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## Higher Education Committee

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### SSB 5910

**Brief Description:** Establishing the University of Washington school of law public service legal loan repayment assistance program.

**Sponsors:** Senate Committee on Early Learning, K-12 & Higher Education (originally sponsored by Senators Kline, Jacobsen and Kohl-Welles).

<p style="text-align: center;"><b>Brief Summary of Substitute Bill</b></p> <ul style="list-style-type: none"><li>• Creates a loan repayment assistance program for eligible graduates of the University of Washington School of Law who practice public interest law.</li></ul>
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**Hearing Date:** 3/29/05

**Staff:** Sydney Forrester (786-7120).

**Background:**

Personal finances often are a factor when a law student is deciding what type of law to practice and where to work. Average debt burdens for law degree-granting institutions in Washington range from \$40,000 to \$70,000, not including undergraduate debt. This type of debt load prevents some attorneys from accepting offers for public interest law jobs because the salaries in these fields frequently are substantially less than in other areas of the law. As a result, there may be attorney shortages and high turnover rates in areas of the law representing the public interest.

To encourage students to enter the teaching and health care professions, the Legislature has created conditional loan scholarship programs. These programs offer incentives to individuals who serve in shortage areas in Washington State, such as rural areas in need of health professionals and areas in need of teachers with specific endorsements.

In the 1999-01 budget, the Legislature authorized the University of Washington (UW) 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 Bill:**

The UW Public Service Legal Loan Repayment Assistance Program (program) is created. Students who graduate from the UW School of Law and are practicing in a public service legal position are eligible to receive loan repayment assistance. Participants may receive loans under the program in order to repay their own eligible educational debt. Upon completion of the

required public service obligation, the loan is forgiven. Eligible education debt includes school-approved undergraduate, graduate, and law school loans owed to the government, or commercial lending institutions, or educational institutions. Public service employment will be determined by the board of directors of the UW Public Interest Law Association.

The UW School of Law Public Interest Law Association board of directors and the Dean of the UW School of Law will administer the program and be responsible for adopting rules to implement the program. Rules for the program must include eligibility criteria, years of required service, and guidelines on the maximum amount of annual and cumulative assistance. Prior to applying for assistance, an applicant must apply for any educational loan assistance available from his/her employer and for all other loan assistance sources for which the applicant may qualify. An applicant is eligible to apply to the program only if he/she receives no assistance or partial assistance from other sources.

The Public Service Legal Loan Repayment Assistance Endowment Account must be established at the UW to fund the program. All moneys received for the program and interest earned must be deposited into the endowment account. Moneys in the account may be spent only to fund the program or its administration. If the program's mission changes, all private contributions in the account must be transferred to a nonprofit organization with a mission similar to the program or the moneys must be returned to private donors.

Payments to participants are made on a quarterly basis, provided there is sufficient funding in the program endowment account. Participants must sign a promissory note stating their obligations to the program and must allow their loan records to be reviewed in order to verify eligibility. If a participant discontinues eligible employment prior to fulfilling the service obligation, he or she must repay any amounts owed to the program. A participant must contribute at least 5 percent of his or her monthly salary toward the repayment of his or her loans.

**Appropriation:** None.

**Fiscal Note:** Not requested.

**Effective Date:** The bill takes effect 90 days after adjournment of session in which bill is passed.