CERTIFICATION OF ENROLLMENT

SUBSTITUTE HOUSE BILL 2708

Chapter 58, Laws of 2004

58th Legislature
2004 Regular Session

FUTURE TEACHERS--LOAN REPAYMENT

EFFECTIVE DATE: 6/10/04

Passed by the House March 8, 2004
Yeas 95  Nays 0

FRANK CHOPP
Speaker of the House of Representatives

Passed by the Senate March 3, 2004
Yeas 46  Nays 0

BRAD OWEN
President of the Senate


CERTIFICATE

I, Richard Nafziger, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is SUBSTITUTE HOUSE BILL 2708 as passed by the House of Representatives and the Senate on the dates hereon set forth.

RICHARD NAFZIGER
Chief Clerk

FILED
March 22, 2004 - 4:44 p.m.

GARY F. LOCKE
Governor of the State of Washington

Secretary of State
State of Washington
AN ACT Relating to conditional scholarships and loan repayments for prospective teachers; amending RCW 28B.102.010, 28B.102.020, 28B.102.030, 28B.102.040, 28B.102.045, 28B.102.050, and 28B.102.060; reenacting and amending RCW 43.79A.040; adding new sections to chapter 28B.102 RCW; and repealing RCW 28B.102.070 and 28B.102.905.

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

Sec. 1. RCW 28B.102.010 and 1987 c 437 s 1 are each amended to read as follows:

The legislature finds that encouraging outstanding students to enter the teaching profession is of paramount importance to the state of Washington. By creating the future teachers conditional scholarship and loan repayment program, the legislature intends to assist in the effort to recruit as future teachers (students) individuals who have distinguished themselves through outstanding academic achievement or demonstrated their commitment to teaching through work as a paraprofessional in the public school system, and (students) who can act as role models for children ((including those from targeted ethnic minorities)). The legislature urges business, industry, and
philanthropic community organizations to join with state government in making this program successful.

Sec. 2. RCW 28B.102.020 and 1996 c 53 s 1 are each amended to read as follows:

Unless the context clearly requires otherwise, the definitions in this section apply throughout this chapter.

(1) "Conditional scholarship" means a loan that is forgiven in whole or in part if the recipient renders service as a teacher in an approved education program in this state.

(2) "Institution of higher education" or "institution" means a college or university in the state of Washington that is accredited by an accrediting association recognized as such by rule of the higher education coordinating board.

(3) "Board" means the higher education coordinating board.

(4) "Eligible student" means a student who is registered for at least six credit hours or the equivalent, demonstrates high academic achievement,((or at least a 3.30 grade point average for students entering an institution of higher education directly from high school or maintains at least a 3.00 grade point average or the equivalent for each academic year in an institution of higher education)), is a resident student as defined by RCW 28B.15.012 and 28B.15.013, and has a declared intention to complete an approved preparation program leading to initial teacher certification or required for earning an additional endorsement, ((or a college or university graduate who meets the same credit hour requirements and is seeking an additional teaching endorsement or initial teacher certification. Resident students defined in RCW 28B.15.012(2)(e) are not eligible students under this chapter)) and commits to teaching service in the state of Washington.

(5) "Public school" means an elementary school, a middle school, junior high school, or high school within the public school system referred to in Article IX of the state Constitution.

(6) "Forgiven" or "to forgive" or "forgiveness" means to render service as a teacher in an approved education program in the state of Washington in lieu of monetary repayment.

(7) "Satisfied" means paid-in-full.
"Participant" means an eligible student who has received a conditional scholarship or loan repayment under this chapter.

("Targeted ethnic minority" means a group of Americans with a common ethnic or racial heritage selected by the board for program consideration due to societal concerns such as high dropout rates or low rates of college participation by members of the group.) "Loan repayment" means a federal student loan that is repaid in whole or in part if the recipient renders service as a teacher in an approved education program in Washington state.

"Approved education program" means an education program in the state of Washington for knowledge and skills generally learned in preschool through twelfth grade. Approved education programs may include but are not limited to:

(a) K-12 schools under Title 28A RCW; or
(b) (Early childhood education and assistance programs under RCW 28A.215.100 through 28A.215.200 or the federal head start program;
(c) An approved school under chapter 28A.195 RCW;
(d) Education centers under chapter 28A.205 RCW;
(e) English as a second language programs and programs leading to high school graduation or the equivalency operated by community or technical colleges; and
(f) Tribal schools in Washington approved by the federal bureau of Indian affairs.) Other K-12 educational sites in the state of Washington as designated by the board.

"Equalization fee" means the additional amount added to the principal of a loan under this chapter to equate the debt to that which the student would have incurred if the loan had been received through the federal subsidized Stafford student loan program.

"Teacher shortage area" means a shortage of elementary or secondary school teachers in a specific subject area, discipline, classification, or geographic area as defined by the office of the superintendent of public instruction.

Sec. 3. RCW 28B.102.030 and 1987 c 437 s 3 are each amended to read as follows:

The future teachers conditional scholarship and loan repayment program is established. The program shall be administered by the
higher education coordinating board. In administering the program, the board shall have the following powers and duties:

(1) Select students to receive conditional scholarships (with the assistance of a screening committee composed of teachers and leaders in government, business, and education) or loan repayments;
(2) Adopt necessary rules and guidelines;
(3) Publicize the program;
(4) Collect and manage repayments from students who do not meet their teaching obligations under this chapter; and
(5) Solicit and accept grants and donations from public and private sources for the program.

Sec. 4. RCW 28B.102.040 and 1987 c 437 s 4 are each amended to read as follows:

(1) The board may select participants based on an application process conducted by the board or the board may utilize selection processes for similar students in cooperation with the professional educator standards board or the office of the superintendent of public instruction.

(2) If the board selects participants for the program, it shall establish a selection committee for screening and selecting recipients of the conditional scholarships. The criteria shall emphasize factors demonstrating excellence including but not limited to superior scholastic achievement, leadership ability, community contributions, bilingual ability, willingness to commit to providing teaching service in shortage areas, and an ability to act as a role model for students. These criteria also may include, for approximately half of the recipients, requirements that those recipients meet the definition of "needy student" under RCW 28B.10.802. Priority will be given to individuals seeking certification or an additional endorsement in math, science, technology, or special education.

Sec. 5. RCW 28B.102.045 and 1988 c 125 s 7 are each amended to read as follows:

(The board may waive grade point requirements for an otherwise eligible individual student under special circumstances.) To receive
additional disbursements under the program under this chapter, a participant must be considered by his or her institution of higher education to be in a satisfactory progress condition.

Sec. 6. RCW 28B.102.050 and 1987 c 437 s 5 are each amended to read as follows:

The board may award conditional scholarships or provide loan repayments to eligible ((students)) participants from the funds appropriated to the board for this purpose, or from any private donations, or any other funds given to the board for this program. The amount of the conditional scholarship or loan repayment awarded an individual shall not exceed ((three thousand dollars)) the amount of tuition and fees at the institution of higher education attended by the participant or resident undergraduate tuition and fees at the University of Washington per academic year for a full-time student, whichever is lower. ((Students)) Participants are eligible to receive conditional scholarships or loan repayments for a maximum of five years.

Sec. 7. RCW 28B.102.060 and 1996 c 53 s 2 are each amended to read as follows:

(1) Participants in the conditional scholarship program incur an obligation to repay the conditional scholarship, with interest and an equalization fee, unless they teach for two years in an approved education program for each year of scholarship received, under rules adopted by the board. Participants who teach in a designated teacher shortage area shall have one year of loan canceled for each year they teach in the shortage area.

(2) The interest rate shall be ((eight percent for the first four years of repayment and ten percent beginning with the fifth year of repayment)) determined annually by the board. Participants who fail to complete the teaching service shall incur an equalization fee based on the remaining unforgiven balance of the loan. The equalization fee shall be added to the remaining balance and repaid by the participant.

(3) The minimum payment shall be set by the board. The maximum period for repayment shall be ten years, with payments of principal and interest accruing quarterly commencing ((nine)) six months from the
date the participant completes or discontinues the course of study. Provisions for deferral of payment shall be determined by the board.

(4) The entire principal and interest of each payment shall be forgiven for each payment period in which the participant teaches in an approved education program until the entire repayment obligation is satisfied. Should the participant cease to teach in an approved education program in this state before the participant's repayment obligation is completed, payments on the unsatisfied portion of the principal and interest shall begin the next payment period and continue until the remainder of the participant's repayment obligation is satisfied.

(5) The board is responsible for collection of repayments made under this section and shall exercise due diligence in such collection, maintaining all necessary records to insure that maximum repayments are made. Collection and servicing of repayments under this section shall be pursued using the full extent of the law, including wage garnishment if necessary. The board is responsible to forgive all or parts of such repayments under the criteria established in this section and shall maintain all necessary records of forgiven payments.

(6) Receipts from the payment of principal or interest or any other subsidies to which the board as administrator is entitled, which are paid by or on behalf of participants under this section, shall be deposited in the future teachers conditional scholarship account and shall be used to cover the costs of granting the conditional scholarships, maintaining necessary records, and making collections under subsection (5) of this section. The board shall maintain accurate records of these costs, and all receipts beyond those necessary to pay such costs shall be used to grant conditional scholarships to eligible students.

(7) The board shall temporarily or, in special circumstances, permanently defer the requirements of this section for eligible students as defined in RCW 28B.10.017.

(8) The board may cancel a recipient's repayment obligation due to the recipient's total and permanent disability or death, subject to documentation as required by the board.

(9) This section applies to recipients of conditional scholarships awarded before or after July 1, 1996) adopt rules to define the terms
of repayment, including applicable interest rates, fees, and
deferrals.

NEW SECTION. Sec. 8. A new section is added to chapter 28B.102
RCW to read as follows:

(1) Upon documentation of federal student loan indebtedness, the
board may enter into agreements with participants to repay all or part
of a federal student loan in exchange for teaching service in an
approved educational program. The ratio of loan repayment to years of
teaching service for the loan repayment program shall be the same as
established for the conditional scholarship program.

(2) The agreement shall specify the period of time it is in effect
and detail the obligations of the board and the participant, including
the amount to be paid to the participant. The agreement may also
specify the geographic location and subject matter area of teaching
service for which loan repayment will be provided.

(3) At the end of each school year, a participant under this
section shall provide evidence to the board that the requisite teaching
service has been provided. Upon receipt of the evidence, the board
shall pay the participant the agreed-upon amount for one year of full-
time teaching service or a prorated amount for less than full-time
teaching service. To qualify for additional loan repayments, the
participant must be engaged in continuous teaching service as defined
by the board.

(4) The board may, at its discretion, arrange to make the loan
repayment directly to the holder of the participant's federal student
loan.

(5) The board's obligations to a participant under this section
shall cease when:

(a) The terms of the agreement have been fulfilled;

(b) The participant fails to maintain continuous teaching service
    as determined by the board; or

(c) All of the participant's federal student loans have been
    repaid.

(6) The board shall adopt rules governing loan repayments,
    including approved leaves of absence from continuous teaching service
    and other deferments as may be necessary.
NEW SECTION. Sec. 9. A new section is added to chapter 28B.102 RCW to read as follows:

(1) The future teachers conditional scholarship account is created in the custody of the state treasurer. An appropriation is not required for expenditures of funds from the account. The account is not subject to allotment procedures under chapter 43.88 RCW except for moneys used for program administration.

(2) The board shall deposit in the account all moneys received for the program. The account shall be self-sustaining and consist of funds appropriated by the legislature for the future teachers conditional scholarship and loan repayment program, private contributions to the program, and receipts from participant repayments. Beginning July 1, 2004, the board shall also deposit into the account: (a) All funds from the institution of higher education loan account that are traceable to any conditional scholarship program for teachers or prospective teachers established by the legislature before the effective date of this act; and (b) all amounts repaid by individuals under any such program.

(3) Expenditures from the account may be used solely for conditional loans and loan repayments to participants in the program established by this chapter and costs associated with program administration by the board.

(4) Disbursements from the account may be made only on the authorization of the board.

Sec. 10. RCW 43.79A.040 and 2003 c 403 s 9, 2003 c 313 s 10, 2003 c 191 s 7, 2003 c 148 s 15, 2003 c 92 s 8, and 2003 c 19 s 12 are each reenacted and amended to read as follows:

(1) Money in the treasurer's trust fund may be deposited, invested, and reinvested by the state treasurer in accordance with RCW 43.84.080 in the same manner and to the same extent as if the money were in the state treasury.

(2) All income received from investment of the treasurer's trust fund shall be set aside in an account in the treasury trust fund to be known as the investment income account.

(3) The investment income account may be utilized for the payment of purchased banking services on behalf of treasurer's trust funds including, but not limited to, depository, safekeeping, and
disbursement functions for the state treasurer or affected state agencies. The investment income account is subject in all respects to chapter 43.88 RCW, but no appropriation is required for payments to financial institutions. Payments shall occur prior to distribution of earnings set forth in subsection (4) of this section.

(4)(a) Monthly, the state treasurer shall distribute the earnings credited to the investment income account to the state general fund except under (b) and (c) of this subsection.

(b) The following accounts and funds shall receive their proportionate share of earnings based upon each account's or fund's average daily balance for the period: The Washington promise scholarship account, the college savings program account, the Washington advanced college tuition payment program account, the agricultural local fund, the American Indian scholarship endowment fund, the students with dependents grant account, the basic health plan self-insurance reserve account, the contract harvesting revolving account, the Washington state combined fund drive account, the Washington international exchange scholarship endowment fund, the developmental disabilities endowment trust fund, the energy account, the fair fund, the fruit and vegetable inspection account, the future teachers conditional scholarship account, the game farm alternative account, the grain inspection revolving fund, the juvenile accountability incentive account, the law enforcement officers' and fire fighters' plan 2 expense fund, the local tourism promotion account, the produce railcar pool account, the rural rehabilitation account, the stadium and exhibition center account, the youth athletic facility account, the self-insurance revolving fund, the sulfur dioxide abatement account, and the children's trust fund. However, the earnings to be distributed shall first be reduced by the allocation to the state treasurer's service fund pursuant to RCW 43.08.190.

(c) The following accounts and funds shall receive eighty percent of their proportionate share of earnings based upon each account's or fund's average daily balance for the period: The advanced right of way revolving fund, the advanced environmental mitigation revolving account, the city and county advance right-of-way revolving fund, the federal narcotics asset forfeitures account, the high occupancy vehicle
(5) In conformance with Article II, section 37 of the state Constitution, no trust accounts or funds shall be allocated earnings without the specific affirmative directive of this section.

NEW SECTION. Sec. 11. The following acts or parts of acts are each repealed:

(1) RCW 28B.102.070 (Transfer of administration of program) and 1987 c 437 s 7; and

(2) RCW 28B.102.905 (Severability--1987 c 437) and 1987 c 437 s 10.

Passed by the House March 8, 2004.
Approved by the Governor March 22, 2004.
Filed in Office of Secretary of State March 22, 2004.