

SHB 2708 - S COMM AMD
By Committee on Higher Education

ADOPTED 03/03/2004

1 Strike everything after the enacting clause and insert the
2 following:

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

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

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

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

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

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

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

1 (4) "Eligible student" means a student who is registered for at
2 least ~~((ten))~~ six credit hours or the equivalent, demonstrates high
3 academic achievement ~~((of at least a 3.30 grade point average for~~
4 ~~students entering an institution of higher education directly from high~~
5 ~~school or maintains at least a 3.00 grade point average or the~~
6 ~~equivalent for each academic year in an institution of higher~~
7 ~~education))~~, is a resident student as defined by RCW 28B.15.012 and
8 28B.15.013, and has a declared intention to complete an approved
9 preparation program leading to initial teacher certification or
10 required for earning an additional endorsement, ~~((or a college or~~
11 ~~university graduate who meets the same credit hour requirements and is~~
12 ~~seeking an additional teaching endorsement or initial teacher~~
13 ~~certification. Resident students defined in RCW 28B.15.012(2)(e) are~~
14 ~~not eligible students under this chapter))~~ and commits to teaching
15 service in the state of Washington.

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

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

22 (7) "Satisfied" means paid-in-full.

23 (8) "Participant" means an eligible student who has received a
24 conditional scholarship or loan repayment under this chapter.

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

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

36 (a) K-12 schools under Title 28A RCW; or

1 ~~(b) ((Early childhood education and assistance programs under RCW~~
2 ~~28A.215.100 through 28A.215.200 or the federal head start program;~~
3 ~~(c) An approved school under chapter 28A.195 RCW;~~
4 ~~(d) Education centers under chapter 28A.205 RCW;~~
5 ~~(e) English as a second language programs and programs leading to~~
6 ~~high school graduation or the equivalency operated by community or~~
7 ~~technical colleges; and~~
8 ~~(f) Tribal schools in Washington approved by the federal bureau of~~
9 ~~Indian affairs.))~~ Other K-12 educational sites in the state of
10 Washington as designated by the board.

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

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

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

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

25 (1) Select students to receive conditional scholarships(~~(, with the~~
26 ~~assistance of a screening committee composed of teachers and leaders in~~
27 ~~government, business, and education)) or loan repayments;~~

28 (2) Adopt necessary rules and guidelines;

29 (3) Publicize the program;

30 (4) Collect and manage repayments from students who do not meet
31 their teaching obligations under this chapter; and

32 (5) Solicit and accept grants and donations from public and private
33 sources for the program.

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

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

6 (2) If the board selects participants for the program, it shall
7 establish a ((planning)) selection committee ((to develop criteria))
8 for ((the)) screening and ((selection of)) selecting recipients of the
9 conditional scholarships. ((These)) The criteria shall emphasize
10 factors demonstrating excellence including but not limited to superior
11 scholastic achievement, leadership ability, community contributions,
12 bilingual ability, willingness to commit to providing teaching service
13 in shortage areas, and an ability to act as a role model for ((targeted
14 ethnic minority)) students. ((These criteria also may include, for
15 approximately half of the recipients, requirements that those
16 recipients meet the definition of "needy student" under RCW
17 28B.10.802.)) Priority will be given to individuals seeking
18 certification or an additional endorsement in math, science,
19 technology, or special education.

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

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

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

29 The board may award conditional scholarships or provide loan
30 repayments to eligible ((students)) participants from the funds
31 appropriated to the board for this purpose, or from any private
32 donations, or any other funds given to the board for this program. The
33 amount of the conditional scholarship or loan repayment awarded an
34 individual shall not exceed ((three thousand dollars)) the amount of
35 tuition and fees at the institution of higher education attended by the

1 participant or resident undergraduate tuition and fees at the
2 University of Washington per academic year for a full-time student,
3 whichever is lower. ((Students)) Participants are eligible to receive
4 conditional scholarships or loan repayments for a maximum of five
5 years.

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

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

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

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

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

35 (5) The board is responsible for collection of repayments made
36 under this section and shall exercise due diligence in such collection,

1 maintaining all necessary records to insure that maximum repayments are
2 made. Collection and servicing of repayments under this section shall
3 be pursued using the full extent of the law, including wage garnishment
4 if necessary. The board is responsible to forgive all or parts of such
5 repayments under the criteria established in this section and shall
6 maintain all necessary records of forgiven payments.

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

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

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

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

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

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

35 (2) The agreement shall specify the period of time it is in effect
36 and detail the obligations of the board and the participant, including

1 the amount to be paid to the participant. The agreement may also
2 specify the geographic location and subject matter area of teaching
3 service for which loan repayment will be provided.

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

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

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

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

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

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

22 (6) The board shall adopt rules governing loan repayments,
23 including approved leaves of absence from continuous teaching service
24 and other deferments as may be necessary.

25 NEW SECTION. **Sec. 9.** A new section is added to chapter 28B.102
26 RCW to read as follows:

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

32 (2) The board shall deposit in the account all moneys received for
33 the program. The account shall be self-sustaining and consist of funds
34 appropriated by the legislature for the future teachers conditional
35 scholarship and loan repayment program, private contributions to the
36 program, and receipts from participant repayments. Beginning July 1,

1 2004, the board shall also deposit into the account: (a) All funds
2 from the institution of higher education loan account that are
3 traceable to any conditional scholarship program for teachers or
4 prospective teachers established by the legislature before the
5 effective date of this act; and (b) all amounts repaid by individuals
6 under any such program.

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

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

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

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

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

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

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

34 (b) The following accounts and funds shall receive their
35 proportionate share of earnings based upon each account's or fund's
36 average daily balance for the period: The Washington promise

1 scholarship account, the college savings program account, the
2 Washington advanced college tuition payment program account, the
3 agricultural local fund, the American Indian scholarship endowment
4 fund, the students with dependents grant account, the basic health plan
5 self-insurance reserve account, the contract harvesting revolving
6 account, the Washington state combined fund drive account, the
7 Washington international exchange scholarship endowment fund, the
8 developmental disabilities endowment trust fund, the energy account,
9 the fair fund, the fruit and vegetable inspection account, the future
10 teachers conditional scholarship account, the game farm alternative
11 account, the grain inspection revolving fund, the juvenile
12 accountability incentive account, the law enforcement officers' and
13 fire fighters' plan 2 expense fund, the local tourism promotion
14 account, the produce railcar pool account, the rural rehabilitation
15 account, the stadium and exhibition center account, the youth athletic
16 facility account, the self-insurance revolving fund, the sulfur dioxide
17 abatement account, and the children's trust fund(~~(, and the investing~~
18 ~~in innovation account)~~). However, the earnings to be distributed shall
19 first be reduced by the allocation to the state treasurer's service
20 fund pursuant to RCW 43.08.190.

21 (c) The following accounts and funds shall receive eighty percent
22 of their proportionate share of earnings based upon each account's or
23 fund's average daily balance for the period: The advanced right of way
24 revolving fund, the advanced environmental mitigation revolving
25 account, the city and county advance right-of-way revolving fund, the
26 federal narcotics asset forfeitures account, the high occupancy vehicle
27 account, the local rail service assistance account, and the
28 miscellaneous transportation programs account.

29 (5) In conformance with Article II, section 37 of the state
30 Constitution, no trust accounts or funds shall be allocated earnings
31 without the specific affirmative directive of this section.

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

34 (1) RCW 28B.102.070 (Transfer of administration of program) and
35 1987 c 437 s 7; and

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

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3 On page 1, line 2 of the title, after "teachers;" strike the
4 remainder of the title and insert "amending RCW 28B.102.010,
5 28B.102.020, 28B.102.030, 28B.102.040, 28B.102.045, 28B.102.050, and
6 28B.102.060; reenacting and amending RCW 43.79A.040; adding new
7 sections to chapter 28B.102 RCW; and repealing RCW 28B.102.070 and
8 28B.102.905."

EFFECT: Returns language to its current status.

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