

SENATE BILL REPORT

SB 5853

AS OF FEBRUARY 28, 1991

Brief Description: Providing loans rather than grants under the state financial aid program.

SPONSORS: Senators Stratton and Saling.

SENATE COMMITTEE ON HIGHER EDUCATION

Staff: Scott Huntley (786-7421)

Hearing Dates: March 4, 1991

BACKGROUND:

The state provided \$32 million in the 1989-91 biennium for the state need grant program and the educational opportunity grant program. It is argued that students who receive financial aid through these state programs should be required to pay back the moneys that the state is granting them to complete their education. It is maintained that the state financial aid program should provide loans instead of grants to needy students qualifying for financial aid.

SUMMARY:

The state need grant program and the educational opportunity grant program are replaced by the state educational loan program beginning July 1, 1993. The state educational loan program is established under the authority of the Higher Education Coordinating Board. All state appropriations for financial aid, other than those for the college work study program and special scholarship programs, are to be appropriated for the state educational loan program.

The loan program will provide guaranteed student loans to needy students under the same terms and conditions as the federal guaranteed student loan program. The Higher Education Coordinating Board is responsible for the collection and servicing of the loans. All receipts from the payment of principal or interest on the loans will be deposited in the state general fund.

The educational opportunity grant program will become the educational opportunity loan program, and be a subprogram of the state educational loan program.

Appropriation: none

Revenue: none

Fiscal Note: requested February 27, 1991

Effective Date: July 1, 1993