
SENATE BILL 6507

State of Washington

54th Legislature

1996 Regular Session

By Senators Drew, Bauer, Wood, Loveland, Prince, Sheldon, Hale, McAuliffe, Snyder, Finkbeiner, Rinehart, West, Rasmussen, Winsley, Kohl and Goings

Read first time 01/16/96. Referred to Committee on Higher Education.

1 AN ACT Relating to the Washington higher education loan program;
2 reenacting and amending RCW 43.79A.040; adding a new section to chapter
3 28B.80 RCW; creating a new section; making an appropriation; and
4 declaring an emergency.

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

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

17 NEW SECTION. **Sec. 2.** A new section is added to chapter 28B.80 RCW
18 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 may be
18 authorized only by the executive director of the board or the executive
19 director's designee. The account is subject to the allotment
20 procedures under chapter 43.88 RCW, but no appropriation is required
21 for expenditures. Investment of moneys in the account shall be managed
22 by the state investment board pursuant to chapter 43.33A RCW. Interest
23 and other earnings of the account shall be retained by the account
24 pursuant to RCW 43.79A.040.

25 (3) The higher education coordinating board may make direct loans
26 from the account or may provide loan guarantees to financial
27 institutions or other organizations providing higher education loans to
28 eligible students.

29 (4) To assist the higher education coordinating board in the
30 administration of the higher education loan program, the designation of
31 participating institutions of higher education, and the establishment
32 of eligibility criteria, loan terms, repayment schedules, and other
33 elements of the loan program, the chair of the board shall appoint an
34 advisory committee pursuant to RCW 28B.80.380. The advisory committee
35 shall include, but not be limited to, representatives of institutions
36 of higher education, students, and financial institutions.

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

1 (6) The higher education coordinating board may contract with
2 public or private organizations for the administration or
3 implementation of the higher education loan program.

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

9 **Sec. 3.** RCW 43.79A.040 and 1995 c 394 s 2 and 1995 c 365 s 1 are
10 each reenacted and amended to read as follows:

11 (1) Money in the treasurer's trust fund may be deposited, invested
12 and reinvested by the state treasurer in accordance with RCW 43.84.080
13 in the same manner and to the same extent as if the money were in the
14 state treasury.

15 (2) All income received from investment of the treasurer's trust
16 fund shall be set aside in an account in the treasury trust fund to be
17 known as the investment income account.

18 (3) The investment income account may be utilized for the payment
19 of purchased banking services on behalf of treasurer's trust funds
20 including, but not limited to, depository, safekeeping, and
21 disbursement functions for the state treasurer or affected state
22 agencies. The investment income account is subject in all respects to
23 chapter 43.88 RCW, but no appropriation is required for payments to
24 financial institutions. Payments shall occur prior to distribution of
25 earnings set forth in subsection (4) of this section.

26 (4)(a) Monthly, the state treasurer shall distribute the earnings
27 credited to the investment income account to the state general fund
28 except under (b) and (c) of this subsection.

29 (b) The following accounts and funds shall receive their
30 proportionate share of earnings based upon each account's or fund's
31 average daily balance for the period: The agricultural local fund, the
32 American Indian scholarship endowment fund, the energy account, the
33 fair fund, the game farm alternative account, the grain inspection
34 revolving fund, the higher education loan account, the rural
35 rehabilitation account, and the self-insurance revolving fund.
36 However, the earnings to be distributed shall first be reduced by the
37 allocation to the state treasurer's service fund pursuant to RCW
38 43.08.190.

1 (c) The following accounts and funds shall receive eighty percent
2 of their proportionate share of earnings based upon each account's or
3 fund's average daily balance for the period: The advanced right of way
4 revolving fund, the federal narcotics asset forfeitures account, the
5 high occupancy vehicle account, and the local rail service assistance
6 account.

7 (5) In conformance with Article II, section 37 of the state
8 Constitution, no trust accounts or funds shall be allocated earnings
9 without the specific affirmative directive of this section.

10 NEW SECTION. **Sec. 4.** The sum of thirty million dollars, or as
11 much thereof as may be necessary, is appropriated for the biennium
12 ending June 30, 1997, from the general fund to the higher education
13 loan account for the purposes of section 2 of this act.

14 NEW SECTION. **Sec. 5.** This act is necessary for the immediate
15 preservation of the public peace, health, or safety, or support of the
16 state government and its existing public institutions, and shall take
17 effect immediately.

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