
HOUSE BILL 1667

State of Washington 52nd Legislature 1991 Regular Session

By Representatives Jacobsen, Wood, Ogden, Orr, Appelwick, Sprenkle, Morris, Dellwo, Valle, May, Ludwig, Heavey, Fraser, Pruitt and Anderson.

Read first time February 5, 1991. Referred to Committee on Higher Education\Appropriations.

1 AN ACT Relating to financial aid; amending RCW 28B.15.065,
2 28B.102.020, 28B.102.050, and 28B.101.040; adding a new chapter to
3 Title 28B RCW; creating a new section; and making appropriations.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 NEW SECTION. **Sec. 1.** The legislature finds that, of all
6 social ills impinging upon the American family, the most persistent and
7 most likely to contribute to other family maladies is poverty. Poverty
8 in the United States dropped dramatically in the 1960s, then stabilized
9 in the 1970s, but rose significantly during the 1980s. In Washington
10 state, approximately five hundred thirty-six thousand four hundred
11 families or eleven and two-tenths percent of the population reside in
12 poverty. Poverty is particularly acute among single parents.
13 Single-parent families headed by women are six times as likely to be
14 poor as two-parent families, and their deprivation is also more severe
15 and enduring.

1 The limited educational attainment of poor parents is often shared
2 by their children. A program targeting poor first generation college
3 students would affect males, females, whites, African-Americans,
4 Hispanics, young, and mature alike.

5 Failure to complete high school is strongly correlated with the
6 socioeconomic status of the student's family. One of every four or
7 five students in Washington public schools will drop out of high
8 school.

9 People who achieve higher levels of educational attainment will, on
10 average, live longer, healthier, and more productive and secure lives
11 than will people with lesser levels of education. College graduates
12 will attain higher social status, greater income and wealth, and will
13 be less dependent upon government assistance.

14 Over the last decade, salaries for persons who were not college
15 graduates rose thirty percent, while salaries for college graduates
16 increased by sixty-five percent.

17 Very large differences exist in educational progress between
18 students from low and high-income family backgrounds. These
19 differences are large, pervasive, persistent, and growing. A student
20 from a high-income family background has up to thirteen times greater
21 chance of having a baccalaureate degree by age twenty-four than does a
22 student from a low-income family background. The disparity in chances
23 for earning a baccalaureate degree by age twenty-four by young adults
24 from low and high-income family backgrounds is greater during the
25 second half of the 1980s than it has been at any time during the last
26 two decades.

27 The legislature also finds that neither student aid nor family
28 incomes kept pace with rising college costs in the 1980s. National
29 projections suggest that college costs will continue to rise at a
30 minimum of six percent per year.

1 The nationally standardized methodology measuring a student's or
2 family's ability to pay for college has, in recent years, required more
3 from families in an effort to ration limited funds. Central to this
4 assessment of family financial strength is the inflated value of home
5 equity, causing the "working poor" and many middle-income families to
6 be excluded from eligibility for sources of need-based financial aid
7 for which they would have qualified over a decade ago.

8 The gap between jobs requiring college degrees and the graduates
9 available to fill them is growing. Between 1992 and 2000, the United
10 States will need to add four hundred seventy-two thousand college
11 graduates per year to its work force, forty-two percent more than at
12 present. Professional, technical, and management jobs will make up
13 fifty-two percent of this decade's employment growth, requiring more
14 and better educated baccalaureate and postbaccalaureate trained
15 workers. Without highly skilled and trained workers, American
16 corporations will be at a competitive disadvantage, and multinational
17 corporations may transfer to other nations' research, product
18 development, design, and marketing.

19 There exists an imbalance between grant and loan sources of aid, a
20 reversal which occurred during the 1980s when major growth in federal
21 student financial aid was limited to loans.

22 Over the course of the 1980s, the federal government's share of
23 available student financial aid decreased from eighty-three percent to
24 seventy-five percent, leaving the state and institutions to fill the
25 gap. The legislature believes that this trend is likely to continue.
26 Further, the ratio of grant-to-loan assistance shifted significantly to
27 loans, leaving needy students in a rising spiral of debt.

28 Student loan defaults, most costly to the federal government, are
29 highest among low-income, minority, and first generation college
30 students who fail to complete their academic programs, leaving them

1 with neither the skills nor credentials necessary for employability,
2 nor the ability to repay the loans.

3 NEW SECTION. **Sec. 2.** The legislature finds that it has been
4 twenty-five years since the inauguration of the federal higher
5 education act. Despite the federal government's commitment to
6 improving educational opportunities for individuals from low-income
7 family backgrounds, very large differences in educational progress
8 between students from low and high-income family backgrounds still
9 exist. These differences are pervasive: They affect males, females,
10 disabled individuals, part-time and full-time students, whites,
11 African-Americans, and Hispanics alike. The commonality is low income,
12 and a general family inability to pay the rising cost of college.
13 These disparities are persistent because they have endured for the last
14 two decades, although some progress has been made. The legislature
15 also finds that now is the time for "Fulfilling the Promise: Renewing
16 the Commitment."

17 NEW SECTION. **Sec. 3.** The Washington college promise program
18 is established. The program shall be administered by the higher
19 education coordinating board. Through this program, the legislature
20 intends to reinvigorate this state's educational commitment to its
21 citizens by ensuring that no Washington resident will be denied a
22 college or university education due to his or her financial status.

23 The purposes of the program include, but are not limited to:

24 (1) Working toward a system of financial assistance within the
25 state that would equalize educational opportunities for all students
26 with academic ability and promise, regardless of family ability to pay
27 for college;

1 (2) Establishing clear priorities for funding state need grant
2 eligible students, sequentially, encompassing new populations of
3 students as funds are available. In implementing the program, the
4 board may follow the following priorities:

5 (a) Low-income and first generation college students;

6 (b) Students from working poor families;

7 (c) Lower middle-income and middle-income students; and

8 (d) Students from upper middle-income families;

9 (3) Through a mix of state, federal, institutional, and private
10 resources, strive for a packaging philosophy that limits student debt
11 burden to reasonable amounts. For example, loans may comprise one-half
12 of the student cost of attendance, with the remaining half comprised of
13 scholarships, grants, and student employment opportunities. This
14 packaging philosophy shall also strive to target an increasing level of
15 work study and other self-help opportunities for upper division and
16 middle class students, and more grant aid to lower division and low-
17 income students;

18 (4) Adequately fund the state work study and state need grant
19 programs in an effort to equalize educational opportunity, foster
20 student choice of institutions, and minimize excessive borrowing;

21 (5) Authorize a simplified means test for persons whose income is
22 equal to or less than one-half of the state's median income. This means
23 test is intended to facilitate communication of financial aid policies
24 and funding needs, be highly predictable, be understandable to the
25 average citizen, and available for determining state student financial
26 aid program eligibility;

27 (6) Shield all or most of a family's home equity on the family's
28 principal place of residence and farm or business net worth in an
29 effort to enfranchise otherwise needy students from middle-income
30 families;

1 (7) Increase funding for the state need grant program to include
2 needy graduate students;

3 (8) Include teachers pursuing master's degrees for continuing
4 certification as eligible within the teachers conditional scholarship
5 program, and increase program funding accordingly; and

6 (9) For at least six years, continue funding the demonstration
7 program that permits some needy students in areas served by branch
8 campuses to receive a grant if they choose to attend an independent
9 college or university.

10 NEW SECTION. **Sec. 4.** In implementing the program, the board
11 shall follow the following standards, adjusting the income standard as
12 the state's median income changes:

13 Standard for Classifying Families by Income Levels

14	Income:	0-\$19,608	\$19,600-\$29,500	\$29,500-\$49,200
15	Definition:	Low income	Working poor	Middle income
16	Rationale:	Fifty percent	Fifty to	Seventy-five
17		of state	seventy-five	to one hundred
18		median	percent of	twenty-five
19		income	state median	percent of state
20				median income
21	Result:	Qualifies for	Full need analysis	Full need
22		simplified		analysis
23		means test		required*
24	Priority:	First priority	Second priority	Third priority
25		SNG target		
26		population		
27	Funding	Two-thirds	One-half	Two-thirds
28	Packaging	grants	grants	self-help
29	Philosophy:	One-third	One-half	One-third grants
30		self-help	self-help	

31 *Full need analysis required, but allows for exclusion of home equity
32 or business or farm net worth where state aid only is awarded. This

1 alternative calculation is precluded by federal law where federal need-
2 based student financial aid is awarded.

3 NEW SECTION. **Sec. 5.** The board may design and implement a
4 demonstration project to assist needy first generation college students
5 to obtain a baccalaureate degree. Through the program, first
6 generation college students, as defined by the board, who are needy
7 students as defined in RCW 28B.10.802(3), who attend an institution of
8 higher education as defined in RCW 28B.10.802(1), and who intend to
9 complete a baccalaureate degree within six years, may receive a
10 conditional scholarship of up to two thousand dollars per year, for a
11 maximum of five years. Grants awarded to any one student shall not
12 exceed a total of ten thousand dollars. Students who do not complete
13 a baccalaureate degree within six years incur an obligation to repay
14 the conditional scholarship, with interest, under the conditions in
15 section 6 of this act.

16 NEW SECTION. **Sec. 6.** (1) Participants in the first generation
17 college student conditional scholarship demonstration program incur an
18 obligation to repay the conditional scholarship, with interest, unless
19 they complete a baccalaureate degree within six years, under rules
20 adopted by the board.

21 (2) The terms of the repayment, including deferral of interest,
22 shall be consistent with the terms of the federal guaranteed loan
23 program.

24 (3) The period for repayment shall be ten years, with payments
25 accruing quarterly commencing nine months from the date the participant
26 discontinues the participant's course of study without completing a
27 degree, unless the participant has received a temporary waiver of the
28 six-year requirement under rules adopted by the board.

1 (4) The entire principal and interest of the scholarship are
2 forgiven if the participant completes a baccalaureate degree within six
3 years of receiving any funds under this program.

4 (5) The board is responsible for collection of repayments made
5 under this section and shall exercise due diligence in such collection,
6 maintaining all necessary records to ensure that maximum repayments are
7 made. Collection and servicing of repayments under this section shall
8 be pursued using the full extent of the law, including wage garnishment
9 if necessary, and shall be performed by entities approved for such
10 servicing by the Washington student loan guaranty association or its
11 successor agency. The board is responsible to forgive all or part of
12 the repayments under the criteria established in this section and shall
13 maintain all necessary records of forgiven payments.

14 (6) Receipts from the payment of principal or interest or any other
15 subsidies to which the board as administrator is entitled, that are
16 paid by or on behalf of participants under this section, shall be
17 deposited with the higher education coordinating board and shall be
18 used to cover the costs of granting the conditional scholarships,
19 maintaining necessary records, and making collections under subsection
20 (5) of this section. The board shall maintain accurate records of
21 these costs, and all receipts beyond those necessary to pay such costs
22 shall be used to grant conditional scholarships to eligible students.

23 **Sec. 7.** RCW 28B.15.065 and 1977 ex.s. c 322 s 6 are each amended
24 to read as follows:

25 It is the intent of the legislature that needy students not be
26 deprived of access to higher education due to increases in educational
27 costs or consequent increases in tuition and fees. It is the sense of
28 the legislature that state appropriations for student financial aid be
29 adjusted in an amount which together with funds estimated to be

1 available in the form of basic educational opportunity grants as
2 authorized under Section 411 of the federal Higher Education Act of
3 1965 as now or hereafter amended will equal (~~twenty-four~~) one hundred
4 percent of any change in revenue estimated to occur as a result of
5 revisions in tuition and fee levels under the provisions of this 1977
6 amendatory act.

7 **Sec. 8.** RCW 28B.102.020 and 1987 c 437 s 2 are each amended to
8 read as follows:

9 Unless the context clearly requires otherwise, the definitions in
10 this section apply throughout this chapter.

11 (1) "Conditional scholarship" means a loan that is forgiven in
12 whole or in part if the recipient renders service as a teacher in the
13 public schools of this state.

14 (2) "Institution of higher education" or "institution" means a
15 college or university in the state of Washington which is accredited by
16 an accrediting association recognized as such by rule of the higher
17 education coordinating board.

18 (3) "Board" means the higher education coordinating board.

19 (4) "Eligible student" means a student who is registered for at
20 least ten credit hours or the equivalent, demonstrates achievement of
21 at least a 3.30 grade point average for students entering an
22 institution of higher education directly from high school or maintains
23 at least a 3.00 grade point average or the equivalent for each academic
24 year in an institution of higher education, is a resident student as
25 defined by RCW 28B.15.012 through 28B.15.015, and has a declared
26 intention to complete an approved preparation program leading to
27 initial teacher certification or required for earning an additional
28 endorsement, or a college or university graduate who meets the same
29 credit hour requirements and is seeking an additional teaching

1 endorsement or initial teacher certification. "Eligible student" also
2 means a teacher seeking a master's degree if the degree is required for
3 continuing certification.

4 (5) "Public school" means an elementary school, a middle school,
5 junior high school, or high school within the public school system
6 referred to in Article IX of the state Constitution.

7 (6) "Forgiven" or "to forgive" or "forgiveness" means to render
8 service as a teacher at a public school in the state of Washington in
9 lieu of monetary repayment.

10 (7) "Satisfied" means paid-in-full.

11 (8) "Participant" means an eligible student who has received a
12 conditional scholarship under this chapter.

13 (9) "Targeted ethnic minority" means a group of Americans with a
14 common ethnic or racial heritage selected by the board for program
15 consideration due to societal concerns such as high dropout rates or
16 low rates of college participation by members of the group.

17 **Sec. 9.** RCW 28B.102.050 and 1987 c 437 s 5 are each amended to
18 read as follows:

19 The board may award conditional scholarships to eligible students
20 from the funds appropriated to the board for this purpose, or from any
21 private donations, or any other funds given to the board for this
22 program. The amount of the conditional scholarship awarded an
23 individual shall not exceed three thousand dollars per academic year.
24 Students are eligible to receive conditional scholarships for a maximum
25 of five years. The amount of the conditional scholarship awarded to
26 any eligible student pursuing a master's degree for continuing
27 certification shall not exceed: (1) The student's cost of tuition; (2)
28 twenty-five hundred dollars per year; and (3) a total of five thousand
29 dollars.

1 **Sec. 10.** RCW 28B.101.040 and 1990 c 288 s 6 are each amended to
2 read as follows:

3 Grants may be used by eligible participants to attend any public or
4 private college or university in the state of Washington that is
5 accredited by an accrediting association recognized as such by rule of
6 the higher education coordinating board and that has an existing unused
7 capacity. Grants shall not be used to attend any branch campus or
8 educational program established under chapter 28B.45 RCW. The
9 participant shall not be eligible for a grant if it will be used for
10 any programs that include religious worship, exercise, or instruction
11 or to pursue a degree in theology. Each participating student may
12 receive up to two thousand five hundred dollars per academic year, not
13 to exceed the student's demonstrated financial need for the course of
14 study.

15 NEW SECTION. **Sec. 11.** Sections 1 through 5 of this act shall
16 constitute a new chapter in Title 28B RCW.

17 NEW SECTION. **Sec. 12.** (1) The sum of forty-six million
18 dollars, or as much thereof as may be necessary, is appropriated for
19 the biennium ending June 30, 1993, from the general fund to the higher
20 education coordinating board for the state need grant program.

21 (2) The sum of eight million dollars, or as much thereof as may be
22 necessary, is appropriated for the biennium ending June 30, 1993, from
23 the general fund to the higher education coordinating board for the
24 state work study program.

25 (3) The sum of two million dollars, or as much thereof as may be
26 necessary, is appropriated for the biennium ending June 30, 1993, from
27 the general fund to the higher education coordinating board for the
28 future teachers conditional scholarship program.

1 (4) The sum of five hundred thousand dollars, or as much thereof as
2 may be necessary, is appropriated for the biennium ending June 30,
3 1993, from the general fund to the higher education coordinating board
4 for the first generation conditional scholarship program.

5 (5) The sum of one million two hundred fifty thousand dollars, or
6 as much thereof as may be necessary, is appropriated for the biennium
7 ending June 30, 1993, from the general fund to the higher education
8 coordinating board for endowed scholarship program matching funds.

9 (6) The funds appropriated in this section shall be used to pay for
10 the higher education coordinating board's costs in administering these
11 programs, including a fund-raising position to assist the board in
12 raising private moneys, both matching and otherwise for any program
13 administered by the board.