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By Representatives Finkbeiner, Jacobsen, Quall, Wood, Brumsickle, Ogden, Basich, Dellwo and Miller

Read first time 02/19/93. Referred to Committee on Higher Education.

1 AN ACT Relating to educational assistance to prospective teachers
2 and health professionals; and amending RCW 28B.102.060 and 28B.115.120.

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

4 **Sec. 1.** RCW 28B.102.060 and 1991 c 164 s 6 are each amended to
5 read as follows:

6 (1) Participants in the conditional scholarship program incur an
7 obligation to repay the conditional scholarship, with interest, unless
8 they teach for ten years in the public schools of the state of
9 Washington, under rules adopted by the board.

10 (2) ~~((The terms of the repayment, including deferral of the~~
11 ~~interest, shall be consistent with the terms of the federal guaranteed~~
12 ~~loan program)) The interest rate shall be eight percent for the first
13 four years of repayment and ten percent beginning with the fifth year
14 of repayment.~~

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

1 (4) The entire principal and interest of each payment shall be
2 forgiven for each payment period in which the participant teaches in a
3 public school until the entire repayment obligation is satisfied or the
4 borrower ceases to teach at a public school in this state. Should the
5 participant cease to teach at a public school in this state before the
6 participant's repayment obligation is completed, payments on the
7 unsatisfied portion of the principal and interest shall begin the next
8 payment period and continue until the remainder of the participant's
9 repayment obligation is satisfied.

10 (5) The board is responsible for collection of repayments made
11 under this section and shall exercise due diligence in such collection,
12 maintaining all necessary records to insure that maximum repayments are
13 made. Collection and servicing of repayments under this section shall
14 be pursued using the full extent of the law, including wage garnishment
15 if necessary, and shall be performed by entities approved for such
16 servicing by the Washington student loan guaranty association or its
17 successor agency. The board is responsible to forgive all or parts of
18 such repayments under the criteria established in this section and
19 shall 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 and shall be
24 used to cover the costs of granting the conditional scholarships,
25 maintaining necessary records, and making collections under subsection
26 (5) of this section. The board shall maintain accurate records of
27 these costs, and all receipts beyond those necessary to pay such costs
28 shall be used to grant conditional scholarships to eligible students.

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

32 **Sec. 2.** RCW 28B.115.120 and 1991 c 332 s 25 are each amended to
33 read as follows:

34 (1) Participants in the health professional loan repayment and
35 scholarship program who are awarded scholarships incur an obligation to
36 repay the scholarship, with interest, unless they serve the required
37 service obligation in a health professional shortage area in the state
38 of Washington.

1 (2) (~~The terms of the repayment, including deferral and rate of~~
2 ~~interest, shall be consistent with the terms of the federal guaranteed~~
3 ~~student loan program)) The interest rate shall be eight percent for the
4 first four years of repayment and ten percent beginning with the fifth
5 year of repayment.~~

6 (3) The period for repayment shall coincide with the required
7 service obligation, with payments of principal and interest accruing
8 quarterly commencing no later than nine months from the date the
9 participant completes or discontinues the course of study or completes
10 or discontinues the required residency. Provisions for deferral of
11 payment shall be determined by the board.

12 (4) The entire principal and interest of each payment shall be
13 forgiven for each payment period in which the participant serves in a
14 health professional shortage area until the entire repayment obligation
15 is satisfied or the borrower ceases to so serve. Should the
16 participant cease to serve in a health professional shortage area of
17 this state before the participant's repayment obligation is completed,
18 payments on the unsatisfied portion of the principal and interest shall
19 begin the next payment period and continue until the remainder of the
20 participant's repayment obligation is satisfied. Except for
21 circumstances beyond their control, participants who serve less than
22 the required service obligation shall be obliged to repay to the
23 program an amount equal to twice the total amount paid by the program
24 on their behalf.

25 (5) The board is responsible for collection of repayments made
26 under this section and shall exercise due diligence in such collection,
27 maintaining all necessary records to ensure that maximum repayments are
28 made. Collection and servicing of repayments under this section shall
29 be pursued using the full extent of the law, including wage garnishment
30 if necessary, and shall be performed by entities approved for such
31 servicing by the Washington student loan guaranty association or its
32 successor agency. The board is responsible to forgive all or parts of
33 such repayments under the criteria established in this section and
34 shall maintain all necessary records of forgiven payments.

35 (6) Receipts from the payment of principal or interest or any other
36 subsidies to which the board as administrator is entitled, which are
37 paid by or on behalf of participants under this section, shall be
38 deposited with the board and shall be used to cover the costs of
39 granting the scholarships, maintaining necessary records, and making

1 collections under subsection (5) of this section. The board shall
2 maintain accurate records of these costs, and all receipts beyond those
3 necessary to pay such costs shall be used to grant scholarships to
4 eligible students.

5 (7) Sponsoring communities who financially contribute to the
6 eligible financial expenses of eligible medical students may enter into
7 agreements with the student to require repayment should the student not
8 serve the required service obligation in the community as a primary
9 care physician. The board may develop criteria for the content of such
10 agreements with respect to reasonable provisions and obligations
11 between communities and eligible students.

12 (8) The board may make exceptions to the conditions for
13 participation and repayment obligations should circumstances beyond the
14 control of individual participants warrant such exceptions.

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