
HOUSE BILL 2429

State of Washington

63rd Legislature

2014 Regular Session

By Representatives Stonier, Johnson, Harris, Wylie, Haler, Sawyer, Riccelli, Pollet, Habib, MacEwen, Tarleton, Bergquist, Farrell, Fitzgibbon, Moeller, Ryu, Sells, Goodman, Gregerson, Hunt, Senn, Santos, Ormsby, and Freeman

Read first time 01/17/14. Referred to Committee on Higher Education.

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

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

6 (1) The office, with the collaboration of participating
7 institutions and programs, shall submit an annual report by December
8 1st regarding the program to the governor and to the appropriate
9 committees of the legislature.

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

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

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

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

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

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

21 (i) The type of job; and

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

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

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

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

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

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

35 (1) The Washington advance higher education loan account is created

1 in the custody of the state treasurer. No appropriation is required
2 for expenditures of funds from the account for Washington advance
3 higher education loan program student loans. An appropriation is
4 required for expenditures of funds from the account for costs
5 associated with program administration by the office. The account is
6 not subject to allotment procedures under chapter 43.88 RCW.

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

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

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

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

19 This chapter expires July 1, 2020.

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