
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

1 plus the current average state appropriation per student for operating
2 expense in the public institutions.

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

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

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

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

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

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

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

35 (2) An "eligible student" for the purposes of subsections (3)
36 through (8) and (10) of this section is a student registered for at

1 least (~~six~~) three credit hours or the equivalent, who is eligible for
2 resident tuition and fee rates as defined in RCW 28B.15.012 and
3 28B.15.013, and who is a "needy student" as defined in RCW 28B.92.030.

4 (3) The amount of the guaranteed long-term loans made under this
5 section shall not exceed the demonstrated financial need of the
6 student. Each institution shall establish loan terms and conditions
7 which shall be consistent with the terms of the guaranteed loan program
8 established by 20 U.S. Code Section 1071 et seq., as now or hereafter
9 amended. All loans made shall be guaranteed by the Washington student
10 loan guaranty association or its successor agency. Institutions are
11 hereby granted full authority to operate as an eligible lender under
12 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 this section and shall exercise due
23 diligence in such collection, maintaining all necessary records to
24 insure that maximum repayments are made. Institutions shall cooperate
25 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 this section shall be performed by entities approved for
30 such servicing by the Washington student loan guaranty association or
31 its successor agency: PROVIDED, That institutions be permitted to
32 perform such servicing if specifically recognized to do so by the
33 Washington student loan guaranty association or its successor agency.
34 Collection and servicing of guaranteed long-term loans made by
35 community colleges under subsection (1) of this section shall be
36 coordinated by the state board for community and technical colleges and
37 shall be conducted under procedures adopted by the state board.

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

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

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

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

30 (10) Any moneys deposited in the institutional financial aid fund
31 that are not used in making long-term or short-term loans may be used
32 by the institution for locally-administered financial aid programs for
33 needy students, such as need-based institutional employment programs or
34 need-based tuition and fee scholarship or grant programs. These funds
35 shall be used in addition to and not to replace institutional funds
36 that would otherwise support these locally-administered financial aid
37 programs. First priority in the use of these funds shall be given to
38 needy students who have accumulated excessive educational loan burdens.

1 An excessive educational loan burden is a burden that will be difficult
2 to repay given employment opportunities and average starting salaries
3 in the student's chosen fields of study. Second priority in the use of
4 these funds shall be given to needy single parents, to assist these
5 students with their educational expenses, including expenses associated
6 with child care and transportation.

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

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