

SENATE BILL REPORT

SB 5910

As Reported By Senate Committee On:
Early Learning, K-12 & Higher Education, February 28, 2005

Title: An act relating to the University of Washington school of law public service legal loan repayment assistance program.

Brief Description: Establishing the University of Washington school of law public service legal loan repayment assistance program.

Sponsors: Senators Kline, Jacobsen and Kohl-Welles.

Brief History:

Committee Activity: Early Learning, K-12 & Higher Education: 2/25/05, 2/28/05 [DPS, DNP, w/oRec].

SENATE COMMITTEE ON EARLY LEARNING, K-12 & HIGHER EDUCATION

Majority Report: That Substitute Senate Bill No. 5910 be substituted therefor, and the substitute bill do pass.

Signed by Senators McAuliffe, Chair; Pridemore, Vice Chair; Weinstein, Vice Chair; Schmidt, Ranking Minority Member; Berkey, Kohl-Welles, Pflug, Rasmussen, Rockefeller and Shin.

Minority Report: Do not pass.

Signed by Senators Benton, Carrell, Mulliken and Schoesler.

Minority Report: That it be referred without recommendation.

Signed by Senator Delvin.

Staff: Heather Lewis-Lechner (786-7448)

Background: The Legislature created the Health Professional and Future Teachers Conditional Loan Scholarship Programs to encourage students to enter teaching and health care professions. These programs offer incentives to individuals who serve in shortage areas in the state of Washington, such as rural areas in need of health professionals and areas in need of quality teachers.

In the 1999-01 budget, the Legislature gave the University of Washington the authority to use 5 percent of tuition revenue collected from law students, in conjunction with a dollar-for-dollar match from private sources, to provide public interest law scholarships.

Areas of the law that serve the public interest, such as poverty law and public defense law, often experience shortages because the debt load of many attorneys following law school prevents them from practicing in these lower paying areas of law.

Summary of Substitute Bill: The University of Washington public service legal loan repayment assistance program is created at the University of Washington (UW). The public service legal loan repayment assistance endowment must be established at the UW to fund the program and all money received for the program and interest earned must be deposited into the endowment account. Money in the endowment may be spent without appropriation and only to fund the program or its administration. If the program's mission ever changes all private contributions in the endowment must be transferred to a nonprofit organization with a mission similar to the program or returned to private donors.

Eligible applicants are lawyers, who graduate from UW school of law and practice in public service positions. The definition of public service employment must be determined by the UW's school of law public interest law association board of directors and the Dean of the UW school of law. Prior to applying for assistance under this program, applicants must first apply for any educational loan assistance from his or her employer or other sources for which he or she may qualify. An applicant is only eligible to apply to the program if he or she receives no assistance or only partial assistance from other sources.

Participants receive loans under the program in order to repay their own eligible education loans and upon completion of the required public service obligation the loan is forgiven. Eligible education loans are defined in the bill. Payments to the participant are on a quarterly basis, provided that there is sufficient funding in the program endowment. Participants must sign a promissory note stating their obligations to the program and must allow their loan records to be reviewed in order to verify eligibility. If a participant discontinues eligible employment prior to fulfilling the service obligation, he or she must repay any amounts owed to the program. A participant must contribute at least 5 percent of his or her monthly salary toward the repayment of his or her loans.

The UW's school of law public interest law association board of directors and the Dean of the UW school of law administer the program and are responsible for adopting the rules necessary to implement the program. A list of what the rules must cover is included in the bill including: eligibility criteria, years of required service, and guidelines on the maximum amount of annual and cumulative assistance.

Substitute Bill Compared to Original Bill: The appropriation of \$500,000 for fiscal year 2006 and \$500,000 for fiscal year 2007 is removed.

Appropriation: None.

Fiscal Note: Requested on 2/21/2005.

Committee/Commission/Task Force Created: No.

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

Testimony For: The pay for public interest attorney's is lousy and this proposal creates a way for students who may want to pursue that type of employment and be able to pay their loans. This bill goes beyond just helping out the legal profession, it is a benefit to everyone because the clients of these attorney are from the lowest income group. They cannot afford the normal costs of even an inexpensive lawyer. Public interest lawyers are serving people that need assistance but simply could not get that assistance without these lawyers. Access to legal

representation needs to be access for everyone. The appropriation is not the only money used for this program, it is just to help get it established. Private donations will also be taken. However, even if you do not include the appropriation, this bill is necessary because the University needs the authority to create the endowment account.

Students who would benefit from this program are those that have a passion to help shape society for the better and assist those in need. Many will choose to still go into public interest work, but will sacrifice their standard of living and not be able to own a home, start a family, or even save for retirement. The low salaries for public service jobs means that it is simply not a viable option for many students who graduate with over \$70,000 in school loans. When top students cannot afford to go into public interest jobs, the consequences on society are significant. This program could help public interest employers gain and retain quality attorneys. Students at the University of Washington are committed to creating this program and have already began seeking private donations for the program. However, in order to be able to adequately support the program and allow it to be sustainable there is a need for an initial infusion of state funds.

Many institutions have these type of loan repayment programs. In an informal survey, I found that the University of Washington is one of only five public institutions that are ranked in the top fifty law schools without such a program.

Testimony Against: None.

Who Testified: PRO: Senator Kline, prime sponsor; Sonja Jacobsen, Corey Fitzpatrick, Adam Grugg, UW Law School Students.