

FINAL BILL REPORT

E2SHB 2143

C 209 L 18
Synopsis as Enacted

Brief Description: Expanding opportunities for higher education students.

Sponsors: House Committee on Appropriations (originally sponsored by Representatives Haler, Hansen, Holy, Stanford and Muri).

House Committee on Higher Education
House Committee on Appropriations
Senate Committee on Ways & Means
Senate Committee on Higher Education & Workforce Development

Background:

State Student Loan Programs.

The state has authority to provide student loans. The Student Achievement Council administers the Aerospace Training Student Loan Program, which provides student loans to students enrolled in a program in the aerospace industry offered by the Washington Aerospace Training and Research Center, the Spokane Aerospace Technology Center, Renton Technical College, or Everett Community College. In addition, the Washington Higher Education Loan Program exists in statute to provide low-interest student loans, but has never been funded.

Washington State Opportunity Scholarship.

The Washington State Opportunity Scholarship (WSOS) program was established in 2011 to provide scholarships to low- and middle-income resident students pursuing eligible high-demand majors in science, technology, engineering, mathematics, and health care, and to encourage scholarship recipients to work in the state upon completion of their degrees. The student needs to be working towards a first bachelor's degree at an eligible Washington state college or university. The student may attend a public community or technical college if the student indicates plans to transfer to a four-year college or university by the time he or she has earned 90 quarter credits. For the 2016-17 academic year, 1,372 students were awarded a scholarship under Cohort 5, of which 32 percent are in health profession related programs.

The WSOS program is overseen by the WSOS Board and administered by the program administrator. The program administrator has the duty of publicizing the program, selecting scholarship recipients, distributing awards, and managing account investments. The WSOS

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

program has two separate accounts to hold grants and contributions from private sources and state matching funds, and to disburse scholarship funds to participants. The accounts are the Scholarship Account and the Endowment Account.

Health Professionals Conditional Scholarship and Loan Repayment Program.

The Health Professionals Conditional Scholarship and Loan Repayment Program (HPCSLR Program) provides licensed primary care health professionals with either a conditional scholarship or assistance in repaying their student loans if the professional agrees to provide primary health care in rural or underserved urban areas with designated shortages. The conditional scholarship portion of the HPCSLR Program is not currently funded, but the loan repayment portion provides up to \$75,000 for a minimum three-year service obligation. The participant needs to work a minimum of a 24-hour work week, and if the participant defaults on their service obligation, the penalty is double the funds disbursed to the participant, plus interest.

Eligible health professionals for 2017 include Doctors of Medicine, Doctors of Osteopathic Medicine, Naturopathic Doctors, Doctors of Dental Surgery, Doctors of Medicine in Dentistry, Registered Dental Hygienists, Nurse Practitioners, Registered Nurses, Licensed Practical Nurses, Mental Health Nurses, Psychiatric Advance Practice Clinicians, Certified Nurse Midwives, Licensed Midwives, and Pharmacists. Also included are Clinical Psychologists, Licensed Independent Clinical Social Workers, Marriage and Family Therapists, and Mental Health Counselors if the professional has a master's or doctoral degree.

Summary:

The Medical Student Loan Program.

The Medical Student Loan Program (MSL Program) is established to increase the physician workforce in rural underserved areas. The MSL Program's loans must be funded exclusively with private funding; however, state funding may be used for the MSL Program's administrative costs.

For a student to be eligible for a loan under the MSL Program, he or she must be a resident student enrolled in an accredited Doctor of Medicine or Doctor of Osteopathic Medicine program in the state and declare an intention to work in a rural underserved area in Washington following residency. Rural underserved area means a rural county that is also designated by the Health Resources and Services Administration as a medically underserved area or having a medically underserved population. The Student Achievement Council's Office of Student Financial Assistance (Office) is the administrator and must design and implement the MSL Program with the following elements:

- a low-interest rate;
- an annual loan limit not to exceed \$40,000 and no more than the participant's estimated cost of attendance;
- loan repayments that do not begin until:
 - six months after the participant completes their medical residency program; or
 - six months after a participant leaves their Doctor of Medicine, Doctor of Osteopathic Medicine, or medical residency program; and

- an interest rate of at least 12 percent plus capitalized interest that was deferred during the participant's medical school and residency program if the participant does not work as a physician in a rural underserved area in Washington for three years following completion of his or her residency program.

The Office must establish an application, selection, and notification process; define the terms of repayment; collect and manage repayments; solicit and accept grants and donations from non-state public and private sources for the MSL Program; publicize the MSL Program; and adopt any necessary rules. The Office may also exercise discretion to revise repayment obligations in certain cases, such as economic hardship or disability. The office is required to submit an annual report on the MSL Program to the Governor and Legislature by December 1 of each year after July 1, 2020. The report must describe the design and implementation of the MSL Program and include data on:

- the number of applicants;
- the number of participants;
- the number of participants that complete their medical program;
- the number of participants who are placed in employment and the nature of that employment;
- whether the participant is working in a rural underserved area, and what percentage of the participant's patients are served by Medicaid or similar programs;
- demographic profiles of applicants and participants;
- the amount of private funding received; and
- an estimate of when the MSL Program will be self-sustaining.

The Medical Student Loan Account is created in the custody of the State Treasurer for the MSL Program.

Washington State Opportunity Scholarship.

The WSOS program is expanded to include scholarships for students attending eligible advanced degree programs, which are defined as health professional degree programs beyond the baccalaureate level and include graduate and professional degree programs. To be eligible for the scholarship, the student needs to be accepted at an institution of higher education into an eligible advanced degree program and agree to a service obligation established by the WSOS Board. The service obligation requires the participant to be employed in a service obligation area in the state following completion of their eligible advanced degree program. Service obligation area means a location that meets one of the following conditions:

- has been designated by the Student Achievement Council as an eligible site under the HPCSLR Program;
- serves at least 40 percent uninsured or Medicaid enrolled patients;
- is located in a rural county and serves a combination of uninsured, Medicaid enrolled patients, and Medicare enrolled patients, equal to at least 40 percent of the practice location's total patients; or
- serves a public agency, nonprofit organization, or local health jurisdiction by providing public health services necessary to preserve, protect, and promote the health of the state's population, as determined by the WSOS Board after consultation with the Department of Health.

The WSOS Board must determine which advanced degree programs qualify as eligible advanced degree programs and must consider programs that lead to credentials in health professions that include primary care, dental care, behavioral health, and public health. The WSOS Board must also determine the scholarship amount.

The WSOS Board must report to the Governor and Legislature by December 1 of each biennium, beginning December 1, 2019. The report must include information on the eligible advanced degree programs and service obligation areas, and the number of participants in each phase of the scholarship. The WSOS Board may also report to the Governor and Legislature on a recommendation to include a loan repayment, low-interest, or no-interest loan component for the advanced degree portion of the WSOS.

The WSOS program administrator must establish a process for verifying a participant's employment in a service obligation area. The WSOS program administrator must also establish a repayment obligation and appeals process for participants who complete less than the required service obligation. The WSOS program administrator is responsible for collecting repayment obligations and may allow participants to enter into payment arrangements.

An account is created called the Advanced Degrees Pathways Account, from which scholarships are to be disbursed for eligible advanced degree programs. State matching funds to the account are limited to \$1 million per biennium. The two existing accounts, the Scholarship Account and the Endowment Account, are specifically for scholarships for baccalaureate programs.

A provision regarding when the state has demonstrated progress towards per student funding levels of at least the sixtieth percentile of total per student funding at similar public institutions of higher education in Global Challenge States is repealed.

Votes on Final Passage:

2017 Regular Session

House 93 3

2017 First Special Session

House 89 3

2017 Second Special Session

House 91 3

2018 Regular Session

House 95 3

Senate 48 1 (Senate amended)

House 94 3 (House concurred)

Effective: June 7, 2018