

# HOUSE BILL REPORT

## HB 1763

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### As Passed Legislature

**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:

#### Committee Activity:

Postsecondary Education & Workforce: 2/10/23, 2/15/23 [DP].

#### Floor Activity:

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

Passed Senate: 4/8/23, 48-0.

Passed Legislature.

### Brief Summary of Bill

- Limits the loan interest rate and repayment interest rate for conditional scholarships under the Washington Health Corps.
- Under certain circumstances, requires exceptions be made to the conditions for participation and repayment obligations of Washington Health Corps conditional scholarships.
- Provides wraparound services to Washington Health Corps conditional scholarship participants to aid in the completion of their service obligations.

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### HOUSE COMMITTEE ON POSTSECONDARY EDUCATION & WORKFORCE

**Majority Report:** Do pass. Signed by 14 members: Representatives Slatter, Chair;

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Entenman, Vice Chair; Reed, Vice Chair; Ybarra, Ranking Minority Member; Waters, Assistant Ranking Minority Member; Hansen, Jacobsen, Klicker, Leavitt, McEntire, Paul, Pollet, Schmidt and Timmons.

**Minority Report:** Do not pass. Signed by 1 member: Representative Chandler.

**Staff:** Saranda Ross (786-7068)

**Background:**

In 2019 the Legislature established the Washington Health Corps to encourage healthcare professionals to work in underserved communities. In exchange for service, a healthcare professional receives assistance with higher education in the form of loan repayment or conditional scholarships. The Washington Health Corps is an umbrella program under which three programs exist:

- 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), created within and under the direction of the Washington Student Achievement Council, administers these programs in collaboration with the Department of Health.

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:**

The loan interest rate and repayment interest rate for conditional scholarships under the Washington Health Corps is limited to 2 percent.

The Office of Student Financial Assistance (Office) is required to make exceptions to the conditions for participation and repayment obligations should substantial circumstances beyond the control of individual participants warrant such exceptions. Such substantial

circumstances include, but are not limited to: (1) a participant experiencing unforeseen emergencies or hardships that substantially affect the participant's ability to complete their service obligations; or (2) the participant is a service member of the armed forces, or is a spouse or dependent of a service member, who receives permanent change of station or deployment orders to move out-of-state or to a location that would create a hardship to complete the participant's service obligations.

The Office is required to reduce, or help to reduce, barriers that threaten a participant's ability to complete their service obligations by offering wraparound services including, but not limited to, navigation support for public benefits, financial coaching, and access to food, housing, and childcare resources and referrals.

**Appropriation:** None.

**Fiscal Note:** Available.

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

**Staff Summary of Public Testimony:**

(In support) Conditional scholarships under the Washington Health Corps offer opportunities to recruit, employ, and diversify the behavioral health workforce. The current restrictions and interest rate for the Washington Health Corps conditional scholarships are too high, so potential participants are not applying and the funds are not being used. People are afraid to try conditional scholarships because of the obligations attached to them when they are not even sure if they want to pursue the course of study to completion. This bill makes conditional scholarships more inviting and if passed, there will be significant outreach to ensure potential participants are aware of the program. It is not enough to remove occupational barriers. Wraparound services are also needed to ensure students have access and opportunity to be successful.

(Opposed) None.

**Persons Testifying:** Representative Carolyn Eslick, prime sponsor; and Laurie Lippold, Partners for Our Children.

**Persons Signed In To Testify But Not Testifying:** None.