

Individual State Agency Fiscal Note

Bill Number: 5411 SB	Title: State need grant	Agency: 343-Higher Education Coordinating Board
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

FUND					
Total \$					

Estimated Expenditures from:

	FY 2008	FY 2009	2007-09	2009-11	2011-13
FTE Staff Years	0.6	0.8	0.7	0.8	0.8
Fund					
General Fund-State 001-1	12,064,300	12,073,500	24,137,800	24,148,600	24,147,000
Total \$	12,064,300	12,073,500	24,137,800	24,148,600	24,147,000

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- ☒ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- ☐ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- ☐ Capital budget impact, complete Part IV.
- ☒ Requires new rule making, complete Part V.

Legislative Contact:	Phone:	Date: 01/23/2007
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Agency Approval: Jim Reed	Phone: 360-753-7865	Date: 01/23/2007
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Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe, by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

House Bill 5411 (Sec. 1) (6) amending RCW 28B.92.060 to set a goal for serving State Need Grant eligible students. The proposed goal is to serve students with Median Family Incomes (MFIs) up to eighty-five percent. It also specifies an award structure that prorates the maximum grant for students between fifty-one and eighty-five percent of the state MFI. The currently funded program serves students up to the sixty-five percent of the MFI.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

Section 1 (6) expands the service level of State Need Grant to students with Median Family Incomes up to eighty-five percent. The current program covers students with Median Family Incomes up to sixty-five percent. Below are the sections that specifically increase the cost of the State Need Grant program:

- (6) (iii) Students whose incomes are greater that sixty-five percent, but less than or equal to seventy-five percent, of the state’s median family income shall receive fifty percent of the maximum award;
- (ii) Students whose incomes are greater than seventy-five percent, but less than or equal to eighty-five percent, of the state’s median family income shall receive twenty-five percent of the maximum award;

Program costs:
The \$24 million biennial to fund grants for students assumes no tuition and no new budgeted enrollment increase to student FTEs. The cost is broken down to \$12 million per year. The percentage of unserved students was computed at 94.3% which is standard coverage for the primary State Need Grant Population

When taking into account a tuition and fee plus enrollment increase similar to those in the Governor’s proposed budget (7/5/0% tuition changes and 6,186 new enrollment FTEs per year), the biennial cost of the program becomes \$28 million dollars or \$14 million per year.

Note: The cost with these proposed budget variables is \$2 million higher per year than without the proposed budget variables.

Administrative costs:
When funded this expansion increases the need for staff time because of increased student and school interactions. This expands student and school inquiries as well as generates more warrants and payment activity. In addition, more students need to be tracked and reconciled, and more students will go into repayment.

This expansion adds an additional estimated 8,600 student FTEs (or about 11,000 student headcount) to the State Need Grant program. The Board currently has 2.5 FTEs working directly in SNG program operations. We estimate the need for an additional .5 FTE as a program coordinator for program operations. There is a need for an additional .25 FTE for programming changes and support. We are assuming a September 2007 effective data which would apply a fraction to the FTE request in year one.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2008	FY 2009	2007-09	2009-11	2011-13
FTE Staff Years	0.6	0.8	0.7	0.8	0.8
A-Salaries and Wages	28,500	34,000	62,500	68,000	68,000
B-Employee Benefits	5,700	6,800	12,500	13,600	13,600
C-Personal Service Contracts					
E-Goods and Services	26,100	31,900	58,000	63,800	63,800
G-Travel	700	800	1,500	1,600	1,600
J-Capital Outlays	3,300		3,300	1,600	
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services	12,000,000	12,000,000	24,000,000	24,000,000	24,000,000
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
Total:	\$12,064,300	\$12,073,500	\$24,137,800	\$24,148,600	\$24,147,000

III. B - Detail: List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA

Job Classification	Salary	FY 2008	FY 2009	2007-09	2009-11	2011-13
Program coordinator	35,800	0.4	0.5	0.5	0.5	0.5
Programmer	63,000	0.2	0.3	0.2	0.3	0.3
Total FTE's		0.6	0.8	0.7	0.8	0.8

Part IV: Capital Budget Impact

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

If this bill passes the State Need Grant WAC will need to be revised. The percent of maximum award ranges differ in this bill from the existing Chapter 25-20- 041 WAC references.