

# FINAL BILL REPORT

## SHB 2371

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Synopsis as Enacted

**Brief Description:** Suspending the professional licenses for failure to repay student loans.

**Sponsors:** By House Committee on Higher Education (originally sponsored by Representatives Blanton, Elliot, Mastin, Goldsmith, Pelesky, Carlson, Cairnes, Hymes, Hankins, Benton, Tokuda, Mason, Scott, McMahan, Quall, Dickerson, Mitchell, Jacobsen, D. Schmidt, Cooke, Hargrove, Conway, Sheldon, Costa, McMorris, Mulliken and Silver).

**House Committee on Higher Education**  
**Senate Committee on Higher Education**

**Background:** The Health Education Assistance Loan (HEAL) program encourages educational loans to students in health professions. The secretary of the federal Department of Health and Human Services insures each lender for the loss of principal and interest in the event of default. Recently, administrators of the HEAL program began publicizing in the federal register the names of defaulters. The default rate of the HEAL program is approximately 4 percent.

The Stafford loan is another example of a federal guaranteed student loan. Graduate, as well as undergraduate, students who attend public institutions, private institutions, and vocational and technical colleges are recipients of the Stafford loan. In Washington State, the default rate varies from 35 percent to 1.3 percent.

In 1994, an American Council on Education (ACE) study found that borrowing under federal loan programs for graduate and professional students at 347 institutions rose 47 percent between 1992 and 1994, increasing from an average \$1.6 million to \$2.4 million.

Several states have adopted statutes revoking the licenses of professionals who are in default on federal or state guaranteed student loans. Oregon provides for the suspension of a license, certification, or registration if an individual is in default on a student loan guaranteed or insured by the State Scholarship Commission. The California Health Code provides for the licensing board to take appropriate disciplinary action if it determines that a medical professional failed to provide service as provided in a federal loan insurance program.

In Florida, health professionals who fail to pay loans are ineligible for professional licenses or renewal of licenses. Similarly, Texas statutes provide that a licensing agency will not renew or issue a license to a person who is in default. Illinois statutes contain provisions for a state agency to revoke, suspend, refuse to renew, or place on probationary status, or take other disciplinary action against nurses who default on educational loans. In Utah, North Dakota, Nevada, Maryland, and New York, it is unprofessional conduct for a physician to fail to repay a loan.

**Summary:** Licensing agencies must suspend the Washington State professional license, certificate, or registration of a licensee when notified by a lending agency of default on a federal or state guaranteed educational loan or a service conditional scholarship. The suspension will occur after the agency provides the licensee with an opportunity for a brief adjudicative hearing. The licensee, certificate holder, or registrant is reinstated when the agency receives notice that payments have resumed. The following is a partial list of the professionals subject to license suspension: architects, auctioneers, cosmetologists, barbers, manicurists, nurses, landscape architects, plumbers, athlete agents, bail bond agents, teachers, accountants, attorneys, psychologists, pharmacists, opticians, naturopaths, midwives, oculists, massage operators, acupuncturists, chiropractors, osteopaths, dentists, physical therapists, counselors, physicians, optometrists, and podiatrists.

**Votes on Final Passage:**

House	95	0	
Senate	47	0	(Senate amended)
House	89	0	(House concurred)

**Effective:** June 6, 1996