H-1054.2

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**SUBSTITUTE HOUSE BILL 1030**

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**State of Washington 64th Legislature 2015 Regular Session**

**By** House Higher Education (originally sponsored by Representatives Johnson, Sells, Haler, Appleton, S. Hunt, Gregerson, Bergquist, Hudgins, Van De Wege, Moeller, Magendanz, Fey, and Pollet)

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

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

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

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

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

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

(b) To meet the state's need for individuals with higher education degrees and certificates that are in demand by employers, such as in the fields of science, including health science, technology, engineering, and math.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(f) Adopt necessary rules.

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

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

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

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

((~~(2)~~)) (3) "Office" means the office of student financial assistance.

((~~(3)~~)) (4) "Program" means the Washington advance higher education loan program.

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

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

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

(a) Is a resident student;

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

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

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

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

(iii) The MEDEX program at the University of Washington in Spokane;

(iv) The doctor of osteopathic medicine program at Pacific Northwest University of Health Sciences; or

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

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

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

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

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

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

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

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

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

(e) The nature of that employment, including:

(i) The type of job; and

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

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

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

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

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

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

(1) The Washington advance higher education loan account is created in the custody of the state treasurer. No appropriation is required for expenditures of funds from the account for Washington advance higher education loan program student loans. An appropriation is required for expenditures of funds from the account for costs associated with program administration by the office, and this appropriation is subject to allotment procedures under chapter 43.88 RCW. Expenditures from nonappropriated funds in the account are not subject to allotment procedures under chapter 43.88 RCW.

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

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

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

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

This chapter expires July 1, 2021.

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