

2 EHB 1748 - CONF REPT - H-2649.2
3 By Conference Committee

4 ADOPTED 4/22/93

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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