

SENATE BILL REPORT

HB 1763

As of March 20, 2023

Title: An act relating to ensuring completion of conditional scholarship obligations and reducing penalties for excusable incomplete obligations.

Brief Description: Ensuring completion of conditional scholarship obligations and reducing penalties for excusable incomplete obligations.

Sponsors: Representatives Eslick, Leavitt, Senn, Callan, Schmidt and Pollet.

Brief History: Passed House: 3/6/23, 95-0.

Committee Activity: Higher Education & Workforce Development: 3/22/23.

Brief Summary of Bill

- Limits the interest rate on the loan and repayment to 2 percent for conditional scholarships under the Washington Health Corps.
- Requires the Office of Student Financial Assistance to reduce barriers for students completing a service obligation which may include providing wraparound support services.
- Provides exceptions to the conditions for participation and repayment obligations.

SENATE COMMITTEE ON HIGHER EDUCATION & WORKFORCE DEVELOPMENT

Staff: Alicia Kinne-Clawson (786-7407)

Background: Washington Health Corps. In 2019, the Legislature established the Washington Health Corps. It consists of certain loan repayment and scholarship programs for licensed health professions who meet certain criteria and provide service in underserved communities. These programs are:

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- the Health Professional Loan Repayment and Scholarship Program;
- the Behavioral Health Loan Repayment Program; and
- the Nurse Educator Loan Repayment Program.

The Office of Student Financial Assistance (office) administers these programs in collaboration with the Department of Health (DOH). Both programs provide a maximum loan repayment award of \$75,000 for a minimum three-year service obligation of full-time employment. A participant is required to work at least a 24-hour work week and is allowed 40 days per year in leave. If the participant works less than a full-time work schedule, employment may be prorated up to five years.

Should a Washington Health Corps conditional scholarship participant fail to complete their service obligations, the participant must immediately pay the unsatisfied portion of the principal and interest, which includes an equalization fee. If the participant is unable to pay the full amount immediately, they must enter into a payment arrangement that includes interest. While there is no limitation on the loan interest rate, which is determined by the office, it is currently set at 4.99 percent to match the interest rate of primary federal student loans for undergraduate students.

Collection of repayments are pursued using the full extent of the law, including wage garnishment if necessary. The office is not required to, but may, make exceptions to the conditions for participation and repayment obligations should circumstances beyond the control of individual participants warrant such exceptions.

Summary of Bill: Participants in the Washington Health Corps who are awarded scholarships are required to repay the scholarship, with penalty and interest, unless they complete the required service obligation. The interest rate on the loan and repayment must not exceed 2 percent.

To the extent practicable, the office must help to reduce barriers that threaten a participant's ability to complete their service obligation. This may include offering wraparound services such as supporting accessing public benefits; financial coaching; and access to food, housing, or child care resources.

The office must make exceptions to the conditions for participation and repayment if substantial circumstances warrant such exceptions. Substantial circumstances include:

- if the participant is a service member, or is a spouse or dependent of a service member, who receives a permanent change of station or deployment orders to move out-of-state or to a location that would make it a hardship to complete the service obligation; or
- the participant is experiencing unforeseen emergencies or hardships that substantially affect the participant's ability to complete the service obligation.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

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