

SENATE BILL REPORT

SSB 5100

As Amended by House, April 12, 2017

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: 1/24/17, 1/26/17 [DP-WM].

Ways & Means: 2/15/17, 2/24/17 [DPS].

Floor Activity:

Passed Senate: 3/08/17, 48-0.

Passed House: 4/12/17, 83-15.

<p style="text-align: center;">Brief Summary of First Substitute Bill</p> <ul style="list-style-type: none">• Directs each institution of higher education to take reasonable steps to ensure each student participates in a financial literacy seminar.• Encourages institutions to present seminars as early as possible in the academic year.
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SENATE COMMITTEE ON HIGHER EDUCATION

Majority Report: Do pass and be referred to Committee on Ways & Means.

Signed by Senators Wilson, Chair; Bailey, Vice Chair; Palumbo, Ranking Minority Member; Baumgartner and Frockt.

Staff: Clint McCarthy (786-7319)

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Substitute Senate Bill No. 5100 be substituted therefor, and the substitute bill do pass.

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.

Signed by Senators Braun, Chair; Brown, Vice Chair; Rossi, Vice Chair; Honeyford, Vice Chair, Capital Budget ; Frockt, Assistant Ranking Minority Member, Capital Budget; Bailey, Becker, Conway, Darneille, Fain, Hasegawa, Keiser, Miloscia, Pedersen, Rivers, Schoesler, Warnick and Zeiger.

Staff: Michele Alishahi (786-7433)

Background: In 2012, the Legislature directed the Office of Student Financial Assistance, within the Washington Student Achievement Council (WSAC), to provide online financial aid counseling curriculum to all higher education institutions participating in the State Need Grant (SNG) program. The curriculum must include, but not be limited to:

- an explanation of SNG program rules;
- information on scholarships and work study options;
- an overview of student loan options and consequences;
- an overview of financial literacy;
- average salaries for a range of jobs;
- perspectives from students who are or were recipients of financial aid, including loans; and
- 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 WSAC's Ready, Set, Grad website. Additionally, federal law requires a school to ensure that federal loan borrowers fulfill entrance and exit counseling requirements in person, by an audio-visual presentation, or electronically.

Summary of First Substitute Bill: Subject to appropriations, by the 2017-18 academic year, each institution of higher education must take reasonable steps to ensure each enrolled student participates in a financial literacy seminar. The seminar must include information being provided to SNG recipients under current law.

The institutions are encouraged to present the seminars during student orientation or as early as possible in the academic year.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony on Original Bill (Higher Education): PRO: Broadly speaking, there is clearly a need for increasing the level of financial literacy amongst students who take out loans to pay for college. The bill is intended to give students an opportunity to

see what lies ahead before they sign on the dotted line. A live financial seminar is a good first step in helping college students make smarter financial decisions and allows students to ask questions. In-person seminars are an important tool in making students more aware of the ramifications of the financial choices they make.

OTHER: As the legislation moves forward, a one time seminar for incoming students cannot be the "end all be all." This is something that needs to start in the K-12 system and with parents and families. Institutions would like to have maximum flexibility to implement, and be able to include pre-existing programs.

Persons Testifying (Higher Education): PRO: Cody Eccles, Council of Presidents; Laura Baird, Attorney General's Office.

Persons Signed In To Testify But Not Testifying (Higher Education): No one.

Staff Summary of Public Testimony on Original Bill (Ways & Means): *The committee recommended a different version of the bill than what was heard.* PRO: If we do not educate our students and their parents about student debt, we will see a huge problem in our country. We now have over \$13 trillion in student debt at the federal level. People need to understand what it means to sign on the dotted line. That is what this bill intends to do.

Persons Testifying (Ways & Means): PRO: Senator Barbara Bailey, Prime Sponsor.

Persons Signed In To Testify But Not Testifying (Ways & Means): No one.

EFFECT OF HOUSE AMENDMENT(S):

- Requires the financial education workshop to include recommendations by the Financial Education Public-Private Partnership (FEPPP).
- Adds that the financial education curriculum must meet the needs of a diverse group of students, and that students providing their perspectives may be trained by the FEPPP.
- Changes "financial literacy" to either "personal finance" or "financial education."