
Higher Education Committee

HB 2936

Brief Description: Changing the state student financial aid program.

Sponsors: Representative Anderson.

Brief Summary of Bill

- Reduces eligibility for the State Need Grant program from five years to two years.
- Retains five years of eligibility for students who were awarded a State Need Grant before the 2010-11 academic year and have been continuously enrolled in college.
- Limits the State Need Grant program to people 29 years of age or younger, unless the recipient is a single parent or received a State Need Grant prior to the 2010-11 academic year and have been continuously enrolled in college.
- Dedicates 50 percent of the total funding available for the program to be awarded to students attending college on a part-time basis.
- Allows the Higher Education Coordinating Board to use funding reserved for part-time students for full-time students if demand for financial aid from the part-time students will not account for 50 percent of the funds.

Hearing Date: 1/27/10

Staff: Andi Smith (786-7304).

Background:

State Need Grant Program.

State Need Grants (SNG) are designed to pay a portion of educational costs for needy and disadvantaged students. The SNG awards for full-time students range from about \$2,550 to nearly \$7,000 per year, depending on the student's educational costs. Program funds come primarily from the state, with federal matching funds representing less than 2 percent of the total. In fiscal year 2009, the program used about \$193 million in state money, and about \$1.5 million in federal matching funds, to help about 70,000 students go to college.

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.

In order for students to qualify for a SNG, the family income needs to be less than 70 percent of the state median family income (MFI), adjusted for family size. Current funding allows for full awards to those at or below 50 percent MFI. Those with incomes between 50 and 65 percent MFI receive up to 75 percent of the maximum grant amount, and those with incomes between 66-70 percent receive up to 50 percent of the maximum amount. Maximum grant amounts vary by type of institution. Students are automatically considered for SNG once they have completed a Free Application for Federal Student Aid (FAFSA).

Less-than-Half-time Pilot Project Update.

Prior to 2005, students who enrolled at a less-than-half-time rate were not eligible to receive SNG awards. The 2005 Legislature authorized a two-year pilot study in 10 schools to evaluate the need for and the costs of expanding the SNG program to this population of low-income students. (SHB 1345, Laws of 2005).

For the 2007-08 academic year the Legislature expanded the SNG less-than-half-time pilot program to include all 68 participating schools. All but a few of the schools reported serving less-than-half-time students during 2007-08. In the first year of the expanded pilot program (2007-08) 1,982 students received funds totaling \$500,000 – the limit specified in the 2007-09 budget proviso. However, 1,124 eligible students remained un-served due to lack of funding. The cost of funding these additional students would be \$310,000.

Most of the students eligible for a less-than-half-time award (77 percent) enrolled for two or more terms during 2007-08. A majority (85 percent) of less-than-half-time students enrolled less than half-time for a single term while enrolling half-time or greater the remaining terms. This indicates that most students enroll at a less-than-half-time rate temporarily. Few students enroll at a less-than-half-time rate for prolonged periods of time.

Summary of Bill:

Eligibility for the SNG is reduced to two years or 125 percent of the published length of a student's program, whichever is shorter. Students who received a State Need Grant prior to the 2010-11 academic year and who have been continuously enrolled in college, maintain five years of eligibility. Eligibility for the SNG program is further limited to those students who are 29 years of age or less. Exemptions from this change are made for single parents as well as those students who received a SNG prior to the 2010-11 academic year and who have been continuously enrolled in college.

The Higher Education Coordinating Board (HECB) is required to reserve 50 percent of the funds dedicated to the SNG program for students who are attending part-time. If the HECB finds that demand for SNG for part-time students will not account for 50 percent of total SNG program funds, then the HECB may use the remaining funds to provide SNG to students enrolled full time.

Appropriation: None.

Fiscal Note: Requested on January 19, 2010.

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