
Higher Education Committee

HB 1030

Brief Description: Creating the Washington advance higher education loan program.

Sponsors: Representatives Johnson, Sells, Haler, Appleton, S. Hunt, Gregerson, Bergquist, Hudgins, Van De Wege, Moeller, Magendanz, Fey and Pollet.

Brief Summary of Bill

- Creates the Washington Advance Higher Education Loan Pilot Program to replace the Washington Higher Education Loan Program.
- Creates the Washington Advance Higher Education Loan Account in the custody of the State Treasurer.
- Directs that the program is to be administered by the Office of Student Financial Assistance (Office) within the Washington Student Achievement Council.
- Requires the Office to report annually to the Governor and Legislature on the design and implementation of the program.
- Includes an expiration date of July 1, 2021.

Hearing Date: 1/21/15

Staff: Megan Wargacki (786-7194).

Background:

The Higher Education Loan Program.

Legislation enacted in 2009 created the Higher Education Loan Program (HELP) to assist students in need of additional low-cost student loans and related loan benefits. The program was designed to provide low-interest educational loans to resident students, targeted loan-repayment options, conditional loans, and emergency loans. The Office of Student Financial Assistance

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.

(Office) within the Washington Student Achievement Council (WSAC) is the program administrator. Since the HELP was created, no funding has been provided.

In 2012, as directed by a budget proviso, the WSAC convened a work group of technical experts to develop program design and funding options for the HELP, and reported the findings to the Legislature.

High Employer Demand Fields.

In their Skilled and Educated Workforce 2013 Report, the WSAC, the State Board of Community and Technical Colleges, and the Workforce Training and Education Coordinating Board identified significant gaps at the baccalaureate and graduate levels in several occupational clusters. The largest gaps, as a percentage of supply, occur in the fields of computer science and engineering. Other high employer demand fields include the life, physical, and social sciences; farming, fishing, and forestry; and physicians, surgeons, nurse practitioners, and occupational and physical therapists.

Student Borrowing.

According to the WSAC's annual financial aid report, in 2013-14, loan assistance represented 37 percent of financial aid to needy resident undergraduate students. Grant aid represented 62 percent of aid to needy students, and state work study represented 1 percent of aid to needy students.

Between 2010 and 2012, the number of student loan borrowers increased by 5 percent. In 2013-14, more than 87,500 resident students identified as "needy" borrowed an average of \$6,879. An additional 10,516 non-needy resident undergraduate borrowers, not receiving need-based aid, took out federal unsubsidized student loans and borrowed an average of \$5,889.

A federal loan program called Parent Loans for Undergraduate Students (PLUS) allows parents of undergraduate students to assist their dependent children with educational costs. In 2011, the eligibility criteria for the PLUS changed to require stricter measures of the credit worthiness of parents. Over the next two years, there was a 7 percent reduction in the number of the PLUS loan borrowers with an 18 percent increase in loan amounts. In 2013-14, 10,788 plus borrowers received loans worth an annual average of \$12,925.

Summary of Bill:

The Washington Advanced Higher Education Loan Program (A HELP) is created to replace the HELP, but as a pilot program. In addition to the original purpose of assisting students in need of additional low-cost student loans and related loan benefits, the A HELP is intended to help meet the state's need for individuals with higher education degrees and certificates that are in demand, such as in the fields of science. Eligible students must be residents with financial need who are enrolled in certain math, technology, aerospace, engineering, and health science programs. Students must maintain satisfactory academic progress to continue to receive disbursements.

The Office's administrative requirements are replaced with a list of powers and duties, including:

- designing and implementing a low interest educational loan program with certain interest and repayment elements;
- defining loan terms;

- selecting eligible students;
- collecting and managing repayments; and
- adopting necessary rules.

The Office must submit an annual report to the Governor and the Legislature by December 1 that describes the design and implementation of the program.

The Washington Advanced Higher Education Loan Account is created in the custody of the State Treasurer. The Office may award loans for tuition and fees from this account and deposit repayments into the account.

The program and the account expire July 1, 2021.

Appropriation: None.

Fiscal Note: Available.

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