

SENATE BILL REPORT

SB 5820

As Reported by Senate Committee On:
Higher Education, February 16, 2017
Ways & Means, February 23, 2017

Title: An act relating to financial assistance.

Brief Description: Concerning financial aid at institutions of higher education.

Sponsors: Senators Wilson, Bailey, Rossi and Zeiger.

Brief History:

Committee Activity: Higher Education: 2/16/17 [DP-WM, DNP].
Ways & Means: 2/21/17, 2/23/17 [DP, DNP, w/oRec].

Brief Summary of Bill

- Changes the award criteria and methods of disbursement for the State Need Grant program.
- Establishes a minimum grade point average requirement for continued eligibility for State Need Grant awards.

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; Baumgartner.

Minority Report: Do not pass.
Signed by Senators Palumbo, Ranking Minority Member; Frockt.

Staff: Clint McCarthy (786-7319)

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.
Signed by Senators Braun, Chair; Brown, Vice Chair; Rossi, Vice Chair; Honeyford, Vice Chair, Capital Budget ; Bailey, Becker, Fain, Miloscia, Padden, Rivers, Schoesler and Warnick.

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.

Minority Report: Do not pass.

Signed by Senators Ranker, Ranking Minority Member; Frockt, Assistant Ranking Minority Member, Capital Budget; Billig, Carlyle, Conway, Darneille, Hasegawa, Keiser and Pedersen.

Minority Report: That it be referred without recommendation.

Signed by Senators Rolfes, Assistant Ranking Minority Member, Operating Budget; Zeiger.

Staff: Michele Alishahi (786-7433)

Background: The State Need Grant. The State Need Grant (SNG) program assists low-income, needy, and disadvantaged students by offsetting a portion of their higher education costs. To be eligible, a student must come from a family whose income does not exceed 70 percent of the state's median family income (MFI), which currently is \$59,500 for a family of four in 2016. The 2016 Supplemental Budget provides the maximum level of aid dependent on family income:

MFI Range	Percent of Award
0 to 50 percent	100 percent
51 to 55 percent	70 percent
56 to 60 percent	65 percent
61 to 65 percent	60 percent
66 to 70 percent	50 percent

An institution of higher education is eligible to participate in the SNG program if it is a public university, nonprofit university, college, or community or technical college operated by the state of Washington. Universities, colleges, schools, or institutes offering post-secondary instruction in Washington that are affiliated with an out-of-state institution must meet certain criteria to be eligible. They must be a separately accredited member institution or a branch of an accredited institution that is eligible for federal financial aid, have operated as a nonprofit college or university delivering on-site classroom instruction for a minimum of 20 consecutive years within the state of Washington, and have an annual enrollment of at least 700 full-time students.

The maximum award amounts for the 2016-17 school year are:

Institution	Award
University of Washington	\$9,348
Washington State University	\$9,369
Central Washington University	\$6,293
Eastern Washington University	\$5,947
Community and Technical College Applied Bachelor's Degree Programs	\$5,947
The Evergreen State College	\$6,268

Public Community and Technical Colleges	\$3,541
Private Four-Year Universities and Colleges	\$8,517
WGU – Washington	\$5,619
Private or Proprietary Colleges	\$2,823
Dependent Care Allowance	\$906

In the 2015-16 school year, nearly 24,000 students with an MFI of 70 percent or less were eligible for the SNG, but unable to receive the SNG due to lack of funds.

Washington State Opportunity Scholarship (WSOS). The WSOS was created in 2011 to address unfilled seats in the high-demand sectors that drive our economy, such as aerospace, engineering, technology, and health care, as well as rising tuition costs at Washington colleges and universities. Students must have been accepted into an eligible high-demand major at an approved four-year college or university, or an approved community college offering a bachelors' degree in an eligible high-demand major. Applicants must meet the following criteria:

- be a Washington resident pursuing a degree in a high-demand major in science, technology, engineering, math, or health care;
- be a graduate of a high school in Washington State;
- have a cumulative grade point average (GPA) of at least 2.75 on a 4.0 scale;
- be planning to enroll as a full-time student;
- have completed the Free Application for Financial Student Aid;
- have applied for Federal Education tax credits, if eligible; and
- must have a family income—adjusted gross income plus all untaxed income—less \$56,500 for a household of one. The threshold for family income increases with an increased number of people in the household.

Students can only receive WSOS funding at the \$2,500 level for one, two, or three years. A high school senior is eligible to receive up to three years of funding at the \$2,500 level. After one to three years at an institution of higher learning, a student can increase their scholarship to the \$5,000 level after providing WSOS with prescribed documentation. Based on documentation provided by the student to increase the scholarship to \$5,000, the WSOS will automatically increase the scholarship to \$7,500 once it has been determined that the student has earned 135 quarter hours 90 semester hours. The scholarship is decreased to \$5,000 when WSOS has determined that a student has earned 181 quarter credits or 121 semester credits. Once students exceed 225 quarter credits or 150 semester credits, students are no longer eligible for further funding.

Summary of Bill: Award Criteria and Methods of Disbursement. The Student Achievement Council's authority to develop award criteria and methods for disbursements of SNGs is removed. The state need grant award criteria and methods of disbursement are directed to be a function of the Omnibus Appropriations Act. In addition to need, disbursements may be made based on factors that promote degree completion and enrollment in high-demand degree programs. Institutions of higher education must not award grants on a first-come, first-serve basis, unless it is specifically directed in the Omnibus Appropriations Act.

Grade Point Average Qualification for State Need Grant Renewal. Students must maintain a GPA of at least a 2.25 GPA for a student's first renewal. For all subsequent renewals, a student's GPA must be at least a 2.5 GPA. Exemptions from the minimum GPA requirements include:

- the birth of a child of the student and in order to take care of the child;
- the placement of a child with the student for adoption or foster care;
- the care of a family member with a serious health condition; or
- the student has a serious health condition.

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 (Higher Education): PRO: It is important to incentivize students to complete degrees and complete degrees in high demand fields that match up to the job market. They don't want to decrease aid, but add aid for individuals making their way through a degree.

CON: There are a lot of people who just aren't scientists, and those people would feel compelled to go into STEM fields without truly having the desire to go into that type of field. Low income students should be able to follow their dreams, and you take that away when you pick winners and losers among degrees. This would take away academic freedom from low income students. This will create more obstacles than pathways. It is not the state's place to control or incentivize a student's studies.

OTHER: Making changes to SNG in the budget can be a dangerous thing. Students prefer having something in statute so that they can depend on and plan for the amount of money they'll get for the SNG. Students getting a SNG do almost as well as the regular students. There is no grandfather clause to ensure that the current students will be unharmed. WSAC has worked with other states on incentives, and is interested in working through what an incentive based system might look like. Private students have serious issues with the bill. The level of the GPA is above and beyond what the colleges require to graduate. The biggest concern is that the award criteria is established in the budget. Each budget cycle can change the criteria. Grade inflation is a risk. There is a lot of interest in serving more of the 25,000 unserved students.

Persons Testifying (Higher Education): PRO: Senator Lynda Wilson, Prime Sponsor.

CON: Elissa Goss, Washington Student Association; Ruben Flores, State Board of Community and Technical Colleges; Jessi Bagdasarov, Bellevue college; Nora Selander, Legislative Liaison, Associated Students of Western Washington University; Alexander Wirth, Associated Students of the University of Washington; Benjamin Rowe, Associated Students of Eastern Washington University.

OTHER: Rachelle Sharpe, Washington Student Achievement Council; Tom Fitzsimmons, Independent Colleges of Washington; JoAnn Taricani, University of Washington Faculty Senate; Paul Francis, Council of Presidents; Steven Hackenberger, Council of Faculty Representatives; Juliette Schindler Kelly, College Success Foundation.

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

Staff Summary of Public Testimony (Ways & Means): PRO: Nothing changes the original qualification for receiving the State Need Grant. The GPA requirement goal is to increase performance and proficiency so that students can have a higher chance at a marketable degree at the end of their college career. This bill also fosters completion of degree and gives incentives by increasing the amount of funding through the third year.

CON: GPA requirements would make students take less risky classes to keep their GPA high. It is not the place of the state to incentivize academic choice. This bill will actually create more obstacles for students. About 5200 students at the CTCs will be impacted by this bill. Many of these students have life issues and 40 percent work.

OTHER: This bill will have unintended consequences. Higher GPA standards for low-income students is inequitable and may create disincentive for students to take hard courses in high demand areas.

Persons Testifying (Ways & Means): PRO: Senator Lynda Wilson, Prime Sponsor.

CON: Michael Scott, Associated Students of Central Washington University; Benjamin Rowe, Associated Students of Eastern Washington University; Jessi Bagdasarov, Bellevue College; Arlen Harris, State Board for Community and Technical Colleges.

OTHER: Marc Webster, Washington Student Achievement Council.

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