
BILL REQUEST - CODE REVISER'S OFFICE

BILL REQ. #: H-5219.1/96

ATTY/TYPIST: SCG:rmh

BRIEF TITLE:

2 **SB 6175** - H COMM AMD
3 By Committee on Higher Education

4

5 Strike everything after the enacting clause and insert the
6 following:

7 "**Sec. 1.** RCW 28B.10.821 and 1991 sp.s. c 13 s 12 are each amended
8 to read as follows:

9 The state educational (~~(grant account)~~) trust fund is hereby
10 established in the state treasury. The primary purpose of the trust is
11 to pledge state-wide available college student assistance to needy or
12 disadvantaged students, especially middle school and high school youth,
13 considered at-risk of dropping out of secondary education who
14 participate in board-approved early awareness and outreach programs and
15 who enter any accredited Washington institution of postsecondary
16 education within two years of high school graduation.

17 The (~~commission~~) board shall deposit refunds and recoveries of
18 student financial aid funds expended in prior biennia in such account.
19 The board may also deposit moneys that have been contributed from other
20 state, federal, or private sources.

21 Expenditures from (~~such account~~) the fund shall be for financial
22 aid to needy or disadvantaged students. The board may annually expend
23 such sums from the fund as may be necessary to fulfill the purposes of
24 this section, including not more than three percent for the costs to
25 administer aid programs supported by the fund. All earnings of
26 investments of balances in the state educational trust fund shall be
27 credited to the trust fund. Expenditures from the fund shall not be
28 subject to appropriation but are subject to allotment procedures under
29 chapter 43.88 RCW.

30 **Sec. 2.** RCW 28B.15.762 and 1985 c 370 s 80 are each amended to
31 read as follows:

32 (1) The board may make long-term loans to eligible students at
33 institutions of higher education from the funds appropriated to the
34 board for this purpose. The amount of any such loan shall not exceed
35 the demonstrated financial need of the student or two thousand five

1 hundred dollars for each academic year whichever is less, and the total
2 amount of such loans to an eligible student shall not exceed ten
3 thousand dollars. The interest rates and terms of deferral of such
4 loans shall be consistent with the terms of the guaranteed loan program
5 established by 20 U.S.C. Sec. 1701 et seq. The period for repaying the
6 loan principal and interest shall be ten years with payments accruing
7 quarterly commencing nine months from the date the borrower graduated.
8 The entire principal and interest of each loan payment shall be
9 forgiven for each payment period in which the borrower teaches science
10 or mathematics in a public school in this state until the entire loan
11 is satisfied or the borrower ceases to teach science or mathematics at
12 a public school in this state. Should the borrower cease to teach
13 science or mathematics at a public school in this state before the time
14 in which the principal and interest on the loan are satisfied, payments
15 on the unsatisfied portion of the principal and interest on the loan
16 shall begin the next payment period and continue until the remainder of
17 the loan is paid.

18 (2) The board is responsible for collection of loans made under
19 subsection (1) of this section and shall exercise due diligence in such
20 collection, maintaining all necessary records to insure that maximum
21 repayments are made. Collection and servicing of loans under
22 subsection (1) of this section shall be pursued using the full extent
23 of the law, including wage garnishment if necessary, and shall be
24 performed by entities approved for such servicing by the Washington
25 student loan guaranty association or its successor agency. The board
26 is responsible to forgive all or parts of such loans under the criteria
27 established in subsection (1) of this section and shall maintain all
28 necessary records of forgiven payments.

29 (3) Receipts from the payment of principal or interest or any other
30 subsidies to which the board as lender is entitled, which are paid by
31 or on behalf of borrowers under subsection (1) of this section, shall
32 be deposited with the higher education coordinating board and shall be
33 used to cover the costs of making the loans under subsection (1) of
34 this section, maintaining necessary records, and making collections
35 under subsection (2) of this section. The board shall maintain
36 accurate records of these costs, and all receipts beyond those
37 necessary to pay such costs shall be used to make loans to eligible
38 students.

1 (4) Any funds not used to make loans, or to cover the cost of
2 making loans or making collections, shall be placed in the state
3 educational trust fund for needy or disadvantaged students.

4 (5) The board shall adopt necessary rules to implement this
5 section."

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9 On page 1, line 1 of the title, after "fund;" strike the remainder
10 of title and insert "and amending RCW 28B.10.821 and 28B.15.762."

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