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**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; adding a new section to chapter 28C.10 RCW; adding  
5 a new section to chapter 28B.85 RCW; providing an expiration date; and  
6 declaring an emergency.

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

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

10            "Eligible student" means a student who (1) was enrolled in a  
11 Washington college, university, community college, vocational-technical  
12 institute, degree-granting institution, or private vocational school on  
13 or after August 2, 1990, and (2) is unable to complete the period of  
14 enrollment or academic term in which the student was enrolled because  
15 the student was deployed either in the Persian Gulf combat zone, as

1 designated by the president of the United States by executive order, or  
2 in another location in support of the Persian Gulf combat zone. An  
3 eligible student is required to verify his or her inability to complete  
4 an academic term through military service records, movement orders, or  
5 a certified letter signed by the student's installation personnel  
6 officer.

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

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

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

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

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

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

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

1 (1) Private vocational schools licensed to operate in the state  
2 under rules adopted by the agency shall provide eligible students as  
3 defined in section 1 of this act with two options. At the option of  
4 the eligible student, the school shall either void any contract entered  
5 into by an eligible student and shall refund the unearned portion of  
6 tuition and fees by calculating the refund on a pro rata basis based  
7 upon attendance at time of termination, or, when the eligible student  
8 returns, the school shall permit the student to complete his or her  
9 contracted program at the cost originally stipulated in the student's  
10 enrollment contract.

11 (2) In the case of special circumstances, the agency may use the  
12 tuition recovery fund under RCW 28C.10.084 to refund all or part of an  
13 eligible student's tuition and fees.

14 (3) The agency shall adopt emergency rules to implement the  
15 requirements in this section.

16 NEW SECTION. **Sec. 4.** A new section is added to chapter 28B.85 RCW  
17 to read as follows:

18 (1) Degree-granting institutions authorized by the board to offer  
19 degrees in the state of Washington under rules adopted by the board  
20 shall provide eligible students as defined in section 1 of this act  
21 with two options. At the option of the eligible student, the  
22 institution shall either void any contract entered into by the eligible  
23 student and refund tuition and fees paid by the student for the  
24 applicable academic term, or, when the eligible student returns, shall  
25 permit the student to enroll for one academic term without paying  
26 additional tuition and fees over the amount originally agreed to for  
27 the academic term that the student was unable to complete.

28 (2) The board shall adopt emergency rules to implement the  
29 requirements of this section.

1        NEW SECTION.    **Sec. 5.** A new section is added to chapter 28B.10 RCW  
2 to read as follows:

3        Higher education institutions, as defined in RCW 28B.07.020(4),  
4 shall provide eligible students as defined in section 1 of this act  
5 with two options. At the option of the eligible student, the  
6 institution shall either void any contract entered into by the eligible  
7 student and refund tuition and fees paid by the student for the  
8 applicable academic term, or, when the eligible student returns, shall  
9 permit the student to enroll for one academic term without paying  
10 additional tuition and fees over the amount originally agreed to for  
11 the academic term that the student was unable to complete.

12        NEW SECTION.    **Sec. 6.** A new section is added to chapter 28B.10 RCW  
13 to read as follows:

14        Under rules adopted by the board, the provisions of RCW 28B.10.808  
15 (3) shall not apply to eligible students, as defined in section 1 of  
16 this act, and eligible students shall not be required to repay the  
17 unused portions of grants received under the state student financial  
18 aid program.

19        **Sec. 7.** RCW 28B.10.808 and 1989 c 254 ú 4 are each amended to read  
20 as follows:

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

26        (1) The commission shall annually select the financial aid award  
27 winners from among Washington residents applying for student financial  
28 aid who have been ranked according to financial need as determined by

1 the amount of the family contribution and other considerations brought  
2 to the commission's attention.

3 (2) The financial need of the highest ranked students shall be met  
4 by grants depending upon the evaluation of financial need until the  
5 total allocation has been disbursed. Funds from grants which are  
6 declined, forfeited or otherwise unused shall be reawarded until  
7 dispersed.

8 (3) A grant may be renewed until the course of study is completed,  
9 but not for more than an additional four academic years beyond the  
10 first year of the award. These shall not be required to be consecutive  
11 years. Qualifications for renewal will include maintaining  
12 satisfactory academic standing toward completion of the course of  
13 study, and continued eligibility as determined by the commission.  
14 Should the recipient terminate his or her enrollment for any reason  
15 during the academic year, the unused portion of the grant shall be  
16 returned to the state educational grant fund by the institution  
17 according to the institution's own policy for issuing refunds, except  
18 as provided in section 6 of this act.

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

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

26 The boards of regents of the state's universities and the boards of  
27 trustees of the regional universities and The Evergreen State College  
28 and community colleges may refund or cancel in full the tuition and  
29 services and activities fees if the student withdraws from a university

1 or college course or program prior to the sixth day of instruction of  
2 the quarter or semester for which said fees have been paid or are due.  
3 If the student withdraws on or after the sixth day of instruction, said  
4 boards of regents and trustees may refund or cancel up to one-half of  
5 said fees, provided such withdrawal occurs within the first thirty  
6 calendar days following the beginning of instruction. The regents or  
7 trustees of the respective universities and colleges may adopt rules  
8 for the refund of tuition and fees for courses or programs that begin  
9 after the start of the regular quarter or semester. Said boards of  
10 regents and trustees may adopt rules to comply with section 2 of this  
11 act and may extend the refund or cancellation period for students who  
12 withdraw for medical reasons or who are called into the military  
13 service of the United States.

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

16 **Sec. 9.** RCW 28B.102.060 and 1987 c 437 s 6 are each amended to  
17 read as follows:

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

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

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

28 (4) The entire principal and interest of each payment shall be  
29 forgiven for each payment period in which the participant teaches in a

1 public school until the entire repayment obligation is satisfied or the  
2 borrower ceases to teach at a public school in this state. Should the  
3 participant cease to teach at a public school in this state before the  
4 participant's repayment obligation is completed, payments on the  
5 unsatisfied portion of the principal and interest shall begin the next  
6 payment period and continue until the remainder of the participant's  
7 repayment obligation is satisfied.

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 insure 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 higher education coordinating board and shall be  
22 used to cover the costs of granting the conditional scholarships,  
23 maintaining necessary records, and making collections under subsection  
24 (5) of this section. The board shall maintain accurate records of  
25 these costs, and all receipts beyond those necessary to pay such costs  
26 shall be used to grant conditional scholarships to eligible students.

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

1       **Sec. 10.** RCW 28B.104.060 and 1988 c 242 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 serve for five years in nurse shortage areas of the state of  
6 Washington. Nurse shortage areas may include geographical areas as a  
7 result of maldistribution, or specialty areas of nursing such as  
8 gerontology, critical care, or coronary care.

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

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

15       (4) The entire principal and interest of each payment shall be  
16 forgiven for each payment period in which the participant serves in a  
17 nurse shortage area, as determined by the state health coordinating  
18 council, until the entire repayment obligation is satisfied or the  
19 borrower ceases to so serve. Should the participant cease to serve in  
20 this state before the participant's repayment obligation is completed,  
21 payments on the unsatisfied portion of the principal and interest shall  
22 begin the next payment period and continue until the remainder of the  
23 participant's repayment obligation is satisfied.

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

1 successor agency. The board is responsible to forgive all or parts of  
2 such repayments under the criteria established in this section and  
3 shall maintain all necessary records of forgiven payments.

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

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

16 **Sec. 11.** RCW 18.150.060 and 1989 1st ex.s. c 9 s 721 are each  
17 amended to read as follows:

18 Participants in the health professional loan repayment program  
19 shall receive payment from the program for the purpose of repaying  
20 educational loans secured while attending a program of health  
21 professional training which led to licensure as a licensed health  
22 professional in the state of Washington.

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

25 (2) In providing health care services the participant shall not  
26 discriminate against any person on the basis of the person's ability to  
27 pay for such services or because payment for the health care services  
28 provided to such persons will be made under the insurance program  
29 established under part A or B of Title XVIII of the federal social

1 security act or under a state plan for medical assistance approved  
2 under Title XIX of the federal social security act and agrees to accept  
3 assignment under section 18.42(b)(3)(B)(ii) of such act for all  
4 services for which payment may be made under part B of Title XVIII and  
5 enters into an appropriate agreement with the department of social and  
6 health services for medical assistance under Title XIX to provide  
7 services to individuals entitled to medical assistance under the plan.  
8 Participants found by the board in violation of this section shall be  
9 declared ineligible for receiving assistance under the program  
10 authorized by this chapter.

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

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

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

26 (6) Should the participant discontinue service in a health  
27 professional shortage area payments against the loans of the  
28 participants shall cease to be effective on the date that the  
29 participant discontinues service.

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

7 (8) The board is responsible for the collection of payments made on  
8 behalf of participants from the participants who discontinue service  
9 before their three-year obligation. The board shall exercise due  
10 diligence in such collection, maintaining all necessary records to  
11 ensure that the maximum amount of payment made on behalf of the  
12 participant is recovered. Collection under this section shall be  
13 pursued using the full extent of the law, including wage garnishment if  
14 necessary.

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

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

21 **Sec. 12.** RCW 70.180.100 and 1990 c 271 s 13 are each amended to  
22 read as follows:

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

27 (2) The terms of the repayment, including deferral of the interest,  
28 shall be consistent with the terms of the federal guaranteed loan  
29 program.

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

5           (4) The entire principal and interest of each payment shall be  
6 forgiven for each payment period in which the participant serves in a  
7 rural area, pharmacist shortage area, or midwife shortage area until  
8 the entire repayment obligation is satisfied or the borrower ceases to  
9 so serve. Should the participant cease to serve in a rural area,  
10 pharmacist shortage area, or midwife shortage area of this state before  
11 the participant's repayment obligation is completed, payments on the  
12 unsatisfied portion of the principal and interest shall begin the next  
13 payment period and continue until the remainder of the participant's  
14 repayment obligation is satisfied. Except for circumstances beyond  
15 their control, participants who serve less than five years shall be  
16 obliged to repay to the program an amount equal to twice the total  
17 amount paid by the program on their behalf in addition to the  
18 unsatisfied portion of principal and interest required by this section.

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

29           (6) Receipts from the payment of principal or interest or any other  
30 subsidies to which the board as administrator is entitled, which are

1 paid by or on behalf of participants under this section, shall be  
2 deposited with the board and shall be used to cover the costs of  
3 granting the scholarships, maintaining necessary records, and making  
4 collections under subsection (5) of this section. The board shall  
5 maintain accurate records of these costs, and all receipts beyond those  
6 necessary to pay such costs shall be used to grant scholarships to  
7 eligible students.

8 (7) Sponsoring communities who financially contribute to the  
9 eligible financial expenses of eligible medical students may enter into  
10 agreements with the student to require repayment should the student not  
11 serve the minimum of five years in the community as a primary care  
12 physician. The board may develop criteria for the content of such  
13 agreements with respect to reasonable provisions and obligations  
14 between communities and eligible students.

15 (8) The board may make exceptions to the conditions for  
16 participation and repayment obligations should circumstances beyond the  
17 control of individual participants warrant such exceptions. The board  
18 shall temporarily or, in special circumstances, permanently defer the  
19 requirements of this section for eligible students as defined in  
20 section 1 of this act.

21 NEW SECTION. Sec. 13. Sections 2 through 5 of this act shall  
22 expire June 30, 1995.

23 NEW SECTION. Sec. 14. This act is necessary for the immediate  
24 preservation of the public peace, health, or safety, or support of the  
25 state government and its existing public institutions, and shall take  
26 effect immediately.