
Higher Education Committee

HB 2143

Brief Description: Expanding opportunities for higher education students.

Sponsors: Representatives Haler, Hansen, Holy, Stanford and Muri.

Brief Summary of Bill

- Creates the Medical Student Loan Program to provide low-interest loans to students in Doctor of Medicine or Doctor of Osteopathic Medicine programs who declare an intention to work in a rural area in Washington.
- Expands the Washington State Opportunity Scholarship to students in health professional advanced degree programs with a required service obligation in a health professional shortage area.

Hearing Date: 3/14/17

Staff: Megan Mulvihill (786-7304).

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 (HELP) 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 (STEM), and health care, and to encourage scholarship recipients to work in the state upon completion of their degrees. The

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eligible 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 program has two separate accounts to receive 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 Loan Repayment Program.

The Health Professionals Loan Repayment Program (Program) provides licensed primary care health professionals with 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 Program provides up to \$75,000 in loan repayment for a minimum three-year service obligation. The participants need to work a minimum of a 24-hour work week, and if the participants 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 masters or doctoral degree.

Summary of Bill:

The Medical Student Loan Program.

The Medical Student Loan Program (MSL Program) is established to increase the rural physician workforce. 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 area in Washington following graduation. Rural is defined as "a county or combination of counties with a widely dispersed population that is not considered an urbanized area according to the United States Department of Commerce, Bureau of the Census." The Student Achievement Council (Council) 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 forty thousand dollars and no more than the participant's estimated cost of attendance;
- loan repayments that do not begin until:
 - six months after the participant completes his or her medical residency program;
 - or

- six months after a participant leaves his or her 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 area in Washington for three years following completion of his or her residency program.

The Council must establish an application, selection, and notification process; define the terms of repayment; collect and manage repayments; solicit and accept grants and donations from public and private sources for the MSL Program; publicize the MSL Program; and adopt any necessary rules. The Council may also exercise discretion to revise repayment obligations in certain cases, such as economic hardship or disability. The Council is required to submit an annual report on the MSL Program to the Governor and Legislature that is due 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 area;
- demographic profiles of applicants and participants; 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 is expanded to include scholarships for students attending advanced degrees programs, which are defined as health professional degrees beyond the baccalaureate level and include graduate and professional degrees. To be eligible for the scholarship, the student needs to be accepted at an institution of higher education into an eligible advanced degree program in a health professional shortage area and meet the other WSOS requirements. Health professional shortage areas are defined as "those areas where credentialed health care professionals are in short supply as a result of geographic maldistribution or as a result of a short supply of credentialed health care professionals in specialty health care areas and where vacancies exist in serious numbers that jeopardize patient care and pose a threat to the public health and safety."

A student who receives a scholarship for an advanced degree must fulfil a service obligation in a health professional shortage area for a specific period to be determined by the WSOS Board. The WSOS Board must also determine which advanced degree programs that lead to credentials in health professional shortage areas are eligible and what the scholarship amount will be.

The WSOS Board may 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.

A third account is created for the WSOS called the Student Support Pathways Account, in which scholarships are to be disbursed for advanced degree programs. 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.

Appropriation: None.

Fiscal Note: Requested on 03/09/2017.

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