
ENGROSSED SUBSTITUTE HOUSE BILL 1179

State of Washington

60th Legislature

2007 Regular Session

By House Committee on Appropriations (originally sponsored by Representatives Hasegawa, Jarrett, Sells, Roberts, Anderson, Green, Sommers, Kenney, Wallace, Buri, Appleton, Hudgins, Kagi, Ormsby, McDonald, Conway, Wood, Santos, Schual-Berke, Simpson, Lantz, Haigh and Morrell)

READ FIRST TIME 2/28/07.

1 AN ACT Relating to allowing students attending a postsecondary
2 institution on a less than half-time basis to qualify for a state need
3 grant; amending RCW 28B.92.080, 28B.92.060, and 28B.15.820; adding a
4 new section to chapter 28B.92 RCW; and creating a new section.

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

6 **Sec. 1.** RCW 28B.92.080 and 2004 c 275 s 39 are each amended to
7 read as follows:

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

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

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

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

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

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

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

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

11 (a) Financial need as determined by the amount of the family
12 contribution; and

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

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

21 (3) A student shall be eligible to receive a state need grant for
22 up to five years, or the credit or clock hour equivalent of five years,
23 or up to one hundred twenty-five percent of the published length of
24 time of the student's program. A student may not start a new associate
25 degree program as a state need grant recipient until at least five
26 years have elapsed since earning an associate degree as a need grant
27 recipient, except that a student may earn two associate degrees
28 concurrently. Qualifications for renewal will include maintaining
29 satisfactory academic progress toward completion of an eligible program
30 as determined by the board. Should the recipient terminate his or her
31 enrollment for any reason during the academic year, the unused portion
32 of the grant shall be returned to the state educational grant fund by
33 the institution according to the institution's own policy for issuing
34 refunds, except as provided in RCW 28B.92.070.

35 (4) In computing financial need, the board shall determine a
36 maximum student expense budget allowance, not to exceed an amount equal
37 to the total maximum student expense budget at the public institutions
38 plus the current average state appropriation per student for operating

1 expense in the public institutions. Any child support payments
2 received by students who are parents attending less than half-time
3 shall not be used in computing financial need.

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

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

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

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

17 (ii) The student completes the required free application for
18 federal student aid;

19 (iii) The institution has reviewed of the student's financial
20 condition, and the financial condition of the student's family if the
21 student is a dependent student, and has determined that the student is
22 likely eligible for a state need grant; and

23 (iv) The student has signed a document attesting to the fact that
24 the financial information provided on the free application for federal
25 student aid and any additional financial information provided directly
26 to the institution is accurate and complete, and that the student
27 agrees to repay the institution for the grant amount if the student
28 submitted false or incomplete information.

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

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

35 Institutions of higher education are encouraged to review their
36 policies and procedures regarding financial aid for students taking a
37 less-than-half-time course load, and to implement policies and

1 procedures providing students taking a less-than-half-time course load
2 with the same access to institutional aid, including tuition waivers,
3 as provided to students enrolled half time or more.

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

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

16 (2) An "eligible student" for the purposes of subsections (3)
17 through (8) and (10) of this section is a student registered for at
18 least (~~six~~) three credit hours or the equivalent, who is eligible for
19 resident tuition and fee rates as defined in RCW 28B.15.012 and
20 28B.15.013, and who is a "needy student" as defined in RCW 28B.92.030.

21 (3) The amount of the guaranteed long-term loans made under this
22 section shall not exceed the demonstrated financial need of the
23 student. Each institution shall establish loan terms and conditions
24 which shall be consistent with the terms of the guaranteed loan program
25 established by 20 U.S. Code Section 1071 et seq., as now or hereafter
26 amended. All loans made shall be guaranteed by the Washington student
27 loan guaranty association or its successor agency. Institutions are
28 hereby granted full authority to operate as an eligible lender under
29 the guaranteed loan program.

30 (4) Before approving a guaranteed long-term loan, each institution
31 shall analyze the ability of the student to repay the loan based on
32 factors which include, but are not limited to, the student's
33 accumulated total education loan burdens and the employment
34 opportunities and average starting salary characteristics of the
35 student's chosen fields of study. The institution shall counsel the
36 student on the advisability of acquiring additional debt, and on the
37 availability of other forms of financial aid.

1 (5) Each institution is responsible for collection of guaranteed
2 long-term loans made under this section and shall exercise due
3 diligence in such collection, maintaining all necessary records to
4 insure that maximum repayments are made. Institutions shall cooperate
5 with other lenders and the Washington student loan guaranty
6 association, or its successor agency, in the coordinated collection of
7 guaranteed loans, and shall assure that the guarantability of the loans
8 is not violated. Collection and servicing of guaranteed long-term
9 loans under this section shall be performed by entities approved for
10 such servicing by the Washington student loan guaranty association or
11 its successor agency: PROVIDED, That institutions be permitted to
12 perform such servicing if specifically recognized to do so by the
13 Washington student loan guaranty association or its successor agency.
14 Collection and servicing of guaranteed long-term loans made by
15 community colleges under subsection (1) of this section shall be
16 coordinated by the state board for community and technical colleges and
17 shall be conducted under procedures adopted by the state board.

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

29 (7) The governing boards of the state universities, the regional
30 universities, and The Evergreen State College, and the state board for
31 community and technical colleges, on behalf of the community colleges
32 and technical colleges, shall each adopt necessary rules and
33 regulations to implement this section.

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

1 (9) Short-term loans, not to exceed one year, may be made from the
2 institutional financial aid fund to students enrolled in the
3 institution. No such loan shall be made to any student who is known by
4 the institution to be in default or delinquent in the payment of any
5 outstanding student loan. A short-term loan may be made only if the
6 institution has ample evidence that the student has the capability of
7 repaying the loan within the time frame specified by the institution
8 for repayment.

9 (10) Any moneys deposited in the institutional financial aid fund
10 that are not used in making long-term or short-term loans may be used
11 by the institution for locally-administered financial aid programs for
12 needy students, such as need-based institutional employment programs or
13 need-based tuition and fee scholarship or grant programs. These funds
14 shall be used in addition to and not to replace institutional funds
15 that would otherwise support these locally-administered financial aid
16 programs. First priority in the use of these funds shall be given to
17 needy students who have accumulated excessive educational loan burdens.
18 An excessive educational loan burden is a burden that will be difficult
19 to repay given employment opportunities and average starting salaries
20 in the student's chosen fields of study. Second priority in the use of
21 these funds shall be given to needy single parents, to assist these
22 students with their educational expenses, including expenses associated
23 with child care and transportation.

24 NEW SECTION. **Sec. 5.** If specific funding for the purposes of this
25 act, referencing this act by bill or chapter number, is not provided by
26 June 30, 2007, in the omnibus appropriations act, this act is null and
27 void.

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