
ENGROSSED SECOND SUBSTITUTE HOUSE BILL 2021

State of Washington

61st Legislature

2009 Regular Session

By House Education Appropriations (originally sponsored by Representatives Kenney, Probst, Wallace, Sullivan, Priest, Maxwell, Chase, Ormsby, Hudgins, Jacks, Liias, White, Sells, Morrell, Kelley, Darneille, Wood, and Roberts)

READ FIRST TIME 03/02/09.

1 AN ACT Relating to revitalizing student financial aid; amending RCW
2 28B.92.060, 28B.92.030, 28B.15.0681, 28B.76.500, 28B.15.820, and
3 28B.12.060; adding a new section to chapter 28B.101 RCW; adding new
4 sections to chapter 28B.92 RCW; adding a new section to chapter 28B.15
5 RCW; adding a new section to chapter 28B.12 RCW; adding a new chapter
6 to Title 28B RCW; creating a new section; repealing RCW 28B.101.005,
7 28B.101.010, 28B.101.020, 28B.101.030, and 28B.101.040; providing
8 effective dates; and providing an expiration date.

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

10 NEW SECTION. **Sec. 1.** The legislature finds that a myriad of
11 financial aid programs exist for students at the federal, state, local,
12 community, and institutional levels. These programs enable thousands
13 of students across Washington to access all sectors of higher
14 education, from apprenticeship programs to public and private four and
15 two-year institutions of higher education. The legislature further
16 finds that Washington state is a national leader in the distribution of
17 financial aid to increase college access and affordability, ranking
18 fourth in the nation in 2007 in terms of state student grant aid
19 funding per capita.

1 It is the intent of the legislature to promote and expand access to
2 state financial aid programs by determining which programs provide the
3 greatest value to the largest number of students, and by fully
4 supporting those programs. Furthermore, it is the intent of the
5 legislature to designate all existing financial aid an opportunity
6 grant, with the effect of providing students with a clear understanding
7 of available resources to pay for postsecondary education, thereby
8 increasing access to postsecondary education and meeting the needs of
9 local business and industry.

10 It is the intent of the legislature that the higher education
11 coordinating board, the state board for community and technical
12 colleges, the office of the superintendent of public instruction, the
13 workforce training and education coordinating board, and institutions
14 of higher education coordinate the development of outreach tools, such
15 as a web-based portal for information on all opportunity grant aid
16 programs. The information should be communicated in a format and
17 manner that provides an ease of understanding for students and their
18 families and include other pertinent information on institutions of
19 higher education, costs, and academic programs. It is also the intent
20 of the legislature for institutions of higher education to incorporate
21 this information in promotional materials to prospective and current
22 students and their families.

23 NEW SECTION. **Sec. 2.** A new section is added to chapter 28B.101
24 RCW to read as follows:

25 (1) The legislature intends to consolidate the educational
26 opportunity grant program over a period of two years. As of August 1,
27 2009, no new educational opportunity grants may be made. Persons who
28 have been selected by the higher education coordinating board to
29 receive a grant before August 1, 2009, shall receive the full amount of
30 their award, not to exceed two thousand five hundred dollars per
31 academic year for a maximum of two years. All persons awarded an
32 educational opportunity grant before August 1, 2009, must complete
33 using the award before August 1, 2011. For these recipients,
34 eligibility for the grant is forfeited after this period.

35 (2) This section expires August 1, 2011.

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

3 (1) To the extent funds are appropriated for this purpose and
4 within overall appropriations for the state need grant, enhanced need
5 grants are provided for persons who meet all of the following criteria:

6 (a) Are needy students as defined in RCW 28B.92.030;

7 (b) Are placebound students as defined in RCW 28B.92.030; and

8 (c) Have completed the associate of arts or the associate of
9 science degree, or its equivalent.

10 (2) The enhanced need grants established in this section are
11 provided to this specific group of students in addition to the base
12 state need grant, as defined by rule of the board.

13 **Sec. 4.** RCW 28B.92.060 and 2007 c 404 s 2 are each amended to read
14 as follows:

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

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

23 (a) Financial need as determined by the amount of the family
24 contribution; and

25 (b) Other considerations, such as whether the student is a former
26 foster youth, or is a placebound student who has completed an associate
27 of arts or associate of science degree or its equivalent.

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

34 (3) A student shall be eligible to receive a state need grant for
35 up to five years, or the credit or clock hour equivalent of five years,
36 or up to one hundred twenty-five percent of the published length of
37 time of the student's program. A student may not start a new associate

1 degree program as a state need grant recipient until at least five
2 years have elapsed since earning an associate degree as a need grant
3 recipient, except that a student may earn two associate degrees
4 concurrently. Qualifications for renewal will include maintaining
5 satisfactory academic progress toward completion of an eligible program
6 as determined by the board. Should the recipient terminate his or her
7 enrollment for any reason during the academic year, the unused portion
8 of the grant shall be returned to the state educational grant fund by
9 the institution according to the institution's own policy for issuing
10 refunds, except as provided in RCW 28B.92.070.

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

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

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

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

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

31 (ii) The student completes the required free application for
32 federal student aid;

33 (iii) The institution has reviewed the student's financial
34 condition, and the financial condition of the student's family if the
35 student is a dependent student, and has determined that the student is
36 likely eligible for a state need grant; and

37 (iv) The student has signed a document attesting to the fact that
38 the financial information provided on the free application for federal

1 student aid and any additional financial information provided directly
2 to the institution is accurate and complete, and that the student
3 agrees to repay the institution for the grant amount if the student
4 submitted false or incomplete information.

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

9 **Sec. 5.** RCW 28B.92.030 and 2004 c 275 s 35 are each amended to
10 read as follows:

11 As used in this chapter:

12 (1) "Institution" or "institutions of higher education" means:

13 (a) Any public university, college, community college, or technical
14 college operated by the state of Washington or any political
15 subdivision thereof; or

16 (b) Any other university, college, school, or institute in the
17 state of Washington offering instruction beyond the high school level
18 which is a member institution of an accrediting association recognized
19 by rule of the board for the purposes of this section: PROVIDED, That
20 any institution, branch, extension or facility operating within the
21 state of Washington which is affiliated with an institution operating
22 in another state must be a separately accredited member institution of
23 any such accrediting association, or a branch of a member institution
24 of an accrediting association recognized by rule of the board for
25 purposes of this section, that is eligible for federal student
26 financial aid assistance and has operated as a nonprofit college or
27 university delivering on-site classroom instruction for a minimum of
28 twenty consecutive years within the state of Washington, and has an
29 annual enrollment of at least seven hundred full-time equivalent
30 students: PROVIDED FURTHER, That no institution of higher education
31 shall be eligible to participate in a student financial aid program
32 unless it agrees to and complies with program rules and regulations
33 adopted pursuant to RCW 28B.92.150.

34 (2) "Financial aid" means loans and/or grants to needy students
35 enrolled or accepted for enrollment as a student at institutions of
36 higher education.

1 (3) "Needy student" means a post high school student of an
2 institution of higher education who demonstrates to the board the
3 financial inability, either through the student's parents, family
4 and/or personally, to meet the total cost of board, room, books, and
5 tuition and incidental fees for any semester or quarter.

6 (4) "Disadvantaged student" means a post high school student who by
7 reason of adverse cultural, educational, environmental, experiential,
8 familial or other circumstances is unable to qualify for enrollment as
9 a full time student in an institution of higher education, who would
10 otherwise qualify as a needy student, and who is attending an
11 institution of higher education under an established program designed
12 to qualify the student for enrollment as a full time student.

13 (5) "Board" means the higher education coordinating board.

14 (6) "Placebound student" means a student who (a) is unable to
15 complete a college program because of family or employment commitments,
16 health concerns, monetary inability, or other similar factors; and (b)
17 may be influenced by the receipt of an enhanced student financial aid
18 award to complete a baccalaureate degree at an eligible institution.

19 **Sec. 6.** RCW 28B.15.0681 and 2007 c 151 s 2 are each amended to
20 read as follows:

21 (1) In addition to the requirement in RCW 28B.76.300(4),
22 institutions of higher education shall disclose to their undergraduate
23 resident students on the tuition billing statement, in dollar figures
24 for a full-time equivalent student:

25 ~~((1))~~ (a) The full cost of instruction~~((2))~~;

26 (b) The amount collected from student tuition and fees~~((2))~~; and

27 ~~((3))~~ (c) The difference between the amounts for the full cost of
28 instruction and the student tuition and fees~~((2-noting))~~

29 (2) The tuition billing statement shall note that the difference
30 between the cost and tuition under subsection (1)(c) of this section
31 was paid by state tax funds and other moneys.

32 (3) Beginning in the 2010-11 academic year, the amount determined
33 in subsection (1)(c) of this section shall be labeled an "opportunity
34 grant" on the tuition billing statement.

35 (4) Beginning in the 2010-11 academic year, institutions of higher
36 education shall label financial aid awarded to resident undergraduate
37 students as an "opportunity grant" on the tuition billing statement or

1 financial aid award notification. Institutions are not required to
2 label loans provided by the federal government as an "opportunity
3 grant." All other aid from all sources including federal, state, and
4 local governments, local communities, nonprofit and for-profit
5 organizations, and institutions of higher education must be included.
6 The disclosure requirements specified in this section do not change the
7 source, award amount, student eligibility, or student obligations
8 associated with each award. Institutions of higher education retain
9 the ability to customize their tuition billing statements to inform
10 students of the assistance source, amount, and type so long as
11 provisions of this section are also fulfilled.

12 **Sec. 7.** RCW 28B.76.500 and 1985 c 370 s 23 are each amended to
13 read as follows:

14 (1) The board shall administer any state program or state-
15 administered federal program of student financial aid now or hereafter
16 established.

17 (2) Each of the student financial aid programs administered by the
18 board shall be labeled an "opportunity grant." The board is not
19 required to label loans provided by the federal government as an
20 "opportunity grant." All communication materials, including, but not
21 limited to, printed materials, presentations, and web content, shall
22 include the "opportunity grant" label.

23 (3) If the board develops a one-stop college information web-based
24 portal that includes financial, academic, and career planning
25 information, the portal shall display all available student financial
26 aid programs, except federal student loans, under the "opportunity
27 grant" label.

28 (4) The labeling requirements in this section do not change the
29 source, eligibility requirements, or student obligations associated
30 with each program. The board retains the ability to customize its
31 communications to differentiate between programs, eligibility
32 requirements, and student obligations, so long as the reporting
33 provisions of this chapter are also fulfilled.

34 **NEW SECTION. Sec. 8.** A new section is added to chapter 28B.15 RCW
35 to read as follows:

36 As used in this chapter, "dual credit program" means a program,

1 administered by either an institution of higher education or a high
2 school, through which high school students in the eleventh or twelfth
3 grade who have not yet received the credits required for the award of
4 a high school diploma apply to a participating institution of higher
5 education to enroll in courses or programs offered by the institution
6 of higher education and simultaneously earn high school and college
7 credit.

8 **Sec. 9.** RCW 28B.15.820 and 2007 c 404 s 4 are each amended to read
9 as follows:

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

22 (2) An "eligible student" for the purposes of subsections (3)
23 through (8) and (10) of this section is a student registered for at
24 least three credit hours or the equivalent, who is eligible for
25 resident tuition and fee rates as defined in RCW 28B.15.012 and
26 28B.15.013, and who is a "needy student" as defined in RCW 28B.92.030.

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

36 (4) Before approving a guaranteed long-term loan, each institution
37 shall analyze the ability of the student to repay the loan based on

1 factors which include, but are not limited to, the student's
2 accumulated total education loan burdens and the employment
3 opportunities and average starting salary characteristics of the
4 student's chosen fields of study. The institution shall counsel the
5 student on the advisability of acquiring additional debt, and on the
6 availability of other forms of financial aid.

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

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

35 (7) The governing boards of the state universities, the regional
36 universities, and The Evergreen State College, and the state board for
37 community and technical colleges, on behalf of the community colleges

1 and technical colleges, shall each adopt necessary rules and
2 regulations to implement this section.

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

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

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

31 (11) Any moneys deposited in the institutional financial aid fund
32 may be used by the institution for a locally administered financial aid
33 program for high school students enrolled in dual credit programs. If
34 institutions use funds in this manner, the governing boards of the
35 state universities, the regional universities, The Evergreen State
36 College, and the state board for community and technical colleges shall
37 each adopt necessary rules to implement this subsection. Moneys from

1 this fund may be used for all educational expenses related to a
2 student's participation in a dual credit program including but not
3 limited to tuition, fees, course materials, and transportation.

4 NEW SECTION. Sec. 10. A new section is added to chapter 28B.92
5 RCW to read as follows:

6 Institutions of higher education are encouraged to review their
7 policies and procedures regarding financial aid for students enrolled
8 in dual credit programs as defined in section 8 of this act.
9 Institutions of higher education are further encouraged to implement
10 policies and procedures providing students enrolled in dual credit
11 programs with the same access to institutional aid, including all
12 educational expenses, as provided to resident undergraduate students.

13 **Sec. 11.** RCW 28B.12.060 and 2005 c 93 s 4 are each amended to read
14 as follows:

15 The higher education coordinating board shall adopt rules as may be
16 necessary or appropriate for effecting the provisions of this chapter,
17 and not in conflict with this chapter, in accordance with the
18 provisions of chapter 34.05 RCW, the state higher education
19 administrative procedure act. Such rules shall include provisions
20 designed to make employment under the work-study program reasonably
21 available, to the extent of available funds, to all eligible needy
22 students in eligible post-secondary institutions (~~(in need thereof)~~).
23 The rules shall include:

24 (1) Providing work under the state work-study program that will not
25 result in the displacement of employed workers or impair existing
26 contracts for services;

27 (2) Furnishing work only to a student who:

28 (a) Is capable, in the opinion of the eligible institution, of
29 maintaining good standing in such course of study while employed under
30 the program covered by the agreement; and

31 (b) Has been accepted for enrollment as at least a half-time
32 student at the eligible institution or, in the case of a student
33 already enrolled in and attending the eligible institution, is in good
34 standing and in at least half-time attendance there either as an
35 undergraduate, graduate or professional student; and

36 (c) Is not pursuing a degree in theology;

1 (3) Placing priority on providing:

2 (a) Work opportunities for students who are residents of the state
3 of Washington as defined in RCW 28B.15.012 and 28B.15.013, particularly
4 former foster youth as defined in RCW 28B.92.060(~~(, except resident~~
5 ~~students defined in RCW 28B.15.012(2)(g))~~);

6 (b) Job placements in fields related to each student's academic or
7 vocational pursuits, with an emphasis on off-campus job placements
8 whenever appropriate; and

9 (c) Off-campus community service placements;

10 (4) To the extent practicable, limiting the proportion of state
11 subsidy expended upon resident students to fifteen percent, or such
12 less amount as specified in the biennial appropriations act;

13 (5) Provisions to assure that in the state institutions of higher
14 education, utilization of this work-study program:

15 (a) Shall only supplement and not supplant classified positions
16 under jurisdiction of chapter 41.06 RCW;

17 (b) That all positions established which are comparable shall be
18 identified to a job classification under the director of personnel's
19 classification plan and shall receive equal compensation;

20 (c) Shall not take place in any manner that would replace
21 classified positions reduced due to lack of funds or work; and

22 (d) That work study positions shall only be established at entry
23 level positions of the classified service unless the overall scope and
24 responsibilities of the position indicate a higher level; and

25 (~~(+5)~~) (6) Provisions to encourage job placements in occupations
26 that meet Washington's economic development goals, especially those in
27 international trade and international relations. The board shall
28 permit appropriate job placements in other states and other countries.

29 NEW SECTION. Sec. 12. A new section is added to chapter 28B.12
30 RCW to read as follows:

31 (1) Within existing resources, the higher education coordinating
32 board shall establish the work-study opportunity grant for high-demand
33 occupations, a competitive grant program to encourage job placements in
34 high-demand fields. The board shall award grants to eligible
35 institutions of higher education that have developed a partnership with
36 a proximate organization willing to host work-study placements.
37 Partner organizations may be nonprofit organizations, for-profit firms,

1 or public agencies. Eligible institutions of higher education must
2 verify that all job placements will last for a minimum of one academic
3 quarter or one academic semester, depending on the system used by the
4 eligible institution of higher education.

5 (2) The board may adopt rules to identify high-demand fields for
6 purposes of this section. The legislature recognizes that the high-
7 demand fields identified by the board may differ in different regions
8 of the state.

9 (3) The board may award grants to eligible institutions of higher
10 education that cover both student wages and program administration.

11 (4) The board shall develop performance benchmarks regarding
12 program success including, but not limited to, the number of students
13 served, the amount of employer contributions, and the number of
14 participating high-demand employers.

15 NEW SECTION. **Sec. 13.** (1) The Washington higher education loan
16 program is created. The program is created to assist students in need
17 of additional low-cost student loans and related loan benefits.

18 (2) The program shall be administered by the board. In
19 administering the program, the board must:

20 (a) Periodically assess the needs and target the benefits to
21 selected groups of students;

22 (b) Devise a program to address the following issues related to
23 loans:

24 (i) Issuance of low-interest educational loans;

25 (ii) Determining loan repayment obligations and options;

26 (iii) Borrowing educational loans at low interest rates;

27 (iv) Developing conditional loans that can be forgiven in exchange
28 for service; and

29 (v) Creating an emergency loan fund to help students until other
30 state and federal long-term financing can be secured;

31 (c) Work with public depositories to implement the provisions in
32 this chapter;

33 (d) Accept public and private contributions into the higher
34 education loan program account;

35 (e) Publicize the program in partnership with the public
36 depositories; and

1 (f) Work with public and private colleges and universities, the
2 state board for community and technical colleges, the workforce
3 training and education coordinating board, and with students, to
4 conduct periodic assessment of program needs. The board may also
5 consult with other groups and individuals as needed.

6 NEW SECTION. **Sec. 14.** The definitions in this section apply
7 throughout this chapter unless the context clearly requires otherwise.

8 (1) "Board" means the higher education coordinating board.

9 (2) "Institution of higher education" means a college or university
10 in the state of Washington that is accredited by an accrediting
11 association recognized as such by rule of the board.

12 (3) "Needy student" has the definition in RCW 28B.92.030.

13 (4) "Program" means the Washington higher education loan program.

14 (5) "Resident student" has the definition in RCW 28B.15.012(2) (a)
15 through (d).

16 NEW SECTION. **Sec. 15.** The Washington higher education loan
17 program account is created in the custody of the state treasurer.
18 Expenditures from the account may be used only for the Washington
19 higher education loan program including costs associated with program
20 administration by the board. Only the director of the board or the
21 director's designee may authorize expenditures from the account. The
22 account is subject to the allotment procedures under chapter 43.88 RCW,
23 except for moneys used for program administration. An appropriation is
24 not required for expenditures from the account.

25 NEW SECTION. **Sec. 16.** (1) The state treasurer shall establish a
26 higher education loan program for investment of deposits in qualified
27 public depositories. As a condition of participating in the program,
28 qualified public depositories must make qualifying loans as provided in
29 this section. Subject to available funds, the state treasurer may
30 purchase a certificate of deposit that is equal to the amount of the
31 qualifying loan made by the qualified public depository or may purchase
32 a certificate of deposit that is equal to the aggregate amount of two
33 or more qualifying loans made by one or more qualified public
34 depositories.

35 (2) Qualifying loans made under this section are those:

1 (a) Having terms that do not exceed ten years commencing six months
2 from the date the participant completes or discontinues the course of
3 study;

4 (b)(i) Where an individual loan does not exceed resident
5 undergraduate tuition and state-mandated fees at the most expensive
6 Washington public institution of higher education for loans granted to
7 students pursuing an undergraduate degree; or

8 (ii) Where an individual loan does not exceed resident graduate or
9 professional tuition and state-mandated fees at the most expensive
10 Washington public institution of higher education for loans granted to
11 students pursuing a graduate or professional degree;

12 (c) That are made to resident students who are needy students;

13 (d) That are made to students attending an institution of higher
14 education; and

15 (e) Where the interest rate on the loan to the student does not
16 exceed an interest rate that is two hundred basis points below the
17 interest rate the qualified public depository would charge for a loan
18 for a similar purpose and a similar term, except that, if the
19 preference given by the state treasurer to the qualified public
20 depository under subsection (3) of this section is less than two
21 hundred basis points, the qualified public depository may reduce the
22 preference given on the loan by an amount that corresponds to the
23 reduction in preference below two hundred basis points given to the
24 qualified public depository.

25 (3) In setting interest rates of time certificate of deposits, the
26 state treasurer shall offer rates so that a two hundred basis point
27 preference will be given to the qualified public depository, except
28 that the treasurer shall lower the amount of the preference to ensure
29 that the effective interest rate on the time certificate of deposit is
30 not less than two hundred basis points.

31 (4) The board may adopt rules to:

32 (a) Further restrict program eligibility based on financial need;

33 (b) Ensure that when making a qualified loan under the program,
34 students who have never received a loan under the program are given
35 first priority;

36 (c) Limit the total principal loan amount that any one student
37 receives in qualified loans under the program over the span of
38 enrollment in institutions of higher education;

- 1 (d) Limit the total amount of any one qualified loan made under the
- 2 program; and
- 3 (e) Limit the points or fees charged at loan closing.

4 NEW SECTION. **Sec. 17.** The following acts or parts of acts, as now
5 existing or hereafter amended, are each repealed, effective August 1,
6 2011:

- 7 (1) RCW 28B.101.005 (Finding--Intent) and 2003 c 233 s 1 & 1990 c
- 8 288 s 2;
- 9 (2) RCW 28B.101.010 (Program created) and 2003 c 233 s 2 & 1990 c
- 10 288 s 3;
- 11 (3) RCW 28B.101.020 (Definition--Eligibility) and 2004 c 275 s 67,
- 12 2003 c 233 s 3, & 1990 c 288 s 4;
- 13 (4) RCW 28B.101.030 (Administration of program--Payments to
- 14 participants) and 1990 c 288 s 5; and
- 15 (5) RCW 28B.101.040 (Use of grants) and 2003 c 233 s 4 & 2002 c 186
- 16 s 3.

17 NEW SECTION. **Sec. 18.** Sections 13 through 16 of this act
18 constitute a new chapter in Title 28B RCW.

19 NEW SECTION. **Sec. 19.** This act takes effect August 1, 2009.

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