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## Postsecondary Education & Workforce Committee

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### HB 2309

**Brief Description:** Establishing the Washington 13 free guarantee.

**Sponsors:** Representatives Bergquist, Ybarra, Reed, Waters, Pollet, McEntire, Paul, Slatter, Entenman, Santos, Ramel, Riccelli, Timmons and Callan.

#### Brief Summary of Bill

- Creates the Washington 13 Free Guarantee to provide up to 45 credits of tuition free community or technical college to eligible students regardless of income.

**Hearing Date:** 1/23/24

**Staff:** Saranda Ross (786-7068).

#### Background:

##### Guaranteed Education Tuition.

The Guaranteed Education Tuition Program (GET) is Washington's 529 prepaid college tuition plan, which was established in 1998. As a prepaid tuition program, GET has a participant payout structure tied to in-state tuition rather than market-based investment returns. The GET account values are measured in units. An individual can purchase a GET unit at a set price with a state-backed guarantee that the unit will be worth the same amount of tuition in the future, regardless of the actual price of tuition. Historically, 100 GET units have equaled one year of resident undergraduate tuition and state-mandated fees at the state's highest-priced public university. A GET account can be used at nearly any public or private college in the country. A GET account holder can buy between one and 800 units per beneficiary, and the account benefits from tax-free growth and withdrawals.

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.*

The GET program is administered by the GET committee and Washington Student Achievement Council (WSAC) staff. The GET committee is comprised of the State Treasurer, the Director of the Office of Financial Management, the Executive Director of the WSAC, and two citizen members. The GET fund is managed by the Washington State Investment Board. The GET committee is responsible for setting the GET unit price annually. Each year, the State Actuary provides an actuarial analysis to assist the committee in adopting the annual GET unit price. For the 2023-24 enrollment period, the committee adopted a unit price of \$119.

The payout value of a GET unit represents 1/100th of the actual resident, undergraduate tuition and state-mandated fees at Washington's most expensive public university. The 2023-24 GET unit payout is \$120.16 based on an annual tuition cost of \$12,016. As of June 30, 2023, the present value of future obligations to the GET program was \$1.2 billion and the present value of the fund was \$1.7 billion. The program was 148 percent funded as of June 30, 2023.

#### Office of Student Financial Assistance.

The Office of Student Financial Assistance (Office) operates within the WSAC. The Office administers state and federal financial aid and other education service programs.

#### Financial Aid Applications.

The Free Application for Federal Student Aid (FAFSA) is a federal financial aid application used to determine a student's eligibility for federal financial aid. The Washington Application for State Financial Aid (WASFA) is used by students who do not fill out a FAFSA, which includes undocumented students or those who do not qualify due to immigration status. The WASFA is used to qualify such students for state financial aid.

#### High School and Beyond Plan.

Each high school student must complete a High School and Beyond Plan (HSBP). The purpose of the HSBP is to guide the student's high school experience and inform course taking that is aligned with the student's goals for education or training and career after high school. School districts are encouraged to involve parents and guardians in the process of developing and updating the HSBP, and the HSBP must be provided to the students' parents or guardians in their native language if that language is one of the two most frequently spoken non-English languages of students in the district.

#### Caseload Forecast Council.

The Caseload Forecast Council (Council) is charged with forecasting the entitlement caseloads, and other caseloads, for the State of Washington. The Council meets several times a year to adopt official forecasts that are the basis of the Governor's proposed budget and used by the Legislature in the development of the Omnibus Biennial Appropriations Act.

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

The Washington 13 Free Guarantee (Guarantee) is established to provide up to 45 credits of

tuition free community or technical college, to be earned within two academic years, to eligible students regardless of income. The Office of Student Financial Assistance (Office) administers the Guarantee and awards grants, which is the difference between the student's tuition and services and activities fees, less the value of any state-funded grant, scholarship, gift aid, or waiver assistance.

To be eligible, students must meet the following requirements:

- have graduated from a public high school in the state or earned a high school equivalency certificate;
- within one academic year from graduating from high school or earning a high school equivalency certificate, enroll in an eligible degree or certificate program at least part time at a community or technical college that serves the high school district from which the student graduated or district of the grantor of the high school equivalency certificate;
- not have previously earned an associate's degree;
- complete the FAFSA or the WASFA for the academic year in which they seek eligibility for the Guarantee;
- maintain satisfactory academic progress; and
- be a resident student.

Eligible certificate or degree programs include: an associate degree program, academic programs with credits that can fully transfer via an articulation agreement toward a baccalaureate degree or postbaccalaureate degree at an institution of higher education, professional and technical programs that lead to a recognized postsecondary credential, or apprenticeship programs established by law and conducted in association with any community or technical college.

By June 30, 2024, the Office must purchase 2,500,00 tuition units at the price of \$1 per unit under the GET for the following purposes:

- providing Guarantee awards to students with family incomes at or between 65 percent to 150 percent of the state median family income (MFI);
- providing cost of attendance stipends, each worth six GET units, for books and other related higher education expenses to students with a family income at or between 65 percent to 150 percent of the state MFI. Stipends are divided evenly over one academic years' worth of quarters or semesters; and
- providing community or technical colleges with eight GET units per student with a family income at or below 150 percent of the state MFI for the community or technical college to provide individualized and reasonable wraparound services, but only to the extent such costs constitute a qualified higher education expense. Wraparound services are meant to reduce or help to reduce barriers that threaten completion of eligible degree or certificate programs. Units are disbursed evenly over one academic year's worth of quarters.

Counselors at public school districts must meet one-on-one with 12th grade students with family incomes at or below 70 percent of the state MFI to explain their grant options under the Guarantee and the Washington College Grant (WCG). To determine students' family incomes,

school districts may use the students' FAFSA, qualification to receive free or reduced-price lunch, eligibility for the College Bound Scholarship (College Bound), or other criteria established in the institution's policy.

Notices to students required under the HSBP must include information on the Guarantee, College Bound, the WCG, and other scholarship opportunities beginning in the ninth grade and each year thereafter.

The WSAC and the State Board for Community and Technical Colleges (Board) must conduct a study on the sustainability of the Guarantee and report its findings to the Legislature by October 1, 2026. The study must include:

- any increase in enrollments at community or technical colleges;
- any decreases in enrollments elsewhere at institutions of higher education; changes in recipient persistence, completion, and time-to-degree rates in eligible degree or certificate programs; and
- an analysis on the demand for student services, such as advising and student success courses, recommendations to improve student services and outcomes, and the financial impact of the guarantee on recipients.

The Council must forecast the number of students who are eligible for the Guarantee and are expected to attend a community or technical college in the state.

**Appropriation:** None.

**Fiscal Note:** Requested on January 16, 2024.

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