

CERTIFICATION OF ENROLLMENT
ENGROSSED SECOND SUBSTITUTE HOUSE BILL 2021

61st Legislature
2009 Regular Session

Passed by the House April 20, 2009
Yeas 64 Nays 34

Speaker of the House of Representatives

Passed by the Senate April 14, 2009
Yeas 38 Nays 9

President of the Senate

Approved

Governor of the State of Washington

CERTIFICATE

I, Barbara Baker, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **ENGROSSED SECOND SUBSTITUTE HOUSE BILL 2021** as passed by the House of Representatives and the Senate on the dates hereon set forth.

Chief Clerk

FILED

**Secretary of State
State of Washington**

ENGROSSED SECOND SUBSTITUTE HOUSE BILL 2021

AS AMENDED BY THE SENATE

Passed Legislature - 2009 Regular Session

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, Lias, 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 pathway, with the effect of providing students with a clear
7 understanding of available resources to pay for postsecondary
8 education, thereby increasing access to postsecondary education and
9 meeting the needs of 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 pathway 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~~((7))~~; and

27 ~~((3))~~ (c) The difference between the amounts for the full cost of
28 instruction and the student tuition and fees~~((7-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 pathway" 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 pathway" on the tuition billing statement

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

14 (5) The tuition billing statement disclosures shall be in twelve-
15 point type and boldface type where appropriate.

16 (6) All tuition billing statements or financial aid award
17 notifications at institutions of higher education must notify resident
18 undergraduate students of federal tax credits related to higher
19 education for which they may be eligible.

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

22 (1) The board shall administer any state program or state-
23 administered federal program of student financial aid now or hereafter
24 established.

25 (2) Each of the student financial aid programs administered by the
26 board shall be labeled an "opportunity pathway." Loans provided by the
27 federal government and aid granted to students outside of the financial
28 aid package provided through institutions of higher education are not
29 subject to the labeling provisions in this subsection. All
30 communication materials, including, but not limited to, printed
31 materials, presentations, and web content, shall include the
32 "opportunity pathway" label.

33 (3) If the board develops a one-stop college information web-based
34 portal that includes financial, academic, and career planning
35 information, the portal shall display all available student financial
36 aid programs, except federal student loans and aid granted to students
37 outside of the financial aid package provided through institutions of

1 higher education, under the "opportunity pathway" label. The portal
2 shall also display information regarding federal tax credits related to
3 higher education available for students or their families.

4 (4) The labeling requirements in this section do not change the
5 source, eligibility requirements, or student obligations associated
6 with each program. The board shall customize its communications to
7 differentiate between programs, eligibility requirements, and student
8 obligations, so long as the reporting provisions of this chapter are
9 also fulfilled.

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

12 As used in this chapter, "dual credit program" means a program,
13 administered by either an institution of higher education or a high
14 school, through which high school students in the eleventh or twelfth
15 grade who have not yet received the credits required for the award of
16 a high school diploma apply to a participating institution of higher
17 education to enroll in courses or programs offered by the institution
18 of higher education and simultaneously earn high school and college
19 credit.

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

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

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

1 least 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 (11) Any moneys deposited in the institutional financial aid fund
8 may be used by the institution for a locally administered financial aid
9 program for high school students enrolled in dual credit programs. If
10 institutions use funds in this manner, the governing boards of the
11 state universities, the regional universities, The Evergreen State
12 College, and the state board for community and technical colleges shall
13 each adopt necessary rules to implement this subsection. Moneys from
14 this fund may be used for all educational expenses related to a
15 student's participation in a dual credit program including but not
16 limited to tuition, fees, course materials, and transportation.

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

19 Institutions of higher education are encouraged to review their
20 policies and procedures regarding financial aid for students enrolled
21 in dual credit programs as defined in section 8 of this act.
22 Institutions of higher education are further encouraged to implement
23 policies and procedures providing students enrolled in dual credit
24 programs with the same access to institutional aid, including all
25 educational expenses, as provided to resident undergraduate students.

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

28 The higher education coordinating board shall adopt rules as may be
29 necessary or appropriate for effecting the provisions of this chapter,
30 and not in conflict with this chapter, in accordance with the
31 provisions of chapter 34.05 RCW, the state higher education
32 administrative procedure act. Such rules shall include provisions
33 designed to make employment under the work-study program reasonably
34 available, to the extent of available funds, to all eligible needy
35 students in eligible post-secondary institutions (~~in need thereof~~).
36 The rules shall include:

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

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

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

8 (b) Has been accepted for enrollment as at least a half-time
9 student at the eligible institution or, in the case of a student
10 already enrolled in and attending the eligible institution, is in good
11 standing and in at least half-time attendance there either as an
12 undergraduate, graduate or professional student; and

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

14 (3) Placing priority on providing:

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

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

22 (c) Off-campus community service placements;

23 (4) To the extent practicable, limiting the proportion of state
24 subsidy expended upon nonresident students to fifteen percent, or such
25 less amount as specified in the biennial appropriations act;

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

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

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

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

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

- 1 (i) Issuance of low-interest educational loans;
2 (ii) Determining loan repayment obligations and options;
3 (iii) Borrowing educational loans at low interest rates;
4 (iv) Developing conditional loans that can be forgiven in exchange
5 for service; and
6 (v) Creating an emergency loan fund to help students until other
7 state and federal long-term financing can be secured;
8 (c) Accept public and private contributions;
9 (d) Publicize the program; and
10 (e) Work with public and private colleges and universities, the
11 state board for community and technical colleges, the workforce
12 training and education coordinating board, and with students, to
13 conduct periodic assessment of program needs. The board may also
14 consult with other groups and individuals as needed.

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

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

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

21 (3) "Program" means the Washington higher education loan program.

22 (4) "Resident student" has the definition in RCW 28B.15.012(2) (a)
23 through (d).

24 NEW SECTION. **Sec. 15.** The following acts or parts of acts, as now
25 existing or hereafter amended, are each repealed, effective August 1,
26 2011:

27 (1) RCW 28B.101.005 (Finding--Intent) and 2003 c 233 s 1 & 1990 c
28 288 s 2;

29 (2) RCW 28B.101.010 (Program created) and 2003 c 233 s 2 & 1990 c
30 288 s 3;

31 (3) RCW 28B.101.020 (Definition--Eligibility) and 2004 c 275 s 67,
32 2003 c 233 s 3, & 1990 c 288 s 4;

33 (4) RCW 28B.101.030 (Administration of program--Payments to
34 participants) and 1990 c 288 s 5; and

35 (5) RCW 28B.101.040 (Use of grants) and 2003 c 233 s 4 & 2002 c 186
36 s 3.

1 NEW SECTION. **Sec. 16.** Sections 13 and 14 of this act constitute
2 a new chapter in Title 28B RCW.

3 NEW SECTION. **Sec. 17.** This act takes effect August 1, 2009.

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