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**ENGROSSED SUBSTITUTE HOUSE BILL 2027**

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**State of Washington**

**52nd Legislature**

**1991 Regular Session**

**By** House Committee on Higher Education (originally sponsored by Representatives Ballard, Jacobsen, Bowman, Vance, Tate, Brough, Paris, Ferguson, Casada, Chandler, Forner, Moyer, Fuhrman, Holland, Wynne, May, Mitchell, P. Johnson, Betrozoff and Miller).

Read first time March 4, 1991.

1       AN ACT Relating to higher education; amending RCW 28B.10.808,  
2 28B.15.600, 28B.102.060, 28B.104.060, 18.150.060, and 70.180.100;  
3 adding new sections to chapter 28B.10 RCW; adding a new section to  
4 chapter 28B.15 RCW; creating a new section; providing an expiration  
5 date; and declaring an emergency.

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

7       NEW SECTION. **Sec. 1.** A new section is added to chapter 28B.10 RCW  
8 to read as follows:

9       "Eligible student" means a student who (1) was enrolled in a  
10 Washington college, university, community college, or vocational-  
11 technical institute on or after August 2, 1990, and (2) is unable to  
12 complete the period of enrollment or academic term in which the student  
13 was enrolled because the student was deployed either in the Persian  
14 Gulf combat zone, as designated by the president of the United States  
15 by executive order, or in another location in support of the Persian

1 Gulf combat zone. An eligible student is required to verify his or her  
2 inability to complete an academic term through military service  
3 records, movement orders, or a certified letter signed by the student's  
4 installation personnel officer.

5 NEW SECTION. **Sec. 2.** A new section is added to chapter 28B.15 RCW  
6 to read as follows:

7 Institutions of higher education, as defined in RCW 28B.10.016, and  
8 state funded vocational-technical institutes shall provide eligible  
9 students as defined in section 1 of this act with two options. At the  
10 option of the eligible student, the institution shall either refund the  
11 total tuition and fees paid by the eligible student for the applicable  
12 academic term, or shall readmit the eligible student for one academic  
13 term under the following conditions:

14 (1) The eligible student shall be exempt from the payment of  
15 additional tuition and fees;

16 (2) No new course sections shall be created as a direct result of  
17 students receiving the waivers;

18 (3) Enrollment information on students receiving the waivers shall  
19 be maintained separately from other enrollment information and shall  
20 not be considered in any enrollment statistics that would affect  
21 budgetary determinations; and

22 (4) Institutions may apply to the legislature for a supplemental  
23 appropriation to cover the cost of serving any student who elects to  
24 exercise a reenrollment option under this section.

25 NEW SECTION. **Sec. 3.** A new section is added to chapter 28B.10 RCW  
26 to read as follows:

27 Under rules adopted by the board, the provisions of RCW 28B.10.808

28 (3) shall not apply to eligible students, as defined in section 1 of

1 this act, and eligible students shall not be required to repay the  
2 unused portions of grants received under the state student financial  
3 aid program.

4 **Sec. 4.** RCW 28B.10.808 and 1989 c 254 ú 4 are each amended to read  
5 as follows:

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

11 (1) The commission shall annually select the financial aid award  
12 winners from among Washington residents applying for student financial  
13 aid who have been ranked according to financial need as determined by  
14 the amount of the family contribution and other considerations brought  
15 to the commission's attention.

16 (2) The financial need of the highest ranked students shall be met  
17 by grants depending upon the evaluation of financial need until the  
18 total allocation has been disbursed. Funds from grants which are  
19 declined, forfeited or otherwise unused shall be reawarded until  
20 dispersed.

21 (3) A grant may be renewed until the course of study is completed,  
22 but not for more than an additional four academic years beyond the  
23 first year of the award. These shall not be required to be consecutive  
24 years. Qualifications for renewal will include maintaining  
25 satisfactory academic standing toward completion of the course of  
26 study, and continued eligibility as determined by the commission.  
27 Should the recipient terminate his or her enrollment for any reason  
28 during the academic year, the unused portion of the grant shall be  
29 returned to the state educational grant fund by the institution

1 according to the institution's own policy for issuing refunds, except  
2 as provided in section 3 of this act.

3 (4) In computing financial need the commission shall determine a  
4 maximum student expense budget allowance, not to exceed an amount equal  
5 to the total maximum student expense budget at the public institutions  
6 plus the current average state appropriation per student for operating  
7 expense in the public institutions.

8 **Sec. 5.** RCW 28B.15.600 and 1985 c 390 s 32 are each amended to  
9 read as follows:

10 The boards of regents of the state's universities and the boards of  
11 trustees of the regional universities and The Evergreen State College  
12 and community colleges may refund or cancel in full the tuition and  
13 services and activities fees if the student withdraws from a university  
14 or college course or program prior to the sixth day of instruction of  
15 the quarter or semester for which said fees have been paid or are due.  
16 If the student withdraws on or after the sixth day of instruction, said  
17 boards of regents and trustees may refund or cancel up to one-half of  
18 said fees, provided such withdrawal occurs within the first thirty  
19 calendar days following the beginning of instruction. The regents or  
20 trustees of the respective universities and colleges may adopt rules  
21 for the refund of tuition and fees for courses or programs that begin  
22 after the start of the regular quarter or semester. Said boards of  
23 regents and trustees may adopt rules to comply with section 2 of this  
24 act and may extend the refund or cancellation period for students who  
25 withdraw for medical reasons or who are called into the military  
26 service of the United States.

27 Said boards of regents and trustees may refund other fees pursuant  
28 to such rules as they may prescribe.

1       **Sec. 6.** RCW 28B.102.060 and 1987 c 437 s 6 are each amended to  
2 read as follows:

3       (1) Participants in the conditional scholarship program incur an  
4 obligation to repay the conditional scholarship, with interest, unless  
5 they teach for ten years in the public schools of the state of  
6 Washington, under rules adopted by the board.

7       (2) The terms of the repayment, including deferral of the interest,  
8 shall be consistent with the terms of the federal guaranteed loan  
9 program.

10       (3) The period for repayment shall be ten years, with payments  
11 accruing quarterly commencing nine months from the date the participant  
12 completes or discontinues the course of study.

13       (4) The entire principal and interest of each payment shall be  
14 forgiven for each payment period in which the participant teaches in a  
15 public school until the entire repayment obligation is satisfied or the  
16 borrower ceases to teach at a public school in this state. Should the  
17 participant cease to teach at a public school in this state before the  
18 participant's repayment obligation is completed, payments on the  
19 unsatisfied portion of the principal and interest shall begin the next  
20 payment period and continue until the remainder of the participant's  
21 repayment obligation is satisfied.

22       (5) The board is responsible for collection of repayments made  
23 under this section and shall exercise due diligence in such collection,  
24 maintaining all necessary records to insure that maximum repayments are  
25 made. Collection and servicing of repayments under this section shall  
26 be pursued using the full extent of the law, including wage garnishment  
27 if necessary, and shall be performed by entities approved for such  
28 servicing by the Washington student loan guaranty association or its  
29 successor agency. The board is responsible to forgive all or parts of

1 such repayments under the criteria established in this section and  
2 shall maintain all necessary records of forgiven payments.

3 (6) Receipts from the payment of principal or interest or any other  
4 subsidies to which the board as administrator is entitled, which are  
5 paid by or on behalf of participants under this section, shall be  
6 deposited with the higher education coordinating board and shall be  
7 used to cover the costs of granting the conditional scholarships,  
8 maintaining necessary records, and making collections under subsection  
9 (5) of this section. The board shall maintain accurate records of  
10 these costs, and all receipts beyond those necessary to pay such costs  
11 shall be used to grant conditional scholarships to eligible students.

12 (7) The board shall temporarily or, in special circumstances,  
13 permanently defer the requirements of this section for eligible  
14 students as defined in section 1 of this act.

15 **Sec. 7.** RCW 28B.104.060 and 1988 c 242 s 6 are each amended to  
16 read as follows:

17 (1) Participants in the conditional scholarship program incur an  
18 obligation to repay the conditional scholarship, with interest, unless  
19 they serve for five years in nurse shortage areas of the state of  
20 Washington. Nurse shortage areas may include geographical areas as a  
21 result of maldistribution, or specialty areas of nursing such as  
22 gerontology, critical care, or coronary care.

23 (2) The terms of the repayment, including deferral of the interest,  
24 shall be consistent with the terms of the federal guaranteed loan  
25 program.

26 (3) The period for repayment shall be five years, with payments  
27 accruing quarterly commencing nine months from the date the participant  
28 completes or discontinues the course of study.

1 (4) The entire principal and interest of each payment shall be  
2 forgiven for each payment period in which the participant serves in a  
3 nurse shortage area, as determined by the state health coordinating  
4 council, until the entire repayment obligation is satisfied or the  
5 borrower ceases to so serve. Should the participant cease to serve in  
6 this state before the participant's repayment obligation is completed,  
7 payments on the unsatisfied portion of the principal and interest shall  
8 begin the next payment period and continue until the remainder of the  
9 participant's repayment obligation is satisfied.

10 (5) The board is responsible for collection of repayments made  
11 under this section and shall exercise due diligence in such collection,  
12 maintaining all necessary records to ensure that maximum repayments are  
13 made. Collection and servicing of repayments under this section shall  
14 be pursued using the full extent of the law, including wage garnishment  
15 if necessary, and shall be performed by entities approved for such  
16 servicing by the Washington student loan guaranty association or its  
17 successor agency. The board is responsible to forgive all or parts of  
18 such repayments under the criteria established in this section and  
19 shall maintain all necessary records of forgiven payments.

20 (6) Receipts from the payment of principal or interest or any other  
21 subsidies to which the board as administrator is entitled, which are  
22 paid by or on behalf of participants under this section, shall be  
23 deposited with the higher education coordinating board and shall be  
24 used to cover the costs of granting the conditional scholarships,  
25 maintaining necessary records, and making collections under subsection  
26 (5) of this section. The board shall maintain accurate records of  
27 these costs, and all receipts beyond those necessary to pay such costs  
28 shall be used to grant conditional scholarships to eligible students.

1       (7) The board shall temporarily or, in special circumstances,  
2 permanently defer the requirements of this section for eligible  
3 students as defined in section 1 of this act.

4       **Sec. 8.** RCW 18.150.060 and 1989 1st ex.s. c 9 s 721 are each  
5 amended to read as follows:

6       Participants in the health professional loan repayment program  
7 shall receive payment from the program for the purpose of repaying  
8 educational loans secured while attending a program of health  
9 professional training which led to licensure as a licensed health  
10 professional in the state of Washington.

11       (1) Participants shall agree to serve at least three years in a  
12 designated health professional shortage area.

13       (2) In providing health care services the participant shall not  
14 discriminate against any person on the basis of the person's ability to  
15 pay for such services or because payment for the health care services  
16 provided to such persons will be made under the insurance program  
17 established under part A or B of Title XVIII of the federal social  
18 security act or under a state plan for medical assistance approved  
19 under Title XIX of the federal social security act and agrees to accept  
20 assignment under section 18.42(b)(3)(B)(ii) of such act for all  
21 services for which payment may be made under part B of Title XVIII and  
22 enters into an appropriate agreement with the department of social and  
23 health services for medical assistance under Title XIX to provide  
24 services to individuals entitled to medical assistance under the plan.  
25 Participants found by the board in violation of this section shall be  
26 declared ineligible for receiving assistance under the program  
27 authorized by this chapter.



1 (3) Repayment shall be limited to reasonable educational and living  
2 expenses as determined by the board and shall include principal and  
3 interest.

4 (4) Loans from both government and private sources may be repaid by  
5 the program. Participants shall agree to allow the board access to  
6 loan records and to acquire information from lenders necessary to  
7 verify eligibility and to determine payments. Loans may not be  
8 renegotiated with lenders to accelerate repayment.

9 (5) Repayment of loans established pursuant to this program shall  
10 begin no later than ninety days after the individual has become a  
11 participant. Payments shall be made quarterly, or more frequently if  
12 deemed appropriate by the board, to the participant until the loan is  
13 repaid or the participant becomes ineligible due to discontinued  
14 service in a health professional shortage area or after the fifth year  
15 of services when eligibility discontinues, whichever comes first.

16 (6) Should the participant discontinue service in a health  
17 professional shortage area payments against the loans of the  
18 participants shall cease to be effective on the date that the  
19 participant discontinues service.

20 (7) Except for circumstances beyond their control, participants who  
21 serve less than three years shall be obligated to repay to the program  
22 an amount equal to twice the total amount paid by the program on their  
23 behalf in addition to any payments on the unsatisfied portion of the  
24 principal and interest. The board shall determine the applicability of  
25 this subsection.

26 (8) The board is responsible for the collection of payments made on  
27 behalf of participants from the participants who discontinue service  
28 before their three-year obligation. The board shall exercise due  
29 diligence in such collection, maintaining all necessary records to  
30 ensure that the maximum amount of payment made on behalf of the

1 participant is recovered. Collection under this section shall be  
2 pursued using the full extent of the law, including wage garnishment if  
3 necessary.

4 (9) The board shall not be held responsible for any outstanding  
5 payments on principal and interest to any lenders once a participant's  
6 eligibility expires.

7 (10) The board shall temporarily or, in special circumstances,  
8 permanently defer the requirements of this section for eligible  
9 students as defined in section 1 of this act.

10 **Sec. 9.** RCW 70.180.100 and 1990 c 271 s 13 are each amended to  
11 read as follows:

12 (1) Participants in the program incur an obligation to repay the  
13 scholarship, with interest set by state law, unless they serve for five  
14 years in rural areas, pharmacist shortage areas, or midwife shortage  
15 areas of the state of Washington.

16 (2) The terms of the repayment, including deferral of the interest,  
17 shall be consistent with the terms of the federal guaranteed loan  
18 program.

19 (3) The period for repayment shall be three years, with payments  
20 accruing quarterly commencing nine months from the date the participant  
21 completes or discontinues the course of study or completes or  
22 discontinues the required residency.

23 (4) The entire principal and interest of each payment shall be  
24 forgiven for each payment period in which the participant serves in a  
25 rural area, pharmacist shortage area, or midwife shortage area until  
26 the entire repayment obligation is satisfied or the borrower ceases to  
27 so serve. Should the participant cease to serve in a rural area,  
28 pharmacist shortage area, or midwife shortage area of this state before  
29 the participant's repayment obligation is completed, payments on the

1 unsatisfied portion of the principal and interest shall begin the next  
2 payment period and continue until the remainder of the participant's  
3 repayment obligation is satisfied. Except for circumstances beyond  
4 their control, participants who serve less than five years shall be  
5 obliged to repay to the program an amount equal to twice the total  
6 amount paid by the program on their behalf in addition to the  
7 unsatisfied portion of principal and interest required by this section.

8 (5) The board is responsible for collection of repayments made  
9 under this section and shall exercise due diligence in such collection,  
10 maintaining all necessary records to ensure that maximum repayments are  
11 made. Collection and servicing of repayments under this section shall  
12 be pursued using the full extent of the law, including wage garnishment  
13 if necessary, and shall be performed by entities approved for such  
14 servicing by the Washington student loan guaranty association or its  
15 successor agency. The board is responsible to forgive all or parts of  
16 such repayments under the criteria established in this section and  
17 shall maintain all necessary records of forgiven payments.

18 (6) Receipts from the payment of principal or interest or any other  
19 subsidies to which the board as administrator is entitled, which are  
20 paid by or on behalf of participants under this section, shall be  
21 deposited with the board and shall be used to cover the costs of  
22 granting the scholarships, maintaining necessary records, and making  
23 collections under subsection (5) of this section. The board shall  
24 maintain accurate records of these costs, and all receipts beyond those  
25 necessary to pay such costs shall be used to grant scholarships to  
26 eligible students.

27 (7) Sponsoring communities who financially contribute to the  
28 eligible financial expenses of eligible medical students may enter into  
29 agreements with the student to require repayment should the student not  
30 serve the minimum of five years in the community as a primary care

1 physician. The board may develop criteria for the content of such  
2 agreements with respect to reasonable provisions and obligations  
3 between communities and eligible students.

4 (8) The board may make exceptions to the conditions for  
5 participation and repayment obligations should circumstances beyond the  
6 control of individual participants warrant such exceptions. The board  
7 shall temporarily or, in special circumstances, permanently defer the  
8 requirements of this section for eligible students as defined in  
9 section 1 of this act.

10 NEW SECTION. Sec. 10. Private vocational schools and private  
11 higher education institutions are encouraged to provide students  
12 deployed to the Persian Gulf with the choice of tuition refunds or one  
13 free term, as provided under sections 1 and 2 of this act for public  
14 higher education institutions.

15 NEW SECTION. Sec. 11. Section 2 of this act shall expire June  
16 30, 1995.

17 NEW SECTION. Sec. 12. This act is necessary for the immediate  
18 preservation of the public peace, health, or safety, or support of the  
19 state government and its existing public institutions, and shall take  
20 effect immediately.