

# SENATE BILL REPORT

## SB 6592

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As of February 16, 2012

**Title:** An act relating to streamlining and reforming financial aid programs.

**Brief Description:** Streamlining and reforming financial aid programs.

**Sponsors:** Senators Hill and Tom.

**Brief History:**

**Committee Activity:** Higher Education & Workforce Development: 2/15/12.

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### SENATE COMMITTEE ON HIGHER EDUCATION & WORKFORCE DEVELOPMENT

**Staff:** Kimberly Cushing (786-7421)

**Background:** The Higher Education Coordinating Board (HECB) currently administers state student financial aid programs. In 2011 the Legislature abolished HECB and created the Office of Student Financial Assistance (Office) to administer state and federal financial aid in a cost-effective manner, effective July 1, 2012.

Educational Opportunity Grant. The Educational Opportunity Grant program provided grants to encourage financially needy students to complete a bachelor's degree. In 2009 the Legislature began phasing out the program, allowing funding to be appropriated to the State Need Grant program to provide an enhanced need grant for placebound students who have earned an associate degree. The Educational Opportunity Grant program was eliminated from statute August 1, 2011, and is no longer funded with state dollars; however, placebound students are given priority consideration for State Need Grant funds.

GET Ready for Math and Science Scholarship Program. The GET Ready for Math and Science Scholarship offers conditional loans for a cohort of students who major in math or science and work in a related field in Washington. Currently, there are 99 students receiving assistance from the GET Ready for Math and Science Scholarship, and their assistance should end at the conclusion of the 2015-16 school year. The scholarship program is currently suspended and is not receiving any state dollars.

Foster Care Endowed Scholarship Program. The Foster Care Endowed Scholarship was created to help youth who have been in the Washington State foster care system attend

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college. The purpose of the program was to establish an endowment, which would be matched with private donations and to use the interest earned on the endowment to award scholarships at Washington colleges and universities. In the 2011-13 biennial budget, the Legislature transferred \$400,000 from the Foster Care Endowed Scholarship trust account for use in the Passport to College Promise Program. Currently, the scholarship program has approximately \$14,000 in the trust account and \$3,000 in the endowment account.

Opportunity Grant Program. The Legislature established the Opportunity Grant Program to provide financial aid and other assistance to low-income adults to train for high-wage, high-demand careers. Eligible students may receive funds to cover tuition and mandatory fees on up to 45 credits and up to \$1,000 per academic year for books and supplies. Public qualified institutions of higher education receive an enhancement of \$1,500 for each full-time equivalent student enrolled in the program for individual student support services, which may include college and career advising, tutoring, emergency child care, and emergency transportation.

Passport to College Promise Pilot Program. The Passport to College program was created as a six-year pilot to help students from foster care attend and succeed in college. To be eligible for a scholarship, a student must have been emancipated from foster care after having spent at least one year in foster care since turning 16, be a Washington resident enrolled at least half-time in a college in Washington, make satisfactory academic progress, not already have a bachelor's or professional degree, and not be pursuing a degree in theology. The pilot expires June 30, 2013.

State Need Grant. The State Need Grant program assists needy and disadvantaged students by offsetting a portion of their higher education costs. A disadvantaged student is a post-high school student, who by reason of adverse cultural, educational, environmental, experiential, familial, or other circumstances is unable to qualify for full-time enrollment, who would otherwise qualify as a needy student, and is attending an institution of higher education under an established program designed to qualify the student for full-time enrollment. State Need Grant recipients are ranked according to financial need and other considerations, such as whether the student is a former foster youth.

Washington Promise Scholarship Program. The Washington Promise Scholarship provides scholarships to high school seniors who graduate from a Washington public or private high school in the top 15 percent of their class and who have a family income that does not exceed 135 percent of the state's median family income. The scholarship is awarded for the first two years of study at any accredited college or university in Washington. In the 2005-07 biennial budget, funding was eliminated for the Washington Promise Scholarship Program and all savings were directed to the State Need Grant program. No awards have been offered to students beyond the graduating high school class of 2004.

**Summary of Bill:** The bill as referred to committee not considered.

**Summary of Bill (Proposed Substitute):** Educational Opportunity Grant. The Office no longer administers the Educational Opportunity Grant nor may the Washington Opportunity Pathways Account be used to fund the Educational Opportunity Grant.

Foster Care Endowed Scholarship Program. The Foster Care Endowed Scholarship Program is repealed. The Foster Care Endowed Scholarship Trust Fund and Foster Care Scholarship Endowment Fund are both removed from the State Treasurer's Trust Fund.

The GET Ready for Math and Science Scholarship Program. Effective January 1, 2017, the GET Ready for Math and Science Scholarship program is repealed. On December 31, 2016, any funds remaining in the GET Ready for Math and Science Scholarship Account must be transferred to the Washington Opportunity Pathways Account for the College Bound Scholarship Program. In addition, any unused tuition units purchased by the Office for the GET Ready for Math and Science Scholarship may be redeemed by Washington on behalf of College Bound Scholarship recipients.

Opportunity Grant Program. The Opportunity Grant Program is repealed.

State Need Grant. A disadvantage student for the purposes of the State Need Grant program includes a student who is emancipated from foster care and was receiving foster care in Washington when the student turned 18.

When the Office is selecting State Need Grant recipients, the highest ranked recipients are those who have been emancipated from foster care and were receiving foster care in Washington when turning 18, regardless of financial need. When ranking students based on other considerations, the Office must consider whether a student is enrolled or has committed to enroll in a high-demand field of study identified under the opportunity grant-eligible programs of study.

Effective operation of the State Need Grant program requires early and accurate identification of former foster care youth, so that they can be linked to the financial assistance that will help them succeed in college. The Department of Social and Health Services must devise and implement procedures for identifying former foster care youth students eligible for the State Need Grant program, and for sharing that information with the Office and institutions of higher education.

Passport to College Promise Pilot Program. The Passport to College pilot program is repealed, and the Washington Opportunity Pathways Account may no longer be used to fund the Passport to College Program.

Washington Promise Scholarship. The Washington Promise Scholarship Program is repealed and is no longer administered by the Office.

**Appropriation:** None.

**Fiscal Note:** Requested on February 8, 2012.

**Committee/Commission/Task Force Created:** No.

**Effective Date:** The bill takes effect on July 1, 2012.

**Staff Summary of Public Testimony:** PRO: The intent of the bill is to deal with a number of financial aid programs that are stand-alone, no longer funded, and roll left-over money into the State Need Grant program.

CON: The Opportunity Grant's focus is to remove barriers by providing services and financial aid to low-income students pursuing education for high-wage, high-demand pathways. The goal is to move students past a 45-credit tipping point. Wrap-around services are key to this type of program, and include mentoring, tutoring, and bimonthly meetings that teach resume and cover-letter writing. The program served 5,466 students last year, and the retention and completion rate has never been below 80 percent. The Opportunity Grant is one of the few programs to assist woman and minorities. The typical student is an older, minority, single parent female who makes \$12,000. The program provides an opportunity for women to get training to earn a living wage to support their family. Students are in aerospace programs as well as getting credentials in health care and business. Grant managers meet with each student individually and throughout the program, connecting students to the campus and resources. Students in poverty have often never heard that someone believes in them and that they can have a different life. Having tuition and books paid for allows a student to focus on academics. While it is smart to consider efficiencies, the Opportunity Grant fills in holes that the SNG and Pell cannot fill. Not all living-wage job programs qualify for federal financial aid, and many students are afraid of loans. The Opportunity Grant generates incredible business support and is a nationally-recognized program. The quality of academic curriculum is high. Very few low-income students with multiple barriers to employment have access to community colleges, and those who do fail because life happens. We should always look at efficiencies and consolidation, but the Opportunity Grant should be expanded.

The SNG program is pretty efficient because it is decentralized. Creating special priorities can lead the program to be less efficient, because campuses must work to identify eligible students and may have less flexibility.

**Persons Testifying:** PRO: Senator Hill, prime sponsor.

CON: Scott Copeland, State Board for Community and Technical Colleges; Jennifer Gillies, Grays Harbor College; Marcie DuVernay, student, Sharon Freeman, Opportunity Grant coordinator, Clover Park Technical College; Junghee Cho, student, Fran Matz, Opportunity Grant manager, Pierce College Puyallup; Sonja Hallum, Workforce Training and Education Coordinating Board; Rachelle Sharpe, HECB; James McBride, student, Lower Columbia College; John Bowers, administration, Chris Kopecke, student, North Seattle Community College; Tony Lee, Solid Ground.