

CERTIFICATION OF ENROLLMENT

**SUBSTITUTE HOUSE BILL 2294**

Chapter 107, Laws of 1996

54th Legislature  
1996 Regular Session

STATE EDUCATIONAL TRUST FUND

EFFECTIVE DATE: 6/6/96

Passed by the House February 9, 1996  
Yeas 96 Nays 0

CLYDE BALLARD  
**Speaker of the  
House of Representatives**

Passed by the Senate February 28, 1996  
Yeas 49 Nays 0

JOEL PRITCHARD  
**President of the Senate**

Approved March 15, 1996

MIKE LOWRY  
**Governor of the State of Washington**

CERTIFICATE

I, Timothy A. Martin, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **SUBSTITUTE HOUSE BILL 2294** as passed by the House of Representatives and the Senate on the dates hereon set forth.

TIMOTHY A. MARTIN  
**Chief Clerk**

FILED

March 15, 1996 - 3:38 p.m.

**Secretary of State  
State of Washington**

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**SUBSTITUTE HOUSE BILL 2294**

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Passed Legislature - 1996 Regular Session

**State of Washington                      54th Legislature                      1996 Regular Session**

**By** House Committee on Higher Education (originally sponsored by Representatives Delvin and Carlson; by request of Higher Education Coordinating Board)

Read first time 01/29/96.

1            AN ACT Relating to the state educational trust fund; and amending  
2 RCW 28B.10.821 and 28B.15.762.

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

4            **Sec. 1.** RCW 28B.10.821 and 1991 sp.s. c 13 s 12 are each amended  
5 to read as follows:

6            The state educational ((~~grant account~~)) trust fund is hereby  
7 established in the state treasury. The primary purpose of the trust is  
8 to pledge state-wide available college student assistance to needy or  
9 disadvantaged students, especially middle and high school youth,  
10 considered at-risk of dropping out of secondary education who  
11 participate in board-approved early awareness and outreach programs and  
12 who enter any accredited Washington institution of postsecondary  
13 education within two years of high school graduation.

14            The ((~~commission~~)) board shall deposit refunds and recoveries of  
15 student financial aid funds expended in prior biennia in such account.  
16 The board may also deposit moneys that have been contributed from other  
17 state, federal, or private sources.

18            Expenditures from ((~~such account~~)) the fund shall be for financial  
19 aid to needy or disadvantaged students. The board may annually expend

1 such sums from the fund as may be necessary to fulfill the purposes of  
2 this section, including not more than three percent for the costs to  
3 administer aid programs supported by the fund. All earnings of  
4 investments of balances in the state educational trust fund shall be  
5 credited to the trust fund. Expenditures from the fund shall not be  
6 subject to appropriation but are subject to allotment procedures under  
7 chapter 43.88 RCW.

8       **Sec. 2.** RCW 28B.15.762 and 1985 c 370 s 80 are each amended to  
9 read as follows:

10       (1) The board may make long-term loans to eligible students at  
11 institutions of higher education from the funds appropriated to the  
12 board for this purpose. The amount of any such loan shall not exceed  
13 the demonstrated financial need of the student or two thousand five  
14 hundred dollars for each academic year whichever is less, and the total  
15 amount of such loans to an eligible student shall not exceed ten  
16 thousand dollars. The interest rates and terms of deferral of such  
17 loans shall be consistent with the terms of the guaranteed loan program  
18 established by 20 U.S.C. Sec. 1701 et seq. The period for repaying the  
19 loan principal and interest shall be ten years with payments accruing  
20 quarterly commencing nine months from the date the borrower graduated.  
21 The entire principal and interest of each loan payment shall be  
22 forgiven for each payment period in which the borrower teaches science  
23 or mathematics in a public school in this state until the entire loan  
24 is satisfied or the borrower ceases to teach science or mathematics at  
25 a public school in this state. Should the borrower cease to teach  
26 science or mathematics at a public school in this state before the time  
27 in which the principal and interest on the loan are satisfied, payments  
28 on the unsatisfied portion of the principal and interest on the loan  
29 shall begin the next payment period and continue until the remainder of  
30 the loan is paid.

31       (2) The board is responsible for collection of loans made under  
32 subsection (1) of this section and shall exercise due diligence in such  
33 collection, maintaining all necessary records to insure that maximum  
34 repayments are made. Collection and servicing of loans under  
35 subsection (1) of this section shall be pursued using the full extent  
36 of the law, including wage garnishment if necessary, and shall be  
37 performed by entities approved for such servicing by the Washington  
38 student loan guaranty association or its successor agency. The board

1 is responsible to forgive all or parts of such loans under the criteria  
2 established in subsection (1) of this section and shall maintain all  
3 necessary records of forgiven payments.

4 (3) Receipts from the payment of principal or interest or any other  
5 subsidies to which the board as lender is entitled, which are paid by  
6 or on behalf of borrowers under subsection (1) of this section, shall  
7 be deposited with the higher education coordinating board and shall be  
8 used to cover the costs of making the loans under subsection (1) of  
9 this section, maintaining necessary records, and making collections  
10 under subsection (2) of this section. The board shall maintain  
11 accurate records of these costs, and all receipts beyond those  
12 necessary to pay such costs shall be used to make loans to eligible  
13 students.

14 (4) Any funds not used to make loans, or to cover the cost of  
15 making loans or making collections, shall be placed in the state  
16 educational trust fund for needy or disadvantaged students.

17 (5) The board shall adopt necessary rules to implement this  
18 section.

Passed the House February 9, 1996.

Passed the Senate February 28, 1996.

Approved by the Governor March 15, 1996.

Filed in Office of Secretary of State March 15, 1996.