
College & Workforce Development Committee

2SSB 6561

Brief Description: Creating the undocumented student support loan program.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Liias, Saldaña, Das, Nguyen, Hasegawa, Stanford, Dhingra, Hunt, Kuderer, Wellman and Wilson, C.).

<p>Brief Summary of Second Substitute Bill</p> <ul style="list-style-type: none">• Creates the Undocumented Student Support Loan Program to provide student loans to residents who do not qualify for federal student loans because of citizenship status.

Hearing Date: 2/26/20

Staff: Megan Mulvihill (786-7304).

Background:

Financial Aid Options for Undocumented Students.

Certain noncitizens can qualify for in-state residency, including Deferred Action for Childhood Arrivals (DACA), undocumented students, and students with visas providing nonimmigrant status. In addition, undocumented and DACA students may qualify for state financial aid programs, including the Washington College Grant, the College Bound Scholarship, and the Washington State Opportunity Scholarship. Undocumented and DACA students may also be eligible for some institutional scholarships, depending on donor criteria.

Students who are not United States citizens cannot qualify for federal financial aid, such as the Pell Grant and federal student loans.

Summary of Bill:

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Subject to appropriations, the Undocumented Student Support Loan Program (Program) is established. Students who are eligible to receive a loan under the Program are state residents with financial need who are attending an institution of higher education, but do not qualify for federally funded student financial aid because of their citizenship status. Institutions of higher education financial aid professionals, state and nonprofit programs that work with eligible students, and relevant student associations and stakeholders must be consulted in the Program design.

The Program administrator is the Office of Student Financial Assistance (Office) within the Washington Student Achievement Council. The Office has the following duties:

- screen and select eligible students to receive a student loan;
- consider a student's financial inability to meet the total cost of their educational program;
- issue low-interest student loans that are competitive with federal student loans;
- charge a loan origination fee not to exceed the rate imposed on federal subsidized student loans;
- establish annual loan limits equal to the cost of attendance minus any other financial aid received;
- define the terms of repayment, including interest rates, fees, and deferments;
- collect and manage repayments from students who do not meet Program obligations;
- consider income-based repayment options;
- adopt program rules related to a public service loan forgiveness option;
- solicit and accept grants and donations from public and private sources; and
- adopt necessary rules.

A student loan issued under the Program does not accrue interest while a participant is enrolled in an institution of higher education. The maximum loan amount received per student is as follows:

- for students attending a two- or four-year institution, the difference between the student's tuition and required fees, less the value of any state-funded grant, scholarship, or waiver assistance received, plus \$500 for books and materials; or
- for students attending a private four-year institution, the representative average of awards granted to students attending public research universities in Washington or the representative average of awards granted to students in public research universities in Washington in the year of high school graduation, whichever is greater.

Data collected by the Program must only be used for statistical analysis, research, and evaluation purposes. The Office may share data from the Program with the Office of Financial Management and other state governmental entities with oversight responsibility for the Program.

The Undocumented Student Support Loan Account is created in the custody of the State Treasurer. The Office must request that the State Treasurer deposit state matching funds into the account when the Office can match the state funds with an equal amount of cash donations. State matching funds are limited to no more than \$2 million per biennium.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect on July 1, 2021.