

SENATE BILL REPORT

SB 6271

As of January 30, 2006

Title: An act relating to zero interest loans for higher education.

Brief Description: Creating a zero interest loan program for higher education.

Sponsors: Senators Kastama, Kline, McAuliffe and Roach.

Brief History:

Committee Activity: Early Learning, K-12 & Higher Education: 2/1/06.

SENATE COMMITTEE ON EARLY LEARNING, K-12 & HIGHER EDUCATION

Staff: Ingrid Mungia (786-7423)

Background: State funds for a number of financial aid programs are appropriated in the operating budget to the Higher Education Coordinating Board (HECB). Some of these programs include:

State Need Grant

Grants for undergraduate resident students with significant financial need.

State Work Study

Undergraduate and graduate students with financial need can earn money for college through part-time work while gaining experience whenever possible in jobs related to their academic and career interests.

Educational Opportunity Grant

College students with junior standing who want to complete a bachelor's degree may be eligible for grants. Students must have demonstrated financial need and be unable to complete their education without this grant due to family or work commitments, health concerns, financial need, or other similar factors.

Washington Scholars

Two high school students from each of the 49 state legislative districts are eligible for grants in recognition of outstanding academic achievement, leadership, and community service.

Washington Award for Vocational Excellence (WAVE)

High School and community/technical college students receive scholarships in recognition of outstanding achievement in vocational-technical education.

Summary of Bill: The Zero Interest Loan Program (Program) is established for students attending a Washington institution of higher education. The first loan will be available to eligible students enrolling in an institution of higher education in the 2006-07 academic year. The Program will be administered by the HECB. In administering the program, the Board will:

- Select students to receive zero interest loans;
- Adopt necessary rules and guidelines;
- Publicize the Program;
- Collect and manage repayments from students; and
- Solicit and accept grants and donations from public and private sources for the Program.

Loans will be made for students who meet the financial eligibility criteria and are graduating from a public or approved private high school, students participating in home-based instruction and persons twenty-one years of age or younger receiving a GED certificate. To meet the financial eligibility criteria, a student's family income must not exceed one hundred thirty-five percent of the state median family income adjusted for family size, as determined by the HECB for each graduating class.

Loans may only be used for undergraduate coursework at an accredited institution of higher education in Washington State. The amount loaned to an individual may not exceed the amount of tuition and fees at the institution of higher education attended by the participant or resident undergraduate tuition and fees at the University of Washington per academic year for a full-time student, whichever is lower. Participants are eligible to receive loans for a maximum of five years. A loan may not be awarded to any student who is pursuing a degree in theology.

Participants in the Program must repay the loan upon completion of a postsecondary education program or five years after they receive their first loan, whichever is earlier. Participants who fail to complete their postsecondary education program must repay their loan no later than five years after they receive the loan. The HECB is responsible for collecting repayment of the loans under the Program.

A Program account is created in the custody of the State Treasurer. The HECB must deposit all monies received for the Program in the account. The account will be self-sustaining and consist of funds appropriated by the Legislature for the Program, private contributions, and receipts from participant repayments.

Appropriation: None.

Fiscal Note: Requested on January 30, 2006.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.