

**INSTRUCTION, RESEARCH, AND STUDENT AFFAIRS  
JANUARY 8, 2007**

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| <b>TAB</b> | <b>DESCRIPTION</b>                         | <b>ACTION</b>     |
|------------|--|-------------------|
| <b>1</b>   | <b>OPPORTUNITY SCHOLARSHIP LEGISLATION</b> | Motion to Approve |
| <b>2</b>   | <b>HIGH NEED EDUCATOR LOAN FORGIVENESS</b> | Motion to Approve |

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**SUBJECT**

Opportunity Scholarship Legislation

**REFERENCE**

November 30 - December 1, 2006      This topic was approved at the November 30, 2006 board meeting. The Board requested additional information.

**APPLICABLE STATUTE, RULE, OR POLICY**

N/A

**BACKGROUND**

The Idaho State Board of Education's efforts at increasing graduation requirements will assist many of Idaho's children with the necessary academic preparation to be successful in postsecondary education. Unfortunately, Idaho has a very high percentage of children living at or near the federal poverty level and for most of these students; academic preparation alone will not provide them access to postsecondary education. During the 2005-2006 school year, forty-two percent of Idaho's school children qualified for the federal free and reduced lunch program. This means that nearly half of Idaho families are from households where the family income is lower than 185% of the federal poverty level. Without financial assistance, many of these students, who are prepared to go to college, will be shut out of opportunities to improve their circumstances. These students and others from similar circumstances will likely qualify for federal grant aid, yet they will still not have the financial resources to make postsecondary education a reality.

The Student Aid Taskforce, formed during the summer of 2006 looked at the issue of need-based aid, and studied aid programs from several states. They developed recommendations for Idaho that are aligned with the Board's current efforts at increasing graduation requirements. The taskforce recommends a blend of an early commitment model with a shared responsibility model.

Early commitment:

The recommendation of the taskforce was that the early commitment model is essential for Idaho. It is based on the concept that if students and their families commit to do their part, the state would commit to help them successfully complete post high school education or training opportunities. An early commitment model works with students in junior high and/or early high school so that they can see that postsecondary education is possible and make sure that their course taking behavior is aligned with the requirements of both high school graduation and postsecondary institution admission requirements. The early commitment model (very similar to the GEAR UP Idaho model) requires that students and their families participate in activities that prepare them for admission to and success in postsecondary education.

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Shared responsibility:

The taskforce also recognized that there are multiple benefits to an educated citizenry. First there is the individual benefit to the student, yet the community and the state also benefit from increases in degree attainment of citizens. The taskforce supports the concept of a shared responsibility model with the student and their family providing the first dollars, the federal government, and institutions also providing financial assistance to academically prepared students, and the state of Idaho providing the last dollars to “close the gap” left by other partners.

**DISCUSSION**

In the proposed legislation, the legislative intent is to provide financial resources to Idaho students who are economically disadvantaged to close the gap between the estimated cost of attendance at an eligible Idaho institution of higher education, and the expected student and family contribution toward the educational costs.

The purposes of the legislation are to:

- Reduce the number of students who withdraw from high school before graduation;
- Increase the number of students who are academically prepared to enter the workforce upon graduation;
- Increase the number of academically prepared students entering eligible Idaho postsecondary educational institutions;
- Encourage eligible students to attend eligible Idaho postsecondary educational institutions by reducing the financial burden on such students and their families;
- Recognize the individual benefit of education to students and provide an expectation of shared responsibility to finance their postsecondary education;
- Increase individual economic vitality; and
- Recognize that all Idaho citizens benefit from an education citizenry, and therefore to provide funding as “last dollars” to assist with funding the educational costs of participants to improve the overall quality of life for many of Idaho’s citizens.

Students will be eligible to apply for the program any time between their first day of their 7<sup>th</sup> grade year and the last day of their 10<sup>th</sup> grade year at an accredited Idaho public secondary school.

Students will need to provide evidence of:

- Idaho residency status
- Financial eligibility. Initial criteria will be determined based upon the student/family eligibility for the federal free and reduced lunch program. The proposed legislation may through rule provide additional financial eligibility criteria that would provide an Idaho student who is economically

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disadvantaged, but not eligible for the free and reduced lunch program, the opportunity to participate in the opportunity scholarship program.

- Agreement of the student and custodial parent(s) or guardian(s) to:
  - Take the classes necessary to be regularly admitted to an eligible public Idaho postsecondary educational institution;
  - Graduate from an accredited Idaho public school; and
  - Display good citizenship throughout secondary school, as demonstrated by the student's disciplinary record at his or her secondary school, absence of drug and/or alcohol use, and commitment to participate in college readiness activities.
- Application to an eligible Idaho postsecondary educational institution and application for any federal and state student financial assistance available to the eligible student during the student's senior year of high school.

As a postsecondary student the student must:

- Certify in writing that the student has complied with the terms of the participation agreement while in secondary school;
- Graduate from an accredited public secondary school in Idaho;
- Maintain Idaho residency;
- Submit to the State Board of Education all required information and documentation of eligibility and financial need;
- Meet any other minimum criteria established by the State Board of Education in rule;
- Enroll and attend classes as full-time (at least 12 credits/semester) student in an eligible Idaho postsecondary school in the state of Idaho within three years from the individual's graduation from an accredited secondary school in the state of Idaho;
- Reapply each year and must maintain satisfactory academic progress and remain in good standing at the postsecondary institution; and
- Repay award amounts if the student discontinues attendance or becomes ineligible during an academic term.

The opportunity scholarship is renewable for a maximum of 8 semesters or 4 academic years or until baccalaureate degree completion (whichever is less).

The State Board of Education will develop rules to establish criteria for selections of student's financial stipends in the event that there is not sufficient funding to provide financial stipends to all eligible individuals. In such a case, preference shall be given to students with the demonstrated greatest financial need based upon the federal analysis.

Eligible students will be expected to share in the cost of their education and will be required to contribute an amount determined by the State Board of Education. This amount will be based upon the student working up to 20 hours/week during the time schools are in session and full-time during summer breaks.

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Students meeting the financial eligibility requirements will likely qualify for the Federal Pell Grant awards. Students will be expected to annually file and use federal grant funding toward the cost of attendance.

State dollars from this program are intended to be “last dollars”. The amount of the state scholarship award will not exceed the average cost of tuition at Idaho’s four-year public postsecondary educational institutions or the actual tuition at the eligible Idaho postsecondary educational institution the student attends, whichever is less.

After determining eligibility, the funds will be distributed to the institutions on behalf of the student to assure prompt payment, yet eligibility determinations and reporting will be to the Office of the State Board of Education for purposes of data collection, record keeping, and reporting.

The legislation establishes the Opportunity Scholarship account through the state treasury which will allow program funds made through appropriations or donations from private citizens or businesses to earn interest and remain available for future Opportunity Scholarship awards.

OSBE will work with the legislature to determine the appropriate amount of funds to be used for administrative costs related to program management, database implementation, maintenance, and to advertise the program on a statewide basis.

### **How Idaho Stacks Up**

There is a significant gap between what Idaho provides in need-based grant or scholarship aid and the nation. Here’s how Idaho stacks up compared to other states in the need based awards per student:

- Idaho: \$17
- Washington: \$509
- United States Average: \$387
- Western States Average: \$299

The National MEASURING UP 2006 report shows we have a lot of work to do. Idaho received a “D” for higher education affordability. This is due in large part to the fact that the cost of attendance for one year of postsecondary education for a student takes approximately 1/3 of an Idaho family’s annual income. (Note the cost of attendance is tuition, room and board, books, supplies, and transportation).

### **Invest Now For Long Term Results**

The more education a person completes, the higher their earning potential becomes. A recent study showed a person with a bachelor’s degree will earn \$23,000 more per year than someone with a high school diploma. Higher salaries

mean better lives for Idahoans and more taxable income for the state and less money spent on social services later. There are also quality vocational and technical training opportunities after high school that provide for excellent career opportunities.

### **Students Can! Can the State?**

A committee of financial aid directors, students, parents, K-12 representatives, legislators, and State Board members met for several months to develop a program for Idaho's students. The committee looked at successful state models and areas to address Idaho's unique challenges.

The committee created a draft proposal which focuses on early awareness for students and a shared commitment between the federal government, parents, students, institutions and the state. It is based on the concept that if students and their families commit to do their part, the state would commit to do its part in helping them successfully complete post high school education or training opportunities.

### **Commit Early**

Studies show the earlier students are introduced to higher education, the more likely they are to attend. Idaho's new grant program is designed to provide economically disadvantaged students in middle school and early high school with a guarantee of financial aid for postsecondary education or training if they meet certain requirements. The core requirements are:

- Promise from both the provider and recipient
- Graduation from a high school in the state
- Achievement of a minimum grade point average
- Successful completion of a core curriculum or specific coursework
- Application for admission to a public postsecondary institution in the state
- Submission of a federal and state financial aid application form while the student is in their senior year
- Participation in support activities for students selected to be in the early commitment program.

In both Oklahoma and Indiana, similar programs have proven successful in preparing students to successfully complete high school prepared to enter a postsecondary institution in the state.

### **Shared Responsibility**

Idaho's model believes an individual must value their education as much as the state. Students must understand they have a price to pay too. The state should be the last stop on the financial aid train, not the first. The core requirements are:

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- Students must work while in school and during the summers, save, or secure scholarships which will cover the student's portion of the cost of attendance.
- The student is required to apply for federal financial aid, while in high school, and the dollars contributed from the state are the "last dollars" in this model.
- Students must assure that they are putting forth the academic effort necessary to benefit from their education and to continue to receive funds; the student must attend school fulltime, and maintain satisfactory academic progress.
- The Idaho program is intended to dovetail with the new federally funded GEAR UP Idaho program so that more students from around the state will benefit from mentoring, advising and the financial assistance necessary for them to proceed from high school into college and to attain their degree in a timely manner.
- Students are eligible for a maximum of 8 semesters of assistance and will have a total of six years to use the funds.
- This program will supplement other types of financial aid, the family contribution, and students will be encouraged to seek work-study jobs on campus.
- The taskforce has also recommended the establishment of a trust account so that Idahoans and business partners can contribute to the fund. This plan hopes to provide additional incentives to support this program beyond just state appropriations.

**IMPACT**

The taskforce recommends that the funding source be from state appropriations that can be placed in trust in order to provide need-based scholarships for students who commit in junior high or early high school and complete the requirements of the program. This program will require the ability to carry forward unused funds and for the interest from the funds to be used for this program. The taskforce further recognizes that there should be an avenue for Idaho businesses and individuals to financially support this program through donations to the trust. In order for this to occur, the taskforce recommends legislation that will establish the trust, and look for ways for businesses and individuals to receive tax benefits for their contributions.

The State Board of Education has requested an amount of \$10,000,000 for FY 2008 to fund this program. The intent is to have a 'pay forward' approach, where the Legislature would appropriate funds each year beginning in FY 2008, and the first group of high school students would be eligible to receive funds in FY 2011 (school year 2010-2011).

The proposal has been crafted to allow Idaho citizens and businesses to contribute funds into the scholarship fund. There would be a limited tax credit available, parallel to existing tax credits found in Idaho Code 63-3029A. The



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actual impact upon state tax collections is unknown, based upon conversations with representatives from the Idaho State Tax Commission and Division of Financial Management.

A continuous appropriation will be requested for this program because the actual payout in any given year may fluctuate, and because the scholarship funds will be deposited in an interest-bearing account with the State Treasurer, so earned interest can be used for additional scholarships.

Program administrative costs will be allowed, as determined by the State Board of Education, but not to exceed 5% of the account balance in any given year.

**ATTACHMENTS**

Attachment 1 – Proposed legislation

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**STAFF COMMENTS AND RECOMMENDATIONS**

Staff recommends that the Board support the recommendations of the taskforce and continue to work with key legislators and other stakeholders to implement a need-based grant program for Idaho which will improve the college-going rate and persistence to completion of Idaho's students. The proposed program dovetails with the Board's efforts to prepare students for postsecondary work and career readiness through increased graduation standards. This need-based program provides a financial incentive for Idaho disadvantaged students to prepare for postsecondary education while in high school. It should be noted that this program is focused on encouraging students to enroll in postsecondary education and persist to completion thus minimizing the needs for remediation. This particular program does not address the needs of adult learners or adults returning for retraining. Staff recommends that issues related to financial access of adult learners be addressed through a separate program.

Staff recommends approval of this legislation as submitted.

**BOARD ACTION**

A motion to approve the legislation for the Opportunity Scholarship Program and to authorize staff to forward the legislation to the Division of Financial Management.

Moved by \_\_\_\_\_ Seconded by \_\_\_\_\_ Carried Yes \_\_\_\_\_ No \_\_\_\_\_

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Fifty-ninth Legislature

LEGISLATURE OF THE STATE OF IDAHO

First Regular Session - 2007

IN THE

BILL NO.

BY

AN ACT

RELATING TO

Be It Enacted by the Legislature of the State of Idaho:

SECTION 1. That title 33, Idaho Code, be, and the same is hereby amended by the addition thereto of a NEW CHAPTER, to be known and designated as chapter 56, title 33, Idaho Code, and to read as follows:

**CHAPTER 56**  
**OPPORTUNITY SCHOLARSHIP PROGRAM**

33-5601. **Short title.** This act shall be known and cited as the "Opportunity Scholarship Act."

33-5602. **Public policy.** It is the intent of the legislature to create a scholarship fund to provide financial resources to Idaho students who are economically disadvantaged to close the gap between the estimated cost of attendance at an eligible Idaho institution of higher education, and the expected student and family contribution toward such educational costs, and to encourage the educational development of such students in eligible Idaho postsecondary educational institutions.

33-5603. **Purposes.** The purposes of this chapter are to:

- (1) reduce the number of students who withdraw from high school before graduation;
- (2) increase the number of students who are academically prepared to enter the workforce upon graduation;
- (3) increase the number of academically prepared students entering eligible Idaho postsecondary educational institutions;
- (4) encourage eligible students to attend eligible Idaho postsecondary educational institutions by reducing the financial burden on such students and their families;
- (5) recognize the individual benefit of education to students and provide an expectation of shared responsibility to finance their postsecondary education;
- (6) increase individual economic vitality; and
- (7) recognize that all Idaho citizens benefit from an educated citizenry, and therefore to provide funding as "last dollars" to assist with funding the educational costs of participants to improve the overall quality of life for many of Idaho's citizens.

33-5604. **Definitions.** As used in this chapter:

(1) "Educational costs" means the amount determined annually by the state board of education as necessary for student costs for tuition, fees, room and board, or expenses related to reasonable commuting, books and such other expenses reasonably related to attendance at a public Idaho postsecondary educational institution.

(2) "Eligible Idaho postsecondary educational institution" means a public postsecondary organization governed or supervised by the state board of education, the board of regents of the university of Idaho, a board of trustees of a community college established pursuant to the provisions of section 33-2106, Idaho Code, or the state board for professional-technical education, or any educational organization located in Idaho which is operated privately and not for profit under the control of an independent board and not directly controlled or administered by a public or political subdivision. An eligible Idaho postsecondary educational institution must be accredited by an organization recognized by the state board of education, as provided in section 33-2402, Idaho Code.

(3) "Financial need" means the extent of a person's inability to meet the educational costs of attending an eligible Idaho postsecondary educational institution through a model of shared responsibility,

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taking into account the required and expected contributions of such person's parent, family and personal resources, as determined in this chapter or under rules established by the state board of education.

(4) "Opportunity scholarship program" means the scholarship program described in this chapter and in the rules established by the state board of education

33-5605. **Eligible student.** (1) An "eligible student" means a student who meets the following requirements: (a) is a resident of the state of Idaho;

(b) is enrolled in any of grades seven (7) through ten (10) at an accredited Idaho public school; and

(c) meets the financial eligibility criteria described in section 33-5606, Idaho code.

(2) An eligible student, and his or her custodial parent(s) or guardian(s), may participate in the opportunity scholarship program by entering into a participation agreement with the state board of education. In that participation agreement the eligible student must pledge in writing, together with the student's custodial parent(s) or guardian(s), that he or she will: (a) take the classes necessary to be regularly admitted to an eligible public Idaho postsecondary educational institution;

(b) graduate from an accredited Idaho public school, and

(c) display good citizenship throughout secondary school, as demonstrated by the student's disciplinary record at his or her secondary school, absence of drug and/or alcohol use, and commitment to participation in college readiness activities.

33-5606. **Financial eligibility.** An Idaho student who is eligible for free or reduced price lunches under the national school lunch program shall be eligible to participate in the opportunity scholarship program. The state board of education may establish through rule additional financial eligibility criteria that would permit an Idaho student who is economically disadvantaged, but not eligible for free or reduced price lunches under the national school lunch program, to participate in the opportunity scholarship program.

33-5607. **Application procedure – renewals.** (1) As used in this chapter, "scholarship applicant" means a student who meets the following requirements: (a) was an eligible student under section 33-5605, Idaho Code;

(b) is a resident of Idaho;

(c) will graduate from an accredited public secondary school located in Idaho;

(d) has applied to, and has been accepted to attend, an eligible Idaho postsecondary educational institution; and

(e) certifies in writing that he or she has complied with the terms of the participation agreement entered into under this chapter, the requirements of this chapter, and the rules established by the state board of education relating to the opportunity scholarship program.

(2) A scholarship applicant must, when the eligible student is in his or her last year of secondary school, apply to an eligible Idaho postsecondary educational institution for admission, and also apply for any federal and state student financial assistance available to the eligible student to attend an eligible Idaho postsecondary educational institution.

(3) To initially qualify for a scholarship, a scholarship applicant must (a) enroll as a full-time student in an eligible Idaho postsecondary educational institution within three years from the individual's graduation from an accredited secondary school in the state of Idaho;

(b) submit to the state board of education all of the information and documentation required to demonstrate his or her financial need under this chapter, and any other information and documentation the state board of education requires to determine the applicant's eligibility for a scholarship under this chapter; and

(c) meet any other minimum criteria established by the state board of education in rule.

(4) A scholarship applicant shall certify in writing that the student has complied with the terms of the participation agreement entered into under this chapter, the requirements of this chapter, and the rules established by the state board of education relating to the opportunity scholarship program.

(5) To continue to receive a scholarship, the scholarship recipient must apply for renewal each year. A scholarship recipient must: (a) submit to the state board of education a renewal application;

(b) continue to comply with the participation agreement entered into under this chapter, the requirements of this chapter, and the rules established by the state board of education; and

(c) continue to be a student in good standing at an eligible Idaho postsecondary educational institution.

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33-5608. **Amount of awards – conditions.** (1) Funds that are available for the opportunity scholarship program shall be used to provide annual scholarships based on a sharing of responsibility between the scholarship recipient and his or her family, the federal government, and the participating eligible Idaho postsecondary educational institution the recipient attends for covering the educational costs for attendance, as determined by the state board of education, at an eligible public Idaho postsecondary educational institution. The amount of a financial stipend to a scholarship recipient per educational year for attendance on a full-time basis must not exceed the recognized educational costs, after deducting the following: (a) the assigned student/family responsibility, in an amount to be determined annually by the state board of education; and

(b) the amount of any other public or private scholarships or grants which the applicant receives.

(2) The state award will not exceed the average cost of tuition at Idaho's four-year public postsecondary education institutions, or the actual tuition at the eligible Idaho postsecondary educational institution the student attends, whichever is less.

(3) Each scholarship awarded under this chapter is renewable in accordance with section 33-5607(5), Idaho Code, for a total scholarship award that does not exceed the equivalent of eight (8) semesters, ~~or~~ the equivalent of four (4) academic years, or baccalaureate degree completion. An eligible Idaho postsecondary educational institution participating in this program shall be required to submit statements of continuing student eligibility to the state board of education, which shall include verification that the student is still enrolled, attending full time, maintaining satisfactory academic progress, and has not exceeded the award eligibility terms.

(4) Grant payments shall correspond to academic terms, semesters, quarters or equivalent time periods at an eligible Idaho postsecondary educational institution. In no instance may the entire amount of a grant for an educational year be paid to or on behalf of such student in advance.

(5) If an eligible student, scholarship applicant, or scholarship recipient violates the participation agreement entered into under this chapter, or is otherwise ineligible to participate in the opportunity scholarship program under this chapter or the rules established by the state board of education, then the eligible student, scholarship applicant, or scholarship recipient shall be disqualified from further consideration as a scholarship recipient under this chapter.

(6) If a student violates the terms of the participation agreement, becomes ineligible for a scholarship under this chapter, or if a student discontinues attendance before the end of any semester, quarter, term, or equivalent, covered by the grant after receiving payment under this chapter, the eligible Idaho postsecondary educational institution shall remit, up to the amount of any payments made under this grant, any prorated tuition, fees or room and board balances to the state board of education. The student shall be required to remit, up to the amount of any other reasonable grant balances, such grant balances to the state board of education. In the event of extreme hardship as determined by the state board of education, a student may request waiver of remittance.

(7) The state board of education shall, in rule, establish criteria for selection of students for financial stipends in the event that there is not sufficient funding to provide financial stipends to all individuals who are eligible. Such criteria shall give preference to those individuals who have demonstrated the greatest financial need based on federal need analysis.

33-5609. **Opportunity scholarship program account.** (1) There is hereby created an account in the state treasury to be designated the "opportunity scholarship program account."

(2) The account shall consist of moneys appropriated to the account by the legislature, and moneys contributed to the account from other sources. The executive director of the state board of education may receive on behalf of the board any moneys or real or personal property donated, bequeathed, devised or conditionally granted to the board for purposes of providing funding for such account. Moneys received directly or derived from the sale of such property shall be deposited by the state treasurer in the account.

(3) Moneys in the account may be used by the state board of education to implement the Opportunity Scholarship Act, title 33, chapter 56, Idaho Code.

(4) All moneys placed in the account are hereby perpetually appropriated to the state board of education for the purposes described in subsection (3) of this section. All expenditures from the account shall be paid out in warrants drawn by the state controller upon presentation of the proper vouchers.

(5) Up to \_\_\_% of the account balance may be used by the state board of education annually for administrative costs related to the implementation of the provisions of title 33, chapter 56, Idaho Code.

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(6) Allowable administrative costs include, but are not limited to, operating expenses for the implementation and maintenance of a database, operating expenses to administer the program, personnel costs necessary to administer the program, and costs related to promote awareness of the program.

(7) Pending use, surplus moneys in the account shall be invested by the state treasurer in the same manner as provided under section 67-1210, Idaho Code. Interest earned on the investments shall be returned to the account.

33-5610. **State board of education as administrative agency.** (1) The opportunity scholarship program shall be administered by the state board of education.

(2) The state board of education shall maintain the following: (a) the participation agreements under section 33-5605(2), Idaho Code;

(b) the certifications under section 33-5607(4), Idaho Code; and

(c) a comprehensive list of all eligible students under this chapter.

(3) The state board of education shall adopt rules to implement this chapter including: (1) rules relating to application forms, processes, and deadlines; and (2) rules regarding the establishment of appeals procedures for individuals who become disqualified from the opportunity scholarship program.

SECTION 2. That section 63-3029A, Idaho Code, be, and the same is hereby amended by the addition thereto, and to read as follows:

Idaho Code 63-3029A. **INCOME TAX CREDIT FOR CHARITABLE CONTRIBUTIONS -- LIMITATION.** At the election of the taxpayer, there shall be allowed, subject to the applicable limitations provided herein, as a credit against the income tax imposed by chapter 30, title 63, Idaho Code, an amount equal to fifty percent (50%) of the aggregate amount of charitable contributions made by such taxpayer during the year to a nonprofit corporation, fund, foundation, trust, or association organized and operated exclusively for the benefit of institutions of higher learning located within the state of Idaho, including a university related research park, to nonprofit private or public institutions of elementary, secondary, or higher education or their foundations located within the state of Idaho, including the state account established for the Idaho opportunity scholarship program, to Idaho education public broadcast system foundations within the state of Idaho, to the Idaho state historical society or its foundation, to the Idaho commission for libraries and to public libraries or their foundations and library districts or their foundations located within the state of Idaho, and to nonprofit public or private museums or their foundations located within the state of Idaho.

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**SUBJECT**

High Need Educator Loan Forgiveness Legislation

**REFERENCE**

November 30 – December 1, 2006      Discussion of proposed legislation.

**APPLICABLE STATUTE, RULE, OR POLICY**

N/A

**BACKGROUND**

Idaho school districts often have difficulty in recruiting and retaining educators in “high need” geographic and/or fields. The rural nature of the state and the differences in the numbers of students that each district serves often make it difficult for smaller, remote or rural districts to recruit teachers. School districts with high percentages of special populations such as special education, Title I and Limited English Proficiency (LEP) students also experience difficulty filling positions. In addition, certain fields may experience a shortage of available teachers. Idaho currently has an Education Incentive Loan Forgiveness program designed to encourage individuals to pursue a teaching career. It is an in-school program which provides loans to students while in school. The loans are forgiven once the student meets the teaching requirements. The existing loan forgiveness program is beneficial to the selected individual recipients and ultimately it is beneficial to Idaho schools, yet it does not assist in meeting the immediate needs faced by Idaho school districts. The proposed new High Need Teacher Loan Forgiveness program is aimed at placing educators in certain high-need content or geographic areas through a much quicker process, and allowing the state of Idaho to determine on an annual basis the “high need” fields so that resources and recruiting efforts can be aimed at these specific fields.

**DISCUSSION**

The intent of the legislation is to provide a loan forgiveness program in which funds will be used to forgive the qualified educational loans of individuals who work in Idaho as “high need” educators. The issue of “high need” is made even more severe due to the federal government’s No Child Left Behind legislation, which requires school districts to hire “highly qualified” teachers. Often, “high need” educators are also in rural school districts which already are challenged to hire the requisite “highly qualified” teachers. Thus, the proposed loan forgiveness program helps doubly by helping rural school districts meet the “highly qualified” criterion as well.

Qualifying content fields will be determined annually by the State Board of Education (SBOE) in communication with the State Department of Education (SDE). The SDE publishes an annual report on educator supply and demand in Idaho. That report identifies the number of applicants for particular positions and identifies the areas of greatest educator shortage. This document will be used to assist in determining the “high need” fields for the next succeeding years.

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Individuals certified in a “high need” field in this state with outstanding qualifying educational loans will be eligible to apply annually to participate in this loan forgiveness program.

Qualified educational loans include:

- student loans under the Stafford Federal Family Education Loan Programs (FFEL) which may include: Direct loans, FFEL Lender loans, or Graduate Student PLUS loans;
- federal Perkins loans;
- or privately funded educational loans processed through institutions of higher education.

Loans must be for the purpose of defraying costs associated with obtaining a baccalaureate degree for an initial teaching certificate, or in the case of an existing educator, to recertify in a critical shortage subject area.

Qualified individuals will apply annually to the Office of the State Board of Education. Individuals must serve at least half-time in a “high need” field in a public school in the state for a full school year. Distributions of funds from this program will be paid upon the successful completion of each year of eligible service. The payments will be made directly to the lending institution. Recipients are required to make their monthly loan payments during their service year and must agree to not default on any educational loans. For the last year of service, the recipient educator will be reimbursed for the amount the educator paid during the year for their loan amount.

Amount of the Loan Forgiveness shall not be more than \$20,000 for a five year period, and the amount of yearly funding will be set annually by the Board and is not to exceed (\$5,000). If a recipient is serving in an approved “high need” field and during the course meeting the service requirements the “high need” field changes, the recipient will continue to be eligible for loan forgiveness as long as other eligibility requirements are met.

In the event there is not sufficient funding to provide financial stipends to all eligible educators, such criteria shall include a preference for applications that are received earliest in time at the Office of the State Board of Education during an application period.

This program will be null, void and of no force and effect on and after July 1, 2013 unless extended by the legislature.

**IMPACT**

In the first year, the proposal would allow 100 eligible educators to receive up to \$5,000 per year (up to a total of \$20,000 per educator) to repay qualified educational loans. It is anticipated that 100 additional eligible educators would be added in years two through five, for a total of 500 educators.



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The first year cost would be \$500,000, increasing by \$500,000 for each additional year, for a total of \$2.5 million in year five.

It is the intention of the sponsor that annual appropriations for this program include carryover authority to allow for use in subsequent fiscal years.

A specific appropriation for this program will be requested during the 2007 legislative session if the enabling statute is approved by the House and Senate.

**ATTACHMENTS**

|   |        |
|---|--------|
| Attachment 1 – Statistical Information on Educational Positions in Idaho from SDE | Page 5 |
| Attachment 2 – Draft of the proposed legislation                                  | Page 7 |

**STAFF COMMENTS AND RECOMMENDATIONS**

This program would be considered an “on-the job” loan forgiveness program. The design of this program provides a mechanism to quickly respond and to recruit educators to “high need” areas. The program design allows for the Board to reassess “high need” fields annually. Educators can be placed in classrooms promptly. The state only pays following eligible service and therefore can fully benefit from the loan forgiveness programs. The program design eliminates the need for the state to become the grantor of loans and allows for program funds to go directly to program costs.

Staff recommends approval of this legislation as submitted.

**BOARD ACTION**

A motion to approve the legislation for High Need Educator Loan Forgiveness and to authorize staff to forward the legislation to the Division of Financial Management.

Moved by \_\_\_\_\_ Seconded by \_\_\_\_\_ Carried Yes \_\_\_\_\_ No \_\_\_\_\_

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**8 Positions with the Least # of Applications per Vacancy**

| <b>Subject Area</b>                    | <b>Number of Applicants</b> | <b>Number of Vacancies</b> | <b>Avg # of Applicants per Position</b> |
|--|-----------------------------|----------------------------|---|
| Speech/Language Pathology              | 49                          | 39                         | 1.26                                    |
| Agriculture Science & Tech             | 25                          | 16                         | 1.56                                    |
| School Nurse                           | 33                          | 17                         | 1.94                                    |
| Reading                                | 102                         | 45                         | 2.27                                    |
| Standard Exceptional Child             | 514                         | 223                        | 2.30                                    |
| Technology Education (industrial arts) | 73                          | 28                         | 2.61                                    |
| Educational Media Generalist           | 38                          | 12                         | 3.17                                    |
| School Psychologist                    | 77                          | 22                         | 3.50                                    |

**10 Positions Most Difficult to Fill**

| <b>Position</b>     | <b># of districts rating a #1 or a #2 (hard to fill or very hard to fill)</b> | <b># of districts reporting a vacancy in this job area</b> | <b>Percent rank</b> |
|---------------------|---|--|---------------------|
| Spch Pathologist    | 16  | 17   | 94%                 |
| Early Child-Spec Ed | 14  | 20   | 70%                 |
| Schl Psychologist   | 11  | 16   | 69%                 |
| Music               | 16  | 25   | 64%                 |
| Spec Ed Teacher     | 30  | 47   | 64%                 |
| Foreign Language    | 15  | 25   | 60%                 |
| Ag Science Tech     | 7   | 12   | 58%                 |
| Speech/Drama        | 7   | 12   | 58%                 |
| Family Cons Sci     | 9   | 17   | 53%                 |

**Positions Rated Most Difficult to Fill (1999-2005)**

| <b>Rank</b> | <b>2001-02</b> | <b>2002-03</b> | <b>2003-04</b> | <b>2004-05</b> | <b>2005-06</b> |
|-------------|----------------|----------------|----------------|----------------|----------------|
| <b>1</b>    | Speech Path.   | Music          | EC-ECSE        | Special Ed     | Special Ed     |
| <b>2</b>    | Special Ed     | ESL            | Tech Ed.       | Math           | Math           |
| <b>3</b>    | Tech Ed        | EC-ECSE        | Speech Path    | Music          | English        |
| <b>4</b>    | EC-ECSE        | Speech Path    | Special Ed     | ESL            | Music          |
| <b>5</b>    | Music          | Special Ed     | ESL            | Foreign Lang   | Speech Path    |
| <b>6</b>    | School Psych   | Tech Ed        | Music          | EC-ECSE        | Foreign Lang   |
| <b>7</b>    | Fam/Cons Sci   | Foreign Lang   | Foreign Lang   | Counselor      | ESL            |
| <b>8</b>    | Foreign Lang   | Biology        | Counselor      | English        | Counselor      |
| <b>9</b>    | Math           | School Psych   | Math           | Speech Path    | Schl Psych     |
| <b>10</b>   | Counselor      | Business Ed    | English        | Spch/Drama     | Principal      |

Educator Supply and Demand in Idaho, 20<sup>th</sup> Annual Report, State Department of Education

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Fifty-ninth Legislature

LEGISLATURE OF THE STATE OF IDAHO

First Regular Session - 2007

IN THE

BILL NO.

BY

AN ACT

RELATING TO

Be It Enacted by the Legislature of the State of Idaho:

SECTION 1. That chapter 12, title 33, Idaho Code, be, and the same is hereby amended by the addition thereto of a NEW SECTION, to be known and designated as section 33-1281, Idaho Code, and to read as follows:

33-1281. **“High need” educator forgivable loan program.** (1) It is hereby declared that it is in the public interest to encourage and assist individuals to pursue a career as an educator in a “high need” field within the state of Idaho. It is the intent of the legislature to create a loan forgiveness program in which funds shall be used to forgive the qualified educational loans of individuals who work in this state as “high need” educators.

(2) The state board of education shall determine annually the educator fields that shall be considered “high need” under this statute. The state board of education shall consider those educator fields that have been identified as most difficult to fill in the annual report provided by the state superintendent of public instruction. This determination shall be made by the state board of education by resolution at any regular or special meeting, and shall specify the educator fields that shall be considered “high need” for the next succeeding school year.

(3) Any individual who is certified to serve in a “high need” field in this state is eligible to apply to participate in this loan forgiveness program. Qualified educational loans eligible for forgiveness include student loans under the Stafford Federal Family Education Loan Programs (FFEL) (which may include Direct loans, FFEL Lender loans or Graduate Student PLUS loans), federal Perkins loans or privately funded educational loans processed through institutions of higher education for the purpose of defraying costs associated with obtaining a baccalaureate degree for an initial certificate, or in the case of an existing educator, to recertify in a critical shortage subject area. An educator must apply to the state board of education for participation in this loan forgiveness program annually. Selection of educators for loan forgiveness stipends shall be based on available funding, and such additional criteria as may be established in rule by the state board of education. In the event that there is not sufficient funding to provide financial stipends to all eligible educators, such criteria shall include a preference for applications that are received earliest in time at the state board of education during an application period.

(4) To be eligible for a financial stipend under this forgivable loan program, an educator must agree to serve at least half-time in a “high need” field in a public school in this state for a full school year. Service in a “high need” field must occur during the school year for which such designation is made. An educator who fulfills this commitment in a “high need” field shall be eligible for loan forgiveness. The amount of loan forgiveness payments available to an individual educator who fulfills this service requirement shall be established annually by the state board of education, based on available funding for this forgivable loan program, and shall not exceed 20% of the outstanding qualified loan up to five thousand dollars (\$5,000) per educator for service during any one school year, or exceed a maximum amount of twenty thousand dollars (\$20,000) per educator for service during any consecutive five (5) year period. To be eligible to participate in this loan forgiveness program an educator shall not be in default on any educational loans, and during each service year must verify that he or she has made all required contractual educational loan payments.

(5) The “high need” educator loan forgiveness program will be administered by the state board of education, which shall determine the eligibility for loan forgiveness for applicants. The state board of

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education shall adopt rules to implement this chapter, including rules relating to application forms, processes, loan forgiveness payments, and deadlines.

(6) Unless extended by the legislature, this act shall be null, void and of no force and effect on and after July 1, 2013.