

2 EHB 1748 - CONF REPT  
3 By Conference Committee

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5 Strike everything after the enacting clause and insert the  
6 following:

7 "Sec. 1. RCW 28B.15.820 and 1985 c 390 s 35 are each amended to  
8 read as follows:

9 (1) Each institution of higher education, except technical  
10 colleges, shall deposit two and one-half percent of revenues collected  
11 from tuition and services and activities fees in an institutional  
12 ~~((long-term loan))~~ financial aid fund ~~((which))~~ that is hereby created  
13 and which shall be held locally. Moneys in ~~((such))~~ the fund shall be  
14 used only for the following purposes: (a) To make guaranteed long-term  
15 loans to eligible students ~~((except as provided for))~~ as provided in  
16 subsections (3) through (8) of this section; (b) to make short-term  
17 loans as provided in subsection (9) of this section; or (c) to provide  
18 financial aid to needy students as provided in subsection (10) of this  
19 section.

20 (2) An "eligible student" for the purposes of subsections (3)  
21 through (8) and (10) of this section is a student registered for at  
22 least six credit hours or the equivalent, who is eligible for resident  
23 tuition and fee rates as defined in RCW 28B.15.012 through  
24 ~~((28B.15.015))~~ 28B.15.013, and who is a "needy student" as defined in  
25 RCW 28B.10.802.

26 (3) The amount of the guaranteed long-term loans made under  
27 ~~((subsection (1) of))~~ this section shall not exceed the demonstrated  
28 financial need of the student. Each institution shall establish loan  
29 terms and conditions which shall be consistent with the terms of the  
30 guaranteed loan program established by 20 U.S. Code Section 1071 et  
31 seq., as now or hereafter amended. All loans made shall be guaranteed  
32 by the Washington student loan guaranty association or its successor  
33 agency. Institutions are hereby granted full authority to operate as  
34 an eligible lender under the guaranteed loan program.

35 (4) Before approving a guaranteed long-term loan, each institution  
36 shall analyze the ability of the student to repay the loan based on

1 factors which include, but are not limited to, the student's  
2 accumulated total education loan burdens and the employment  
3 opportunities and average starting salary characteristics of the  
4 student's chosen fields of study. The institution shall counsel the  
5 student on the advisability of acquiring additional debt, and on the  
6 availability of other forms of financial aid.

7 (5) Each institution is responsible for collection of guaranteed  
8 long-term loans made under (~~(subsection (1) of)~~) this section and shall  
9 exercise due diligence in such collection, maintaining all necessary  
10 records to insure that maximum repayments are made. Institutions shall  
11 cooperate with other lenders and the Washington student loan guaranty  
12 association, or its successor agency, in the coordinated collection of  
13 guaranteed loans, and shall assure that the guarantability of the loans  
14 is not violated. Collection and servicing of guaranteed long-term  
15 loans under (~~(subsection (1) of)~~) this section shall be performed by  
16 entities approved for such servicing by the Washington student loan  
17 guaranty association or its successor agency: PROVIDED, That  
18 institutions be permitted to perform such servicing if specifically  
19 recognized to do so by the Washington student loan guaranty association  
20 or its successor agency. Collection and servicing of guaranteed long-  
21 term loans made by community colleges under subsection (1) of this  
22 section shall be coordinated by the state board for community and  
23 technical colleges (~~(education)~~) and shall be conducted under  
24 procedures adopted by (~~(such)~~) the state board.

25 (6) Receipts from payment of interest or principal or any other  
26 subsidies to which institutions as lenders are entitled, (~~(which)~~) that  
27 are paid by or on behalf of borrowers of funds under subsections  
28 (~~((+1))~~) (3) through (8) of this section, shall be deposited in each  
29 institution's (~~(general local)~~) financial aid fund and shall be used to  
30 cover the costs of making the guaranteed long-term loans under  
31 (~~(subsection (1) of)~~) this section and maintaining necessary records  
32 and making collections under subsection (5) of this section: PROVIDED,  
33 That such costs shall not exceed five percent of aggregate outstanding  
34 loan (~~(principle)~~) principal. Institutions shall maintain accurate  
35 records of such costs, and all receipts beyond those necessary to pay  
36 such costs, shall be (~~(used for the support of the institution's~~  
37 ~~operating budget)~~) deposited in the institution's financial aid fund.

38 (7) The governing boards (~~(of regents)~~) of the state universities,  
39 (~~(the boards of trustees of)~~) the regional universities, and The

1 Evergreen State College, and the state board for community and  
2 technical colleges (~~(education)~~), on behalf of the community colleges,  
3 shall each adopt necessary rules and regulations to implement this  
4 section.

5 (8) (~~(Lending activities)~~) First priority for any guaranteed long-  
6 term loans made under this section shall be directed toward students  
7 who would not normally have access to educational loans from private  
8 financial institutions in Washington state, and maximum use shall be  
9 made of secondary markets in the support of loan consolidation.

10 (9) Short-term (~~(interim)~~) loans, not to exceed one (~~(hundred~~  
11 ~~twenty days)~~) year, may be made from the institutional (~~(long-term~~  
12 ~~loan)~~) financial aid fund to students (~~(eligible for guaranteed student~~  
13 ~~loans and whose receipt of such loans is pending.~~— Such short-term  
14 loans shall not be subject to the guarantee restrictions or the  
15 constraints of federal law imposed by subsection (3) of this section)  
16 enrolled in the institution. No such loan shall be made to any student  
17 who is known by the institution to be in default or delinquent in the  
18 payment of any outstanding student loan. A short-term loan may be made  
19 only if the institution has ample evidence that the student has the  
20 capability of repaying the loan within the time frame specified by the  
21 institution for repayment.

22 (10) Any moneys deposited in the institutional (~~(long-term loan)~~)  
23 financial aid fund (~~(which)~~) that are not used in making (~~(long)~~) long-  
24 term or short-term loans (~~(or transferred to institutional operating~~  
25 ~~budgets)~~) may be used by the institution for locally-administered  
26 financial aid programs for needy students, such as need-based  
27 institutional employment programs or need-based tuition and fee  
28 (~~(waiver)~~) scholarship or grant programs. These funds shall be used in  
29 addition to and not to replace institutional funds (~~(which)~~) that would  
30 otherwise support these locally-administered financial aid programs.  
31 Priority in the use of these funds shall be given to needy students who  
32 have accumulated excessive educational loan burdens. An excessive  
33 educational loan burden is a burden that will be difficult to repay  
34 given employment opportunities and average starting salaries in the  
35 student's chosen fields of study.

36 **Sec. 2.** RCW 28B.101.040 and 1990 c 288 s 6 are each amended to  
37 read as follows:

1 Grants may be used by eligible participants to attend any public or  
2 private college or university in the state of Washington that is  
3 accredited by an accrediting association recognized by rule of the  
4 higher education coordinating board and that has an existing unused  
5 capacity. Grants shall not be used to attend any branch campus or  
6 educational program established under chapter 28B.45 RCW. The  
7 participant shall not be eligible for a grant if it will be used for  
8 any programs that include religious worship, exercise, or instruction  
9 or to pursue a degree in theology. Each participating student may  
10 receive up to two thousand five hundred dollars per academic year, not  
11 to exceed the student's demonstrated financial need for the course of  
12 study.

13 **Sec. 3.** RCW 28B.12.040 and 1985 c 370 s 58 are each amended to  
14 read as follows:

15 The higher education coordinating board shall develop and  
16 administer the college work-study program and shall be authorized to  
17 enter into agreements with employers and eligible institutions for the  
18 operation of the program. These agreements shall include such  
19 provisions as the higher education coordinating board may deem  
20 necessary or appropriate to carry out the purposes of this chapter.

21 With the exception of off-campus community service placements, the  
22 share from ((funds)) moneys disbursed under the college work-study  
23 program of the compensation of students employed under such program in  
24 accordance with such agreements shall not exceed eighty percent of the  
25 total such compensation paid such students.

26 By rule, the board shall define community service placements and  
27 may determine any salary matching requirements for any community  
28 service employers."

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32 On page 1, line 1 of the title, after "aid;" strike the remainder  
33 of the title and insert "and amending RCW 28B.15.820, 28B.101.040, and  
34 28B.12.040."

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