



# Washington State Student Loan Report

February 2024

## Introduction

In 2022, the Legislature passed HB 1736 to create the Washington State Student Loan Program for income-eligible students enrolled in qualifying undergraduate and graduate degree programs. As directed in [RCW 28B.93.020](#), the Washington Student Achievement Council (WSAC) convened members of the Office of the State Treasurer, the State Investment Board, and others to discuss the national landscape of state student loan programs and their features—including balancing self-sustainability and borrower friendliness, loan origination, loan servicing, and the merits and demerits of using an actuarial analysis versus financial modeling to determine sustainability.

Based on these discussions, the loan program was deemed to be unsustainable in its initial form and WSAC provided the Legislature with both policy- and practice-related recommendations to make implementation of the loan program more feasible. A report describing WSAC’s initial convening as well as these recommendations is available [here](#).

In response to these findings, [RCW 28B.93.020](#) was amended in 2023 by the passage of HB 1823, which enabled WSAC to “retain a consultant to design a loan program, including one or more financial advisors, to provide consultation on the sustainability of the loan program.” This legislation also maintained WSAC’s obligation to provide a report on the design, sustainability, and implementation plan for the program to the Governor and higher education committees of the Legislature.

The following report provides:

- A summary of recent legislative changes.
- A description of WSAC’s process to retain a consultant for purposes of carrying out the new statutory directive.

## Summary of Recent Legislative Changes

HB 1823 made numerous changes to the loan program, including:

- Limiting participation to state residents with financial need who are pursuing high-demand graduate studies.
- Increasing the maximum subsidized loan interest rate to 2.5 percent.
- Modifying the definition of “eligible graduate program” to include, but not be limited to, professions in health care, behavioral and mental health, early education, K–12, higher education, law enforcement, public safety, and others (as determined by WSAC’s Office of Student Financial Assistance).
- Modifying the types of recommendations that must be included in the program design, including:
  - Limiting the maximum loan amount to \$20,000 annually per borrower.

- Limiting the length of standard loan repayment contracts to 25 years.
- Enabling WSAC to retain a consultant to design a loan program, including one or more financial advisors, to provide consultation on the sustainability of the loan program.
- Delaying the awarding of student loans under the program to eligible students to the 2025–26 academic year.
- Requiring the Washington student loan account to have a minimum life cycle of seven years.
- Adding students who are demographically underrepresented or do not qualify for federally funded student financial aid to the list of groups who must be prioritized in the issuance of student loans.
- Requiring additional appropriations from the Legislature to the Washington student loan account to not exceed \$40 million during four consecutive fiscal years, beginning with the first fiscal year in which loans are issued from the account.
- Allowing the Legislature to appropriate \$10 million for the program in the fifth fiscal year following the first issuance of student loans.
- Allowing the Legislature to appropriate additional funds from the Washington student loan account for program-related administrative and implementation costs prior to the issuance of student loans.

## State Student Loan Consultant Retention Process

Following the passage of HB 1823, WSAC assessed the existing landscape of consultants who work on student loan programs and determined that there would be sufficient interest in a request for proposal (RFP) to design the loan program. A final RFP was approved by the Department of Enterprise Services and published in mid-December 2023.

As of February 2024, WSAC has completed its RFP process and is currently finalizing contracts with multiple consultants to design the loan program. No administrative costs have been incurred yet, but formal design work is expected to begin in spring 2024. WSAC remains on track to begin issuing student loans from the Washington student loan account in the 2025–26 academic year as required by [RCW 28B.93.030](#).

## About the Washington Student Achievement Council

The Washington Student Achievement Council is committed to increasing educational opportunities and attainment in Washington. The Council has three main functions:

- Lead statewide strategic planning to increase educational attainment.
- Administer programs that help people access and pay for college.
- Advocate for the economic, social, and civic benefits of higher education.

The Council has ten members. Four members represent each of Washington's major education sectors: four-year public baccalaureates, four-year private colleges, public community and technical colleges, and K-12 public schools. Six are citizen members, including two current students (one graduate student and one undergraduate student).

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