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**SECOND SUBSTITUTE SENATE BILL 6561**

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AS AMENDED BY THE HOUSE

Passed Legislature - 2020 Regular Session

**State of Washington**

**66th Legislature**

**2020 Regular Session**

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

READ FIRST TIME 02/11/20.

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

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

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

17 (2) Therefore, the legislature intends to increase access to  
18 those students who are ineligible for federal financial aid by  
19 creating a state-funded and state-administered student loan program.  
20 The legislature intends for the undocumented student support loan  
21 program to provide students loans that are competitive with federal

1 student loans and offer multiple options for repayment including  
2 adjusted monthly payments based on income.

3 NEW SECTION. **Sec. 2.** The definitions in this section apply  
4 throughout this chapter unless the context clearly requires  
5 otherwise.

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

7 (a) Is a resident student;

8 (b) Demonstrates financial need as defined in RCW 28B.92.030;

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

12 (d) Fills out the Washington application for state financial aid;  
13 and

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

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

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

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

22 (5) Resident student means:

23 (a) A financially independent student who has had a domicile in  
24 the state of Washington for the period of one year immediately prior  
25 to the time of commencement of the first day of the semester or  
26 quarter for which the student has registered at any institution and  
27 has in fact established a bona fide domicile in this state primarily  
28 for purposes other than educational;

29 (b) A dependent student, if one or both of the student's parents  
30 or legal guardians have maintained a bona fide domicile in the state  
31 of Washington for at least one year immediately prior to commencement  
32 of the semester or quarter for which the student has registered at  
33 any institution;

34 (c) Any student:

35 (i) Who has spent at least seventy-five percent of both his or  
36 her junior and senior years in high schools in this state;

37 (ii) Whose parents or legal guardians have been domiciled in the  
38 state for a period of at least one year within the five-year period  
39 before the student graduates from high school; and

1 (iii) Who enrolls in a public institution of higher education  
2 within six months of leaving high school, for as long as the student  
3 remains continuously enrolled for three quarters or two semesters in  
4 any calendar year; or

5 (d) Any person:

6 (i) Who has completed the full senior year of high school and  
7 obtained a high school diploma, both at a Washington public high  
8 school or private high school approved under chapter 28A.195 RCW, or  
9 a person who has received the equivalent of a diploma;

10 (ii) Who has lived in Washington for at least three years  
11 immediately prior to receiving the diploma or its equivalent;

12 (iii) Who has continuously lived in the state of Washington after  
13 receiving the diploma or its equivalent and until such time as the  
14 individual is admitted to an institution of higher education; and

15 (iv) Who provides to the institution an affidavit indicating that  
16 the individual will file an application to become a permanent  
17 resident at the earliest opportunity the individual is eligible to do  
18 so and a willingness to engage in any other activities necessary to  
19 acquire citizenship, including but not limited to citizenship or  
20 civics review courses.

21 NEW SECTION. **Sec. 3.** (1) The undocumented student support loan  
22 program is established.

23 (2) The program shall be designed by the office, in consultation  
24 with financial aid professionals at institutions of higher education,  
25 state and nonprofit programs that work with eligible students, and  
26 relevant student associations and stakeholders in the development of  
27 the program.

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

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

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

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

1 (d) Establish annual and lifetime loan limits equal to the cost  
2 of attendance minus any other financial aid received as provided in  
3 subsection (6) of this section;

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

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

8 (g) Consider income-based repayment options;

9 (h) Solicit and accept grants and donations from public and  
10 private sources for the program; and

11 (i) Adopt rules necessary to implement the program.

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

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

18 (6) The maximum annual loan amount granted per student for the  
19 undocumented student support loan program is:

20 (a)(i) The cost of tuition and required fees at the public  
21 institution of higher education the student is attending; or

22 (ii) If the student is attending a private institution of higher  
23 education, the tuition and required fees at an equivalent public  
24 institution; and

25 (b) Less the value of any state-funded grant, scholarship, or  
26 waiver assistance the student receives, plus five hundred dollars for  
27 books and materials.

28 (7) Student loans issued under the program shall follow the  
29 requirements under 11 U.S.C. Sec. 523 regarding dischargeability in  
30 bankruptcy.

31 (8) Data collected by the program is private and confidential and  
32 must only be used for statistical analysis, research, and evaluation  
33 purposes. Data sharing by the office may be extended to include the  
34 office of financial management and other state governmental entities  
35 with oversight responsibility for the program, as long as personally  
36 identifiable student information is removed.

37 (9) The office shall provide information to the appropriate  
38 fiscal and relevant policy committees of the legislature by December  
39 1, 2023, and every two years thereafter that includes the following:

40 (a) Dollar amount and number of private donations received;

- 1 (b) Number of applications received;
- 2 (c) Number of student loans provided to eligible students per
- 3 year;
- 4 (d) Average student loan amount provided per participant;
- 5 (e) Level of degree program participants are pursuing;
- 6 (f) Number of student loans in active repayment, deferment, and
- 7 default status; and
- 8 (g) Any other information the office deems relevant.

9 NEW SECTION. **Sec. 4.** (1) The undocumented student support loan  
10 match account is created in the custody of the state treasurer as a  
11 nonappropriated account to be used solely and exclusively for the  
12 program created in section 3 of this act. The purpose of the account  
13 is to provide state matching funds for the undocumented student  
14 support loan program.

15 (2) Revenues to the account consist of appropriations by the  
16 legislature into the account.

17 (3)(a) The legislature must appropriate a state match, up to a  
18 maximum of two million dollars per fiscal biennium, beginning January  
19 1, 2022, and each January 1st following the end of the fiscal year  
20 based on donations and pledges received by the office for the program  
21 as of the date each official state caseload forecast is submitted by  
22 the caseload forecast council to the legislative fiscal committees,  
23 as provided under RCW 43.88C.020. Nothing in this subsection expands  
24 or modifies the responsibilities of the caseload forecast council.

25 (b) In any year that the fund balance of the account is ten  
26 million dollars or more on the last day of the fiscal year, no state  
27 match shall be required the following year.

28 (4) Expenditures, in the form of matching funds, from the account  
29 may be made only upon receipt of proof from the office of private  
30 contributions to the program. Expenditures, in the form of matching  
31 funds, may not exceed the total amount of private contributions.

32 (5) Only the executive director of the office or the executive  
33 director's designee may authorize expenditures from the account. Such  
34 authorization must be made as soon as practicable following receipt  
35 of proof as required under subsection (4) of this section.

36 NEW SECTION. **Sec. 5.** This act takes effect July 1, 2021.

1        NEW SECTION.        **Sec. 6.**        Sections 1 through 5 of this act  
2        constitute a new chapter in Title 28B RCW.

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