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**SUBSTITUTE HOUSE BILL 1851**

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**State of Washington**

**55th Legislature**

**1997 Regular Session**

**By** House Committee on Higher Education (originally sponsored by Representatives Carlson, Radcliff, Mason, Kenney, Dunn, Talcott and Sullivan)

Read first time 02/28/97.

1 AN ACT Relating to financial aid; amending RCW 28B.10.800,  
2 28B.10.802, 28B.10.804, 28B.10.806, 28B.10.808, 28B.10.810, 28B.10.822,  
3 28B.101.010, 28B.101.020, and 28B.101.030; reenacting and amending RCW  
4 28B.101.040; adding a new section to chapter 28B.10 RCW; creating new  
5 sections; and making appropriations.

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

7 NEW SECTION. **Sec. 1.** A new section is added to chapter 28B.10 RCW  
8 to read as follows:

9 The legislature finds that state funded financial aid programs need  
10 to be restructured and better funded. The legislature also finds that:

11 (1) In most circumstances, need grant eligibility should not extend  
12 beyond four years plus one academic term or the credit or clock hour  
13 equivalent;

14 (2) In most circumstances, need grant eligibility should not extend  
15 beyond the published length of the program in which the student is  
16 enrolled plus one academic term;

17 (3) In most circumstances, need grant eligibility for lower  
18 division students should not extend beyond two years plus one academic  
19 term, or the credit or clock-hour equivalent;

1 (4) The higher education coordinating board should enhance its  
2 financial aid information outreach program. The board should make a  
3 special effort to provide information to the parents of students in  
4 middle school and junior high school;

5 (5) State financial aid programs should continue to adhere to the  
6 principle that funding follows resident students to their choice of  
7 institution of higher education; and

8 (6) The educational opportunity grant program should be expanded to  
9 include needy upper division students from any area of the state.

10 NEW SECTION. **Sec. 2.** In cooperation with students, student aid  
11 administrators, employers, public and independent institutions of  
12 higher education, private career schools and colleges, and other  
13 interested parties, the higher education coordinating board shall  
14 continue to evaluate and refine the thoughtful recommendations of its  
15 1995-96 financial aid task force. As part of its effort, for the  
16 purpose of determining need grant eligibility, the board shall consult  
17 experts to establish a method of evaluating family income that, as  
18 accurately as possible, reflects the student's and his or her family's  
19 ability to pay college expenses. When evaluating ability to pay, the  
20 higher education coordinating board shall take into account factors  
21 that include, but need not be limited to: All sources of gift aid,  
22 employment, income, and living assistance available to students and  
23 their families. The higher education coordinating board shall also  
24 consider several different methods for determining need grant amounts  
25 based on tuition and fees. The methods shall include, but need not be  
26 limited to: Tuition and fees at public colleges and universities; the  
27 provision of similar grant amounts to all lower division students and  
28 to all upper division undergraduate students, regardless of institution  
29 attended; and the provision of enhanced grant amounts to upper division  
30 students who must relocate to obtain their baccalaureate degrees. In  
31 modeling different methods, the board shall assume that the program  
32 will continue to serve at least as many students as were served in the  
33 1996-97 academic year without assuming any new funding will be added to  
34 the program. In its study, the board may consider other financial aid  
35 concerns of students, employers, aid administrators, institutions of  
36 higher education, and private career schools and colleges. By December  
37 20, 1997, the board shall report its findings and recommendations to  
38 the governor, the house of representatives and senate committees on

1 higher education, and other interested parties. The board may  
2 implement a tuition-based need grant program prior to the date this  
3 report is due. The board also will gather and analyze information on  
4 the extent to which financial aid recipients are enrolled in precollege  
5 and developmental courses, and will report the information to the house  
6 of representatives and senate committees on higher education.

7 **Sec. 3.** RCW 28B.10.800 and 1993 sp.s. c 18 s 2 are each amended to  
8 read as follows:

9 The ~~((sole))~~ purposes of RCW 28B.10.800 through 28B.10.824 ~~((is))~~  
10 are to establish the principles upon which the state financial aid  
11 programs will be based and to establish a state of Washington ~~((student~~  
12 ~~financial aid))~~ need grant program, thus assisting financially needy or  
13 disadvantaged students domiciled in Washington to obtain the  
14 opportunity of attending an accredited institution of higher education,  
15 as defined in RCW 28B.10.802(1). ~~((Financial aid))~~ Need grants under  
16 RCW 28B.10.800 through 28B.10.824 ~~((is))~~ are available only to students  
17 who are resident students as defined in RCW 28B.15.012(2) (a) through  
18 (d).

19 **Sec. 4.** RCW 28B.10.802 and 1989 c 254 s 2 are each amended to read  
20 as follows:

21 As used in RCW 28B.10.800 through 28B.10.824:

22 (1) "Institutions of higher education" shall mean ~~((+1))~~ (a) any  
23 public university, college, community college, or vocational-technical  
24 institute operated by the state of Washington or any political  
25 subdivision thereof or ~~((+2))~~ (b) any other university, college,  
26 school, or institute in the state of Washington offering instruction  
27 beyond the high school level ~~((which))~~ that is a member institution of  
28 an accrediting association recognized by rule of the board for the  
29 purposes of this section: PROVIDED, That any institution, branch,  
30 extension or facility operating within the state of Washington which is  
31 affiliated with an institution operating in another state must be a  
32 separately accredited member institution of any such accrediting  
33 association: PROVIDED FURTHER, That no institution of higher education  
34 shall be eligible to participate in ~~((a student financial aid))~~ the  
35 state need grant program unless it agrees to and complies with program  
36 rules and regulations adopted pursuant to RCW 28B.10.822.

1 (2) The term "financial aid" shall mean (~~(loans and/or)~~) grants  
2 (~~(to)~~) and work study for needy students enrolled or accepted for  
3 enrollment as (~~(a)~~) students at institutions of higher education.

4 (3) The term "needy student" shall mean a post high school student  
5 of an institution of higher learning as defined in subsection (1) of  
6 this section who demonstrates to the board the financial inability,  
7 either through the student's parents, family and/or personally, to meet  
8 the total cost of board, room, books, and tuition and incidental fees  
9 for any semester or quarter.

10 (4) The term "disadvantaged student" shall mean a post high school  
11 student who by reason of adverse cultural, educational, environmental,  
12 experiential, familial or other circumstances is unable to qualify for  
13 enrollment as a full time student in an institution of higher learning,  
14 who would otherwise qualify as a needy student, and who is attending an  
15 institution of higher learning under an established program designed to  
16 qualify the student for enrollment as a full time student.

17 (5) "Commission" or "board" shall mean the higher education  
18 coordinating board.

19 **Sec. 5.** RCW 28B.10.804 and 1995 c 269 s 801 are each amended to  
20 read as follows:

21 The (~~(commission)~~) board shall be cognizant of the following  
22 guidelines in the performance of its duties:

23 (1) The (~~(commission)~~) board shall be research oriented, not only  
24 at its inception but continually through its existence.

25 (2) The (~~(commission)~~) board shall coordinate all existing programs  
26 of financial aid except those specifically dedicated to a particular  
27 institution by the donor.

28 (3) The (~~(commission)~~) board shall take the initiative and  
29 responsibility for coordinating all federal student financial aid  
30 programs to insure that the state recognizes the maximum potential  
31 effect of these programs, and shall design the state program which  
32 complements existing federal, state and institutional programs. In its  
33 program design, the board shall ensure that the state program continues  
34 to follow the principle that state financial aid funding follows the  
35 student to the student's choice of institution of higher education.

36 (4) Counseling is a paramount function of the state need grant and  
37 other state student financial aid programs, and in most cases could  
38 only be properly implemented at the institutional levels; therefore,

1 state student financial aid programs shall be concerned with the  
2 attainment of those goals which, in the judgment of the (~~commission~~)  
3 board, are the reasons for the existence of a student financial aid  
4 program, and not solely with administration of the program on an  
5 individual basis.

6 (5) The board shall develop, distribute, and deliver information  
7 about financial aid opportunities and requirements to persons and  
8 organizations that include, but need not be limited to: Students,  
9 parents, common schools, institutions of higher education, public  
10 libraries, community-based organizations, and other organizations and  
11 facilities that serve parents, students, and potential students. The  
12 distribution of information may occur through a variety of means  
13 including a toll-free hotline and the internet. A special outreach  
14 effort shall be targeted toward parents of students in the sixth  
15 through ninth grades. This outreach program shall include information  
16 about the performance requirements necessary for college entrance as  
17 well as the financial need requirements of state financial aid  
18 programs. The board shall work cooperatively with the superintendent  
19 of public instruction, the state board of education, the common  
20 schools, institutions of higher education, and other interested parties  
21 to design, distribute, and deliver financial aid information for the  
22 special outreach effort.

23 (6) The "package" approach of combining loans, grants and  
24 employment for student financial aid shall be the conceptional element  
25 of the state's involvement.

26 **Sec. 6.** RCW 28B.10.806 and 1989 c 254 s 3 are each amended to read  
27 as follows:

28 The (~~commission~~) board shall have the following powers and  
29 duties:

30 (1) Conduct a full analysis of student financial aid as a means of:

31 (a) Fulfilling educational aspirations of students of the state of  
32 Washington, and

33 (b) Improving the general, social, cultural, and economic character  
34 of the state.

35 Such an analysis will be a continuous one and will yield current  
36 information relevant to needed improvements in the state program of  
37 student financial aid. The (~~commission~~) board will disseminate the

1 information yielded by their analyses to all appropriate individuals  
2 and agents.

3 (c) This study should include information on the following:

- 4 (i) all programs and sources of available student financial aid,
- 5 (ii) distribution of Washington citizens by socio-economic class,
- 6 (iii) data from federal and state studies useful in identifying:

7 (A) demands of students for specific educational goals in colleges,  
8 and

9 (B) the discrepancy between high school students' preferences and  
10 the colleges they actually selected.

11 (2) Design a state program of student financial aid based on the  
12 data of the study referred to in this section. The state program will  
13 supplement available federal and local aid programs. The state program  
14 of student financial aid will not exceed the difference between the  
15 budgetary costs of attending an institution of higher learning and the  
16 student's total resources, including but not limited to: Family  
17 support, personal savings, employment, and unemployment compensation;  
18 temporary assistance for needy families; and federal, state, and local  
19 financial aid and living assistance programs.

20 (3) Determine and establish criteria for financial need of the  
21 individual applicant based upon the consideration of that particular  
22 applicant. In making this determination the ((~~commission~~)) board shall  
23 consider the following:

24 (a) Assets and income of the student.

25 (b) Assets and income of the parents, or the individuals legally  
26 responsible for the care and maintenance of the student.

27 (c) The cost of attending the institution the student is attending  
28 or planning to attend.

29 (d) Any other criteria deemed relevant to the ((~~commission~~)) board.

30 (4) Set the amount of financial aid to be awarded to any individual  
31 needy or disadvantaged student in any school year.

32 (5) Award financial aid to needy or disadvantaged students for a  
33 school year based upon only that amount necessary to fill the financial  
34 gap between the budgetary cost of attending an institution of higher  
35 education ((~~and~~)), the family and student contribution, and other  
36 student financial aid.

37 (6) Review the need and eligibility of all applications on an  
38 annual basis and adjust financial aid to reflect changes in the

1 financial need of the recipients and the cost of attending the  
2 institution of higher education.

3 **Sec. 7.** RCW 28B.10.808 and 1991 c 164 s 4 are each amended to read  
4 as follows:

5 In awarding need grants, the ~~((commission))~~ board shall proceed  
6 substantially as follows: PROVIDED, That nothing contained herein  
7 shall be construed to prevent the ~~((commission))~~ board, in the exercise  
8 of its sound discretion, from following another procedure when the best  
9 interest of the program so dictates:

10 (1) The ~~((commission))~~ board shall annually select the financial  
11 aid award ~~((winners))~~ recipients from among Washington residents  
12 applying for student financial aid who have been ranked according to  
13 financial need as determined by the amount of the family contribution  
14 and other considerations brought to the ~~((commission's))~~ board's  
15 attention.

16 (2) The financial need of the highest ranked students shall be met  
17 by grants depending upon the evaluation of financial need until the  
18 total allocation has been disbursed. Funds from grants which are  
19 declined, forfeited or otherwise unused shall be reawarded until  
20 dispersed.

21 (3) A grant may be renewed ~~((until the course of study is  
22 completed, but not for))~~ up to the published length of time of the  
23 program, with total eligibility limited to no more than an additional  
24 ((four)) three academic years plus one quarter or semester beyond the  
25 first year of the award. These shall not be required to be consecutive  
26 years. The board may make an exception for a student enrolled in a  
27 five-year program, extending eligibility by an additional two quarters  
28 or one semester. The board shall adopt rules to ensure that, except in  
29 very exceptional circumstances, the period of eligibility for a student  
30 enrolled below the upper division level does not extend beyond two  
31 academic years plus one quarter or semester. All periods of  
32 eligibility for full-time and part-time students shall be adjusted to  
33 the equivalent credit or clock hours. Qualifications for renewal will  
34 include maintaining satisfactory ~~((academic standing))~~ progress toward  
35 completion of the course of study, and continued eligibility as  
36 determined by the ~~((commission))~~ board. Should the recipient terminate  
37 his or her enrollment for any reason during the academic year, the  
38 unused portion of the grant shall be returned to the state educational

1 grant fund by the institution according to the institution's own policy  
2 for issuing refunds, except as provided in RCW 28B.10.8081.

3 (4) In computing financial need, the ~~((commission))~~ board shall  
4 determine a maximum student expense budget allowance, not to exceed an  
5 amount equal to the total maximum student expense budget at the public  
6 institutions plus the current average state appropriation per student  
7 for operating expense in the public institutions.

8 **Sec. 8.** RCW 28B.10.810 and 1989 c 254 s 5 are each amended to read  
9 as follows:

10 For a student to be eligible for ~~((financial aid the))~~ a state need  
11 grant a student must:

12 (1) Be a "needy student" or "disadvantaged student" as determined  
13 by the ~~((commission))~~ board in accordance with RCW 28B.10.802 (3) and  
14 (4).

15 (2) Have been domiciled within the state of Washington for at least  
16 one year.

17 (3) Be enrolled or accepted for enrollment on at least a half-time  
18 basis at an institution of higher education in Washington as defined in  
19 RCW 28B.10.802(1).

20 (4) Have complied with all the rules and regulations adopted by the  
21 ~~((commission))~~ board for the administration of RCW 28B.10.800 through  
22 28B.10.824.

23 **Sec. 9.** RCW 28B.10.822 and 1973 c 62 s 4 are each amended to read  
24 as follows:

25 The ~~((commission))~~ board shall adopt rules ~~((and regulations))~~ as  
26 may be necessary or appropriate for effecting the provisions of RCW  
27 28B.10.800 through 28B.10.824 and section 1 of this act, and not in  
28 conflict with RCW 28B.10.800 through 28B.10.824, in accordance with the  
29 provisions of chapter 34.05 RCW, the ~~((state higher education))~~  
30 administrative procedure act.

31 **Sec. 10.** RCW 28B.101.010 and 1990 c 288 s 3 are each amended to  
32 read as follows:

33 The educational opportunity grant program is hereby created ~~((as a~~  
34 ~~demonstration project))~~. The program has two major purposes. The  
35 first major purpose is to serve placebound financially needy students  
36 by assisting them to obtain a baccalaureate degree at public and



1 ((private)) independent institutions of higher education which have the  
2 capacity to accommodate such students within existing educational  
3 programs and facilities. The second major purpose is to minimize the  
4 need to build new public colleges and universities or to expand the  
5 physical capacity of existing state colleges and universities by  
6 providing an incentive for upper division students to attend some  
7 public and independent institutions of higher education with unused  
8 capacity or a recent history of underenrollment. An additional purpose  
9 is to assist needy placebound students to complete their upper division  
10 coursework at a branch campus, extension center, or the main campus of  
11 an institution of higher education that does not have unused capacity  
12 or a recent history of underenrollments.

13 **Sec. 11.** RCW 28B.101.020 and 1990 c 288 s 4 are each amended to  
14 read as follows:

15 (1) For the purposes of this chapter, "placebound" means unable to  
16 relocate to complete a college program because of family or employment  
17 commitments, health concerns, monetary inability, or other similar  
18 factors. Placebound also includes students who might be able to  
19 relocate to a baccalaureate institution with unused capacity if  
20 additional student aid was available.

21 (2) To be eligible for an educational opportunity grant, applicants  
22 must be placebound residents of the state of Washington who are needy  
23 students as defined in RCW 28B.10.802(3) ((and)), who have completed  
24 the associate of arts degree or its equivalent, and who wish to  
25 complete a baccalaureate degree. A placebound resident is one who may  
26 be influenced by the receipt of an enhanced student financial aid award  
27 to attend an institution that has existing unused capacity ((rather  
28 than attend a branch campus established pursuant to chapter 28B.45 RCW.  
29 An eligible placebound applicant is further defined as a person whose  
30 residence is located in an area served by a branch campus who, because  
31 of family or employment commitments, health concerns, monetary need, or  
32 other similar factors, would be unable to complete an upper division  
33 course of study but for receipt of an educational opportunity grant))  
34 or a recent history of underenrollment.

35 **Sec. 12.** RCW 28B.101.030 and 1990 c 288 s 5 are each amended to  
36 read as follows:

1 The higher education coordinating board shall develop and  
2 administer the educational opportunity grant program. The board shall  
3 adopt necessary rules and guidelines and develop criteria and  
4 procedures to select eligible participants in the program. The rules  
5 shall give first priority to needy placebound students who wish to  
6 attend the main campus of a public or independent baccalaureate  
7 institution with unused capacity or a recent history of  
8 underenrollment; and second priority to needy placebound students who  
9 wish to attend the branch campus or extension center of a baccalaureate  
10 institution or who wish to attend the main campus of a public or  
11 independent institution of higher education that does not have unused  
12 capacity or a recent history of underenrollment. The rules shall  
13 prohibit a student from receiving a grant for more than two academic  
14 years plus one quarter or semester, or their credit hour equivalent.  
15 With the assistance of the office of financial management, and in  
16 consultation with public and independent baccalaureate institutions,  
17 the board shall develop criteria for determining the extent of  
18 underenrollments. Payment shall be made directly to the eligible  
19 participant periodically upon verification of enrollment and  
20 satisfactory progress towards degree completion.

21 **Sec. 13.** RCW 28B.101.040 and 1993 sp.s. c 18 s 35 and 1993 c 385  
22 s 2 are each reenacted and amended to read as follows:

23 Grants may be used by eligible participants to attend any public or  
24 ~~((private))~~ independent college or university in the state of  
25 Washington that is accredited by an accrediting association recognized  
26 by rule of the higher education coordinating board ~~((and that has an~~  
27 ~~existing unused capacity. Grants shall not be used to attend any~~  
28 ~~branch campus or educational program established under chapter 28B.45~~  
29 ~~RCW))~~. The participant shall not be eligible for a grant if it will be  
30 used for any programs that include religious worship, exercise, or  
31 instruction or to pursue a degree in theology. Each participating  
32 student may receive up to two thousand five hundred dollars per  
33 academic year, not to exceed the student's demonstrated financial need  
34 for the course of study. Resident students as defined in RCW  
35 28B.15.012(2)(e) are not eligible for grants under this chapter. The  
36 board may deposit sufficient funds from any appropriation for this  
37 program into the state educational trust fund under RCW 28B.10.821 in

1 order to provide a one-year renewal of the grant for each new recipient  
2 of the program.

3 NEW SECTION. Sec. 14. (1) The sum of five million dollars, or as  
4 much thereof as may be necessary, is appropriated for the fiscal year  
5 ending June 30, 1998, from the general fund to the higher education  
6 coordinating board for work study grants under chapter 28B.12 RCW.

7 (2) The sum of five million dollars, or as much thereof as may be  
8 necessary, is appropriated for the fiscal year ending June 30, 1999,  
9 from the general fund to the higher education coordinating board for  
10 work study grants under chapter 28B.12 RCW.

11 NEW SECTION. Sec. 15. (1) The sum of five million dollars, or as  
12 much thereof as may be necessary, is appropriated for the fiscal year  
13 ending June 30, 1998, from the general fund to the higher education  
14 coordinating board for educational opportunity grants under chapter  
15 28B.101 RCW.

16 (2) The sum of five million dollars, or as much thereof as may be  
17 necessary, is appropriated for the fiscal year ending June 30, 1999,  
18 from the general fund to the higher education coordinating board for  
19 educational opportunity grants under chapter 28B.101 RCW.

20 NEW SECTION. Sec. 16. (1) The sum of eleven million five hundred  
21 thousand dollars, or as much thereof as may be necessary, is  
22 appropriated for the fiscal year ending June 30, 1998, from the general  
23 fund to the higher education coordinating board for the state need  
24 grant program.

25 (2) The sum of eleven million five hundred thousand dollars, or as  
26 much thereof as may be necessary, is appropriated for the fiscal year  
27 ending June 30, 1999, from the general fund to the higher education  
28 coordinating board for the state need grant program.

29 NEW SECTION. Sec. 17. Sections 3 through 8 of this act apply to  
30 students who receive assistance through the state need grant program in  
31 the 1998 fall academic term and thereafter.

--- END ---