

HOUSE BILL REPORT

SSB 6121

As Passed House:
February 27, 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: Senate Committee on Higher Education & Workforce Development (originally sponsored by Senators Frockt, Tom, Kastama, Shin and Kline).

Brief History:

Committee Activity:

Higher Education: 2/15/12, 2/16/12, 2/20/12 [DP].

Floor Activity:

Passed House: 2/27/12, 96-0.

Brief Summary of Substitute Bill

- Requires the Office of Student Financial Assistance to provide a financial aid counseling curriculum to certain institutions of higher education.

HOUSE COMMITTEE ON HIGHER EDUCATION

Majority Report: Do pass. Signed by 16 members: Representatives Seaquist, Chair; Carlyle, Vice Chair; Haler, Ranking Minority Member; Parker, Assistant Ranking Minority Member; Asay, Buys, Crouse, Fagan, Hasegawa, Pollet, Reykdal, Sells, Springer, Warnick, Wylie and Zeiger.

Staff: Jill Reinmuth (786-7134).

Background:

The Higher Education Coordinating Board (Board) currently administers state and state-administered federal financial aid programs. The Office of Student Financial Assistance (Office) will administer these programs as of July 1, 2012.

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 the performance of these duties, the Board and the Office must be cognizant that counseling is a paramount function of state student financial aid programs, and that in most cases, counseling may only be properly implemented at the institutional level. The state student financial aid programs are required to be concerned with the reasons for the state program's existence and not solely with the program's administration on an individual basis. Institutions of higher education provide students with information on qualifying for, applying for, and receiving financial aid, including scholarship, grant, loan, and work-study options.

The State Need Grant program pays a portion of educational costs for needy and disadvantaged students. Students may use the grants at participating public and private colleges and universities, community and technical colleges, and private career schools.

Summary of Bill:

The Office of Student Financial Assistance must provide a financial aid counseling curriculum to institutions of higher education with State Need Grant (SNG) recipients. The curriculum must be available via a website, and also must be disseminated to the institutions by July 1, 2013.

The curriculum must include the following:

- an explanation of the SNG program rules;
- information on scholarships and work-study opportunities;
- an overview of student loan options, including repayment obligations;
- an overview of financial literacy;
- average salaries for a wide range of jobs;
- perspectives from students who received student loans and other financial aid; and
- contact information for the federal student aid ombudsman's office and for local financial aid resources.

Institutions of higher education must take reasonable steps to ensure that SNG recipients receive information included in the financial aid counseling curriculum by directly referencing or linking to the website on SNG recipients' conditions of award statements. These steps must be taken by the 2013-14 academic year.

Institutions of higher education may require nonstate need grant recipients to participate in all or part of the financial aid counseling.

Appropriation: None.

Fiscal Note: Available.

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

Staff Summary of Public Testimony:

(In support) There is a growing student loan debt crisis in this country. Historically, student loan debt was low because tuition was low. Due to changes in state support, however, debt is increasing. There is data showing that mean student loan debt has increased for students at Western Washington University. There is similar data for Washington State University.

The process of taking on debt is very easy. Certain disclosures are made to students, but the quality of information is not very good. Students do not realize that they are taking on significant debt, which is often the equivalent of a small mortgage. Student loan debt may be a good investment, but it is important for students to have a good understanding of what they are getting into.

This bill will help students be well-informed consumers. It will help them know what financial aid is available and what their payments would be. It will improve the quality of information, and also make it more accessible and user-friendly. This information is critical for students and their families.

This bill makes a lot of sense. Federal law already requires colleges to post information about gainful employment, placement rates, average salaries, and debt. If done correctly, there are a lot of things that colleges should be able to link to this. Having a central repository of good information will be a positive addition.

(Opposed) None.

Persons Testifying: Senator Frockt, prime sponsor; Rachelle Sharpe, Higher Education Coordinating Board; Jake Atwell-Scriver and Joseph Meyer, Washington Student Association; Andrew Lewis, Associated Students of the University of Washington; Scott Copeland, State Board for Community and Technical Colleges; Chris Thompson, Independent Colleges of Washington; Sherry Burkey, Western Washington University; and Margaret Shepherd, University of Washington.

Persons Signed In To Testify But Not Testifying: None.