

FINAL BILL REPORT

EHB 1748

C 385 L 93
Synopsis as Enacted

Brief Description: Changing financial aid provisions.

By Representatives Shin, Quall, Wood, Jacobsen, Veloria,
Wineberry, Valle, Morris, Basich, Kessler, Orr, L. Johnson
and J. Kohl.

House Committee on Higher Education
Senate Committee on Higher Education

Background: By law, with one exception, each state college and university must deposit 2.5 percent of the money collected for tuition and services and activities fees into a local fund. The fund is called the institutional long-term loan fund. The fund was originally created in 1981 when attempts were contemplated nationally to scale back or eliminate the Guaranteed Student Loan Program. Technical colleges are not required to have a long-term loan fund.

The law permits institutions to act as lenders for the Guaranteed Student Loan Program. Each institution can use the money in the institutional long-term loan fund to make loans to students who cannot get educational loans from private financial institutions. In addition, money in the fund may be used to make short-term loans to students waiting to receive a guaranteed student loan. Short-term loans cannot exceed 120 days.

The institutions of higher education never acted as lenders. In 1983, the purpose of the fund was expanded to allow each college and university to use the money in the fund for financial aid for needy students.

In order to be eligible for any money from the fund, a student must be financially needy, must be taking six or more credit hours, and must be eligible to pay resident tuition and fee rates.

Summary: The institutional long-term loan fund is renamed the institutional financial aid fund. Money in the fund may be used for any of the following purposes: (1) to make guaranteed long-term loans to needy resident students; (2) to make short-term loans to any enrolled student who is not in default of a guaranteed student loan and who has a capacity to repay the loan; and (3) to provide financial aid

to needy resident students. Short-term loans may be made for a maximum of one year.

Students participating in the Educational Opportunity Grant Program must attend an institution that is accredited by an accrediting association recognized, by rule, by the Higher Education Coordinating Board.

The Higher Education Coordinating Board may determine any salary matching requirements for off-campus community service employers participating in the State Work Study Program. The board will define, by rule, community service placements.

Votes on Final Passage:

House	98	0	
Senate	43	0	(Senate amended)
House			(House refused to concur)

Conference Committee

Senate	44	1
House	94	0

Effective: July 25, 1993