
SUBSTITUTE HOUSE BILL 2429

State of Washington

63rd Legislature

2014 Regular Session

By House Higher Education (originally sponsored by Representatives Stonier, Johnson, Harris, Wylie, Haler, Sawyer, Riccelli, Pollet, Habib, MacEwen, Tarleton, Bergquist, Farrell, Fitzgibbon, Moeller, Ryu, Sells, Goodman, Gregerson, S. Hunt, Senn, Santos, Ormsby, and Freeman)

READ FIRST TIME 02/04/14.

1 AN ACT Relating to creating a higher education loan program;
2 amending RCW 28B.97.010 and 28B.97.020; adding new sections to chapter
3 28B.97 RCW; creating a new section; and providing an expiration date.

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

5 NEW SECTION. **Sec. 1.** The legislature finds that too many students
6 at all income levels are leaving higher education programs with high
7 levels of debt. The legislature recognizes that a financial aid
8 program that offers loans with repayments based on a student's income
9 would reduce the burden of debt.

10 **Sec. 2.** RCW 28B.97.010 and 2011 1st sp.s. c 11 s 174 are each
11 amended to read as follows:

12 (1) The Washington advance higher education loan program is created
13 as a pilot program. The program is created for the following purposes:

14 (a) To assist students in need of additional low-cost student loans
15 and related loan benefits; and

16 (b) To meet the state's need for individuals with higher education
17 degrees and certificates that are in demand by employers, such as in

1 the fields of science, including health science, technology,
2 engineering, and math.

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

6 (a) ~~((Periodically assess the needs and target the benefits to~~
7 ~~selected students;~~

8 (b) ~~Devise a program to address the following issues related to~~
9 ~~loans:~~

10 (i) ~~Issuance of low interest educational loans;~~

11 (ii) ~~Determining loan repayment obligations and options;~~

12 (iii) ~~Borrowing educational loans at low interest rates;~~

13 (iv) ~~Developing conditional loans that can be forgiven in exchange~~
14 ~~for service; and~~

15 (v) ~~Creating an emergency loan fund to help students until other~~
16 ~~state and federal long term financing can be secured;~~

17 (c) ~~Accept public and private contributions;~~

18 (d) ~~Publicize the program; and~~

19 (e) ~~Work with public and private colleges and universities, the~~
20 ~~state board for community and technical colleges, the workforce~~
21 ~~training and education coordinating board, and with students, to~~
22 ~~conduct periodic assessment of program needs. The office may also~~
23 ~~consult with other groups and individuals as needed)) Design and
24 implement a low interest educational loan program with the following
25 elements:~~

26 (i) An interest rate that is less than federal student loan options
27 for higher education students;

28 (ii) Loan repayment obligations that take total loan debt and
29 family size into consideration;

30 (iii) Loan repayments that do not commence until six months after
31 a student has completed his or her degree or certificate, or six months
32 after leaving his or her program in cases where a student leaves before
33 completing a degree or certificate;

34 (b) Define other loan terms including fees and deferments;

35 (c) Screen and select eligible students to receive the loan;

36 (d) Collect and manage repayment from students who do not meet
37 their obligations under this chapter;

1 (e) Exercise discretion to revise repayment obligations in certain
2 cases such as in cases of economic hardship; and

3 (f) Adopt necessary rules.

4 **Sec. 3.** RCW 28B.97.020 and 2012 c 229 s 561 are each amended to
5 read as follows:

6 The definitions in this section apply throughout this chapter
7 unless the context clearly requires otherwise.

8 (1) "Eligible student" means a student who meets the criteria in
9 section 4 of this act.

10 (2) "Institution of higher education" means a college or university
11 in the state of Washington that is accredited by an accrediting
12 association recognized as such by rule of the student achievement
13 council.

14 ((+2)) (3) "Office" means the office of student financial
15 assistance.

16 ((+3)) (4) "Program" means the Washington advance higher education
17 loan program.

18 ((+4)) (5) "Resident student" has the definition in RCW
19 28B.15.012(2) (a) through ((+d)) (e).

20 NEW SECTION. **Sec. 4.** A new section is added to chapter 28B.97 RCW
21 to read as follows:

22 (1) An "eligible student" is a student who satisfies all of the
23 following criteria:

24 (a) Is a resident student;

25 (b) Can demonstrate financial need to access the loan in order to
26 enroll in or complete his or her higher education degree or certificate
27 program; and

28 (c) Is enrolled in one of the following programs:

29 (i) Any computer science or engineering baccalaureate degree or
30 applied baccalaureate degree offered by an institution of higher
31 education as defined in RCW 28B.10.016 or independent, nonprofit
32 baccalaureate degree-granting institution in the state;

33 (ii) A program related to science, including health science,
34 technology, engineering, or math at Washington State University in
35 Vancouver, Clark College, or Heritage University;

36 (iii) An aerospace-related program at Everett Community College;

1 (iv) The MEDEX program at the University of Washington in Spokane;
2 (v) The doctor of osteopathic medicine program at Pacific Northwest
3 University of Health Sciences; or

4 (vi) Programs that prepare students for the following licensed
5 mental health professions: Mental health counselor, chemical
6 dependency professional, social worker, psychologist and certified
7 counselor offered by Heritage University, Washington State University
8 in Vancouver, the University of Washington in Spokane, Bellevue
9 College, Clark College, Everett Community College, or Pierce College.

10 (2) To remain an eligible student and receive continuing
11 disbursements under the program, a participant must be considered by
12 the institution of higher education to be making satisfactory progress.

13 NEW SECTION. **Sec. 5.** A new section is added to chapter 28B.97 RCW
14 to read as follows:

15 (1) The office, with the collaboration of participating
16 institutions and programs, shall submit an annual report by December
17 1st regarding the program to the governor and to the appropriate
18 committees of the legislature.

19 (2) The annual report shall describe the design and implementation
20 of the program, and shall include the following:

21 (a) The number of applicants for loans and their income levels at
22 the time of application;

23 (b) The number of participants in the program and their income
24 levels at the time of application;

25 (c) The number of participants in the program who complete a higher
26 education program;

27 (d) The number of participants in the program who are placed in
28 employment and their earnings three quarters after completion;

29 (e) The nature of that employment, including:

30 (i) The type of job; and

31 (ii) Whether the job is full-time, part-time, or temporary;

32 (f) Demographic profiles of applicants for loans and participants
33 in the program; and

34 (g) An estimate of when the program will become self-sustaining.

35 NEW SECTION. **Sec. 6.** A new section is added to chapter 28B.97 RCW
36 to read as follows:

1 The office may award Washington advance higher education loans to
2 eligible students from the funds available in the Washington advance
3 higher education loan account created in section 7 of this act. The
4 amount of the student loan awarded an individual may not exceed tuition
5 and fees for the program of study.

6 NEW SECTION. **Sec. 7.** A new section is added to chapter 28B.97 RCW
7 to read as follows:

8 (1) The Washington advance higher education loan account is created
9 in the custody of the state treasurer. No appropriation is required
10 for expenditures of funds from the account for Washington advance
11 higher education loan program student loans. An appropriation is
12 required for expenditures of funds from the account for costs
13 associated with program administration by the office. The account is
14 not subject to allotment procedures under chapter 43.88 RCW.

15 (2) The office shall deposit into the account all moneys received
16 for the program. The account shall become self-sustaining after a
17 sufficient number of years of program operation and consist of moneys
18 received for the program by the office, and receipts from participant
19 repayments, including principal and interest.

20 (3) Expenditures from the account may be used solely for student
21 loans to participants in the program established by this chapter and
22 costs associated with program administration by the office.

23 (4) Disbursements from the account may be made only on the
24 authorization of the office.

25 NEW SECTION. **Sec. 8.** A new section is added to chapter 28B.97 RCW
26 to read as follows:

27 This chapter expires July 1, 2020.

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