Chapter 250-65 WAC

FUTURE TEACHER CONDITIONAL SCHOLARSHIP AND LOAN REPAYMENT PROGRAM

WAC

CONDITIONAL SCHOLARSHIP PROGRAM

250-65-010 Purpose. The purpose of this act is to encourage students with outstanding academic records to enter the teaching profession; and, further, to recruit students who can act as role models for children including those from targeted ethnic minorities.

[Statutory Authority: Chapter 28B.102 RCW. WSR 88-03-008 (Order 1/88, Resolution No. 87-81), § 250-65-010, filed 1/8/88.]

WAC 250-65-020 Program definitions. (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. A student's acceptance of a scholarship creates a contractual obligation on the part of the student to teach for a period of two years in an approved education program for each year of scholarship received or incur an obligation to repay all or part of the scholarship.

(2) "Institution of higher education" or "institution" shall mean any public university, college, community college, or vocational-technical institute operated by the state of Washington political subdivision thereof, or any other university, college, school or institute in the state of Washington offering instruction beyond the high school level which is a member institution of the Northwest Association of Schools and Colleges and, if such institution agrees to participate in the program in accordance with all applicable rules and regulations. Any institution, branch, extension or facility operating within the state of Washington which is affiliated with an institution operating in another state must be a separately accredited member institution of the above named accrediting association.

(3) "Board" means the higher education coordinating board. When a duty or responsibility of the board is referenced in these regulations, the authority needed to discharge that responsibility lies with the executive director or his or her designee.

(4) "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.

(5) "Forgiven" or "to forgive" or "forgiveness" means that a portion of the student's loan is reduced through the rendering of service as a teacher in an approved education program in the state of Washington in lieu of monetary repayment.

(6) "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;
(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 program 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.

(7) "Satisfied" means paid-in-full either through the rendering of service or monetary repayment in fulfillment of the student's contractual obligation.

(8) "Participant" means an eligible student who has received one or more disbursements under this program.

(9) "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 drop out rates or low rates of college participation by members of this group. Wherever possible students selected for participation in the conditional scholarship program should be able to serve as role models for children and youth from targeted ethnic minorities.

(10) "Washington resident" or "resident student" means an individual who satisfies the requirements of RCW 28B.15.012 through 28B.15.015 and board-adopted rules and regulations pertaining to the determination of residency.

(11) "Needy student" shall mean a post-high school student of an institution of higher learning as defined in RCW 28B.10.802(1) who demonstrates to the board the financial inability, either through the student's parents, family and/or personally, to meet the total cost of board, room, books and tuition and incidental fees for any semester or quarter.

(12) "Financial need" shall be the difference between the budgetary cost to the student attending an institution of post-

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secondary education and the total applicant resources which the institutional financial aid officer determines can reasonably be expected to be available to the student for meeting such costs.

(13) "Budgetary cost" of attending an institution shall consist of that amount required to support the individual and his or her dependents during the period in which that individual is enrolled as a student. Budgets will reflect the latest recognized cost levels for room and board, transportation, books, supplies, personal expenses, and other cost factors deemed necessary for consideration, consistent with WAC 250-65-040(3).

(14) "Total applicant resources" for the dependent student shall mean the sum of the amounts which reasonably may be expected from the student and his or her spouse to meet the student's cost of education, and the amount which reasonably may be expected to be made available to the student by his or her parents for such purpose. For the independent student total applicant resources shall mean the amount which reasonably may be expected from the student and his or her spouse to meet the student's cost of education.

(15) "Dependent student" definition shall be consistent with the definition used for determining dependence for federal student aid programs.

(16) "Independent student" definition shall be consistent with the definition used for determining independence for federal student aid programs.

WAC 250-65-030 Eligibility criteria. (1) Student eligibility. In order to be eligible for a conditional scholarship under this program the student must:

(a) Be registered for a minimum of ten credit hours or the equivalent, at the time of disbursement, during any term for which a scholarship disbursement is issued.

Calculation of equivalency. In recognition of the fact that participating institutions have different academic calendars and apply different full-time enrollment definitions, the ten credit hour equivalent standard is defined as follows: As ten credit hours is 5/6's (10/12) of the minimum twelve credit hours required for full-time undergraduate enrollment, a course load that by institutional standard is the equivalent of 5/6's of a minimum full-time course load satisfies the threshold course load requirement of the future teacher conditional scholarship program.

(b) Demonstrate achievement of at least a 3.30 cumulative grade point average for students entering an eligible institution of higher education directly from high school; or maintain at least a 3.00 grade point average or the equivalent for each academic year in an institution of higher education, calculated at the end of each academic year. In the case of extenuating circumstances, the board may waive the grade point average requirement, with cause.

(c) Be classified as a resident student of the state of Washington for tuition and fee purposes.

(d) Be capable, in the opinion of the institution, of maintaining good standing in a course of study while funded by the program, and demonstrate satisfactory progress toward degree or certificate completion.

(e) Have declared an intention to complete an approved preparation program as determined by the institution leading to initial teacher certification or required for earning an additional endorsement, or a college or university graduate who is registered for at least ten credit hours per term, or the equivalent, and is seeking an additional teaching endorsement or initial teaching certification.

(f) Not be pursuing a degree in theology.

(2) While evidence of documented financial need is not a prerequisite for program participation, the board may include need as an element of the criteria for the screening and selection of recipients for approximately half of the program's recipients.

(3) Criteria for institutional determination of financial need and the making of awards:

(a) Budgetary costs will be determined by the institution subject to approval by the higher education coordinating board.

(b) Total applicant resources shall be determined according to the federal methodology of need analysis. Institutional financial aid officers may make reasonable adjustments to the computed total applicant resources if individual circumstances warrant such adjustments. In addition, nonliquid assets in the form of equity in the primary residence and net worth of business or farm may be disregarded in the computation of total applicant resources.

(c) The conditional scholarship, when offered in conjunction with other forms of governmentally provided student financial assistance, shall be designed in such a manner that the sum total of financial aid awarded any one student will not exceed the difference between the total applicant's resources and the budgetary cost of education.

(4) Institutional eligibility criteria.

Each institution must have a policy relating to the continuance of aid for students who enroll in but do not complete the number of credit or clock hours required to maintain satisfactory progress toward completion of his or her degree or program objective. The institution must submit its policy to the board annually for approval.

WAC 250-65-040 Screening and selection of recipients. Whenever possible in selecting conditional scholarship recipients, the board will give preference to qualified candidates who wish to become future teachers who fulfill both purposes of the statute:

Recruitment of students who have distinguished themselves through outstanding academic achievement; and

Students who can act as role models for children and youth including those from targeted ethnic minorities.

(1) Program advisory and screening committee. The board will annually appoint an advisory committee to advise the board on matters of program administration including, but not limited to, scholarship screening and selection criteria and procedures, fund raising, program publicity, and efforts to recruit minority students. The advisory committee shall
also serve as a screening committee in assisting the board in selecting the students to receive conditional scholarships.

(2) Selection of recipients.

Assuming program eligibility criteria is met, the following additional selection criteria will be employed by the board in ranking candidates and awarding conditional scholarships:

(a) Superior scholastic achievement.
(b) Leadership ability.
(c) Community contributions.
(d) Ability to act as a role model for targeted ethnic minority students.
(e) Brief statement evidencing the student's commitment to teaching and evidence of promise as a future teacher.
(f) Financial need (may be considered for approximately half of the recipients).
(g) Eligibility for renewal of conditional scholarship.

(3) Renewal scholarships. As a priority in awarding conditional scholarships, the board may continue to make awards to an eligible recipient for a maximum of five academic years.


WAC 250-65-050 Administration. Administering agency. The higher education coordinating board shall administer the future teacher conditional scholarship program. The staff of the higher education coordinating board, under the direction of the executive director, will manage the administrative functions relative to the program. The board shall have the following administrative responsibilities, encompassed within the board's enumerated powers and duties:

(1) Enter into agreements with participating institutions, and billing and collection agencies as may be necessary.
(2) Select students to receive conditional scholarships, with the assistance of a screening committee composed of teachers and leaders in government, business, and education.
(3) Adopt necessary rules and guidelines.
(4) Publicize the program.
(5) Collect and manage repayments from students who do not meet their teaching obligations.
(6) Solicit and accept grants and donations from public and private sources for the program.


WAC 250-65-060 Control of funds. The higher education coordinating board may award conditional scholarships to eligible students from the funds appropriated to the board for this purpose, or from any private donations, or any funds given to the board for this program.

(1) Scholarship amounts:

The amount of the conditional scholarship awarded an individual shall not exceed three thousand dollars per academic year. Students are eligible to receive conditional scholarships for a maximum of five years. The total amount of such scholarships to an eligible student shall not exceed fifteen thousand dollars. The duration of service obligation shall be two years for each year of scholarship received.

(2) The scholarship recipient shall enter into an agreement with the higher education coordinating board agreeing to comply with the rules, regulations, and guidelines of the conditional scholarship program. The agreement shall serve as the legal document verifying the recipient's understanding of the obligation to repay the conditional scholarship if teaching service is not fulfilled.

(3) Repayment terms:

(a) Participants in the conditional scholarship program incur an obligation to repay the conditional scholarship, with interest, unless they teach for two years in an approved education program for each year of scholarship received, under rules adopted by the board.

(b) The interest rate shall be eight percent for the first four years of repayment and ten percent beginning with the fifth year of repayment.

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

(d) 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 or the borrower ceases to teach in an approved education program. Should the participant cease to teach in an approved education program 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.

(4) Collection of repayments:

(a) The board is responsible for collection of repayments made and shall exercise due diligence in such collection, maintaining all necessary records to ensure that maximum repayments are made.

(b) The board is responsible to forgive all or parts of such repayments under the criteria established by the board and shall maintain all necessary records of forgiven payments.

(5) Receipts:

Receipts from the payment of the 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 with the board and shall be used to cover the costs of granting the conditional scholarships, maintaining necessary records and making collections. 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.

WAC 250-65-070 Purpose. The purpose of this act is to encourage outstanding students to enter the teaching profession in the state of Washington.


WAC 250-65-080 Program definitions. (1) "Academic year" means the regular nine-month, three-quarter, or two-semester period annually occurring between July 1st and June 30th.

(2) "Approved education program" means an education program in the state of Washington that focuses on 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) Other educational sites in the state of Washington primarily supported with state or federal funding, as determined by the board.

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

(4) "Classroom teaching service" means employment, as a classroom teacher holding a residency or professional certificate, in an approved education program on at least a half-time basis. This also includes comparable employment as a substitute teacher or in part-time teaching positions.

(5) "Conditional scholarship" means a loan made by the board that is forgiven in whole or in part if the participant renders service as a certificated classroom teacher in an approved education program in the state of Washington.

(6) "Continuous enrollment" means the period of time a participant is enrolled without stopping, except for the equivalent of one term per academic year, such as a summer term.

(7) "Continuous teaching service" means certificated classroom teaching service for at least the equivalent of forty full-time days in an academic year.

(8) "Educational plan" means a plan or schedule approved by the board that designates how many credits participants will complete each term to qualify for loan forgiveness or loan repayment benefits. The plan will include an anticipated completion date.

(9) "Eligible student" means a student:

(a) Registered at least half-time;
(b) Demonstrating high academic achievement;
(c) Who is a resident student as defined by RCW 28B.15.012 and 28B.15.013;
(d) With a declared intention to complete an approved preparation program that leads to residency teacher certification or is required for earning an additional endorsement; and
(e) Committed to certificated classroom teaching service in the state of Washington.

(10) "Eligible institution" means an institution with an approved "institutional agreement to participate in the Washington state-funded student financial aid programs" on file with the board. The institution must have a policy relating to the continuance of aid for students who enroll in, but do not complete, the number of credit or clock hours required to maintain satisfactory progress toward completion of his or her degree or program objective.

(11) "Equalization fee" means an additional amount charged to a conditional scholarship participant who fails to complete the required certificated classroom teaching service. This fee is added to make the cost of the program similar to the cost incurred by participants borrowing from the primary federal student loan program for undergraduate students.

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

(13) "Full-time student" or "full-time enrollment" means the minimum credits per term required by an institution for full-time enrollment status, or twelve credits per term, whichever is less. Half-time enrollment shall be half that amount.

(14) "Full-time year equivalent" means the period equivalent to one full-time academic year of certificated teaching service. For the purposes of service obligation accrual and loan forgiveness, a full-time year of certificated teaching service shall be at least one hundred eighty days. Service obligations for partial year program benefits will be prorated on this standard. Loan forgiveness and loan repayment benefits for partial teaching years will also be prorated on this standard.

(15) "Institution of higher education" or "institution" means a public or private college, community college or university which:

(a) Physically delivers classroom instruction within the state of Washington and whose program of study will advance students toward residency teacher certification requirements; and
(b) Is accredited by an accrediting association recognized as such by rule of the higher education coordinating board.

(16) "Loan repayment" means a federal student loan that is repaid in whole or in part if the participant renders service as a certificated classroom teacher in an approved education program in the state of Washington. The ratio of loan repayments to years of teaching service shall be the same as established for the conditional scholarship program.

(17) "Monetary repayment of a conditional scholarship" means that portion of the conditional scholarship that is not forgiven due to certificated classroom teaching service and is instead repaid by the participant according to the terms of the promissory note.

(18) "Participant" means an eligible student who has received a conditional scholarship award or loan repayment benefit under this chapter.

(19) "Program benefits" means the awarding of funds to conditional scholarship participants or the promise to repay federal student loans for loan repayment participants.

(20) "Residency teacher certification" means the certificate issued by the office of superintendent of public instruction authorizing an individual to teach in a specified subject in the state of Washington, without conditions such as additional training, supervision by another teacher or limitation on duration. The certificate is known as a "residency certificate."

Limited certificates, such as conditional, emergency, and substitute certificates, are excluded. [Ch. 250-65 WAC p. 4] (10/29/04)
(21) "Satisfy" means to pay-in-full either through the rendering of certificated classroom teaching service or monetary repayment in fulfillment of the participant's contractual obligation.

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

(23) "Teaching plan" means a plan or schedule approved by the board that designates the period of time over which a participant will provide teaching service in exchange for forgiveness of a conditional scholarship or receipt of loan repayment benefits. The plan will include an anticipated date by which all teaching service will be provided.

(24) "Tuition and fees" means the representative average tuition, service fees, and activity fees as determined by the board for the public research, regional, and community colleges.


WAC 250-65-090 Administration. The higher education coordinating board shall administer the future teacher conditional scholarship and loan repayment program.

(1) The higher education coordinating board may provide conditional scholarships and loan repayments to eligible students from:

(a) Funds appropriated to the board for this purpose;
(b) Private donations;
(c) Federal funds given to the board for this program; or
(d) Other funds deposited to the future teachers conditional scholarship account.

(2) When a duty or responsibility of the board is referenced in these regulations, the authority needed to discharge that responsibility lies with the executive director or his or her designee.

(3) The board shall have the following administrative responsibilities:

(a) Adopt necessary rules and guidelines.
(b) Enter into agreements with participating institutions, and billing and collection agencies as may be necessary.
(c) Select students to receive conditional scholarships and loan repayments, with the assistance of a selection committee.
(d) Provide conditional scholarship awards and loan repayment benefits to students.
(e) Verify completion of certificated classroom teaching service from participants in exchange for loan forgiveness or loan repayment.
(f) Collect and manage monetary repayments from participants who do not fulfill their teaching obligations.
(g) Work with the office of superintendent of public instruction and appropriate educational organizations to publicize the program directly to qualified individuals.
(h) Post additional information, including a fact sheet and an application, on the board's web site.
(i) Solicit and accept grants and donations from public and private sources for the program.

(4) Receipts.

Receipts from the payment of the principal or interest or any other subsidies to which the board as administrator is entitled, which are paid by or on behalf of participants in the conditional scholarship program under this section, shall be deposited in the future teachers conditional scholarship account, as established in RCW 28B.102.080, and may be used to cover the costs of granting conditional scholarships and loan repayments, maintaining necessary records, and making collections. The board shall maintain accurate records of these costs. All receipts beyond those used to pay such costs shall fund conditional scholarships and loan repayments to eligible students.


WAC 250-65-100 Student eligibility criteria. In order to be eligible for program benefits, a student must:

(1) Be registered at least half-time when:
(a) A scholarship disbursement is issued; or
(b) A loan repayment agreement is signed.
(2) Be classified as a resident student of the state of Washington for tuition and fee purposes as defined by RCW 28B.15.012 and 28B.15.013.
(3) Be in good standing and maintaining satisfactory academic progress according to the institution's normal requirements.
(4) Declare an intention to complete either an approved preparation program leading to residency teacher certification or a program required for an additional endorsement.
(5) Not be enrolled in or planning to pursue a degree in theology.
(6) Plan to be employed as a certificated classroom teacher in an approved education program in the state of Washington.
(7) Submit an application to the board by the requested deadline.
(8) Submit an educational plan for board approval.
(9) Attend an eligible institution while receiving program benefits.


WAC 250-65-110 Screening and selection of participants. (1) Selection committee.

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 superintendent of public instruction. If the board selects participants for the program, it shall establish a selection committee for the screening and selecting of the conditional scholarship and loan repayment participants. If a selection committee is established, it may include (but shall not be limited to) representatives from the professional educator standards board, the office of superintendent of public instruction, the Washington education association, the state board for community and technical colleges, the colleges of education, and other community organizations.

(2) Role of selection committee.

The committee will act on behalf of the board to select participants and alternates from the pool(s) of eligible applicants who have submitted applications to the board. The committee will also advise board staff and the board on rec-
ommended changes in the program administration, including the application and selection procedures for future competitions.

(3) Selection of participants.
(a) Once all initial eligibility criteria are met, the committee will give priority to:
(i) Individuals seeking certification or an additional endorsement in math, science, technology, or special education; and
(ii) For fiscal year 2005, individuals who are bilingual.
(b) The committee may consider, but are not limited to, the following items in the ranking and providing of conditional scholarships awards and loan repayments benefits:
(i) Ability to act as a role model for students.
(ii) Applicant's statement evidencing commitment to the teaching profession, especially in a shortage area.
(iii) Bilingual ability.
(iv) Class level equal to upper division or graduate standing.
(v) Community contributions.
(vi) Leadership ability.
(vii) Length of time to complete teacher certification or additional shortage area endorsement.
(viii) Recommendation from a school teacher or official describing the applicant's qualifications as a current or potential teacher.
(ix) Superior scholastic achievement.
(4) Criteria for renewal.

If sufficient funds are available for renewing program benefits, previous participants will be required to submit renewal information to the board by the stated deadline. The board may consider, but is not limited to, these factors in approving renewal requests:
(a) Confirmation that the participant still plans to be a certificated classroom teacher in an approved education program in the state of Washington.
(b) An updated educational plan. Failure to complete an educational plan as previously approved by the board may result in the denial of a participant's renewal request.
(c) Verification that the participant is in good standing and maintaining satisfactory academic progress according to the institution's normal requirements.
(5) Five-year limit.
Participants are eligible to renew program benefits for a maximum program participation of the equivalent of five academic years of full-time study.

WAC 250-65-120 Program benefit amounts. (1) A participant's program benefit shall not exceed the amount of tuition and fees at the institution of higher education attended by the participant or full-time resident undergraduate tuition and fees at the University of Washington during the same academic year, whichever is lower.

(2) Participants who enroll for additional course work after the completion of an academic year of full-time eligibility may be eligible for additional program benefits equivalent to a third semester or fourth quarter. In this case, the participants would be assumed to be beginning their second academic year of program eligibility. For example, a student attending a semester college who received full-time program benefits for fall, spring and summer, will have received benefits for the equivalent of 1.5 academic years.

(3) Participants enrolled less than full-time shall receive the following prorated program benefits for terms of part-time enrollment:
(a) Enrollment of 9.0 - 11.9 credit hours per term equals three-quarter enrollment. This shall be equal to seventy-five percent of the full-time program benefit.
(b) Enrollment of 6.0 - 8.9 credit hours per term equals half-time enrollment. This shall be equal to fifty percent of the full-time program benefit.
(4) Participants who receive program benefits for part-time enrollment shall have their terms of eligibility reduced on a prorated basis. For example, a participant receiving program benefits on the basis of half-time enrollment for two academic years will have used one academic year of eligibility.


WAC 250-65-130 Agreement with the board, teaching service obligations, and post attendance process. The conditions described in this section apply to participants in both the conditional scholarship program and the loan repayment program, unless otherwise noted.

(1) Agreement with the board.
(a) Each participant shall enter into an agreement with the board, hereafter known as the "promissory note" or "contract," agreeing to comply with the rules, regulations, and guidelines of the conditional scholarship or loan repayment programs. The promissory note or contract establishes an obligation on the part of the student to teach in an approved education program for each year of program benefit received.
(b) The promissory note is signed by conditional scholarship participants. The note serves as the legal document verifying the participant's understanding of the opportunity to have the conditional scholarship forgiven in exchange for certificated classroom teaching service and the obligation to repay the conditional scholarship, with interest and an equalization fee, if certificated classroom teaching service is not provided.
(c) The contract is signed by loan repayment participants. The contract details the period of time it is in effect, the documentation needed to verify federal student loan indebtedness, the loan repayment benefit to be paid in exchange for certificated classroom teaching service, and the consequences of not providing said teaching service in the agreed-upon time frame.

(2) Teaching service obligations.
(a) Loan forgiveness and loan repayments are provided at the higher rate of:
(i) One full-time academic year of loan forgiveness or loan repayment will be given for the equivalent of two full-time years of certificated classroom teaching service; or
(ii) One full-time academic year of loan forgiveness or loan repayment will be given for the equivalent of one full-time year of certificated classroom teaching service in geographic or subject-matter shortage areas, as specified by the office of superintendent of public instruction.
(b) Loan forgiveness or loan repayments for certificated classroom teaching service for less than a full-time academic year shall be prorated. No forgiveness or repayment shall be granted for certificated classroom teaching service equivalent to less than forty full-time days. No forgiveness or repayment shall be granted without a board-approved teaching plan on file.

(c) If a participant's selection for the conditional scholarship and loan repayment program is predicated, in part, on providing teaching service in a teacher shortage area, the participant will be required to provide proof of such service before receiving loan forgiveness or a loan repayment.

(d) For participants receiving loan forgiveness or loan repayments for a portion of an academic year, the required certificated classroom teaching service shall be prorated. The following examples show how this works in practice.

(i) If a participant receives loan forgiveness or a loan repayment for one-third of a full-time academic year's enrollment, the required certificated classroom teaching service is two-thirds of an academic year; or one-third of an academic year, if the participant teaches in a shortage area.

(ii) If a participant receives loan forgiveness or a loan repayment for two and one-half full-time academic years' enrollment, the required certificated classroom teaching service is five full-time academic years; or two and one-half full-time academic years, if the participant teaches in a shortage area.

(e) Loan repayment examples.

(i) If a loan repayment participant receives one year of full-time benefit (with annual tuition and fees of four thousand dollars) in exchange for two full-time years of certificated classroom teaching service, half the benefit (two thousand dollars) will be paid at the end of the first full-time teaching year (with appropriate verification of service) and half the benefit will be paid at the end of the second teaching year. If the participant teaches full-time in a shortage area for a complete academic year, he or she will receive the entire full-time benefit of four thousand dollars at the end of the first full-time teaching year.

(ii) If a loan repayment participant receives two years of full-time benefit (with annual tuition and fees of three thousand dollars, for a total benefit of six thousand dollars) in exchange for four full-time years of certificated classroom teaching service, one-quarter of the benefit (one thousand five hundred dollars) will be paid at the end of the first full-time teaching year (with appropriate verification of service), one quarter of the benefit will be paid at the end of the second teaching year, and so forth. If the participant teaches full-time in a shortage area for two complete academic years, he or she will receive one year's full-time benefit (three thousand dollars) at the end of the first full-time teaching year and one year's full-time benefit at the end of the second full-time teaching year.

(3) Grace period.

All participants are eligible for a six-month grace period following the completion of their educational program. During this time, no interest accrues and no payments are required of conditional scholarship participants and no teaching service is required of loan repayment participants. The grace period begins the first day of the month after:

(i) A participant completes the program of education culminating in the residency teacher certification or additional shortage area endorsement; or

(ii) The last term in which a participant is continuously enrolled, whichever date comes first.

(4) Deferments and leaves of absence.

A deferment is a board-approved period during which no interest accrues and no principal payments are required of conditional scholarship participants. A leave of absence is a board-approved break in continuous teaching service that preserves a participant's eligibility to receive additional loan repayments. The board may approve deferments and leaves of absence that include, but are not limited to:

(a) The participant's continued enrollment in, or return to, an approved educational program on at least a half-time basis in the school of education of an institution of higher education.

(b) The participant has a temporary total disability. The participant shall provide medical verification of the disability. The deferment shall not exceed three years.

(c) Other circumstances as determined by the board.

(5) Post attendance process for conditional scholarship participants.

(a) Process overview.

When a participant in the conditional scholarship program completes the teacher certification or endorsement program, he or she will provide a copy of the certificate or endorsement to the board. The participant's account moves into a six-month grace period. When the participant obtains a teaching position, he or she provides evidence to the board of that position. The participant's account will be placed in teaching status for that academic year. At the end of the academic year, the participant will provide verification to the board of the teaching service performed. The board will determine the loan forgiveness, if any, to provide in exchange for the teaching service performed and apply that forgiveness to the participant's account. The cycle of teaching position evidence, teaching service verification, and loan forgiveness repeats until the participant has provided sufficient teaching service to satisfy the obligation to the board.

(b) Failure to provide teaching service.

If the participant does not complete the intended educational program, does not obtain a teaching position before the end of the grace period, or is in deferment status, the participant's account moves into monetary repayment status.

(c) Monetary repayment of conditional scholarships.

Should the participant in the conditional scholarship program not be eligible for loan forgiveness, the conditional scholarship principal and equalization fee must be fully repaid with interest beginning at the end of the grace period or deferment period, whichever is later, according to the following terms:

(i) The minimum monthly monetary repayment rate shall be set by the board, but shall not be less than fifty dollars per month.

(ii) The maximum period for monetary repayment shall be ten years, with payments of principal and interest accruing quarterly, commencing the first quarter following the completion of a participant's grace period or deferment period, whichever date is later.
A conditional scholarship participant making monetary repayments who obtains a qualified teaching position may earn loan forgiveness to satisfy the balance of his or her obligation. No refunds for monetary repayments are made due to teaching service performed after a payment is submitted to the board.

(d) Collection of monetary repayments of conditional scholarships.

The board is responsible for collection of monetary repayments of conditional scholarships and shall exercise due diligence in such collection, maintaining all necessary records to ensure that maximum monetary repayments are made. Collections shall be pursued using the full extent of the law, including wage garnishment if necessary.

(e) Completion of obligation.

A conditional scholarship participant's obligation to the board ceases:

(i) When the participant provides sufficient teaching service to satisfy the obligation accompanying the conditional scholarship funds received; or

(ii) When the participant repays the balance of principal, interest, and loan equalization fee through monetary repayment; or

(iii) In the event of the participant's total and permanent disability or death.

(f) Forbearance.

The board may approve an additional limited deferment of payment of principal based on special circumstances, such as a financial hardship of the participant in the conditional scholarship program. The participant's account will be assessed interest during the period of forbearance.

(g) Interest rates.

The board shall annually determine the interest rate on conditional scholarship accounts in monetary repayment status. The annual interest rate shall generally parallel the current rate for new loans in the primary federal student loan program for undergraduate students. Interest charges begin to accrue at the conclusion of the grace period for conditional scholarship participants not in deferment who are not providing certificated classroom teaching service.

(h) Equalization fee.

Participants in the conditional scholarship program who do not enter certificated classroom teaching service by the conclusion of the grace period or other approved deferments shall incur an equalization fee of not more than three percent of the remaining unforgiven conditional scholarship balance. The board shall determine this fee annually. The equalization fee shall be added to the remaining principal balance and be repaid by the participant.

(i) Post attendance process for loan repayment participants.

(a) Process overview.

When a participant in the loan repayment program completes the teacher certification or endorsement program, he or she will provide a copy of the certificate or endorsement to the board. The participant shall provide evidence to the board at the end of each academic year 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 and have a board-approved teaching plan on file.

(b) Failure to provide teaching service.

If the participant does not complete the intended educational program, or does not obtain a teaching position before the end of the grace period, or does not maintain continuous teaching service according to the approved teaching plan, or is not in an approved leave of absence, the board's agreement to provide loan repayment benefits to the participant may be voided.

(c) Direct payment option.

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

(d) The board's obligations to a loan repayment participant ceases:

(i) When the terms of the agreement have been fulfilled; or

(ii) When the participant fails to maintain continuous teaching service according to the board-approved teaching plan; or

(iii) When all of the participant's federal student loans have been repaid; or

(iv) In the event of the participant's total and permanent disability or death.