
SUBSTITUTE SENATE BILL 6507

State of Washington

54th Legislature

1996 Regular Session

By Senate Committee on Higher Education (originally sponsored by Senators Drew, Bauer, Wood, Loveland, Prince, Sheldon, Hale, McAuliffe, Snyder, Finkbeiner, Rinehart, West, Rasmussen, Winsley, Kohl and Goings)

Read first time 01/25/96.

1 AN ACT Relating to the Washington higher education loan program;
2 adding a new section to chapter 28B.80 RCW; creating a new section;
3 making an appropriation; and declaring an emergency.

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

5 NEW SECTION. **Sec. 1.** The legislature finds that the rising costs
6 of higher education and the lack of financial assistance for middle-
7 income families has created a crisis of access to the opportunities
8 that higher education provides. This crisis comes at a time when
9 federal support for financial assistance is flagging and demographic
10 trends are placing unprecedented demands on scarce state resources.
11 The legislature finds that the state's ongoing operating resources are
12 limited and that it is prudent to make a one-time investment of state
13 assets to capitalize a self-sustaining loan fund to supplement existing
14 state and federal financial assistance programs to aid middle-income
15 families.

16 NEW SECTION. **Sec. 2.** A new section is added to chapter 28B.80 RCW
17 to read as follows:

1 The higher education coordinating board shall administer the
2 Washington higher education loan program as established by this
3 section.

4 (1) To the extent that funds are available for this purpose, the
5 higher education loan program shall provide loans for higher education
6 purposes to students who are residents of the state and are attending
7 institutions of higher education located in the state of Washington.
8 Eligibility for the loans shall be limited to those students who are
9 eligible for, but are not receiving, need-based state financial aid
10 grants administered by the higher education coordinating board and
11 whose family income does not exceed one hundred twenty-five percent of
12 the state median family income.

13 (2) The higher education loan account is created in the custody of
14 the state treasurer. All moneys appropriated by the legislature or
15 received from other sources for the purpose of the higher education
16 loan program shall be deposited in the account. Expenditures from the
17 account may be used only for the purposes of the program and, with the
18 exception of expenses of the state investment board set forth in
19 subsection (3) of this section, may be authorized only by the executive
20 director of the board or the executive director's designee. The
21 account is subject to the allotment procedures under chapter 43.88 RCW,
22 but no appropriation is required for expenditures.

23 (3) The state investment board shall have the full power to invest,
24 reinvest, manage, contract, or sell or exchange investments of moneys
25 in the higher education loan account. In establishing investment
26 policy for the account the state investment board shall recognize the
27 intent to maximize the returns of this account, at a prudent level of
28 risk. All investment and operating costs associated with the
29 investment of the moneys shall be paid pursuant to RCW 43.33A.160 and
30 43.84.160. With the exception of these expenses, the earnings from the
31 investment of the moneys shall be retained by the higher education loan
32 account.

33 (4) The higher education coordinating board may make direct loans
34 from the account or may provide loan guarantees to financial
35 institutions or other organizations providing higher education loans to
36 eligible students.

37 (5) To assist the higher education coordinating board in the
38 administration of the higher education loan program, the designation of
39 participating institutions of higher education, and the establishment

1 of eligibility criteria, loan terms, repayment schedules, and other
2 elements of the loan program, the chair of the board shall appoint an
3 advisory committee pursuant to RCW 28B.80.380. The advisory committee
4 shall include, but not be limited to, representatives of institutions
5 of higher education, students, and financial institutions.

6 (6) The board may receive gifts, grants, and endowments from public
7 or private sources, in trust or otherwise, for the use or benefit of
8 the higher education loan program.

9 (7) The higher education coordinating board may contract with
10 public or private organizations for the administration or
11 implementation of the higher education loan program.

12 (8) By December 1st of each year, the board shall submit to the
13 governor and the higher education and fiscal committees of the
14 legislature a report describing the fiscal status of the higher
15 education loan account, the volume of loans made under the program, and
16 a summary of current loan rates, terms, repayments, and defaults.

17 NEW SECTION. **Sec. 3.** The sum of thirty million dollars, or as
18 much thereof as may be necessary, is appropriated for the biennium
19 ending June 30, 1997, from the general fund to the higher education
20 loan account for the purposes of section 2 of this act.

21 NEW SECTION. **Sec. 4.** This act is necessary for the immediate
22 preservation of the public peace, health, or safety, or support of the
23 state government and its existing public institutions, and shall take
24 effect immediately.

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