

# HOUSE BILL REPORT

## EHB 1748

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As Passed Legislature

**Title:** An act relating to financial aid.

**Brief Description:** Changing financial aid provisions.

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

**Brief History:**

Reported by House Committee on:  
Higher Education, February 19, 1993, DPA;  
Passed House, March 9, 1993, 98-0;  
Amended by Senate;  
Conference Committee Report Adopted;  
Passed Legislature, April 24, 1993, 94-0.

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### HOUSE COMMITTEE ON HIGHER EDUCATION

**Majority Report:** Do pass as amended. Signed by 17 members: Representatives Jacobsen, Chair; Quall, Vice Chair; Brumsickle, Ranking Minority Member; Sheahan, Assistant Ranking Minority Member; Bray; Carlson; Casada; Finkbeiner; Flemming; Kessler; J. Kohl; Mielke; Ogden; Orr; Rayburn; Shin; and Wood.

**Staff:** Susan Hosch (786-7120).

**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 in that federal program. Each institution can use the money in the 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 were never required to undertake their role as lenders. Therefore, in 1983, the purpose of the fund was expanded. Each college and university may use the money in the fund for financial aid for needy students.

Under the law, 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 of Bill:** The institutional long term loan fund is renamed the institutional financial aid fund. Money in the fund may be used for any of three purposes. The purposes are: to make guaranteed long-term loans to needy resident students; 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 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. By rule, the board will define community service placements.

**Fiscal Note:** Not requested.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Testimony For:** The bill would allow three things not allowed under current law: (1) short-term loans could be made to any student in good standing; (2) the term of short-term loans is left to the discretion of the institution; and, (3) individual institutions could establish criteria for short-term loans according to the needs of those individual institutions.

**Testimony Against:** None.

**Witnesses:** (in favor) Gretchen Whippel, The Washington Student Lobby.