

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5703 S SB	<b>Title:</b> College grant/bridge grants	<b>Agency:</b> 340-Student Achievement Council
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## Part I: Estimates

**No Fiscal Impact**

### Estimated Cash Receipts to:

**Non-zero but indeterminate cost and/or savings. Please see discussion.**

### Estimated Operating Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.5	0.2	0.4	0.2	0.2
<b>Account</b>					
General Fund-State 001-1	98,603,000	95,936,000	194,539,000	191,872,000	191,872,000
<b>Total \$</b>	98,603,000	95,936,000	194,539,000	191,872,000	191,872,000

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

### Estimated Capital Budget Impact:

NONE

*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: Michele Alishahi	Phone: (360) 786-7433	Date: 02/18/2023
Agency Preparation: Becky Thompson	Phone: 360-485-1301	Date: 02/20/2023
Agency Approval: Brian Richardson	Phone: 360-485-1124	Date: 02/20/2023
OFM Review: Ramona Nabors	Phone: (360) 742-8948	Date: 02/20/2023

## Part II: Narrative Explanation

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

*Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.*

Substitute SB 5703 modifies the Washington College Grant (WCG) to provide maximum WCG awards for students and apprentices with incomes up to 70% of the Median Family Income (MFI), adjusts award amounts for those with incomes between 71-90% MFI, and establishes the Bridge Grant under RCW 28B.92.

#### Section 1:

WCG – effective for the 2023-24 academic year:

- Increases eligibility for the maximum Washington College Grant (WCG) award up to 70 percent of median family income (MFI)
- Increases eligibility for students in the 71-80% MFI to 50% of the maximum award
- Increases eligibility for students in the 81-90% MFI to 25% of the maximum award
- Leaves eligibility for students in the 91-100% MFI at 10% of the maximum award

#### Section 2:

Defines the Bridge Grant and sets the amount of the annual award – effective for the 2023-24 academic year:

- Entitles WCG students and apprentices who are receiving the maximum WCG (0-70% MFI) award to receive a bridge grant, which is an additional annual stipend for expenses beyond tuition and fees
- Recipients receiving the maximum WCG award and not College Bound Scholarship (CBS) eligible = Bridge Grant of \$1,000 per year
- Recipients receiving the maximum WCG award and CBS eligible = Bridge Grant of \$500 per year
- Recipients must be enrolled at least half time to receive full awards
- Annual awards prorated on a per term basis. Washington Student Achievement Council (WSAC) assumes proration to mean the annual award is divided by the number of terms in a standard academic year (i.e., 3 quarters/2 semesters/900 clock hours).
- WSAC assumes students enrolled in less than half-time who are not CBS eligible will receive a \$500 Bridge Grant, and students who are CBS eligible will receive a \$250 Bridge Grant.

Bridge Grants are to be applied after all other gift aid has been awarded.

"Bridge Grant" is defined as an annual stipend in addition to the WCG to provide support for higher education expenses beyond tuition and fees such as books, lab fees, supplies, technology, transportation, housing and childcare.

Note that Bridge Grants are currently funded through budget language in the 2022-23 academic year at \$500 for non-College Bound, Washington College Grant recipients, for a total of \$27.6 million annually.

### II. B - Cash receipts Impact

*Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.*

Cash receipts are indeterminate. The increase in award amounts may result in an increase in the net amounts owed by recipients but is not anticipated to impact the number of recipients owing repayment.

### II. C - Expenditures

*Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.*

The expenditure impact is indeterminate because actual Washington College Grant (WCG) expenditures are dependent on

enrollment patterns among sectors, variation in the distribution of students and apprentices across the defined median family income (MFI) categories, the number of students attending less than half-time, and other financial aid awarded. The Washington Student Achievement Council (WSAC) is providing an estimate for grant expenditures based partially on calculations from the WCG CBS cost model used jointly by WSAC and legislative staff (version “2023 WCG CBS Cost Model v6.1 Feb 23”). This is only an estimate, however, and the actual grant expenditures will vary from these projected amounts. WCG is a caseload forecasted program.

## GRANT EXPENDITURES:

### Bridge Grants

This bill increases grant costs for Washington College Grant with the addition of the Bridge Grants. For FY24, an estimated 54,433 students and 271 apprentices will be eligible for a \$1,000 per year bridge grant and an estimated 17,323 students will be eligible for a \$500 bridge grant. (Note: Apprentices are projected to be fulltime and not subject to reduced awards.) The projected cost for the Bridge Grant is \$63.4 million for FY24. For FY25, the costs are projected to be \$60.6 million.

Note that Bridge Grants are currently funded through budget language in the 2022-23 academic year at \$500 for non-College Bound, Washington College Grant recipients, for a total of \$27.6 million annually (2022 Supplemental Budget) but are not awarded as part of Washington College Grant. The calculation above does not consider the current funding of Bridge Grants in the budget of \$27.6 million as an offset, as it is assumed this is a new Bridge Grant program that is part of the Washington College Grant. If it is assumed this would replace the 2022 supplemental budget language you could assume an offset. Those calculations would be as follows: Bridge Grant is \$35.8 million for FY24 (\$63.4 million minus \$27.6 million offset) and \$33 million for FY25 (\$60.6 million minus \$27.6 million).

### Changes to Award Values by MFI

This bill increases WCG awards for students and apprentices with family income between 61% and 90% of the state median family income (MFI), while also reducing the number of separate MFI categories from the current six to four. (For FY23 only, maximum awards are provided for 0-60% MFI due to language in the 2022 supplemental budget.) The percentage of maximum grant awards are also changed for the new categories as described in the summary above.

Any change in WCG award amounts also impacts student awards in the College Bound Scholarship (CBS) program because CBS is paid as "last dollar" after other state financial aid. An increase in WCG awards for CBS students in the 56-65% MFI range would lower these students' CBS awards. This would not change the total financial aid received between the two programs but would increase a student's WCG award and decrease their CBS award.

Using the cost model (version “2023 WCG CBS Cost Model V6.1 Feb 23”) and FY24 WCG eligible student and apprentice numbers to project costs, the estimated expenditure amount is the net of additional spending for Washington College Grant for all eligible recipients (\$38.1 million) and the resulting decrease in College Bound Scholarship (\$3.0 million). This amounts to a net increase of \$35.1 for FY24. For FY25, the WCG increase would be \$38.4 million and the decrease in CBS would be \$3.1 million, a net increase of \$35.3 million.

It should be noted that the change in MFI categories and award percentages does not make more recipients eligible for WCG. However, the bill does provide larger grants for recipients in the 56-70%, 71-80%, and 81-90% MFI ranges, adjusted for family size. Recipients in the 91-100% MFI range will see no change in award percentage.

This bill will increase expenditures within RCW 28B.92 Washington College Grant (WCG) for both the WCG awards and for the Bridge Grant awards. An estimated 54,433 students and 271 apprentices will be eligible for a \$1,000 Bridge Grant per year and an estimated 17,323 students will be eligible for a \$500 Bridge Grant per year for FY24. The estimated cost for WCG awards is \$38.1 million for FY24 and \$38.4 million for FY25. The estimated cost for Bridge Grants is \$63.4 million in FY24 and \$60.6 million for FY25. WSAC did not use the cost model for this estimate, as it would underrepresent WCG cost because the model calculates using enrollment proration.

MFI only changes costs

WCG Increase	CBS Decrease	Net Increase
FY24 \$38.1 million	\$3.0 million	\$35.1 million
FY25 \$38.4 million	\$3.1 million	\$35.3 million
FY26 \$39.2 million	\$3.2 million	\$36 million
FY27 \$39.9 million	\$3.2 million	\$36.7million
FY28 \$40.7 million	\$3.3million	\$37.4 million

Total costs for both programs would be \$98.6 million in FY24, assuming \$3 million in CBS savings and \$95.9 million in FY25, assuming \$3.1 million in CBS savings.

**PROGRAM ADMINISTRATION**

**Staffing**

The integration of Bridge Grants in the WCG statute will require additional IT development and rulemaking. No additional staffing will be needed to implement the changes to the Median Family Income ranges for the WCG as this will be done within the scope of existing annual maintenance.

The staffing cost to implement the Bridge Grants will be \$103,000 for FY24 and includes 0.2 FTE Associate Director, 0.3 FTE IT Developer, and \$36,000 annually (FY25 and ongoing) for 0.1 FTE Associate Director, 0.1 FTE IT Developer.

Staff time estimates are rounded to the nearest 0.1 FTE and staff-related and other costs are rounded to the nearest \$1000.

**Part III: Expenditure Detail**

**III. A - Operating Budget Expenditures**

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
001-1	General Fund	State	98,603,000	95,936,000	194,539,000	191,872,000	191,872,000
<b>Total \$</b>			<b>98,603,000</b>	<b>95,936,000</b>	<b>194,539,000</b>	<b>191,872,000</b>	<b>191,872,000</b>

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

**III. B - Expenditures by Object Or Purpose**

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.5	0.2	0.4	0.2	0.2
A-Salaries and Wages	51,000	21,000	72,000	42,000	42,000
B-Employee Benefits	26,000	4,000	30,000	8,000	8,000
C-Professional Service Contracts					
E-Goods and Other Services	25,000	10,000	35,000	20,000	20,000
G-Travel	1,000	1,000	2,000	2,000	2,000
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services	98,500,000	95,900,000	194,400,000	191,800,000	191,800,000
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
<b>Total \$</b>	<b>98,603,000</b>	<b>95,936,000</b>	<b>194,539,000</b>	<b>191,872,000</b>	<b>191,872,000</b>

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

**III. C - Operating FTE 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 2024	FY 2025	2023-25	2025-27	2027-29
Associate Director	101,000	0.2	0.1	0.2	0.1	0.1
IT Developer	101,000	0.3	0.1	0.2	0.1	0.1
<b>Total FTEs</b>		0.5	0.2	0.4	0.2	0.2

**III. D - Expenditures By Program (optional)**

Program	FY 2024	FY 2025	2023-25	2025-27	2027-29
Financial Aid & Grant Programs (030)	98,603,000	95,936,000	194,539,000	191,872,000	191,872,000
<b>Total \$</b>	98,603,000	95,936,000	194,539,000	191,872,000	191,872,000

**Part IV: Capital Budget Impact**

**IV. A - Capital Budget Expenditures**

NONE

**IV. B - Expenditures by Object Or Purpose**

NONE

**IV. C - Capital Budget Breakout**

*Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.*

NONE

**IV. D - Capital FTE Detail:** *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

**Part V: New Rule Making Required**

*Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.*

The Washington Student Achievement Council would need to modify the Washington College Grant administrative rules.