
SENATE BILL 6271

State of Washington

59th Legislature

2006 Regular Session

By Senators Kastama, Kline, McAuliffe and Roach

Read first time 01/10/2006. Referred to Committee on Early Learning, K-12 & Higher Education.

1 AN ACT Relating to zero interest loans for higher education; and
2 adding a new chapter to Title 28B RCW.

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

4 NEW SECTION. **Sec. 1.** Unless the context clearly requires
5 otherwise, the definitions in this section apply throughout this
6 chapter.

7 (1) "Institution of higher education" or "institution" means a two
8 or four-year college or university in the state of Washington that is
9 authorized by the higher education coordinating board.

10 (2) "Board" means the higher education coordinating board.

11 (3) "Public school" means an elementary school, a middle school,
12 junior high school, or high school within the public school system
13 referred to in Article IX of the state Constitution.

14 (4) "Satisfied" means paid-in-full.

15 (5) "Participant" means an eligible student who has received a zero
16 interest loan under this chapter.

17 NEW SECTION. **Sec. 2.** The zero interest loan program is
18 established for students attending a Washington institution of higher

1 education. The first loans shall be made to eligible students
2 enrolling in an institution of higher education in the 2006-07 academic
3 year. The program shall be administered by the board. In
4 administering the program, the board shall:

- 5 (1) Select students to receive zero interest loans;
- 6 (2) Adopt necessary rules and guidelines;
- 7 (3) Publicize the program;
- 8 (4) Collect and manage repayments from students; and
- 9 (5) Solicit and accept grants and donations from public and private
10 sources for the program.

11 NEW SECTION. **Sec. 3.** The board shall design the Washington zero
12 interest loan program based on the following parameters:

13 (1)(a) Loans shall be made to students graduating from public and
14 approved private high schools under chapter 28A.195 RCW, students
15 participating in home-based instruction as provided in chapter 28A.200
16 RCW, and persons twenty-one years of age or younger receiving a GED
17 certificate, who meet the financial eligibility criteria in this
18 section.

19 (b) To meet the financial eligibility criteria, a student's family
20 income shall not exceed one hundred thirty-five percent of the state
21 median family income adjusted for family size, as determined by the
22 board for each graduating class. Students not meeting the eligibility
23 requirements for the first year of the loan may reapply for a second
24 year, but must still meet the income standard set by the board for the
25 student's graduating class.

26 (2) Zero interest loans are not intended to supplant any grant,
27 scholarship, or tax program related to postsecondary education. If the
28 board finds that zero interest loans supplant or reduce any grant,
29 scholarship, or tax program for categories of students, then the board
30 shall adjust the financial eligibility criteria or the amount of loan
31 to the level necessary to avoid supplanting.

32 (3) The loans may only be used for undergraduate coursework at
33 accredited institutions of higher education in the state of Washington.

34 (4) The loans may be used for college-related expenses, including
35 but not limited to, tuition, room and board, books, and materials.

36 (5) Loans may not be awarded to any student who is pursuing a
37 degree in theology.

1 NEW SECTION. **Sec. 4.** The board may provide zero interest loans to
2 eligible participants from the funds appropriated to the board for this
3 purpose, or from any private donations, or any other funds given to the
4 board for this program. The amount loaned to an individual may not
5 exceed the amount of tuition and fees at the institution of higher
6 education attended by the participant or resident undergraduate tuition
7 and fees at the University of Washington per academic year for a full-
8 time student, whichever is lower. Participants are eligible to receive
9 loans for a maximum of five years.

10 NEW SECTION. **Sec. 5.** (1) Participants in the zero interest loan
11 program incur an obligation to repay the loan upon completion of a
12 postsecondary education program or five years after they first receive
13 a loan under this chapter, whichever is earlier.

14 (2) Participants who fail to complete their postsecondary education
15 program must repay their loan beginning no later than five years after
16 they first receive the loan.

17 (3) The minimum payment shall be set by the board. The maximum
18 period for repayment shall be ten years, with payments of principal
19 accruing quarterly commencing six months from the date the participant
20 completes or discontinues the course of study. Provisions for deferral
21 of payment shall be determined by the board.

22 (4) The board is responsible for collection of repayments made
23 under this section and shall exercise due diligence in such collection,
24 maintaining all necessary records to ensure that maximum repayments are
25 made. Collection and servicing of repayments under this section shall
26 be pursued using the full extent of the law, including wage garnishment
27 if necessary.

28 (5) Receipts from the payment of principal or any other subsidies
29 to which the board as administrator is entitled, which are paid by or
30 on behalf of participants under this section, shall be deposited in the
31 zero interest loan account and shall be used to cover the costs of
32 granting the loans, maintaining necessary records, and making
33 collections under subsection (4) of this section. The board shall
34 maintain accurate records of these costs, and all receipts beyond those
35 necessary to pay such costs shall be used to grant loans to eligible
36 students.

1 (6) The board shall adopt rules to define the terms of repayment,
2 including fees and deferments.

3 NEW SECTION. **Sec. 6.** (1) The zero interest loan account is
4 created in the custody of the state treasurer. An appropriation is not
5 required for expenditures of funds from the account. The account is
6 not subject to allotment procedures under chapter 43.88 RCW except for
7 moneys used for program administration.

8 (2) The board shall deposit in the account all moneys received for
9 the program. The account shall be self-sustaining and consist of funds
10 appropriated by the legislature for the zero interest loan program,
11 private contributions to the program, and receipts from participant
12 repayments.

13 (3) Expenditures from the account may be used solely for zero
14 interest loans to participants in the program established by this
15 chapter and costs associated with program administration by the board.

16 (4) Disbursements from the account may be made only on the
17 authorization of the board.

18 NEW SECTION. **Sec. 7.** Sections 1 through 6 of this act constitute
19 a new chapter in Title 28B RCW.

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