

HOUSE BILL REPORT

HB 1843

As Reported by House Committee On:
Higher Education

Title: An act relating to evaluating compliance and performance for participation in financial aid programs.

Brief Description: Evaluating compliance and performance of institutions of higher education participating in financial aid programs.

Sponsors: Representatives Pollet, Seaquist, Tarleton, Ryu and Tharinger.

Brief History:

Committee Activity:

Higher Education: 2/20/13, 2/21/13 [DPS].

Brief Summary of Substitute Bill

- Requires the Office of Student Financial Assistance within the Washington Student Achievement Council to monitor compliance of institutions of higher education with financial aid program rules and regulations and evaluate continued participation based on performance.

HOUSE COMMITTEE ON HIGHER EDUCATION

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 10 members: Representatives Seaquist, Chair; Pollet, Vice Chair; Haler, Ranking Minority Member; Hansen, Pedersen, Reykdal, Riccelli, Sawyer, Sells and Tarleton.

Minority Report: Do not pass. Signed by 8 members: Representatives Zeiger, Assistant Ranking Minority Member; Fagan, Hargrove, Johnson, Magendanz, Scott, Smith and Walsh.

Staff: Madeleine Thompson (786-7304).

Background:

Among other duties, the Washington Student Achievement Council (Council) has regulatory and administrative duties related to the authorization of degree-granting institutions to

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operate in the state, and the participation of institutions of higher education in state financial aid programs.

Authorization of Degree-Granting Institutions.

The Council's duty to authorize degree-granting institutions to operate in the state mainly applies to out-of-state institutions that wish to advertise their programs in Washington to recruit students, operate a physical teaching site in Washington, or include an internship, an externship, clinical training, or a practical component that must take place in Washington. The state's public colleges and universities, longstanding private institutions, and higher education institutions whose degree programs are wholly religious in nature do not fall under the Council's authorization requirements.

In the process of authorizing an institution to operate in the state, the Council reviews the institution's financial stability, business practices, academic programs, and faculty qualifications, among other information. The Council has rejected applications for authorization when an institution has failed to meet minimum standards for general education requirements, failed to meet minimum standards for staff and faculty qualifications, did not provide financial information as requested, or did not meet financial resource standards.

State Need Grant Laws and Rules.

Under state law, in order to be eligible to participate in the State Need Grant (SNG) an institution of higher education must be a public university, college, community or technical college operated by the State of Washington, or be a private institution whose home campus is located in the State of Washington and who is accredited by a Council approved accrediting association. Certain branch campuses, extensions, or facilities operating within the state of Washington and affiliated with an institution operating in another state may participate under certain circumstances. Antioch University falls in this category.

State administrative code requires that in order to be eligible to participate in the SNG, an institution must participate in federal Title IV student aid programs and comply with federal regulations. Additionally, institutions must demonstrate a continuing capability to administer financial aid programs and sign an "Agreement to Participate" that is endorsed by the Council. Each year all institutions are required to submit copies of their student budgets, refund policies, repayment policies, satisfactory progress policies, and if requested, their award packaging policies for Council approval.

Summary of Substitute Bill:

The Office of Student Financial Assistance within the Council is required to:

- monitor compliance of institutions of higher education with financial aid program rules and regulations and evaluate continued participation based on performance;
- provide training and assistance to institutions of higher education regarding financial aid program rules and regulations;
- impose conditions or terminate the participation of institutions of higher education in state financial aid programs if the institution puts state funds at risk or fails to comply with program rules and regulations, as determined by the Council; and

- develop rigorous standards for review for participation of new institutions of higher education in state financial aid programs.

Substitute Bill Compared to Original Bill:

The substitute bill authorizes the Council to collect additional data from a for-profit institution to evaluate the ability of the institution to meet commitments to students receiving state aid, and removes the direction to the Council to require additional data and information from for-profit institutions to evaluate risk to state funds.

Appropriation: None.

Fiscal Note: Available.

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

Staff Summary of Public Testimony:

(In support) This bill provides the clear authority for the Council to be able to revoke an institution's ability to participate in the SNG if they do not meet the requirements of the rules and regulations. The Council administers state financial aid programs and is responsible for providing training and oversight to the 68 institutions that participate in the SNG. This proposal puts into statute authority the Council already has under its rulemaking authority. The process of assessing institutions is not for the purpose of reviewing academic quality but to evaluate data that would signal concerns to protect state investment. This bill provides the agency with clear statutory direction on these matters and is less open to administrative interpretation. Developing strong standards for the point of entry of an institution into the SNG is really important, and may be different from the minimum standards an institution of higher education reports to its accreditor.

(Opposed) None.

Persons Testifying: Representative Pollet, prime sponsor; and Rachelle Sharpe, Washington Student Achievement Council.

Persons Signed In To Testify But Not Testifying: None.