

CERTIFICATION OF ENROLLMENT

**SUBSTITUTE HOUSE BILL 2708**

58th Legislature  
2004 Regular Session

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

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**Speaker of the House of Representatives**

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

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**President of the Senate**

Approved

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**Governor of the State of Washington**

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.

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**Chief Clerk**

FILED

**Secretary of State  
State of Washington**

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**SUBSTITUTE HOUSE BILL 2708**

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AS AMENDED BY THE SENATE

Passed Legislature - 2004 Regular Session

**State of Washington                      58th Legislature                      2004 Regular Session**

**By** House Committee on Higher Education (originally sponsored by Representatives Ormsby, Kenney, Cox, Fromhold, Moeller, Dickerson, Chase, Lantz, Morrell, Wood, Hudgins and Kagi)

READ FIRST TIME 02/10/04.

1            AN ACT Relating to conditional scholarships and loan repayments for  
2 prospective teachers; amending RCW 28B.102.010, 28B.102.020,  
3 28B.102.030, 28B.102.040, 28B.102.045, 28B.102.050, and 28B.102.060;  
4 reenacting and amending RCW 43.79A.040; adding new sections to chapter  
5 28B.102 RCW; and repealing RCW 28B.102.070 and 28B.102.905.

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

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

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

1 philanthropic community organizations to join with state government in  
2 making this program successful.

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

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

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

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

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

15 (4) "Eligible student" means a student who is registered for at  
16 least (~~ten~~) six credit hours or the equivalent, demonstrates high  
17 academic achievement (~~of at least a 3.30 grade point average for~~  
18 ~~students entering an institution of higher education directly from high~~  
19 ~~school or maintains at least a 3.00 grade point average or the~~  
20 ~~equivalent for each academic year in an institution of higher~~  
21 ~~education~~), is a resident student as defined by RCW 28B.15.012 and  
22 28B.15.013, and has a declared intention to complete an approved  
23 preparation program leading to initial teacher certification or  
24 required for earning an additional endorsement, (~~or a college or~~  
25 ~~university graduate who meets the same credit hour requirements and is~~  
26 ~~seeking an additional teaching endorsement or initial teacher~~  
27 ~~certification. Resident students defined in RCW 28B.15.012(2)(e) are~~  
28 ~~not eligible students under this chapter~~) and commits to teaching  
29 service in the state of Washington.

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

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

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

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

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

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

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

15 (~~(Early childhood education and assistance programs under RCW~~  
16 ~~28A.215.100 through 28A.215.200 or the federal head start program;~~

17 ~~(c) An approved school under chapter 28A.195 RCW;~~

18 ~~(d) Education centers under chapter 28A.205 RCW;~~

19 ~~(e) English as a second language programs and programs leading to~~  
20 ~~high school graduation or the equivalency operated by community or~~  
21 ~~technical colleges; and~~

22 (~~(f) Tribal schools in Washington approved by the federal bureau of~~  
23 ~~Indian affairs.))~~ Other K-12 educational sites in the state of  
24 Washington as designated by the board.

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

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

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

35 The future teachers conditional scholarship and loan repayment  
36 program is established. The program shall be administered by the

1 higher education coordinating board. In administering the program, the  
2 board shall have the following powers and duties:

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

6 (2) Adopt necessary rules and guidelines;

7 (3) Publicize the program;

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

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

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

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

19 (2) If the board selects participants for the program, it shall  
20 establish a ((planning)) selection committee ((to develop criteria))  
21 for ((the)) screening and ((selection of)) selecting recipients of the  
22 conditional scholarships. ((These)) The criteria shall emphasize  
23 factors demonstrating excellence including but not limited to superior  
24 scholastic achievement, leadership ability, community contributions,  
25 bilingual ability, willingness to commit to providing teaching service  
26 in shortage areas, and an ability to act as a role model for ((targeted  
27 ethnic minority)) students. ((These criteria also may include, for  
28 approximately half of the recipients, requirements that those  
29 recipients meet the definition of "needy student" under RCW  
30 28B.10.802.)) Priority will be given to individuals seeking  
31 certification or an additional endorsement in math, science,  
32 technology, or special education.

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

35 ~~((The board may waive grade point requirements for an otherwise~~  
36 ~~eligible individual student under special circumstances.)) To receive~~

1 additional disbursements under the program under this chapter, a  
2 participant must be considered by his or her institution of higher  
3 education to be in a satisfactory progress condition.

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

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

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

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

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

33 (3) The minimum payment shall be set by the board. The maximum  
34 period for repayment shall be ten years, with payments of principal and  
35 interest accruing quarterly commencing ~~((nine))~~ six months from the

1 date the participant completes or discontinues the course of study.  
2 Provisions for deferral of payment shall be determined by the board.

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

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

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

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

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

36 (~~9) This section applies to recipients of conditional scholarships~~  
37 ~~awarded before or after July 1, 1996~~) adopt rules to define the terms

1 of repayment, including applicable interest rates, fees, and  
2 deferments.

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

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

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

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

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

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

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

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

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

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



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

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

8        (2) The board shall deposit in the account all moneys received for  
9    the program.    The account shall be self-sustaining and consist of funds  
10   appropriated by the legislature for the future teachers conditional  
11   scholarship and loan repayment program, private contributions to the  
12   program, and receipts from participant repayments.    Beginning July 1,  
13   2004, the board shall also deposit into the account:    (a) All funds  
14   from the institution of higher education loan account that are  
15   traceable to any conditional scholarship program for teachers or  
16   prospective teachers established by the legislature before the  
17   effective date of this act; and (b) all amounts repaid by individuals  
18   under any such program.

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

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

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

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

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

35        (3) The investment income account may be utilized for the payment  
36   of purchased banking services on behalf of treasurer's trust funds  
37   including, but not limited to, depository, safekeeping, and

1 disbursement functions for the state treasurer or affected state  
2 agencies. The investment income account is subject in all respects to  
3 chapter 43.88 RCW, but no appropriation is required for payments to  
4 financial institutions. Payments shall occur prior to distribution of  
5 earnings set forth in subsection (4) of this section.

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

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

32 (c) The following accounts and funds shall receive eighty percent  
33 of their proportionate share of earnings based upon each account's or  
34 fund's average daily balance for the period: The advanced right of way  
35 revolving fund, the advanced environmental mitigation revolving  
36 account, the city and county advance right-of-way revolving fund, the  
37 federal narcotics asset forfeitures account, the high occupancy vehicle

1 account, the local rail service assistance account, and the  
2 miscellaneous transportation programs account.

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

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

8 (1) RCW 28B.102.070 (Transfer of administration of program) and  
9 1987 c 437 s 7; and

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

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