Education Coordinating Board to label all forms of student financial assistance as an Opportunity Fund.
- Changes the Washington Scholars award from a four-year award to a two-year award.
- Phases out the Educational Opportunity Grant over a two-year period.
- Creates a new grant, within the State Need Grant program, which provides grants for place-bound students who have earned an associate degree.
- Allows institutions to use institutional aid monies for students enrolled in dual credit programs.
- Restricts eligibility for the State Work Study program to Washington residents.
- Creates a competitive grant process within the State Work Study program to encourage more placements in high demand fields.

HOUSE COMMITTEE ON HIGHER EDUCATION

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: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 6 members: Representatives Wallace, Chair; Sells, Vice Chair; Carlyle, Driscoll, Hasegawa and White.

Minority Report: Without recommendation. Signed by 4 members: Representatives Anderson, Ranking Minority Member; Schmick, Assistant Ranking Minority Member; Angel and Haler.

Staff: Andi Smith (786-7304)

Background:

State Work Study Program.

The State Work Study (SWS) program provides part-time work opportunities to needy students, enabling them to earn money for college often while gaining experience in jobs related to their career goals. The SWS program also provides students with an alternative to high levels of borrowing. The state's two- and four-year colleges and universities, and many accredited independent four-year colleges and universities, offer this form of financial assistance to eligible students.

Washington Award for Vocational Excellence.

The Washington Award for Vocational Excellence (WAVE) is one of two statewide merit-based programs, and honors three vocational students from each of the state's 49 legislative districts for outstanding achievement in vocational-technical education. Recipients receive grants for up to two years of undergraduate resident tuition. Students can use the grants at public two-year and four-year colleges and universities, and accredited independent colleges, universities, and licensed career schools in Washington.

Washington Scholars Program.

The Washington Scholars program is also a merit-based program and recognizes the accomplishments of three high school seniors from each of the state's 49 legislative districts. Students receive state scholarships for up to four years of public resident undergraduate tuition and fees. The scholarships can be used at any Washington public or independent college or university.

Educational Opportunity Grant.

The Educational Opportunity Grant (EOG) program provides \$2,500 grants to encourage financially needy students to complete a bachelor's degree. Students must be Washington residents, have already earned an associate of arts or sciences degree, and be "placebound." To be considered placebound, students must be unable to continue their education – without the assistance of this grant – because of family or work commitments, health concerns, financial need, or other similar factor.

Summary of Substitute Bill:

Rebranding.

1. Directs all public institutions of higher education to label the state subsidy per student, under the umbrella term of "Opportunity Fund" on the tuition billing statements.
2. Directs all public institutions of higher education to label all types of financial aid under the umbrella term of "Opportunity Fund" on the tuition billing statement or the financial aid award letter.
 - This includes aid from all sources including federal, state, and local governments, local communities, nonprofit and for-profit organizations, and institutions of higher education.
3. Institutions retain the ability to customize their tuition billing statements and financial aid award letters to differentiate between programs and provide the clearest information to students.

Program Consolidation.

1. Phases out the Educational Opportunity Grant (EOG) program over a period of two years.
 - Allows no new awards but holds current recipients harmless.
 - Subject to the budget decisions, moves EOG funding into the State Need Grant.
 - Removes the program from statute, effective August 1, 2011.
2. Provides enhanced State Need Grants, in addition to the base need grant, for place-bound students who have earned an associate degree, subject to appropriations specific to this group of students.
3. Changes the Washington Scholars Program into a two-year award.
 - Current Washington Scholars or Washington Scholar alternates still get their four-year award.
 - Subject to budget decisions, moves the saved funds to the State Work Study (SWS) program.

Outreach.

1. Directs the Higher Education Coordinating Board (HECB) to label all student financial assistance programs that they oversee under the umbrella term of "Opportunity Fund."
 - This includes all printed materials, presentations, and web content.
 - If a web-portal is created that provides a "one-stop shop" for college-going information, all financial aid must be listed underneath the "opportunity fund" label.
2. The HECB retains the ability to customize the display to differentiate between various loan programs.

Changes to the State Work Study Program.

1. Restricts program eligibility to Washington residents.
 - Holds current nonresident recipients harmless and gives them five years of eligibility for the program.
2. Directs the HECB to award competitive grants to colleges and universities that develop partnerships with local firms.

- The firms must offer a job placement in a high demand field for at least one academic term and high demand can be determined for the state or a sub-state region.
- Funding can be used for wages and program administration.

Institutional Aid for Dual Credit Programs.

- Allows colleges and universities to use their institutional aid funds for students in dual credit programs.

Substitute Bill Compared to Original Bill:

The umbrella term "Opportunity Grant" is replaced with "Opportunity Fund" and the State Board for Community and Technical Colleges, the Workforce Training and Education Coordinating Board, and the Office of the Superintendent of Public Instruction are added to the group tasked with developing outreach tools. The Washington Award for Vocational Excellence (WAVE) program is retained.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Substitute Bill: The bill takes effect on August 1, 2009.

Staff Summary of Public Testimony:

(In support) The state and federal governments do a great job of providing grants and loans for students. However, often times, students and their parents don't know that they exist. Students need to be able to identify a name that they know will help them get to college and this bill creates that brand. In economic times like these, the state must also focus its support on programs that work the best. We must also reach out to students, especially low-income students and students of color, to make sure that they know what is out there for them.

Stakeholders appreciate the intent to preserve and enhance critical programs and like that those efforts hold current recipients harmless. Stakeholders are also committed to working with the individual institutions to work through implementation of the changes. The portal concept is also a great way to outreach to students. It will be important to make sure that the mission and intent of the Opportunity Grant offered through the community and technical colleges isn't lost under the umbrella brand. Stakeholders are in strong support of the simplification of marketing. This bill will help create more demand but needs to be part of a comprehensive approach to not only get students in the door but keep them there.

(In support with concerns) The rebranding is a good idea, but using the word "grant" might get confusing, especially if student loans are included. Eliminating nonresidents from State Work Study is also problematic; the current program already prioritizes residents. This might also cause businesses to back out if there isn't a critical mass of people.

(With concerns) The WAVE program must be retained. Cost is a real barrier to attendance and WAVE makes a difference in the lives of many people. The WAVE entry requirements help motivate students to be better people.

(Opposed) Rebranding could be very confusing to students, especially if everything is called a "grant." Students might not understand that they have to pay federal loans back. There might also be conflicts with federal laws that currently stipulate that federal loans must be labeled as coming from the federal government. Putting them under the banner of a state program might cause problems. The outreach efforts should reach back into high school. The program consolidation of Educational Opportunity Grants and the Washington Scholars program takes away aid to support the second two years of college.

Persons Testifying: (In support) Representative Kenney, prime sponsor; John Klacik, Higher Education Coordinating Board; Scott Copeland and Chris Regkdal, State Board for Community and Technical Colleges; and Eleni Papadakis, Workforce Training and Education Coordinating Board.

(In support with concerns) Gene Wikstrom and Steve Lindstrom, Northwest Career College Federation.

(With concerns) Dave Iseminger, Washington Student Lobby; Kay Lewis, University of Washington and Council of Presidents; and Greg Scheiderer, Independent Colleges of Washington.

(Opposed) Mary Grace Lacanlale; Milyssa Albin, Washington Future Farmers of America; Matthew Holmes, Eastern Washington University and Washington Student Lobby; Morgan Holmgren, Western Washington University and Washington Student Lobby; Mike Bogatay, Washington Student Lobby; and Rebecca Wallace, Yelm Community Schools.

Persons Signed In To Testify But Not Testifying: None.