

Executive Summary: Health Impact Review of 2SSB 5774

Relieving student debt (2019 Legislative Session)

Evidence indicates that 2SSB 5774 has the potential to result in some students participating in the Student Loan Refinancing Program, which can decrease participants' student loan debt burden, leading to improved health outcomes. It is not well researched whether participation in the Income Share Agreement Pilot Program would lead to reduced student loan debt. It is unclear how the bill would impact health inequities.

BILL INFORMATION

Sponsors: Lias, Palumbo, Mullet, Randall, Wellman, Darneille, Conway, Keiser, Kuderer, Nguyen, Wilson, C.

Summary of Bill:

- Enacts the Student Loan Relief and Reform Act.
- Creates an income share agreement pilot program.
- Establishes a student loan refinancing program.
- Specifies required disclosures and borrower protections for each program.
- Stipulates both programs expire July 1, 2029.

HEALTH IMPACT REVIEW

Summary of Findings:

This Health Impact Review found the following evidence regarding the provisions in 2SSB 5774:

Pathway 1: Income Share Agreement Pilot Program

This review makes the **informed assumption** that creating and implementing an Income Share Agreement (ISA) Pilot Program for higher education students in Washington State would result in some students applying for, receiving, and using ISAs to fund a portion of their higher education. This informed assumption is based on discussions with staff at Purdue University's ISA Fund and the Washington Student Achievement Council.

- **It is not well researched** whether participation in the ISA program will reduce student loan debt burdens.

Pathway 2: Student Loan Refinancing Program

This review makes the **informed assumption** that creating and implementing a Washington Student Loan Refinancing Program for higher education students in the state would result in some eligible borrowers refinancing their student loans. This informed assumption is based on discussions with staff at Washington Student Achievement Council and a researcher in the field of economics.

- **A fair amount of evidence** that refinancing student loan debt through a state refinancing program would likely reduce the burden of student loan debt to varying degrees for at least some portion of participating borrowers.
- **Strong evidence** that reducing student loan debt burdens would likely result in improved health outcomes for those impacted.

Unclear evidence of the bill's impacts on health inequities. Provisions in the bill allow the Washington Student Achievement Council flexibility to determine program eligibility criteria and to negotiate specific program details (i.e., with ISA Pilot Program investors and Student Loan Refinancing Program partner

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financial institutions). Programmatic factors like eligibility criteria and applicant prioritization will likely influence how this bill impacts inequities. Therefore, analysts were unable to determine who would likely benefit from each program.

Available evidence indicates that certain groups have particularly large amounts of outstanding student loan debt (e.g., graduate and professional students) and some groups face greater challenges to paying off their student loan debt (i.e., students who did not complete their degree, students who attended for-profit institutions, borrowers of color, and women). Some evidence also indicates that student loan refinancing programs disproportionately benefit high-income, high-debt graduate and professional borrowers compared to those who borrowed smaller balances for less advanced degrees and those who did not complete their degree. Finally, evidence shows that people of color, women, and students with low-incomes are disproportionately burdened by their student loan debt. Each of these factors is analyzed in more detail in the full Health Impact Review.

FULL REVIEW

For review methods, logic model, strength-of-evidence analyses, and citations of empirical evidence refer to the full Health Impact Review at:

<https://sboh.wa.gov/Portals/7/Doc/HealthImpactReviews/HIR-2019-17-SB5774.pdf>

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