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# Student Financial Responsibility Agreement: Policy & systemwide implementation

Student financial responsibility agreements (SFRA) are mandatory agreements that inform students of the financial responsibilities associated with enrolling for classes at a college or university. SFRAs help ensure students understand their payment obligations, lessen the risk of default, and help institutions and their collection agency partners comply with laws and regulations.

For Washington’s community and technical college system, implementing a global SFRA for all colleges is essential to ensure compliance with state and federal laws, mitigate institutional financial risks, and provide an efficient and consistent framework across all 34 colleges.

Under its legislative and operational mandates, the Washington State Board for Community and Technical Colleges (SBCTC) must establish systemwide standards when statutory compliance is necessary. Following consultations with the Assistant Attorney General (AAG), it was determined that SBCTC will configure the SFRA globally within ctcLink to support compliance while simplifying administrative processes and eliminating redundancies across colleges.

## Legal and Policy Basis for SFRA

The ctcLink global SFRA agreement is designed to comply with the following state and federal laws:

* [**RCW 28B.10.293**](https://app.leg.wa.gov/rcw/default.aspx?cite=28B.10.293)**:** **Collection of debts—Conditions and limitations on institutions of higher education.**
* Permitting educational institutions to impose reasonable financing and late charges, as well as debt collection charges, but only if so provided for in an agreement signed by the student debtor. See [SSHB 2513 (2020)](https://app.leg.wa.gov/billsummary?BillNumber=2513&Initiative=false&Year=2019)
* [**RCW 43.17.240**](https://app.leg.wa.gov/rcw/default.aspx?cite=43.17.240) **Debts owed to the state—Interest rate.**
* Requiring state agencies and institutions to impose a financing charge of 1% a month on unpaid accounts starting on the date the unpaid account becomes past due.
* [**RCW 19.16.500**](https://app.leg.wa.gov/rcw/default.aspx?cite=19.16.500)**:** **Public bodies may retain collection agencies to collect public debts—Fees.**
* Authorizing state agencies and institutions to refer delinquent accounts to a collection agency and to require the debtor to pay reasonable collection agency fees and costs.
* [**U.S. Bankruptcy code, 523(a)(8)**](https://codes.findlaw.com/us/title-11-bankruptcy/11-usc-sect-523/#:~:text=(7)%20to%20the%20extent%20such,a%20drug%2C%20or%20another%20substance;)**:** Student educational debts are generally non-dischargeable in bankruptcy without a court order based on undue hardship, but many garden-variety student debts (bookstore purchases, for example) remain dischargeable in bankruptcy unless the student signs a promissory note or other agreement to pay the debt.

### Purpose of a global SFRA

* **Regulatory compliance**: A standardized agreement ensures all colleges can comply with the applicable Revised Code of Washington (RCW) statutes and federal laws, as advised by the state AAG.
* **Operational consistency**: Colleges currently have varying practices, which create inconsistencies in policy enforcement, administrative processes, and potential for financial risk. A global SFRA provides a uniform standard, enhancing system efficiency and student understanding.
* **Risk mitigation**: Without a consistent SFRA, colleges face increased financial burden from unpaid student debts, delayed collections, and legal vulnerabilities.

### Key SFRA process attributes

By implementing a standardized, legally compliant SFRA, SBCTC can help ensure a consistent approach to student financial responsibility agreements across the system. This supports institutional financial health, aligns with statutory requirements, and fosters transparency and accountability in student financial obligations.

To achieve these objectives, the following process attributes are proposed:

1. **Universal student agreement**: All students who are charged and may owe a balance will submit an SFRA.
* Excluded populations include students under 18 years of age, Department of Corrections (DOC) students, Continuing Education (CNED) students, students enrolled in 100% Basic Education for Adults (Beda) courses, and Open Doors students.
1. **Annual agreement submission**: Agreements should be obtained once per academic year for each active student.
2. **System integration and management**: Agreement data will be stored and managed using the delivered functionality within ctcLink, ensuring consistent tracking and availability across all colleges.
3. **College staff operations**: College staff will have the ability to accept signed SFRA agreements and update ctcLink accordingly.
4. **Support and communication**: ctcLink Support has provided a [Quick Reference Guide (QRG)](https://ctclinkreferencecenter.ctclink.us/m/96102/l/1900381-student-financial-responsibility-agreement) for college staff use. SBCTC has also developed a draft student communication that includes the SFRA template and sample text for college SFRA webpages, included in the QRG.
5. **Maintenance:** SBCTC will conduct an annual review of the SFRA structure and exclusion list to ensure alignment with evolving system changes, policies, and regulatory updates.