

HOUSE BILL REPORT

2SSB 6561

As Reported by House Committee On:
College & Workforce Development

Title: An act relating to higher education funding options for dreamers.

Brief Description: Creating the undocumented student support loan program.

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

Brief History:

Committee Activity:

College & Workforce Development: 2/26/20, 2/27/20 [DPA].

**Brief Summary of Second Substitute Bill
(As Amended by Committee)**

- Creates the Undocumented Student Support Loan Program (Program) to provide student loans to residents who do not qualify for federal student loans because of citizenship status.
- Requires the Legislature to provide a state match, not to exceed \$2 million per biennium, for private contributions donated to the Program.

HOUSE COMMITTEE ON COLLEGE & WORKFORCE DEVELOPMENT

Majority Report: Do pass as amended. Signed by 13 members: Representatives Hansen, Chair; Entenman, Vice Chair; Leavitt, Vice Chair; Gildon, Assistant Ranking Minority Member; Bergquist, Mead, Paul, Pollet, Ramos, Rude, Sells, Slatter and Sutherland.

Minority Report: Without recommendation. Signed by 3 members: Representatives Van Werven, Ranking Minority Member; Graham, Assistant Ranking Minority Member; Young.

Minority Report: Do not pass. Signed by 1 member: Representative Kraft.

Staff: Megan Mulvihill (786-7304).

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Background:

Financial Aid Options for Undocumented Students.

Certain noncitizens can qualify for in-state residency, including Deferred Action for Childhood Arrivals (DACA), undocumented students, and students with visas providing nonimmigrant status. In addition, undocumented and DACA students may qualify for state financial aid programs, including the Washington College Grant, the College Bound Scholarship, and the Washington State Opportunity Scholarship. Undocumented and DACA students may also be eligible for some institutional scholarships, depending on donor criteria.

Students who are not United States citizens cannot qualify for federal financial aid, such as the Pell Grant and federal student loans.

Summary of Amended Bill:

The Undocumented Student Support Loan Program (Program) is established. Students who are eligible to receive a loan under the Program are state residents with financial need who are attending an institution of higher education and fill out a Washington Application for State Financial Aid (WASFA), but do not qualify for federally funded student financial aid because of their citizenship status. Institutions of higher education financial aid professionals, state and nonprofit programs that work with eligible students, and relevant student associations and stakeholders must be consulted in the Program design.

The Program administrator is the Office of Student Financial Assistance (Office) within the Washington Student Achievement Council. The Office has the following duties:

- screen and select eligible students to receive a student loan;
- consider a student's financial inability to meet the total cost of their educational program;
- issue low-interest student loans that are competitive with federal student loans;
- charge a loan origination fee not to exceed the rate imposed on federal subsidized student loans;
- establish annual and lifetime loan limits equal to the cost of attendance minus any other financial aid received;
- define the terms of repayment, including interest rates, fees, and deferments;
- collect and manage repayments from students who do not meet Program obligations;
- consider income-based repayment options;
- solicit and accept grants and donations from public and private sources; and
- adopt necessary rules.

A student loan issued under the Program does not accrue interest while a participant is enrolled in an institution of higher education. The maximum annual loan amount received per student is:

- the cost of tuition and required fees at the public institution of higher education the student is attending; or
- if the student is attending a private institution of higher education, the tuition and required fees at an equivalent public institution; and

- less the value of any state-funded grant, scholarship, or waiver assistance received, plus \$500 for books and materials.

Data collected by the Program is private and confidential and must only be used for statistical analysis, research, and evaluation purposes. The Office may share data from the Program with the Office of Financial Management and other state governmental entities with oversight responsibility for the Program, as long as personally identifiable student information is removed.

The Office must provide information to the appropriate committees of the Legislature by December 1, 2023, and every two years thereafter on the following:

- dollar amount and number of private contributions received;
- number of applications received;
- number of student loans provided to eligible students per year;
- average student loan amount provided per participant;
- level of degree program participants are pursuing;
- number of student loans in active repayment, deferment, and default status; and
- any other information the Office deems relevant.

The Undocumented Student Support Loan Match Account (Account) is created in the custody of the State Treasurer as a nonappropriated account. The Legislature must appropriate a state match, up to a maximum of \$2 million per biennium, beginning January 1, 2022, and each January 1 following the end of the fiscal year based on donations and pledges received by the Office for the Program based on the date each official state caseload forecast is submitted. Matching funds from the Account may only be made upon receipt of proof of private contributions and may not exceed the total amount of private contributions received.

Amended Bill Compared to Second Substitute Bill:

The striking amendment made changes to the Account by clarifying that the Legislature must appropriate state matching funds, not to exceed \$2 million, beginning January 1, 2022, and each January 1 following the end of the fiscal year based on donations and pledges received by the Office for the Program based on the date each official state caseload forecast is submitted. The Account was restructured as a nonappropriated account, and the subject to appropriation restriction was removed from the Program.

The striking amendment also restructured the maximum annual student loan amount by matching the amount for students attending private institutions to the amount for students attending public institutions. Other changes included requiring an eligible student to file a WASFA, removing the requirement for the Office to adopt rules related to a Public Service Loan Forgiveness option, and clarifying that data collected under the Program is private and confidential. It added that data may be shared with state government entities only if personally identifiable student information is removed.

Last, the striking amendment added the requirement for the Office to provide information on Program data to the appropriate committees of the Legislature by December 1, 2023, and every two years thereafter.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Amended Bill: The bill takes effect on July 1, 2021.

Staff Summary of Public Testimony:

(In support) The state is doing what it can to reduce the burden of student debt, so a student loan program deserves skepticism. However, when one hears about the stories of inequity between undocumented students and United States citizens, a subsidized student loan program for undocumented students makes sense. It will help allow undocumented students to complete their education without having to take breaks or extend the length of time to get a degree. The Program has sideboards to ensure that students are not taking out large amounts of debt. Rather this Program will ensure that all Washington students have the same opportunities to pursue higher education and contribute to the state.

Undocumented students do not have access to federal student loans that would make their college career easier by allowing them to focus on their studies instead of how to pay for their next meal, their housing, and their medical bills. They have to take roundabout routes to fulfill their college dream, often by starting at a community or technical college or delaying their education. Many work multiple jobs while attending college full time. It's an incredibly difficult journey, and often grade point average means nothing when it comes to scholarships for undocumented students. There is very little aid available for graduate students, and many undocumented students have dreams of attending an advanced program, such as in health care. They do the undocumented student hustle to find ways to make college happen. A student loan would level the playing field. Sometimes institutions have emergency grants available to help students who are struggling to stay enrolled, but often these have to be paid back in a short time frame that is nearly impossible.

"Undocumented" means you do not count as a person, yet they should have the same rights that United States citizens have. These are people who grow up in Washington, pay taxes in Washington, and consider themselves Washingtonians. Washington is not as progressive as it thinks it is. The Washington Constitution states that education is a paramount duty. It is the job of representatives to make sure that children are getting an education. Only 50 percent of minority students are graduating from high school. Even less go on to higher education. Yet these students are jumping through hoops to get the education that Americans take for granted.

These are individuals who are proud Washingtonians with a passion for learning, a desire to improve their circumstances, and who want to provide and give back to the community. These are not just dreamers, but doers. They deserve a chance at the American dream.

(Opposed) None.

Persons Testifying: Senator Liias, prime sponsor; Giovanni Severino and Oskar Zambrano, The Latino Community Fund; Ana Ramirez, Western Washington University Blue Group; Paul Francis, Council of Presidents; Scott Copeland, State Board for Community and Technical Colleges; Alejandra and Marco Dorado, University of Washington; Jahkhari Aujila and Zawadi Chege, Washington Sin Fronteras; Michelle Rosas Perez and Alex Paulino, Washington State University—Vancouver; Samantha Cruz Mendoza, Associated Students of Washington State University; Brenda Yopez and Venus Lomeli, Crimson Group, Washington State University—Pullman; Gloria Lopez Avina and Edgar Espino, Central Washington University; Nayelo Rivero, The Evergreen State College; Ana Karen Betancourt Macias, The Betancourt-Macias Family Scholarship Foundation; Stephanie Reyes and Sheila Avila, Movimiento Estudiantil Chinana/o de Aztlan—Central Washington University; Yazmin Aguilar, Centro Latino; Summer Gonzalez, League of United Latin American Citizens; and Nancy Canales-Montiel, Associated Students of Central Washington University.

Persons Signed In To Testify But Not Testifying: Alejandra Hernandez.