

CERTIFICATION OF ENROLLMENT

ENGROSSED HOUSE BILL 1748

53rd Legislature
1993 Regular Session

Passed by the House April 24, 1993
Yeas 94 Nays 0

**Speaker of the
House of Representatives**

Passed by the Senate April 22, 1993
Yeas 41 Nays 1

President of the Senate

Approved

Governor of the State of Washington

CERTIFICATE

I, Alan Thompson, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **ENGROSSED HOUSE BILL 1748** as passed by the House of Representatives and the Senate on the dates hereon set forth.

Chief Clerk

FILED

**Secretary of State
State of Washington**

ENGROSSED HOUSE BILL 1748

AS RECOMMENDED BY THE CONFERENCE COMMITTEE

Passed Legislature - 1993 Regular Session

State of Washington 53rd Legislature 1993 Regular Session

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

Read first time 02/08/93. Referred to Committee on Higher Education.

1 AN ACT Relating to financial aid; and amending RCW 28B.15.820,
2 28B.101.040, and 28B.12.040.

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

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

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

17 (2) An "eligible student" for the purposes of subsections (3)
18 through (8) and (10) of this section is a student registered for at
19 least six credit hours or the equivalent, who is eligible for resident

1 tuition and fee rates as defined in RCW 28B.15.012 through
2 ((28B.15.015)) 28B.15.013, and who is a "needy student" as defined in
3 RCW 28B.10.802.

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

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

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

1 (6) Receipts from payment of interest or principal or any other
2 subsidies to which institutions as lenders are entitled, ~~((which))~~ that
3 are paid by or on behalf of borrowers of funds under subsections
4 ~~((+1))~~ (3) through (8) of this section, shall be deposited in each
5 institution's ~~((general local))~~ financial aid fund and shall be used to
6 cover the costs of making the guaranteed long-term loans under
7 ~~((subsection (1) of))~~ this section and maintaining necessary records
8 and making collections under subsection (5) of this section: PROVIDED,
9 That such costs shall not exceed five percent of aggregate outstanding
10 loan ~~((principle))~~ principal. Institutions shall maintain accurate
11 records of such costs, and all receipts beyond those necessary to pay
12 such costs, shall be ~~((used for the support of the institution's~~
13 ~~operating budget))~~ deposited in the institution's financial aid fund.

14 (7) The governing boards ~~((of regents))~~ of the state universities,
15 ~~((the boards of trustees of))~~ the regional universities, and The
16 Evergreen State College, and the state board for community and
17 technical colleges ~~((education))~~, on behalf of the community colleges,
18 shall each adopt necessary rules and regulations to implement this
19 section.

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

25 (9) Short-term ~~((interim))~~ loans, not to exceed one ~~((hundred~~
26 ~~twenty days))~~ year, may be made from the institutional ~~((long-term~~
27 ~~loan))~~ financial aid fund to students ~~((eligible for guaranteed student~~
28 ~~loans and whose receipt of such loans is pending. Such short-term~~
29 ~~loans shall not be subject to the guarantee restrictions or the~~
30 ~~constraints of federal law imposed by subsection (3) of this section))~~
31 enrolled in the institution. No such loan shall be made to any student
32 who is known by the institution to be in default or delinquent in the
33 payment of any outstanding student loan. A short-term loan may be made
34 only if the institution has ample evidence that the student has the
35 capability of repaying the loan within the time frame specified by the
36 institution for repayment.

37 (10) Any moneys deposited in the institutional ~~((long-term loan))~~
38 financial aid fund ~~((which))~~ that are not used in making ~~((long))~~ long-
39 term or short-term loans ~~((or transferred to institutional operating~~

1 budgets)) may be used by the institution for locally-administered
2 financial aid programs for needy students, such as need-based
3 institutional employment programs or need-based tuition and fee
4 ((waiver)) scholarship or grant programs. These funds shall be used in
5 addition to and not to replace institutional funds ((which)) that would
6 otherwise support these locally-administered financial aid programs.
7 Priority in the use of these funds shall be given to needy students who
8 have accumulated excessive educational loan burdens. An excessive
9 educational loan burden is a burden that will be difficult to repay
10 given employment opportunities and average starting salaries in the
11 student's chosen fields of study.

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

14 Grants may be used by eligible participants to attend any public or
15 private college or university in the state of Washington that is
16 accredited by an accrediting association recognized by rule of the
17 higher education coordinating board and that has an existing unused
18 capacity. Grants shall not be used to attend any branch campus or
19 educational program established under chapter 28B.45 RCW. The
20 participant shall not be eligible for a grant if it will be used for
21 any programs that include religious worship, exercise, or instruction
22 or to pursue a degree in theology. Each participating student may
23 receive up to two thousand five hundred dollars per academic year, not
24 to exceed the student's demonstrated financial need for the course of
25 study.

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

28 The higher education coordinating board shall develop and
29 administer the college work-study program and shall be authorized to
30 enter into agreements with employers and eligible institutions for the
31 operation of the program. These agreements shall include such
32 provisions as the higher education coordinating board may deem
33 necessary or appropriate to carry out the purposes of this chapter.

34 With the exception of off-campus community service placements, the
35 share from ((funds)) moneys disbursed under the college work-study
36 program of the compensation of students employed under such program in

1 accordance with such agreements shall not exceed eighty percent of the
2 total such compensation paid such students.

3 By rule, the board shall define community service placements and
4 may determine any salary matching requirements for any community
5 service employers.

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