CERTIFICATION OF ENROLLMENT

ENGROSSED HOUSE BILL 1748

Chapter 385, Laws of 1993

53rd Legislature
1993 Regular Session

FINANCIAL AID FOR COLLEGE STUDENTS--REVISIONS

EFFECTIVE DATE: 7/25/93

Passed by the House April 24, 1993
Yeas 94 Nays 0

Passed by the Senate April 22, 1993
Yeas 41 Nays 1

I, Alan Thompson, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is ENGROSSED HOUSE BILL 1748 as passed by the House of Representatives and the Senate on the dates hereon set forth.

JOEL PRITCHARD
President of the Senate

ALAN THOMPSON
Chief Clerk

MIKE LOWRY
Governor of the State of Washington

SECRETARY OF STATE
State of Washington
AN ACT Relating to financial aid; and amending RCW 28B.15.820, 28B.101.040, and 28B.12.040.

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

Sec. 1. RCW 28B.15.820 and 1985 c 390 s 35 are each amended to read as follows:

(1) Each institution of higher education, except technical colleges, shall deposit two and one-half percent of revenues collected from tuition and services and activities fees in an institutional financial aid fund that is hereby created and which shall be held locally. Moneys in the fund shall be used only for the following purposes: (a) To make guaranteed long-term loans to eligible students as provided in subsections (3) through (8) of this section; (b) to make short-term loans as provided in subsection (9) of this section; or (c) to provide financial aid to needy students as provided in subsection (10) of this section.

(2) An "eligible student" for the purposes of subsections (3) through (8) and (10) of this section is a student registered for at least six credit hours or the equivalent, who is eligible for resident
tuition and fee rates as defined in RCW 28B.15.012 through 28B.15.013, and who is a "needy student" as defined in RCW 28B.10.802.

(3) The amount of the guaranteed long-term loans made under this section shall not exceed the demonstrated financial need of the student. Each institution shall establish loan terms and conditions which shall be consistent with the terms of the guaranteed loan program established by 20 U.S. Code Section 1071 et seq., as now or hereafter amended. All loans made shall be guaranteed by the Washington student loan guaranty association or its successor agency. Institutions are hereby granted full authority to operate as an eligible lender under the guaranteed loan program.

(4) Before approving a guaranteed long-term loan, each institution shall analyze the ability of the student to repay the loan based on factors which include, but are not limited to, the student’s accumulated total education loan burdens and the employment opportunities and average starting salary characteristics of the student’s chosen fields of study. The institution shall counsel the student on the advisability of acquiring additional debt, and on the availability of other forms of financial aid.

(5) Each institution is responsible for collection of guaranteed long-term loans made under this section and shall exercise due diligence in such collection, maintaining all necessary records to insure that maximum repayments are made. Institutions shall cooperate with other lenders and the Washington student loan guaranty association, or its successor agency, in the coordinated collection of guaranteed loans, and shall assure that the guarantability of the loans is not violated. Collection and servicing of guaranteed long-term loans under this section shall be performed by entities approved for such servicing by the Washington student loan guaranty association or its successor agency: PROVIDED, That institutions be permitted to perform such servicing if specifically recognized to do so by the Washington student loan guaranty association or its successor agency. Collection and servicing of guaranteed long-term loans made by community colleges under subsection (1) of this section shall be coordinated by the state board for community and technical colleges and shall be conducted under procedures adopted by the state board.
(6) Receipts from payment of interest or principal or any other subsidies to which institutions as lenders are entitled, (which) that are paid by or on behalf of borrowers of funds under subsections ((1)) (3) through (8) of this section, shall be deposited in each institution’s (general local) financial aid fund and shall be used to cover the costs of making the guaranteed long-term loans under ((subsection (1) of)) this section and maintaining necessary records and making collections under subsection (5) of this section: PROVIDED, That such costs shall not exceed five percent of aggregate outstanding loan (principal) principal. Institutions shall maintain accurate records of such costs, and all receipts beyond those necessary to pay such costs, shall be (used for the support of the institution’s operating budget) deposited in the institution’s financial aid fund.

(7) The governing boards (of regents) of the state universities, (the boards of trustees of) the regional universities, and The Evergreen State College, and the state board for community and technical colleges ((education)), on behalf of the community colleges, shall each adopt necessary rules and regulations to implement this section.

(8) ((Lending activities)) First priority for any guaranteed long-term loans made under this section shall be directed toward students who would not normally have access to educational loans from private financial institutions in Washington state, and maximum use shall be made of secondary markets in the support of loan consolidation.

(9) Short-term ((interim)) loans, not to exceed one ((hundred twenty days)) year, may be made from the institutional ((long-term loan)) financial aid fund to students ((eligible for guaranteed student loans and whose receipt of such loans is pending. Such short-term loans shall not be subject to the guarantee restrictions or the constraints of federal law imposed by subsection (3) of this section)) enrolled in the institution. No such loan shall be made to any student who is known by the institution to be in default or delinquent in the payment of any outstanding student loan. A short-term loan may be made only if the institution has ample evidence that the student has the capability of repaying the loan within the time frame specified by the institution for repayment.

(10) Any moneys deposited in the institutional ((long-term loan)) financial aid fund ((which)) that are not used in making ((long)) long-term or short-term loans ((or transferred to institutional operating...
budgets)) may be used by the institution for locally-administered financial aid programs for needy students, such as need-based institutional employment programs or need-based tuition and fee (waiver) scholarship or grant programs. These funds shall be used in addition to and not to replace institutional funds (which) that would otherwise support these locally-administered financial aid programs. Priority in the use of these funds shall be given to needy students who have accumulated excessive educational loan burdens. An excessive educational loan burden is a burden that will be difficult to repay given employment opportunities and average starting salaries in the student’s chosen fields of study.

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

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

Sec. 3. RCW 28B.12.040 and 1985 c 370 s 58 are each amended to read as follows:

The higher education coordinating board shall develop and administer the college work-study program and shall be authorized to enter into agreements with employers and eligible institutions for the operation of the program. These agreements shall include such provisions as the higher education coordinating board may deem necessary or appropriate to carry out the purposes of this chapter.

With the exception of off-campus community service placements, the share from ((funds)) moneys disbursed under the college work-study program of the compensation of students employed under such program in
accordance with such agreements shall not exceed eighty percent of the
total such compensation paid such students.

By rule, the board shall define community service placements and
may determine any salary matching requirements for any community
service employers.

Passed the House April 24, 1993.
Passed the Senate April 22, 1993.
Approved by the Governor May 15, 1993.
Filed in Office of Secretary of State May 15, 1993.