

HOUSE BILL REPORT

ESSB 5336

As Reported by House Committee On:
Higher Education

Title: An act relating to a loan repayment endowment program for attorneys who provide legal services in public interest areas of the law.

Brief Description: Creating the public interest attorney loan repayment program.

Sponsors: By Senate Committee on Higher Education (originally sponsored by Senators Kohl-Welles, Horn, Shin, McAuliffe, B. Sheldon, Constantine and Kline).

Brief History:

Committee Activity:

Higher Education: 3/23/01, 3/28/01 [DPA].

Brief Summary of Engrossed Substitute Bill
(As Amended by House Committee)

- Establishes a loan repayment endowment program for attorneys who provide legal services in public interest areas of the law.

HOUSE COMMITTEE ON HIGHER EDUCATION

Majority Report: Do pass as amended. Signed by 7 members: Representatives Cox, Republican Co-Chair; Kenney, Democratic Co-Chair; Gombosky, Democratic Vice Chair; Jarrett, Republican Vice Chair; Fromhold, Lantz and Skinner.

Minority Report: Without recommendation. Signed by 1 member: Representative Dunn.

Staff: Marsha Reilly (786-7135).

Background:

Personal finances are often a factor when a law student is deciding what type of law to practice and where to work. Because of heavy debt load following law school, some attorneys choose not to practice "public interest" law because salaries are significantly less than other areas of law. As a result, there are often attorney shortages in areas of law that represent the public interest.

The Washington Legislature has created assistance programs to encourage students to enter teaching and health care professions. These programs offer incentives to individuals who serve in shortage areas in the state of Washington - such as rural areas in need of health professionals and areas in need of quality teachers.

In the 1999-01 budget, the Legislature gave the University of Washington the authority to use 5 percent of tuition revenue collected from law students, in conjunction with a dollar-for-dollar match from private sources, to provide public interest law scholarships.

Summary of Amended Bill:

The public interest attorney loan repayment program is established for licensed attorneys who practice or agree to practice in public interest areas of the law in the state of Washington. The program is administered by the Higher Education Coordinating Board (HECB). The HECB will establish an advisory committee of representatives from the Washington State Bar Association, the justice board, and from representatives and law students from each of the law schools located in the state of Washington. The advisory committee will advise the HECB in adopting rules and developing guidelines to administer the program.

Applicants for the program are selected by the advisory committee based on the following criteria:

- a demonstrated commitment on the part of the applicant to practice in public interest areas of the law;
- the financial need of the applicant;
- the demand for the type of public interest work the applicant seeks to perform;
- a declared interest by the applicant to practice in rural areas of the state of Washington where the need for public interest attorneys is high;
- the scholastic achievements of the applicant; and
- any other criteria the committee deems relevant to the selection process.

Participants in the program must be licensed attorneys who have passed the Washington State Bar exam, been admitted to practice in the state of Washington, and are residents of Washington state.

Loan repayments shall not exceed \$15,000 per year for a maximum of five years per individual. Participants are required to practice one year in a public interest area of law for each year of loan repayment received. Repayments are limited to eligible educational and living expenses as determined by the HECB, including principal and interest.

Payments against loans shall cease on the date that the participant discontinues service. Participants who serve less than the required service obligation (one year of loan repayment for one year of service) shall be obligated to repay to the program double the

amount paid by the program on their behalf.

Funding for this program is donated by private entities and individuals. A non-treasury account will be established in the custody of the State Treasurer and investments will be made by the State Investment Board. The loan repayment program shall not commence until the fund balance reaches \$500,000.

Amended Bill Compared to Engrossed Substitute Bill:

The amendment includes language that authorizes the HECB to implement rules and to be reimbursed for administrative expenses prior to the fund balance reaching \$500,000. All references to public funding are removed. Language also is removed to clarify that the attorney loan repayment endowment account is non-appropriated, except for program administration expenses, pursuant to Chapter 43.88 RCW.

Appropriation: None.

Fiscal Note: Available on the Senate bill. A fiscal note has been requested on the engrossed substitute Senate bill.

Effective Date of Amended Bill: Ninety days after adjournment of session in which bill is passed.

Testimony For: This bill makes it easier to attract and retain lawyers for public interest areas of the law. Students graduating from law school have a high debt burden. The low salaries in public interest law make it difficult for law school graduates to escape the lure of the notably higher salaries associated with the private sector.

This bill is not so much about the money, but more as an enticement to retain qualified public defenders and prosecutors. It also targets rural areas where the need is particularly high. There are many people who are ready now to contribute to the program; the bar association may not be here in 20 years and private donors want the credibility of state involvement. Other states have been successful in this same type of program. Donors feel more comfortable with the state involvement, and the bar association doesn't have the experience in investing money. This would be a good partnership between public and private entities.

Testimony Against: None.

Testified: Senator Kohl-Welles, prime sponsor; Heather Lechner, Washington Defenders Association; Michael Laws, Yakima County Prosecuting Attorney; Clark Brunkow-Mather, Washington Student Lobby; Paula Littlewood, University of Washington Law School; Michael Smith, King County Prosecuting Attorney; and Kent Nakamura,

Washington Attorney General's Office.