



**WASHINGTON STUDENT  
ACHIEVEMENT COUNCIL**  
EDUCATION · OPPORTUNITY · RESULTS

May 5, 2017

**TO:** David Schumacher, Director  
Office of Financial Management

**FROM:** Michael Meotti, Executive Director

**SUBJECT: CONTINGENCY PLANNING FOR AGENCY OPERATIONS ON JULY 1**

In response to your April 25, 2017 memorandum to agency directors, the Washington Student Achievement Council (WSAC) has identified the programs and activities described below that may continue to operate on a limited basis beginning on July 1, 2017 in absence of an appropriations act for the 2017-19 biennium.

**Services that do not require an appropriation (Category 2)**

Limited operations to support approval and distribution of some state student financial assistance (SFA) payments and the advanced college tuition payment program (also known as Guaranteed Education Tuition or GET) may be able to continue without appropriations.

**Student Financial Assistance Payments.** Disbursements may be made from various non-appropriated funds listed below, not to exceed 2016-17 academic year (FY17) expenditure authority for any specific fund:

<u>Program Name</u>	<u>Fund – Name</u>	<u>Statutory Reference</u>
State Need Grant	O8N – State Financial Aid Account	28B.76.525; 28B.92
State Work Study	O8N – State Financial Aid Account	28B.76.525; 28B.12
Washington Scholars	O8N – State Financial Aid Account	28B.76.525; 28A.600.100
WAVE (Vocational Excellence)	O8N – State Financial Aid Account	28B.76.525; 28C.04.520
College Bound Scholarship	17F – Opportunity Pathways Account	28B.76.526; 28B.118
Aerospace Loan Program	17R – Aerospace Training Student Loan Account	28B.122.050
Alternate Routes/Future Teachers	496 – Future Teachers Conditional Scholarship Account	28B.102.080
Health Professionals	747 – Health Professionals Loan Repayment and Scholarship Program Account	28B.115.130
American Indian Scholarships	842 – American Indian Scholarship Endowment Account	28B.108.060

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In addition to the programs specified above, expenditures for various programs may also be made, as needed, from Fund 785 – State Educational Trust Fund Account as defined in RCW 28B.92.140.

Please note that for any particular program, only disbursement of payments is authorized from the respective fund without appropriation. Expenditures for administration of these programs, in most other respects, may not be permissible. Activity would be limited to payments for academic year 2016-17. Staff would not be available to answer questions from students, higher education institutions, and employers, nor begin work on academic year 2017-18 program administration even as summer sessions continue on higher education campuses and students make plans for the next school year.

Four (4.0) FTE employees would be necessary to maintain minimal operations for the approval and disbursement of funds under these student financial assistance programs.

**Guaranteed Education Tuition (GET)**. GET is Washington’s qualified Prepaid Tuition Plan under section 529 of the Internal Revenue Code. With over 100,000 active accounts, GET is a high-volume financial services operation. Administrative expenses are paid from a non-appropriated account, subject to an annual budget approved by the GET committee and the allotment process. Distribution to account owners is also not subject to appropriation.

<u>Program Name</u>	<u>Fund - Name</u>	<u>Statutory Reference</u>
Guaranteed Education Tuition (GET)	788 – Advanced College Tuition Payment Program Account	28B.95.060

Since the 2015 enactment of the College Affordability Program (SB 5954; Laws of 2015, 3d Spec. Sess., ch. 36), GET has been closed to new account openings or purchase of tuition units by existing account owners, except through custom monthly payment plans entered prior to the program’s suspension. However, GET is slated to re-open by July 1, 2017 as directed in RCW 28B.95.092 (SB 6601; Laws of 2016, ch. 69, §11).

Disbursement of funds to individual account owners or to colleges and universities on behalf of student beneficiaries should continue without interruption. Services could be impacted due to operations of other agencies including the Office of the State Treasurer, State Investment Board, Department of Enterprise Services, and Office of Financial Management.

Thirty (30.0) FTE employees are employed to manage and operate the GET program and maintain the services described above.

**Services to continue based on federal law (Category 3)**

The Washington Student Achievement Council (WSAC) is the designated agency to administer any federal act pertaining to higher education which is not administered by another state agency. RCW 28B.77.065.

**State Approving Agency (SAA)**. Under contract with the U.S. Department of Veterans Affairs, the state is required to protect the public investment in the education and training of veterans and other individuals eligible for benefits (usually veterans’ dependents) under various G.I. Bill or other education and training benefit programs.

WSAC evaluates and approves programs at degree-granting colleges and universities, flight schools, apprenticeship sites, and on-the-job training (OJT) sites for the use of veterans' education and training benefits. Two and one-half (2.5) FTE employees are allocated to services required under the VA contract which may continue, but payment from federal funds will be delayed until appropriations are enacted.

**Other federal grants.** Federal grant-funded programs would not be able to continue in absence of appropriation, including Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP) and professional development grants under Title II of the Elementary and Secondary Education Act of 1965 (ESEA), as amended by the Every Student Succeeds Act (ESSA) of 2015. While temporary suspension or delay of payments for grant-funded activity will be disruptive to sub-grant recipients and contractors, and may not comply with terms of the federal grant, all federal funds come to the agency via appropriation so these federally-funded activities would not continue after June 30, 2017.

**Support staff essential to continuing services**

As in most agencies, central administrative and business services support the various operating units of the Washington Student Achievement Council. The table below represents our estimate of the staffing required to maintain adequate internal controls and functionality to support the limited activity that may continue without appropriation.

<b>Business Service</b>	<b>Employees</b>	<b>Purpose</b>
Accounting	4	Approve and release batch payments, cash receipts, document transfers, payroll and leave data entry and approval.
Human Resources	1	HR actions incident to payroll, adjusted work schedules and personnel actions.
Information Services	2	Desktop, network infrastructure and application support.
Total	7	

**Summary**

We have identified only those programs and services that may continue in absence of legislative appropriations, recognizing many other important activities may need to be suspended. Even if the limited operations described are all approved to continue on or after July 1, students who depend on timely receipt of financial aid payments or disbursement of loan repayments could be impacted by delays. Secondary effects such as unpaid rent or other delinquent bills don't rise to the level of an immediate threat to public safety, but will create hardship for students and their families and increase risk that students will drop out of their programs of study. At a time when Washington needs more citizens achieving greater levels of educational attainment, students will face additional challenges if we begin the new fiscal year without an enacted budget.

Please contact me ([MichaelM@wsac.wa.gov](mailto:MichaelM@wsac.wa.gov); 360.753.7810) or Don Bennett, Deputy Director ([DonB@wsac.wa.gov](mailto:DonB@wsac.wa.gov); 360.753.7831) with questions or requests for additional information.