

SENATE BILL REPORT

HB 1993

AS REPORTED BY COMMITTEE ON HIGHER EDUCATION, MARCH 29, 1993

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

HOUSE COMMITTEE ON HIGHER EDUCATION

SENATE COMMITTEE ON HIGHER EDUCATION

Majority Report: Do pass.

Signed by Senators Bauer, Chairman; Drew, Vice Chairman; Jesernig, Prince, Quigley, Sheldon, von Reichbauer, and West.

Staff: Scott Huntley (786-7421)

Hearing Dates: March 23, 1993; March 29, 1993

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:

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.

Appropriation: none

Revenue: none

Fiscal Note: available

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 service. Students currently in repayment would be adversely affected because they would not know from quarter to quarter how much they might have to repay, since interest rates fluctuate significantly. Keeping the present system intact, which this bill does, will assist students in planning their monthly payments, will promote program stability, and will retain the incentive to repay the scholarships with service instead of with money.

TESTIMONY AGAINST: None

TESTIFIED: Representative Finkbeiner, original prime sponsor (pro); John Klucik, HEC Board (pro)