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**SECOND SUBSTITUTE SENATE BILL 6561**

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**State of Washington 66th Legislature 2020 Regular Session**

**By** Senate Ways & Means (originally sponsored by Senators Liias, Saldaña, Das, Nguyen, Hasegawa, Stanford, Dhingra, Hunt, Kuderer, Wellman, and Wilson, C.)

AN ACT Relating to higher education funding options for dreamers; adding a new chapter to Title 28B RCW; and providing an effective date.

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

NEW SECTION. **Sec.**  (1) The legislature recognizes that students seeking to attend an institution of higher education or to receive training at a technical college have a variety of ways to fund their education. Students who meet Washington state residency requirements have access to state-funded financial aid programs such as the Washington college grant, college bound, and running start. While state residents have access to these state-sponsored financial aid options, not all state residents are eligible to receive federal financial aid such as the Pell grant or subsidized and unsubsidized student loans. Students who rely solely on state financial aid or scholarships might have difficulty in affording the remaining cost of attendance that student loans could fund.

(2) Therefore, the legislature intends to increase access to those students who are ineligible for federal financial aid by creating a state-funded and state-administered student loan program. The legislature intends for the undocumented student support loan program to provide students loans that are competitive with federal student loans and offer multiple options for repayment including adjusted monthly payments based on income and public student loan forgiveness.

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

(1) "Eligible student" means a student who:

(a) Is a resident student as defined in RCW 28B.15.012;

(b) Who demonstrates financial need as defined in RCW 28B.92.030;

(c) Has indicated they will attend an institution of higher education or is making satisfactory progress in a program, as defined in rule by the office, at an institution of higher education; and

(d) Does not qualify for federally funded student financial aid because of their citizenship status.

(2) "Institution of higher education" has the same meaning as in RCW 28B.92.030.

(3) "Office" means the office of student financial assistance created in RCW 28B.76.090.

(4) "Participant" means an eligible student who has received an undocumented student support loan.

NEW SECTION. **Sec.**  (1) Subject to amounts appropriated for this specific purpose, the undocumented student support loan program is established.

(2) The program shall be designed in consultation with financial aid professionals at institutions of higher education and state and nonprofit programs that work with eligible students.

(3) The program shall be administered by the office. In administering the program, the office has the following powers and duties to:

(a) Screen and select, in coordination with representatives of institutions of higher education, eligible students to receive an undocumented student support loan;

(b) Consider an eligible student's financial inability to meet the total cost of the participant's educational program in the selection process;

(c) Issue low-interest student loans that are competitive with federal student loan programs;

(d) Establish an annual loan limit equal to the cost of attendance minus any other financial aid received as provided in subsection (5) of this section;

(e) Define the terms of repayment, including applicable interest rates, fees, and deferments;

(f) Collect and manage repayments from students who do not meet their obligations under this chapter;

(g) Consider income-based repayment options;

(h) Adopt program rules related to a public service loan forgiveness option;

(i) Solicit and accept grants and donations from public and private sources for the program; and

(j) Adopt rules necessary to implement the program.

(4) The undocumented student support loan does not accrue interest while a participant is enrolled in an institution of higher education.

(5) The maximum amount granted per student for the undocumented student support loan program is as follows:

(a) For students attending a two-year or four-year institution of higher education, the difference between the student's tuition and required fees, less the value of any state-funded grant, scholarship, or waiver assistance the student receives, plus five hundred dollars for books and materials; and

(b) For students attending private four-year institutions of higher education in Washington, the representative average of awards granted to students in public research universities in Washington or the representative average of awards granted to students in public research universities in Washington in the year of high school graduation, whichever is greater.

(6) The office shall consult with relevant student associations and stakeholders in the development of the program.

(7) Data collected by the program must only be used for statistical analysis, research, and evaluation purposes. Data sharing by the office may be extended to include the office of financial management and other state governmental entities with oversight responsibility for this program.

(8) The office may impose a loan origination fee up to, but not to exceed, the current rate imposed by the federal government on subsidized student loans.

NEW SECTION. **Sec.**  The undocumented student support loan account is created in the custody of the state treasurer. All receipts from undocumented student support loans must be deposited in the account. Expenditures from the account may be used only for the undocumented student support loan program created in section 3 of this act. Only the director of the office or the director's designee may authorize expenditures from the account. The account is subject to the allotment procedures under chapter 43.88 RCW, but an appropriation is not required for expenditures.

NEW SECTION. **Sec.**  The office shall request that the state treasurer deposit state matching funds into the undocumented student support loan account created in section 4 of this act when the office can match the state funds with an equal amount of cash donations. State matching funds are limited to no more than two million dollars per biennium.

NEW SECTION. **Sec.**  Sections 1 through 5 and 7 of this act constitute a new chapter in Title 28B RCW.

NEW SECTION. **Sec.**  This act takes effect July 1, 2021.

**--- END ---**