

HOUSE BILL REPORT

HB 1993

As Passed House
March 11, 1993

Title: An act relating to educational assistance to prospective teachers and health professionals.

Brief Description: Making technical amendments to the future teachers and the health professionals conditional scholarship programs to continue existing repayment regulations.

Sponsors: Representatives Finkbeiner, Jacobsen, Quall, Wood, Brumsickle, Ogden, Basich, Dellwo and Miller.

Brief History:

Reported by House Committee on:
Higher Education, March 3, 1993, DP;
Passed House, March 11, 1993, 98-0.

HOUSE COMMITTEE ON HIGHER EDUCATION

Majority Report: Do pass. Signed by 18 members: Representatives Jacobsen, Chair; Quall, Vice Chair; Brumsickle, Ranking Minority Member; Sheahan, Assistant Ranking Minority Member; Basich; Bray; Carlson; Casada; Finkbeiner; Flemming; Kessler; J. Kohl; Mielke; Ogden; Orr; Rayburn; Shin; and Wood.

Staff: Susan Hosch (786-7120).

Background: Washington has two programs that are designed to attract residents into professions in which the state needs additional expertise. The first program, the Future Teachers Conditional Scholarship Program, was created in 1987. Through the program, the state seeks to attract outstanding students into the teaching profession. The second program is the Health Professional Loan Repayment and Scholarship Program. Through the program, the state seeks to attract people into the health care professions in the hopes that the people will then serve in areas that have a shortage of health care professionals.

Students in the Future Teachers Conditional Scholarship Program may receive up to \$3,000 a year for up to five years. They must then repay the scholarship with interest unless they teach in the public schools of the state for 10

years. To date, about 222 scholarships have been awarded to future teachers. For the 1992-93 academic year, 675 students applied for 33 new awards.

Students in the Health Professional Loan Repayment and Scholarship Program may receive varying amounts of money, depending upon their area of study. They must repay the scholarship with interest over a five year period unless they serve in a geographic or specialty area in which the state has a need of additional expertise. They may be required to repay double the scholarship amount if they do not meet their service obligation. For the 1992-93 academic year, 94 awards were made. Of those awards, 78 were made to future nurses.

In each program, the terms of repayment and deferrals are modeled on the federal Guaranteed Student Loan Program. In 1992, Congress revised that program. Under the revised program, interest rates will vary, some deferment provisions were eliminated, and the administration of the program became more complex and expensive.

The Higher Education Coordinating Board has requested the authority to administer the repayment provisions of the future teachers and health professional scholarship programs under the terms that existed prior to the adoption of the 1992 amendments to the Guaranteed Student Loan Program.

Summary of Bill: The repayment terms are revised for students participating in the Future Teachers Conditional Scholarship Program and the Health Professional Loan Repayment and Scholarship Program. The terms will not be consistent with the terms of the federal Guaranteed Student Loan Program. Instead, the interest rate shall be 8 percent for the first four years, and 10 percent thereafter. The Higher Education Coordinating Board will determine any conditions for deferral of repayments.

Fiscal Note: Not requested.

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

Testimony For: The changes made by Congress in the Guaranteed Student Loan Program made it difficult for the Higher Education Coordinating Board to continue to use that program as a repayment model for students repaying their scholarships with money instead of with service. Students currently in repayment would be adversely affected because they will not know from quarter to quarter how much they might have to repay, since interest rates may fluctuate significantly. Keeping the present system intact will

assist students to plan their monthly payments, will assist the board to maintain program stability, and will maintain an incentive to repay the scholarships with service instead of with money.

Testimony Against: None.

Witnesses: (In favor) John Klacik, Higher Education Coordinating Board.