

Individual State Agency Fiscal Note

Bill Number: 5999 SB	Title: Financial aid eligibility	Agency: 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	0.0	0.5	0.3	0.2	0.2
Account					
General Fund-State 001-1	0	57,708,000	57,708,000	116,480,000	116,480,000
Total \$	0	57,708,000	57,708,000	116,480,000	116,480,000

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.

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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.

SB5999 does the following:

- *Provides a maximum Washington College Grant (WCG) for students with a Median Family Income (MFI) up to 70% MFI
- *Provides a 50% WCG award to students with 71-80% MFI
- *Provides a 25% WCG award to students with 81-90% MFI
- *Provides a 10% WCG award to students with 91-100% MFI
- *Provides a Washington Bridge grant of \$500 for all students who are eligible for the maximum WCG and not receiving College Bound Scholarship. The bridge grant is considered after all other gift aid has been awarded and the grant amount must be prorated for students enrolled for less than half-time.

Note: Bridge Grants are currently funded through budget language in the FY24 and FY25 biennial budget at \$500 for non-College Bound, maximum Washington College Grant recipients, for a total of \$27.6 million annually. However, Bridge Grants for FY24 and FY25 are not currently subject to proration.

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 for any financial aid programs administered by the Washington Student Achievement Council (WSAC). Cash receipts would only apply to those individuals who utilize federal and or state financial aid grants. Because the enrollment and utilization rates of those opting to use financial aid grants are unknown, we are unable to anticipate who may owe a repayment of state grants as a result of not meeting satisfactory academic progress and program policy standards.

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.

SB5999 expenditures are 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 "2024 WCG CBS Cost Model v7.3 Dec 2023".) 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 FY25, an estimated 59,048 students and 828 apprentices will be eligible for a \$500 per year bridge grant. (Note: Apprentices are projected to be fulltime and not subject to reduced awards). The projected cost for the Bridge Grant is \$29.9 million for FY25 and beyond. These projected costs do not account for prorated awards for less than half time, as it is indeterminate how many non-CBS, WCG recipients 0-70% MFI will be less than half time and what type of institution they will be attending.

Note that Bridge Grants are currently funded through budget language in the FY24 and FY25 biennial budget at \$500 for

non-College Bound, maximum Washington College Grant recipients, for a total of \$27.6 million annually but are not awarded as part of Washington College Grant. If this replaces budget language, the calculation above does not consider the \$27.6 million already budgeted.

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 FY24 and FY25 only, maximum awards are provided for 0-65% MFI due to language in the 2023-25 biennial 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 typically 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. However, this doesn't apply for FY24 or FY 25 because the WCG current maximum award is at 65% MFI so there would be no change to CBS students' awards. They are ineligible for CBS at 66% but eligible for WCG up to 100%.

Using the cost model (version "2024 WCG CBS Cost Model v7.3 Dec 2023") and FY25 WCG eligible student and apprentice numbers to project costs, the estimated expenditure amount for the additional spending for Washington College Grant for all eligible recipients is \$27.7 million for FY25. For FY26, the WCG increase would be \$28.3 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 would update the statute for the current budget language up to 65% MFI, and this provides larger grants for recipients in the 66 - 90% MFI ranges only, 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 59,084 students and 828 apprentices will be eligible for a \$500 Bridge Grant per year for FY25. The estimated cost for WCG awards is \$27.7 million for FY25 and \$28.3 million for FY26. The estimated cost for Bridge Grants is \$29.9 million in FY25 and beyond. WSAC did not use the cost model for this estimate, as it would underrepresent WCG cost because the model calculates using enrollment proration.

Total costs for both programs would be \$57.6 million in FY25 and \$58.2 million in FY26.

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 \$108,000 for FY24 and includes 0.2 FTE Associate Director, 0.3 FTE IT Developer, and \$40,000 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	0	57,708,000	57,708,000	116,480,000	116,480,000
Total \$			0	57,708,000	57,708,000	116,480,000	116,480,000

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	0.3	0.2	0.2
A-Salaries and Wages		54,000	54,000	44,000	44,000
B-Employee Benefits		25,000	25,000	10,000	10,000
C-Professional Service Contracts					
E-Goods and Other Services		28,000	28,000	24,000	24,000
G-Travel		1,000	1,000	2,000	2,000
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services		57,600,000	57,600,000	116,400,000	116,400,000
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$		0	57,708,000	116,480,000	116,480,000

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	110,000		0.2	0.1	0.1	0.1
IT Developer	106,000		0.3	0.2	0.1	0.1
Total FTEs			0.5	0.3	0.2	0.2

III. D - Expenditures By Program (optional)

Program	FY 2024	FY 2025	2023-25	2025-27	2027-29
Financial Aid and Grant Programs (030)		57,708,000	57,708,000	116,480,000	116,480,000
Total \$			57,708,000	116,480,000	116,480,000

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.