

ESHB 1179 - S COMM AMD
By Committee on Ways & Means

ADOPTED 04/19/2007

1 Strike everything after the enacting clause and insert the
2 following:

3 "Sec. 1. RCW 28B.92.080 and 2004 c 275 s 39 are each amended to
4 read as follows:

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

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

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

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

13 (4) Until June 30, 2011, to the extent funds are specifically
14 appropriated for this purpose, and subject to any terms and conditions
15 specified in the omnibus appropriations act, be enrolled or accepted
16 for enrollment for at least three quarter credits or the equivalent
17 semester credits at an institution of higher education in Washington as
18 defined in RCW 28B.92.030(1).

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

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

23 In awarding need grants, the board shall proceed substantially as
24 follows: PROVIDED, That nothing contained herein shall be construed to
25 prevent the board, in the exercise of its sound discretion, from
26 following another procedure when the best interest of the program so
27 dictates:

28 (1) The board shall annually select the financial aid award

1 recipients from among Washington residents applying for student
2 financial aid who have been ranked according to:

3 (a) Financial need as determined by the amount of the family
4 contribution; and

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

7 (2) The financial need of the highest ranked students shall be met
8 by grants depending upon the evaluation of financial need until the
9 total allocation has been disbursed. Funds from grants which are
10 declined, forfeited or otherwise unused shall be reawarded until
11 disbursed, except that eligible former foster youth shall be assured
12 receipt of a grant.

13 (3) A student shall be eligible to receive a state need grant for
14 up to five years, or the credit or clock hour equivalent of five years,
15 or up to one hundred twenty-five percent of the published length of
16 time of the student's program. A student may not start a new associate
17 degree program as a state need grant recipient until at least five
18 years have elapsed since earning an associate degree as a need grant
19 recipient, except that a student may earn two associate degrees
20 concurrently. Qualifications for renewal will include maintaining
21 satisfactory academic progress toward completion of an eligible program
22 as determined by the board. Should the recipient terminate his or her
23 enrollment for any reason during the academic year, the unused portion
24 of the grant shall be returned to the state educational grant fund by
25 the institution according to the institution's own policy for issuing
26 refunds, except as provided in RCW 28B.92.070.

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

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

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

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

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

10 (ii) The student completes the required free application for
11 federal student aid;

12 (iii) The institution has reviewed the student's financial
13 condition, and the financial condition of the student's family if the
14 student is a dependent student, and has determined that the student is
15 likely eligible for a state need grant; and

16 (iv) The student has signed a document attesting to the fact that
17 the financial information provided on the free application for federal
18 student aid and any additional financial information provided directly
19 to the institution is accurate and complete, and that the student
20 agrees to repay the institution for the grant amount if the student
21 submitted false or incomplete information.

22 (6) As used in this section, "former foster youth" means a person
23 who is at least eighteen years of age, but not more than twenty-four
24 years of age, who was a dependent of the department of social and
25 health services at the time he or she attained the age of eighteen.

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

28 Institutions of higher education are encouraged to review their
29 policies and procedures regarding financial aid for students taking a
30 less-than-half-time course load, and to implement policies and
31 procedures providing students taking a less-than-half-time course load
32 with the same access to institutional aid, including tuition waivers,
33 as provided to students enrolled half time or more.

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

36 (1) Each institution of higher education, including technical

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

10 (2) An "eligible student" for the purposes of subsections (3)
11 through (8) and (10) of this section is a student registered for at
12 least (~~six~~) three credit hours or the equivalent, who is eligible for
13 resident tuition and fee rates as defined in RCW 28B.15.012 and
14 28B.15.013, and who is a "needy student" as defined in RCW 28B.92.030.

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

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

32 (5) Each institution is responsible for collection of guaranteed
33 long-term loans made under this section and shall exercise due
34 diligence in such collection, maintaining all necessary records to
35 insure that maximum repayments are made. Institutions shall cooperate
36 with other lenders and the Washington student loan guaranty
37 association, or its successor agency, in the coordinated collection of
38 guaranteed loans, and shall assure that the guarantability of the loans

1 is not violated. Collection and servicing of guaranteed long-term
2 loans under this section shall be performed by entities approved for
3 such servicing by the Washington student loan guaranty association or
4 its successor agency: PROVIDED, That institutions be permitted to
5 perform such servicing if specifically recognized to do so by the
6 Washington student loan guaranty association or its successor agency.
7 Collection and servicing of guaranteed long-term loans made by
8 community colleges under subsection (1) of this section shall be
9 coordinated by the state board for community and technical colleges and
10 shall be conducted under procedures adopted by the state board.

11 (6) Receipts from payment of interest or principal or any other
12 subsidies to which institutions as lenders are entitled, that are paid
13 by or on behalf of borrowers of funds under subsections (3) through (8)
14 of this section, shall be deposited in each institution's financial aid
15 fund and shall be used to cover the costs of making the guaranteed
16 long-term loans under this section and maintaining necessary records
17 and making collections under subsection (5) of this section: PROVIDED,
18 That such costs shall not exceed five percent of aggregate outstanding
19 loan principal. Institutions shall maintain accurate records of such
20 costs, and all receipts beyond those necessary to pay such costs, shall
21 be deposited in the institution's financial aid fund.

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

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

32 (9) Short-term loans, not to exceed one year, may be made from the
33 institutional financial aid fund to students enrolled in the
34 institution. No such loan shall be made to any student who is known by
35 the institution to be in default or delinquent in the payment of any
36 outstanding student loan. A short-term loan may be made only if the
37 institution has ample evidence that the student has the capability of

1 repaying the loan within the time frame specified by the institution
2 for repayment.

3 (10) Any moneys deposited in the institutional financial aid fund
4 that are not used in making long-term or short-term loans may be used
5 by the institution for locally-administered financial aid programs for
6 needy students, such as need-based institutional employment programs or
7 need-based tuition and fee scholarship or grant programs. These funds
8 shall be used in addition to and not to replace institutional funds
9 that would otherwise support these locally-administered financial aid
10 programs. First priority in the use of these funds shall be given to
11 needy students who have accumulated excessive educational loan burdens.
12 An excessive educational loan burden is a burden that will be difficult
13 to repay given employment opportunities and average starting salaries
14 in the student's chosen fields of study. Second priority in the use of
15 these funds shall be given to needy single parents, to assist these
16 students with their educational expenses, including expenses associated
17 with child care and transportation.

18 NEW SECTION. **Sec. 5.** If specific funding for the purposes of this
19 act, referencing this act by bill or chapter number, is not provided by
20 June 30, 2007, in the omnibus appropriations act, this act is null and
21 void."

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22 On page 1, line 3 of the title, after "grant;" strike the remainder
23 of the title and insert "amending RCW 28B.92.080, 28B.92.060, and
24 28B.15.820; adding a new section to chapter 28B.92 RCW; and creating a
25 new section."

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