

CERTIFICATION OF ENROLLMENT

**ENGROSSED SUBSTITUTE HOUSE BILL 1179**

Chapter 404, Laws of 2007

60th Legislature  
2007 Regular Session

STATE NEED GRANTS--POSTSECONDARY INSTITUTIONS

EFFECTIVE DATE: 07/22/07

Passed by the House April 19, 2007  
Yeas 97 Nays 1

FRANK CHOPP

**Speaker of the House of Representatives**

Passed by the Senate April 19, 2007  
Yeas 48 Nays 0

BRAD OWEN

**President of the Senate**

Approved May 9, 2007, 10:07 a.m.

CHRISTINE GREGOIRE

**Governor of the State of Washington**

CERTIFICATE

I, Richard Nafziger, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **ENGROSSED SUBSTITUTE HOUSE BILL 1179** as passed by the House of Representatives and the Senate on the dates hereon set forth.

RICHARD NAFZIGER

**Chief Clerk**

FILED

May 11, 2007

**Secretary of State  
State of Washington**

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**ENGROSSED SUBSTITUTE HOUSE BILL 1179**

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AS AMENDED BY THE SENATE

Passed Legislature - 2007 Regular Session

**State of Washington                      60th Legislature                      2007 Regular Session**

**By** House Committee on Appropriations (originally sponsored by Representatives Hasegawa, Jarrett, Sells, Roberts, Anderson, Green, Sommers, Kenney, Wallace, Buri, Appleton, Hudgins, Kagi, Ormsby, McDonald, Conway, Wood, Santos, Schual-Berke, Simpson, Lantz, Haigh and Morrell)

READ FIRST TIME 2/28/07.

1            AN ACT Relating to allowing students attending a postsecondary  
2 institution on a less than half-time basis to qualify for a state need  
3 grant; amending RCW 28B.92.080, 28B.92.060, and 28B.15.820; adding a  
4 new section to chapter 28B.92 RCW; and creating a new section.

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

6            **Sec. 1.** RCW 28B.92.080 and 2004 c 275 s 39 are each amended to  
7 read as follows:

8            For a student to be eligible for a state need grant a student must:

9            (1) Be a "needy student" or "disadvantaged student" as determined  
10 by the board in accordance with RCW 28B.92.030 (3) and (4).

11            (2) Have been domiciled within the state of Washington for at least  
12 one year.

13            (3) Be enrolled or accepted for enrollment on at least a half-time  
14 basis at an institution of higher education in Washington as defined in  
15 RCW 28B.92.030(1).

16            (4) Until June 30, 2011, to the extent funds are specifically  
17 appropriated for this purpose, and subject to any terms and conditions  
18 specified in the omnibus appropriations act, be enrolled or accepted

1 for enrollment for at least three quarter credits or the equivalent  
2 semester credits at an institution of higher education in Washington as  
3 defined in RCW 28B.92.030(1).

4 (5) Have complied with all the rules and regulations adopted by the  
5 board for the administration of this chapter.

6 **Sec. 2.** RCW 28B.92.060 and 2005 c 93 s 3 are each amended to read  
7 as follows:

8 In awarding need grants, the board shall proceed substantially as  
9 follows: PROVIDED, That nothing contained herein shall be construed to  
10 prevent the board, in the exercise of its sound discretion, from  
11 following another procedure when the best interest of the program so  
12 dictates:

13 (1) The board shall annually select the financial aid award  
14 recipients from among Washington residents applying for student  
15 financial aid who have been ranked according to:

16 (a) Financial need as determined by the amount of the family  
17 contribution; and

18 (b) Other considerations, such as whether the student is a former  
19 foster youth.

20 (2) The financial need of the highest ranked students shall be met  
21 by grants depending upon the evaluation of financial need until the  
22 total allocation has been disbursed. Funds from grants which are  
23 declined, forfeited or otherwise unused shall be reawarded until  
24 disbursed, except that eligible former foster youth shall be assured  
25 receipt of a grant.

26 (3) A student shall be eligible to receive a state need grant for  
27 up to five years, or the credit or clock hour equivalent of five years,  
28 or up to one hundred twenty-five percent of the published length of  
29 time of the student's program. A student may not start a new associate  
30 degree program as a state need grant recipient until at least five  
31 years have elapsed since earning an associate degree as a need grant  
32 recipient, except that a student may earn two associate degrees  
33 concurrently. Qualifications for renewal will include maintaining  
34 satisfactory academic progress toward completion of an eligible program  
35 as determined by the board. Should the recipient terminate his or her  
36 enrollment for any reason during the academic year, the unused portion

1 of the grant shall be returned to the state educational grant fund by  
2 the institution according to the institution's own policy for issuing  
3 refunds, except as provided in RCW 28B.92.070.

4 (4) In computing financial need, the board shall determine a  
5 maximum student expense budget allowance, not to exceed an amount equal  
6 to the total maximum student expense budget at the public institutions  
7 plus the current average state appropriation per student for operating  
8 expense in the public institutions. Any child support payments  
9 received by students who are parents attending less than half-time  
10 shall not be used in computing financial need.

11 (5)(a) A student who is enrolled in three to six credit-bearing  
12 quarter credits, or the equivalent semester credits, may receive a  
13 grant for up to one academic year before beginning a program that leads  
14 to a degree or certificate.

15 (b) An eligible student enrolled on a less-than-full-time basis  
16 shall receive a prorated portion of his or her state need grant for any  
17 academic period in which he or she is enrolled on a less-than-full-time  
18 basis, as long as funds are available.

19 (c) An institution of higher education may award a state need grant  
20 to an eligible student enrolled in three to six credit-bearing quarter  
21 credits, or the semester equivalent, on a provisional basis if:

22 (i) The student has not previously received a state need grant from  
23 that institution;

24 (ii) The student completes the required free application for  
25 federal student aid;

26 (iii) The institution has reviewed the student's financial  
27 condition, and the financial condition of the student's family if the  
28 student is a dependent student, and has determined that the student is  
29 likely eligible for a state need grant; and

30 (iv) The student has signed a document attesting to the fact that  
31 the financial information provided on the free application for federal  
32 student aid and any additional financial information provided directly  
33 to the institution is accurate and complete, and that the student  
34 agrees to repay the institution for the grant amount if the student  
35 submitted false or incomplete information.

36 (6) As used in this section, "former foster youth" means a person  
37 who is at least eighteen years of age, but not more than twenty-four

1 years of age, who was a dependent of the department of social and  
2 health services at the time he or she attained the age of eighteen.

3 NEW SECTION. **Sec. 3.** A new section is added to chapter 28B.92 RCW  
4 to read as follows:

5 Institutions of higher education are encouraged to review their  
6 policies and procedures regarding financial aid for students taking a  
7 less-than-half-time course load, and to implement policies and  
8 procedures providing students taking a less-than-half-time course load  
9 with the same access to institutional aid, including tuition waivers,  
10 as provided to students enrolled half time or more.

11 **Sec. 4.** RCW 28B.15.820 and 2004 c 275 s 66 are each amended to  
12 read as follows:

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

23 (2) An "eligible student" for the purposes of subsections (3)  
24 through (8) and (10) of this section is a student registered for at  
25 least (~~six~~) three credit hours or the equivalent, who is eligible for  
26 resident tuition and fee rates as defined in RCW 28B.15.012 and  
27 28B.15.013, and who is a "needy student" as defined in RCW 28B.92.030.

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

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

9 (5) Each institution is responsible for collection of guaranteed  
10 long-term loans made under this section and shall exercise due  
11 diligence in such collection, maintaining all necessary records to  
12 insure that maximum repayments are made. Institutions shall cooperate  
13 with other lenders and the Washington student loan guaranty  
14 association, or its successor agency, in the coordinated collection of  
15 guaranteed loans, and shall assure that the guarantability of the loans  
16 is not violated. Collection and servicing of guaranteed long-term  
17 loans under this section shall be performed by entities approved for  
18 such servicing by the Washington student loan guaranty association or  
19 its successor agency: PROVIDED, That institutions be permitted to  
20 perform such servicing if specifically recognized to do so by the  
21 Washington student loan guaranty association or its successor agency.  
22 Collection and servicing of guaranteed long-term loans made by  
23 community colleges under subsection (1) of this section shall be  
24 coordinated by the state board for community and technical colleges and  
25 shall be conducted under procedures adopted by the state board.

26 (6) Receipts from payment of interest or principal or any other  
27 subsidies to which institutions as lenders are entitled, that are paid  
28 by or on behalf of borrowers of funds under subsections (3) through (8)  
29 of this section, shall be deposited in each institution's financial aid  
30 fund and shall be used to cover the costs of making the guaranteed  
31 long-term loans under this section and maintaining necessary records  
32 and making collections under subsection (5) of this section: PROVIDED,  
33 That such costs shall not exceed five percent of aggregate outstanding  
34 loan principal. Institutions shall maintain accurate records of such  
35 costs, and all receipts beyond those necessary to pay such costs, shall  
36 be deposited in the institution's financial aid fund.

37 (7) The governing boards of the state universities, the regional  
38 universities, and The Evergreen State College, and the state board for

1 community and technical colleges, on behalf of the community colleges  
2 and technical colleges, shall each adopt necessary rules and  
3 regulations to implement this section.

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

9 (9) Short-term loans, not to exceed one year, may be made from the  
10 institutional financial aid fund to students enrolled in the  
11 institution. No such loan shall be made to any student who is known by  
12 the institution to be in default or delinquent in the payment of any  
13 outstanding student loan. A short-term loan may be made only if the  
14 institution has ample evidence that the student has the capability of  
15 repaying the loan within the time frame specified by the institution  
16 for repayment.

17 (10) Any moneys deposited in the institutional financial aid fund  
18 that are not used in making long-term or short-term loans may be used  
19 by the institution for locally-administered financial aid programs for  
20 needy students, such as need-based institutional employment programs or  
21 need-based tuition and fee scholarship or grant programs. These funds  
22 shall be used in addition to and not to replace institutional funds  
23 that would otherwise support these locally-administered financial aid  
24 programs. First priority in the use of these funds shall be given to  
25 needy students who have accumulated excessive educational loan burdens.  
26 An excessive educational loan burden is a burden that will be difficult  
27 to repay given employment opportunities and average starting salaries  
28 in the student's chosen fields of study. Second priority in the use of  
29 these funds shall be given to needy single parents, to assist these  
30 students with their educational expenses, including expenses associated  
31 with child care and transportation.

32 NEW SECTION. **Sec. 5.** If specific funding for the purposes of this  
33 act, referencing this act by bill or chapter number, is not provided by  
34 June 30, 2007, in the omnibus appropriations act, this act is null and  
35 void.

Passed by the House April 19, 2007.

Passed by the Senate April 19, 2007.

Approved by the Governor May 9, 2007.

Filed in Office of Secretary of State May 11, 2007.