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HOUSE BILL 1587

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State of Washington

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By Representatives Ogden, Wood, J. Kohl, Jacobsen, Forner, Quall, Ludwig, Pruitt, Jones, Basich, King, Johanson, Thibaudeau, R. Meyers, Kessler, Bray, Dorn, Karahalios, Roland, Eide, Sheldon, Kremen, Finkbeiner, Voloria, Morris, Hansen, Leonard, Van Luven, H. Myers and L. Johnson

Read first time 02/03/93. Referred to Committee on Higher Education.

1 AN ACT Relating to higher education; amending RCW 28B.15.820;  
2 creating new sections; making an appropriation; providing an expiration  
3 date; and declaring an emergency.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 **Sec. 1.** RCW 28B.15.820 and 1985 c 390 s 35 are each amended to  
6 read as follows:

7 (1) Each institution of higher education shall deposit two and one-  
8 half percent of revenues collected from tuition and services and  
9 activities fees in an institutional long-term loan fund which is hereby  
10 created and which shall be held locally. Moneys in such fund shall be  
11 used to make guaranteed loans to eligible students except as provided  
12 for in subsection (10) of this section.

13 (2) An "eligible student" for the purposes of this section is a  
14 student registered for at least six credit hours or the equivalent, who  
15 is eligible for resident tuition and fee rates as defined in RCW  
16 28B.15.012 through 28B.15.015, and who is a "needy student" as defined  
17 in RCW 28B.10.802.

18 (3) The amount of the loans made under subsection (1) of this  
19 section shall not exceed the demonstrated financial need of the

1 student. Each institution shall establish loan terms and conditions  
2 which shall be consistent with the terms of the guaranteed loan program  
3 established by 20 U.S. Code Section 1071 et seq., as now or hereafter  
4 amended. All loans made shall be guaranteed by the Washington student  
5 loan guaranty association or its successor agency. Institutions are  
6 hereby granted full authority to operate as an eligible lender under  
7 the guaranteed loan program.

8 (4) Before approving a guaranteed loan, each institution shall  
9 analyze the ability of the student to repay the loan based on factors  
10 which include, but are not limited to, the student's accumulated total  
11 education loan burdens and the employment opportunities and average  
12 starting salary characteristics of the student's chosen fields of  
13 study. The institution shall counsel the student on the advisability of  
14 acquiring additional debt, and on the availability of other forms of  
15 financial aid.

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

33 (6) Receipts from payment of interest or principal or any other  
34 subsidies to which institutions as lenders are entitled, which are paid  
35 by or on behalf of borrowers of funds under subsection (1) of this  
36 section, shall be deposited in each institution's general local fund  
37 and shall be used to cover the costs of making the loans under  
38 subsection (1) of this section and maintaining necessary records and  
39 making collections under subsection (5) of this section: PROVIDED,

1 That such costs shall not exceed five percent of aggregate outstanding  
2 loan (~~(principle))~~ principal. Institutions shall maintain accurate  
3 records of such costs, and all receipts beyond those necessary to pay  
4 such costs, shall be used for the support of the institution's  
5 operating budget.

6 (7) The boards of regents of the state universities, the boards of  
7 trustees of the regional universities and The Evergreen State College,  
8 and the state board for community and technical colleges (~~(education)~~),  
9 on behalf of the community colleges, shall each adopt necessary rules  
10 and regulations to implement this section.

11 (8) Lending activities under this section shall be directed toward  
12 students who would not normally have access to educational loans from  
13 private financial institutions in Washington state, and maximum use  
14 shall be made of secondary markets in the support of loan  
15 consolidation.

16 (9) Short-term interim loans, not to exceed one hundred twenty  
17 days, may be made from the institutional long-term loan fund to  
18 students eligible for guaranteed student loans and whose receipt of  
19 such loans is pending. Such short-term loans shall not be subject to  
20 the guarantee restrictions or the constraints of federal law imposed by  
21 subsection (3) of this section. No such loan shall be made to any  
22 student who is known by the institution to be in default or delinquent  
23 in the payment of any outstanding student loan.

24 (10) Any moneys deposited in the institutional long-term loan fund  
25 which are not used in making long or short term loans or transferred to  
26 institutional operating budgets may be used by the institution for  
27 locally-administered financial aid programs for needy students, such as  
28 need-based institutional employment programs or need-based tuition and  
29 fee waiver programs. These funds shall be used in addition to and not  
30 to replace institutional funds which would otherwise support these  
31 locally-administered financial aid programs. First priority in the use  
32 of these funds shall be given to needy students who have accumulated  
33 excessive educational loan burdens. An excessive educational loan  
34 burden is a burden that will be difficult to repay given employment  
35 opportunities and average starting salaries in the student's chosen  
36 fields of study. Second priority in the use of these funds shall be  
37 given to needy single parents, including family independence program  
38 participants, to assist these students with their educational expenses,  
39 including expenses associated with child care and transportation.

1        NEW SECTION.    **Sec. 2.**    The higher education coordinating board  
2 shall administer a pilot program designed to help single parents obtain  
3 a higher education.    In administering the pilot program, the board  
4 shall have the following powers and duties:

- 5        (1) Select projects for funding through a competitive process;
- 6        (2) Appoint an advisory committee to assist the board in program  
7 design and project selection; and
- 8        (3) Disseminate the results of the projects to institutions of  
9 higher education.

10       NEW SECTION.    **Sec. 3.**    The higher education coordinating board  
11 shall select projects to be funded under the pilot program using  
12 criteria that shall include, but may not be limited to:

- 13       (1) The project should be a collaborative effort that has broad-  
14 based community support;
- 15       (2) The project should assist single parents by helping them meet  
16 at least three or more unmet needs in the following areas:    Child care,  
17 transportation, information related to education and career options,  
18 housing, emotional support, financial aid, and assistance in obtaining  
19 appropriate employment;
- 20       (3) Higher education institutions, as defined in RCW 28B.07.020,  
21 and institutions of higher education, as defined in RCW 28B.10.016, are  
22 eligible to participate;
- 23       (4) The project should include outreach and resource and referral  
24 services;
- 25       (5) The project should contain a research component, including  
26 tracking student progress and outcomes; and
- 27       (6) Priority shall be given to projects that:
  - 28        (a) Include at least one community college, at least one four-year  
29 institution, state and local governments, and community organizations;
  - 30        (b) Are innovative; and
  - 31        (c) Meet the most unmet needs in subsection (2) of this section.

32       NEW SECTION.    **Sec. 4.**    This act shall expire June 30, 2001.

33       NEW SECTION.    **Sec. 5.**    The sum of five hundred thousand dollars, or  
34 as much thereof as may be necessary, is appropriated from the general  
35 fund to the higher education coordinating board for the biennium ending  
36 June 30, 1995, to carry out the purposes of this act.

1        NEW SECTION.    **Sec. 6.**    This act is necessary for the immediate  
2 preservation of the public peace, health, or safety, or support of the  
3 state government and its existing public institutions, and shall take  
4 effect immediately.

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