

SENATE BILL REPORT

SB 5393

As Reported by Senate Committee On:
Higher Education & Workforce Development, January 29, 2019
Ways & Means, February 28, 2019

Title: An act relating to establishing a statewide free college program by changing the state need grant to the Washington college promise scholarship.

Brief Description: Establishing a statewide free college program by changing the state need grant to the Washington college promise scholarship.

Sponsors: Senators Palumbo, Rolfes, Frockt, McCoy, Wellman, Liias, Pedersen, Darneille, Dhingra, Van De Wege, Hunt, Wilson, C., Keiser and Kuderer; by request of Office of the Governor.

Brief History:

Committee Activity: Higher Education & Workforce Development: 1/22/19, 1/29/19 [DPS-WM, DNP].

Ways & Means: 2/14/19, 2/28/19 [DP2S, w/oRec].

Brief Summary of Second Substitute Bill

- Establishes the Washington College Promise Scholarship Program (WCPS) and replaces the State Need Grant.
- Makes the WCPS awards an entitlement, except after two consecutive quarters of personal income declines.
- Modifies the maximum WCPS award to be the total cost of tuition.
- Requires public institutions to prioritize institutional aid for S&A fees of WCPS recipients.

SENATE COMMITTEE ON HIGHER EDUCATION & WORKFORCE DEVELOPMENT

Majority Report: That Substitute Senate Bill No. 5393 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Palumbo, Chair; Randall, Vice Chair; Liias and Wellman.

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 Holy, Ranking Member; Brown.

Staff: Alicia Kinne-Clawson (786-7407)

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Second Substitute Senate Bill No. 5393 be substituted therefor, and the second substitute bill do pass.

Signed by Senators Rolfes, Chair; Frockt, Vice Chair, Operating, Capital Lead; Mullet, Capital Budget Cabinet; Billig, Carlyle, Conway, Darneille, Hasegawa, Hunt, Keiser, Liias, Palumbo, Pedersen and Van De Wege.

Minority Report: That it be referred without recommendation.

Signed by Senators Braun, Ranking Member; Brown, Assistant Ranking Member, Operating; Honeyford, Assistant Ranking Member, Capital; Bailey, Becker, Rivers, Schoesler, Wagoner, Warnick and Wilson, L..

Staff: Daniel Masterson (786-7454)

Background: The State Need Grant (SNG) is the state's largest financial aid program that provides a need-based grant award for students to attend a postsecondary institution. To be eligible for the program, a student must:

- be a Washington State resident;
- attend an eligible institution of higher education and maintain satisfactory academic progress;
- enroll with a minimum of three credits as an undergraduate student;
- be pursuing a first bachelor's degree, a certificate, or a first associate degree in any field excluding theology; and
- not owe repayment to another student aid program.

To receive a grant, the eligible student's family income must be less than 70 percent of the state's median family income (MFI). If the eligible student's family income falls below 50 percent of the state's MFI, the student is eligible to receive the maximum SNG award. If the student's family income is between 50 and 70 percent of the state's MFI, the award amount is prorated based on family income. In 2018-19 the state's 70 percent MFI cutoff amount for a family of four was \$61,500.

The student may receive a grant award to attend any eligible postsecondary institution in the state. Currently, there are 66 postsecondary institutions that are authorized to participate in the SNG program. The SNG awards vary based on the type of institution a student chooses to attend.

Summary of Bill (Second Substitute): The WCPS is created and replaces the SNG program. The Office of Student Financial Assistance is responsible for implementing and administering WCPS. The Legislature must appropriate funding for the WCPS on the basis of estimated eligible participants enrolled in eligible institutions of higher education or apprenticeship programs, except in a fiscal year immediately following a five quarter period

in which personal income declined in at least two consecutive quarters, according to the economic revenue and forecast council's published economic forecasts. The caseload forecast council must estimate the number of students who are eligible for the program and are expected to attend an institution of higher education. The entitlement to awards and requirement to provide funding are suspended in a fiscal year immediately following a five quarter period in which personal income declined in at least two consecutive quarters, according to the economic revenue and forecast council's published economic forecasts.

Eligibility. Students are eligible for the WCPS if the student:

- demonstrates financial need and has a family income at or below 70 percent of the state median family income, adjusted for family size;
- enrolls or has been accepted for enrollment for at least three quarter credits or the semester equivalent as an undergraduate student or is enrolled in a registered apprenticeship program;
- is a Washington State resident;
- files an application for student aid approved by the office; and
- has not yet completed a bachelor's degree at an institution of higher education.

Financial need is determined according to a system of needs analysis approved by the office of student financial assistance and includes demonstrating a financial inability to bear the total cost of education for any quarter or semester.

Award Levels. A maximum WCPS award is defined as an award equal to the cost of tuition for 15 quarter credit hours or the semester equivalent at a public institution of higher education. Students are eligible for:

- 100 percent of the maximum award if the students family income is between 0 and 50 percent of the state median family income, adjusted for family size;
- 70 percent of the maximum award if the students family income is between 51 and 55 percent of the state median family income, adjusted for family size;
- 65 percent of the maximum award if the students family income is between 56 and 60 percent of the state median family income, adjusted for family size;
- 60 percent of the maximum award if the students family income is between 61 and 65 percent of the state median family income, adjusted for family size; and
- 50 percent of the maximum award if the students family income is between 66 and 70 percent of the state median family income, adjusted for family size.

Award Levels by Institution of Enrollment. For students attending public two or four-year institutions the maximum award is the cost of tuition and estimate fees including operating fees, building fees, and services and activities fees.

For students attending private four-year institutions of higher education, the maximum award is the equivalent of the maximum award at the highest cost public institution, or the private institution's tuition, whichever is lesser.

For students attending private two-year institutions of higher education, the maximum award is the equivalent of the maximum award at the community and technical colleges, or the private institution's tuition, whichever is lesser.

For students attending approved apprenticeship programs, the maximum award is tuition and fees and required program supplies and equipment.

Beginning in the 2021-22 academic year, public higher education institutions must prioritize institutional aid for S&A fees of Washington college promise scholarship recipients.

EFFECT OF CHANGES MADE BY WAYS & MEANS COMMITTEE (Second Substitute):

- Sets the maximum award at public institutions equal to tuition only, excluding S&A fees.
- Provides that the entitlement to awards and requirement to provide funding are suspended in a fiscal year immediately following a five quarter period in which personal income declined in at least two consecutive quarters, according to the economic revenue and forecast council's published economic forecasts.
- Requires the institutions to prioritize institutional aid for S&A fees of Washington college promise scholarship recipients.

EFFECT OF CHANGES MADE BY HIGHER EDUCATION & WORKFORCE DEVELOPMENT COMMITTEE (First Substitute):

- Modifies eligibility criteria to include a requirement to complete an application for financial aid and a requirement that the student must not have completed a bachelor's degree.
- Clarifies that part-time student are eligible for pro-rated awards.
- Clarifies the awarding of aid by institutions.
- Defines the marginal amount by which a student's family income may increase in an ensuing year as 3 percent.
- Makes technical corrections.

Appropriation: None.

Fiscal Note: Available.

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

Effective Date: The bill contains several effective dates. Please refer to the bill.

Staff Summary of Public Testimony on Original Bill (Higher Education & Workforce Development): *The committee recommended a different version of the bill than what was heard.* PRO: By making the SNG an entitlement we are saying that regardless of economic downturns we value this as a guiding principle in higher education, that people should be able to get access to financial aid. Washington has been viewed as one of the strongest financial aid programs in the country. Some states have pulled ahead of us a bit with their free college programs. This bill puts Washington ahead of other states by guaranteeing that in the future no students will go unserved in our main financial aid program. This strategy helps boost our economy and improves equity of opportunity. There is a gap in the number of people earning credentials compared to what our workforce needs. This bill will help with

that. By promising students that if they're eligible they will get financial aid this completely changes the message and creates predictability and stability for families so that can count on aid and not worry about the ebbs and flows of the economy. Coming from a family of six with a single mother the SNG has been life changing. Students have to juggle multiple costs including housing and the SNG relieves a large burden. The SNG has helped prevent other students at my college from dropping out by providing financial support. My mother was able to pursue a degree as an immigrant from Armenia because of the SNG. This helps future generations access that same opportunity. This bill will benefit students all over the state and all types of students accessing postsecondary education and will enable them to obtain the social capital necessary to succeed in today's economy. In the 2017-18 academic year there were more than 4000 students who qualified for the SNG but the independent colleges were only able to serve 75 percent of them because of underfunding of the program. We know financial considerations are part of a student's decision to go to college and fully funding the SNG alleviates this burden. Last year we left 18,000 students behind who were eligible but did not receive the SNG. Making this bill an entitlement prevents that. As the president of Tacoma Community College I know that I would not be sitting here if it were not for federal and state financial aid. Programs like this help bright highly motivated students complete degrees. The SNG has changed my life by allowing me to access college. This has the potential to do that for many more students who can contribute to our society.

Persons Testifying (Higher Education & Workforce Development): PRO: Senator Guy Palumbo, Prime Sponsor; Yazmin Aguilar, Student Representative, Washington Student Achievement Council; Mike Meotti, Executive Director, Washington Student Achievement Council; Kelsey Hood, Vice President of External Affairs for the Graduate & Professional Student Senate at UW Seattle; Adan Espino, Legislative Liaison, Associated Students of UW Tacoma; Morgan Atwood, Director of Legislative Affairs for WSU Global; Lorrell Noahr, Washington Education Association; Kedrich Jackson, Trustee, Columbia Basin Community College; Mustapha Samateh, Student, Edmonds CC and CTC Student Association; Kristina Pogosian, Student, Tacoma CC and CTC Student Association; Mustapha Samateh, Student, Edmonds College; Tony Porter, St. Martin's University; Kristina Pogosian, Student, Tacoma Community College; Paul Francis, Council of Presidents; Terri Standish-Kuon, Independent Colleges of Washington; Ivan Harrell, President, Tacoma Community College; Paul Francis, Council of Presidents; Terri Standish-Kuon, Independent Colleges of Washington; Ivan Harrell, President, Tacoma Community College; Neil Strege, Washington Roundtable; Bill Lyne, United Faculty of Washington; Ana Betancourt, Associated Students of Washington State University Vancouver; Maddy Thompson, Office of the Governor, Senior Policy Advisor for Education and Higher Education; JoAnn Taricani, University of Washington, Faculty Legislative Representative; Juliette Schindler Kelly, College Success Foundation; Griselda Guevara-Cruz, WCAN and College Success Foundation; Essence Russ, Southwest Youth and Family Services; Amy Anderson, Association of Washington Business; Henry Pollet, Associated Students of Western Washington University.

Persons Signed In To Testify But Not Testifying (Higher Education & Workforce Development): PRO: Eleni Papadakis, Workforce Board.

Staff Summary of Public Testimony on First Substitute (Ways & Means): *The committee recommended a different version of the bill than what was heard.* PRO: This bill is about making a strong commitment to the children of our state that if they qualify for this

scholarship in the future, that they will be guaranteed to get it. This is a strategy to boost our economy and it is very important for the equity of our students. We do have a lot of students that would benefit in terms of being able to complete their programs and that is another cost saving for the state that should be factored in. We have seen firsthand the effect of the promise for a student that their education will be paid for. It is a fair and financially responsible policy to help our low-income youth earn a degree that will get them a living wage and help our community. We think that this bill will result in an investment that may present a very high likelihood of return on investment not only for the individuals who benefit from it but for the state and regional economies overall. We know that financial aid increases enrollment and student success. We believe that this bill renaming, the State Need Grant, will help Washington families plan. Right now our college going rate as a state ranks in the bottom quartile of all states. This bill is key to our efforts to produce more high quality credentials to meet the needs of business and industry. Higher education is an essential driver of economic prosperity in communities across our state. We support codifying the promise of state college scholarships for low-income students that was assumed in last session's four-year outlook and eliminating the wait list of over 18,000 students by ensuring all students eligible for the scholarship receive one. Affordability is a really big piece of access and student services are big retention services that we also need to fund. It is very vital to our students that our students are able to have this protection and be able to count on this going forward. The WCPS allows predictable funding, bringing stability back to college as a means to obtain opportunity. External factors such as unmet financial need can snowball for students into food and housing in security challenges with child care and transportation and other external factors that prevent students from being successful. A high school diploma will not earn you a sustainable lifelong career anymore. I even suggest the first year or two of college should be considered basic education. The college promise scholarship will effectively remove cost as a barrier to higher education for community and technical college students statewide who are facing financial challenges. Fully funding the State Need Grant or College Promise Scholarship increases the efficiency of the dollars spent on other college financial aid programs as those dollars can be stacked on top of each other to help with other costs associated with going to college. Regardless of whether or not we call it a promise or make an entitlement, just having this program existing makes kids think that they are going to be the ones to receive it. Right now you have an opportunity to ensure that they are able to achieve their dream of a higher education.

Persons Testifying (Ways & Means): PRO: Senator Guy Palumbo, Prime Sponsor; Lorrell Noahr, Washington Education Association; Guillermo Rogel, Washington Student Association; Gavin Pielow, Director of Legislative Affairs, Associated Students of Washington State University; Henry Pollet, Legislative Liaison, Associated Students of Western Washington University; Michael Meotti, Washington Student Achievement Council; Dr. Luke Robins, President, Peninsula College; Dr. Eric Murray, President, Cascadia College; Mustapha Samateh, Community College Students Association; Terri Standish-Kuon, Ph.D., President and CEO, Independent Colleges of Washington; Paul Francis, Council of Presidents; Juliette Schindler Kelly, College Success Foundation; Charles Adkins, Director of Legislative Affairs, Geoduck Student Union; Adan Espino, Legislative Liaison, Associated Students of University of Washington Tacoma; Maddy Thompson, Senior Education Advisor, Office of Governor Inslee.

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