

# HOUSE BILL REPORT

## SSB 5100

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### As Reported by House Committee On: Higher Education

**Title:** An act relating to financial literacy information for students at institutions of higher education.

**Brief Description:** Requiring financial literacy seminars for students at institutions of higher education.

**Sponsors:** Senate Committee on Ways & Means (originally sponsored by Senators Bailey, Wilson, Angel, Zeiger and Darneille).

#### **Brief History:**

##### **Committee Activity:**

Higher Education: 3/21/17, 3/29/17 [DP].

#### **Brief Summary of Substitute Bill**

- Requires the institutions of higher education to take reasonable steps to present financial literacy seminars to each incoming student by the 2017-18 academic year.

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### HOUSE COMMITTEE ON HIGHER EDUCATION

**Majority Report:** Do pass. Signed by 8 members: Representatives Hansen, Chair; Pollet, Vice Chair; Holy, Ranking Minority Member; Van Werven, Assistant Ranking Minority Member; Haler, Orwall, Stambaugh and Tarleton.

**Minority Report:** Without recommendation. Signed by 1 member: Representative Sells.

**Staff:** Megan Mulvihill (786-7304).

#### **Background:**

In 2012 the Legislature directed the Office of Student Financial Assistance, within the Washington Student Achievement Council (Council), to provide online financial aid

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counseling curriculum to all higher education institutions participating in the State Need Grant (SNG) program. The curriculum must include, but is not limited to:

- an explanation of SNG program rules;
- information on campus and private scholarships and work-study opportunities;
- an overview of student loan options, repayment obligations, consequences of default, and sample monthly repayment amounts;
- an overview of financial literacy, including basic money management skills;
- average salaries for a wide range of jobs;
- perspectives from a diverse group of students who are, or were, recipients of financial aid, including student loans; and
- the contact information for local financial aid resources and the Federal Student Aid Ombudsman's Office.

The higher education institutions are required to take reasonable steps to ensure that each SNG recipient receives information by directly referencing or linking to a website on the Conditions of Award statement provided to each recipient. Institutions may also require non-SNG students to participate in all, or portions, of the counseling. The curriculum is available on the Council's Ready, Set, Grad website. Additionally, students who use federal student loans must fulfill entrance and exit counseling requirements in person, by an audio-visual presentation, or electronically.

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#### **Summary of Bill:**

Subject to an appropriation, by the 2017-18 academic year, each institution of higher education must take reasonable steps to ensure that each institution presents, and each incoming student participates in, a financial literacy seminar. The institutions are encouraged to present the financial literacy seminar during student orientation or as early as possible during the academic year. The financial literacy seminar must include the same curriculum as listed above that is provided to the SNG recipients, except for the explanation of SNG program rules.

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**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) Students should receive this kind of financial information in the most efficient manner, and financial literacy is very important. It is not only important for K-12 students, but also college students and adults. Today's college students are faced with new challenges. A student cannot work their way through college anymore, and students are bombarded with

credit card offers and other solicitations for debt. These are often not the best options for students, so any financial literacy is helpful.

(Opposed) None.

**Persons Testifying:** Senator Bailey, prime sponsor; Cody Eccles, Council of Presidents; and Duane Davidson, State Treasurer.

**Persons Signed In To Testify But Not Testifying:** None.