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**SECOND SUBSTITUTE SENATE BILL 6561**

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**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 and public student loan  
3 forgiveness.

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

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

8 (a) Is a resident student as defined in RCW 28B.15.012;

9 (b) Who demonstrates financial need as defined in RCW 28B.92.030;

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

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

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

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

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

21 NEW SECTION. **Sec. 3.** (1) Subject to amounts appropriated for  
22 this specific purpose, the undocumented student support loan program  
23 is established.

24 (2) The program shall be designed in consultation with financial  
25 aid professionals at institutions of higher education and state and  
26 nonprofit programs that work with eligible students.

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

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

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

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

1 (d) Establish an annual loan limit equal to the cost of  
2 attendance minus any other financial aid received as provided in  
3 subsection (5) 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) Adopt program rules related to a public service loan  
10 forgiveness option;

11 (i) Solicit and accept grants and donations from public and  
12 private sources for the program; and

13 (j) Adopt rules necessary to implement the program.

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

17 (5) The maximum amount granted per student for the undocumented  
18 student support loan program is as follows:

19 (a) For students attending a two-year or four-year institution of  
20 higher education, the difference between the student's tuition and  
21 required fees, less the value of any state-funded grant, scholarship,  
22 or waiver assistance the student receives, plus five hundred dollars  
23 for books and materials; and

24 (b) For students attending private four-year institutions of  
25 higher education in Washington, the representative average of awards  
26 granted to students in public research universities in Washington or  
27 the representative average of awards granted to students in public  
28 research universities in Washington in the year of high school  
29 graduation, whichever is greater.

30 (6) The office shall consult with relevant student associations  
31 and stakeholders in the development of the program.

32 (7) Data collected by the program must only be used for  
33 statistical analysis, research, and evaluation purposes. Data sharing  
34 by the office may be extended to include the office of financial  
35 management and other state governmental entities with oversight  
36 responsibility for this program.

37 (8) The office may impose a loan origination fee up to, but not  
38 to exceed, the current rate imposed by the federal government on  
39 subsidized student loans.

1        NEW SECTION.    **Sec. 4.**    The undocumented student support loan  
2 account is created in the custody of the state treasurer. All  
3 receipts from undocumented student support loans must be deposited in  
4 the account. Expenditures from the account may be used only for the  
5 undocumented student support loan program created in section 3 of  
6 this act. Only the director of the office or the director's designee  
7 may authorize expenditures from the account. The account is subject  
8 to the allotment procedures under chapter 43.88 RCW, but an  
9 appropriation is not required for expenditures.

10       NEW SECTION.    **Sec. 5.**    The office shall request that the state  
11 treasurer deposit state matching funds into the undocumented student  
12 support loan account created in section 4 of this act when the office  
13 can match the state funds with an equal amount of cash donations.  
14 State matching funds are limited to no more than two million dollars  
15 per biennium.

16       NEW SECTION.    **Sec. 6.**    Sections 1 through 5 and 7 of this act  
17 constitute a new chapter in Title 28B RCW.

18       NEW SECTION.    **Sec. 7.**    This act takes effect July 1, 2021.

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