

ESHB 1179 - S COMM AMD
By Committee on Higher Education

OUT OF ORDER 04/19/2007

1 Strike everything after the enacting clause and insert the
2 following:

3 "Sec. 1. RCW 28B.92.080 and 2004 c 275 s 39 are each amended to
4 read as follows:

5 For a student to be eligible for a state need grant a student must:

6 (1) Be a "needy student" or "disadvantaged student" as determined
7 by the board in accordance with RCW 28B.92.030 (3) and (4).

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

10 (3) Be enrolled or accepted for enrollment (~~on at least a half-~~
11 ~~time basis~~) for at least three quarter credits or the equivalent
12 semester credits at an institution of higher education in Washington as
13 defined in RCW 28B.92.030(1).

14 (4) Have complied with all the rules and regulations adopted by the
15 board for the administration of this chapter.

16 **Sec. 2.** RCW 28B.92.060 and 2005 c 93 s 3 are each amended to read
17 as follows:

18 In awarding need grants, the board shall proceed substantially as
19 follows: PROVIDED, That nothing contained herein shall be construed to
20 prevent the board, in the exercise of its sound discretion, from
21 following another procedure when the best interest of the program so
22 dictates:

23 (1) The board shall annually select the financial aid award
24 recipients from among Washington residents applying for student
25 financial aid who have been ranked according to:

26 (a) Financial need as determined by the amount of the family
27 contribution; and

28 (b) Other considerations, such as whether the student is a former
29 foster youth.

1 (2) The financial need of the highest ranked students shall be met
2 by grants depending upon the evaluation of financial need until the
3 total allocation has been disbursed. Funds from grants which are
4 declined, forfeited or otherwise unused shall be reawarded until
5 disbursed, except that eligible former foster youth shall be assured
6 receipt of a grant.

7 (3) A student shall be eligible to receive a state need grant for
8 up to five years, or the credit or clock hour equivalent of five years,
9 or up to one hundred twenty-five percent of the published length of
10 time of the student's program. A student may not start a new associate
11 degree program as a state need grant recipient until at least five
12 years have elapsed since earning an associate degree as a need grant
13 recipient, except that a student may earn two associate degrees
14 concurrently. Qualifications for renewal will include maintaining
15 satisfactory academic progress toward completion of an eligible program
16 as determined by the board. Should the recipient terminate his or her
17 enrollment for any reason during the academic year, the unused portion
18 of the grant shall be returned to the state educational grant fund by
19 the institution according to the institution's own policy for issuing
20 refunds, except as provided in RCW 28B.92.070.

21 (4) In computing financial need, the board shall determine a
22 maximum student expense budget allowance, not to exceed an amount equal
23 to the total maximum student expense budget at the public institutions
24 plus the current average state appropriation per student for operating
25 expense in the public institutions. Any child support payments
26 received by students who are parents attending less than half-time
27 shall not be used in computing financial need.

28 (5)(a) A student who is enrolled in three to six credit-bearing
29 quarter credits, or the equivalent semester credits, may receive a
30 grant for up to one academic year before beginning a program that leads
31 to a degree or certificate.

32 (b) An eligible student enrolled on a less-than-full-time basis
33 shall receive a prorated portion of his or her state need grant for any
34 academic period in which he or she is enrolled on a less-than-full-time
35 basis, as long as funds are available.

36 (c) An institution of higher education may award a state need grant
37 to an eligible student enrolled in three to six credit-bearing quarter
38 credits, or the semester equivalent, on a provisional basis if:

1 (i) The student has not previously received a state need grant from
2 that institution;

3 (ii) The student completes the required free application for
4 federal student aid;

5 (iii) The institution has reviewed the student's financial
6 condition, and the financial condition of the student's family if the
7 student is a dependent student, and has determined that the student is
8 likely eligible for a state need grant; and

9 (iv) The student has signed a document attesting to the fact that
10 the financial information provided on the free application for federal
11 student aid and any additional financial information provided directly
12 to the institution is accurate and complete, and that the student
13 agrees to repay the institution for the grant amount if the student
14 submitted false or incomplete information.

15 (6) As used in this section, "former foster youth" means a person
16 who is at least eighteen years of age, but not more than twenty-four
17 years of age, who was a dependent of the department of social and
18 health services at the time he or she attained the age of eighteen.

19 NEW SECTION. Sec. 3. A new section is added to chapter 28B.92 RCW
20 to read as follows:

21 Institutions of higher education are encouraged to review their
22 policies and procedures regarding financial aid for students taking a
23 less-than-half-time course load, and to implement policies and
24 procedures providing students taking a less-than-half-time course load
25 with the same access to institutional aid, including tuition waivers,
26 as provided to students enrolled half time or more.

27 **Sec. 4.** RCW 28B.15.820 and 2004 c 275 s 66 are each amended to
28 read as follows:

29 (1) Each institution of higher education, including technical
30 colleges, shall deposit a minimum of three and one-half percent of
31 revenues collected from tuition and services and activities fees in an
32 institutional financial aid fund that is hereby created and which shall
33 be held locally. Moneys in the fund shall be used only for the
34 following purposes: (a) To make guaranteed long-term loans to eligible
35 students as provided in subsections (3) through (8) of this section;

1 (b) to make short-term loans as provided in subsection (9) of this
2 section; or (c) to provide financial aid to needy students as provided
3 in subsection (10) of this section.

4 (2) An "eligible student" for the purposes of subsections (3)
5 through (8) and (10) of this section is a student registered for at
6 least (~~six~~) three credit hours or the equivalent, who is eligible for
7 resident tuition and fee rates as defined in RCW 28B.15.012 and
8 28B.15.013, and who is a "needy student" as defined in RCW 28B.92.030.

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

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

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

1 Collection and servicing of guaranteed long-term loans made by
2 community colleges under subsection (1) of this section shall be
3 coordinated by the state board for community and technical colleges and
4 shall be conducted under procedures adopted by the state board.

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

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

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

26 (9) Short-term loans, not to exceed one year, may be made from the
27 institutional financial aid fund to students enrolled in the
28 institution. No such loan shall be made to any student who is known by
29 the institution to be in default or delinquent in the payment of any
30 outstanding student loan. A short-term loan may be made only if the
31 institution has ample evidence that the student has the capability of
32 repaying the loan within the time frame specified by the institution
33 for repayment.

34 (10) Any moneys deposited in the institutional financial aid fund
35 that are not used in making long-term or short-term loans may be used
36 by the institution for locally-administered financial aid programs for
37 needy students, such as need-based institutional employment programs or
38 need-based tuition and fee scholarship or grant programs. These funds

1 shall be used in addition to and not to replace institutional funds
2 that would otherwise support these locally-administered financial aid
3 programs. First priority in the use of these funds shall be given to
4 needy students who have accumulated excessive educational loan burdens.
5 An excessive educational loan burden is a burden that will be difficult
6 to repay given employment opportunities and average starting salaries
7 in the student's chosen fields of study. Second priority in the use of
8 these funds shall be given to needy single parents, to assist these
9 students with their educational expenses, including expenses associated
10 with child care and transportation.

11 NEW SECTION. **Sec. 5.** If specific funding for the purposes of this
12 act, referencing this act by bill or chapter number, is not provided by
13 June 30, 2007, in the omnibus appropriations act, this act is null and
14 void."

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15 On page 1, line 3 of the title, after "grant;" strike the remainder
16 of the title and insert "amending RCW 28B.92.080, 28B.92.060, and
17 28B.15.820; adding a new section to chapter 28B.92 RCW; and creating a
18 new section."

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