

SENATE BILL REPORT

SJM 8025

AS REPORTED BY COMMITTEE ON HIGHER EDUCATION, FEBRUARY 4, 1992

Brief Description: Petitioning Congress to restructure the federal student loan program.

SPONSORS: Senators Saling, Metcalf, Stratton, Oke, Bauer, Sellar and Patterson

SENATE COMMITTEE ON HIGHER EDUCATION

Majority Report: Do pass.

Signed by Senators Saling, Chairman; Patterson, Vice Chairman; Bauer, Bluechel, Jesernig, Stratton, and von Reichbauer.

Staff: Jean Six (786-7423)

Hearing Dates: January 30, 1992; February 4, 1992

BACKGROUND:

As education beyond high school becomes a requirement for citizens who desire a place in the workforce of the future, the cost of higher education is rising beyond the affordable level for all but the wealthy or the most needy, who are eligible for financial aid programs.

Congress has been debating reauthorization of the Higher Education Act with possible changes to the federal financial aid programs.

SUMMARY:

The Washington Legislature recommends a program of federally guaranteed loans for all students regardless of income. Private money loaned by banks, but with a guarantee by the federal government, would provide access for many in middle America who need help to pay the burgeoning cost of higher education. The Washington Legislature also endorses a method whereby the Internal Revenue Service would collect loan repayments after graduation, or exit from school, by an increase in the rate of income tax paid until the loan is paid off.

Appropriation: none

Revenue: none

Fiscal Note: none requested

TESTIMONY FOR:

Financial aid, low-cost loans, should be made available to more students including middle income students. Providing for a method of repayment which may reduce default is commendable.

TESTIMONY AGAINST: None

TESTIFIED: Phoebe Hollenbeck, NW Educ. Loan Assoc.