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HOUSE BILL 1763

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State of Washington

68th Legislature

2023 Regular Session

By Representatives Eslick, Leavitt, Senn, Callan, Schmidt, and Pollet

Read first time 02/06/23. Referred to Committee on Postsecondary Education & Workforce.

1 AN ACT Relating to ensuring completion of conditional scholarship  
2 obligations and reducing penalties for excusable incomplete  
3 obligations; and amending RCW 28B.115.120.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 **Sec. 1.** RCW 28B.115.120 and 2019 c 302 s 11 are each amended to  
6 read as follows:

7 (1) Participants in the Washington health corps who are awarded  
8 scholarships incur an obligation to repay the scholarship, with  
9 penalty and interest, unless they serve the required service  
10 obligation in a health professional shortage area in the state of  
11 Washington.

12 (2) The interest rate (~~shall be~~), determined by the office and  
13 established by rule, may not exceed two percent. Participants who  
14 fail to complete the service obligation shall incur an equalization  
15 fee based on the remaining unforgiven balance. The equalization fee  
16 shall be added to the remaining balance and repaid by the  
17 participant.

18 (3) The period for repayment shall coincide with the required  
19 service obligation, with payments of principal and interest  
20 commencing no later than six months from the date the participant  
21 completes or discontinues the course of study or completes or

1 discontinues the required postgraduate training. Provisions for  
2 deferral of payment shall be determined by the office.

3 (4) The entire principal and interest of each payment shall be  
4 forgiven for each payment period in which the participant serves in a  
5 health professional shortage area until the entire repayment  
6 obligation is satisfied or the borrower ceases to so serve. Should  
7 the participant cease to serve in a health professional shortage area  
8 of this state before the participant's repayment obligation is  
9 completed, payment of the unsatisfied portion of the principal and  
10 interest is due and payable immediately.

11 (5) Participants who are unable to pay the full amount due shall  
12 enter into a payment arrangement with the office for repayment  
13 including interest not to exceed two percent. The office shall set  
14 the maximum period for repayment by rule.

15 (6) The office is responsible for collection of repayments made  
16 under this section and shall exercise due diligence in such  
17 collection, maintaining all necessary records to ensure that maximum  
18 repayments are made. Collection and servicing of repayments under  
19 this section shall be pursued using the full extent of the law,  
20 including wage garnishment if necessary, and shall be performed by  
21 entities approved for such servicing by the Washington student loan  
22 guaranty association or its successor agency. The office is  
23 responsible to forgive all or parts of such repayments under the  
24 criteria established in this section and shall maintain all necessary  
25 records of forgiven payments.

26 (7) Receipts from the payment of principal or interest or any  
27 other subsidies to which the office as administrator is entitled,  
28 which are paid by or on behalf of participants under this section,  
29 shall be deposited with the office and shall be used to cover the  
30 costs of granting the scholarships, maintaining necessary records,  
31 and making collections under subsection (6) of this section. The  
32 office shall maintain accurate records of these costs, and all  
33 receipts beyond those necessary to pay such costs shall be used to  
34 grant scholarships to eligible students.

35 (8) Sponsoring communities who financially contribute to the  
36 eligible financial expenses of eligible medical students may enter  
37 into agreements with the student to require repayment should the  
38 student not serve the required service obligation in the community as  
39 a primary care physician. The office may develop criteria for the

1 content of such agreements with respect to reasonable provisions and  
2 obligations between communities and eligible students.

3 (9) To the extent reasonably practicable, the office shall  
4 reduce, or help to reduce, barriers that threaten a participant's  
5 ability to complete their service obligations under this chapter by  
6 offering wraparound services including, for example, navigation  
7 support for public benefits, financial coaching, and access to food,  
8 housing, and child care resources and referrals.

9 (10) The office ((may)) shall make exceptions to the conditions  
10 for participation and repayment obligations should substantial  
11 circumstances beyond the control of individual participants warrant  
12 such exceptions. The office shall establish an appeal process by  
13 rule. Substantial circumstances include, but are not limited to:

14 (a) The participant is a service member of the armed forces,  
15 including the national guard and armed forces reserves, or is a  
16 spouse or dependent of a service member, who receives permanent  
17 change of station or deployment orders to move out-of-state or to a  
18 location that would create a hardship to complete the participant's  
19 service obligations under this chapter. The participant shall provide  
20 the office with a copy of the official military orders or a signed  
21 letter from the service member's commanding officer confirming change  
22 of station orders;

23 (b) The participant is experiencing unforeseen emergencies or  
24 hardships that substantially affect the participant's ability to  
25 complete the participant's service obligations under this chapter.

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