

SENATE BILL 6175

State of Washington

54th Legislature

1996 Regular Session

By Senators Bauer and Kohl; by request of Higher Education Coordinating Board

Read first time 01/08/96. Referred to Committee on Higher Education.

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, not to exceed three
2 percent per year, to fulfill the purposes of this section including
3 costs to administer aid programs supported by the fund. All earnings
4 of 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.

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