

**CALIFORNIA STUDENT AID COMMISSION
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**AMENDMENT TO TITLE 5, DIVISION 4, CHAPTER 1, CA CODE OF REGULATIONS
REGARDING ASSUMPTION PROGRAM OF LOANS FOR EDUCATION (EDUCATION
CODE 30701-30709)**

INITIAL STATEMENT OF REASONS

INTRODUCTION

On September 28, 2008, the Governor signed Senate Bill (SB) 1158. The bill amends sections 69613.1, 69613.2, 69613.4, 69613.6, 69613.8, 69614, 69615.4, 69615.6, adds sections 69612.5 and 69615.8, repeals sections 69613.5 and repeals and adds sections 69612 and 69613 of the Education Code and consequently makes changes to the Assumption Program of Loans for Education (APLE). The changes in the law enacted by SB 1158 became effective on January 1, 2009.

The amended statute allows program participants to teach on a part time basis, changes eligibility for bonuses, and adds leave of absence provisions. SB 1158 also discontinues the Out- of-State APLE program for new program participants, reduces the number of district intern allocations, and allows credentialed teachers to participate in the program. In accordance with the authority provided in Education Code 69615 which allows the adoption of rules and regulations to administer the APLE program, the California Student Aid Commission (Commission) proposes to amend Title 5, Division 4, Chapter 1, of the California Code of Regulations sections 30701-30709 to accommodate the statutory changes enacted by SB 1158.

Changes in the law enacted by SB 1158 became effective during the 2008-09 application year. The program requirement and benefits for program participants who have been accepted into the program and have signed loan assumption agreements prior to these changes will differ from program participants who are accepted into the program and have a signed loan assumption agreement after January 1, 2009.

Based on the authority provided in Education Code Section, 69615 (a), the Commission adopted California Code of Regulations Title VI, Division 4, Chapter 1 sections 30701 et seq to implement, interpret, and construct the requirements established in Education Code sections 69612-69615.8. The Commission has identified several areas of the regulations that require additional information and certification from applicants, eligible institutions, district intern offices, and California County Offices of Education as well as a necessity to establish a priority deadline for the program.

The Commission proposes to amend sections to specify information it will request from applicants, specify the content of the loan assumption agreement, clarify certification required by eligible institutions, and establish a September 30 priority deadline for application submission.

The proposed regulations implement, interpret, and specify the requirements established in Education Code Sections 69612-69615.8.

The specific purpose of each proposed amendment, and the rationale for the determination that each amendment is reasonably necessary to carry out the purpose for which it is proposed, is as follows:

PROPOSED ARTICLE 14 –ASSUMPTION PROGRAM OF LOANS FOR EDUCATION

Section 30701 – Definitions

This section defines the terms used in this Article.

Proposed Amendments to Section 30701 defines “academic year.” This definition clarifies that the term used in the regulations regarding the enrollment year at an eligible institution. Rather than imposing a different definition solely for the purposes of this program, it is simpler and more efficient to accept the eligible institution definition.

Proposed Amendments to Section 30701 defines “award.” This definition is necessary to simplify the references to the award throughout the Article.

Proposed Amendments to Section 30701 defines “assume” and “assumed”. This definition is necessary to clarify that the Commission will only make a payment on the program participant’s behalf and will not take full responsibility of a program participant’s loan while participating in the program.

Proposed Amendments to Section 30701 defines “Commission” to mean the California Student Aid Commission. This definition is necessary to simplify the references to the California Student Aid Commission throughout the Article.

Proposed Amendments to Section 30701 defines "designated loan programs" and “assumable loans.” This definition is necessary to clarify the type of loans that are eligible for repayment benefits and program participants are required to obtain prior to selection into the program. Education Code section 69613 (a)(4) requires an applicant to have received or been approved to receive a loan under the designated loan programs to participate.

Proposed Amendments to Section 30701 defines "eligible applicant." This definition is necessary because Education Code 69613 limits participation to these criteria.

Proposed Amendments to Section 30701 defines "eligible institution." This definition is necessary to clarify references to those colleges and universities that are eligible submit nominations of applicants to the Commission, as authorized by Education Code sections 69612.5 and 69614.

Proposed Amendments to Section 30701 defines “eligible school district.” This definition is necessary to clarify references to those school districts that are eligible submit nominations of credentialed teachers to the County Offices of Education.

Proposed Amendments to Section 30701 defines "eligible school." This definition is necessary to verify qualified schools that employ program participants as authorized by Education Code section 69612.5 (b).

This definition is also necessary to clarify which schools are considered low performing schools since the definition changed January 1, 2009. Participants who signed loan assumption agreements prior to January 1, 2009 agreeing to provide service at a low performing school will be required to work at a school ranked in the bottom five deciles of the Academic Performance Index. Participants who signed loan assumption agreements on or after January 1, 2009 agreeing to provide service at a low performing school will be required to work at a school ranked in the bottom two deciles of the Academic Performance Index.

Proposed Amendments to Section 30701 defines “full-time” and “full-time basis” to mean full-time employment as determined by the employing school. This definition is necessary because Education Code section 69613.4 requires a program participant to agree to teach on a full-time basis, or the equivalent of full-time, to qualify for loan payments by the Commission. California schools could have different standards by which they determine whether an employee is working full-time, and these standards apply for purposes of determining retirement and other employment rights. Rather than imposing a different definition solely for program purposes, it is more effective to accept the employing California schools standard for full-time employment.

Proposed Amendments to Section 30701 defines “half-time basis” as half-time enrollment as determined by the eligible institution. This definition is necessary because Education Code section 69613(a)(2) requires enrollment on at least a half-time basis to be eligible for the program. Participating institutions have different standards by which they determine enrollment status. Rather than imposing a different definition solely for program purposes, it is more efficient to accept the eligible institutions standards for half-time enrollment.

Proposed Amendments to Section 30701 defines "initial teaching credential." This definition is necessary because program participants must begin eligible teaching service within 36 months of receiving their initial teaching credential and are not eligible for program benefits until they receive their initial teaching credential.

Proposed Amendments to Section 30701 defines "invalid agreement." This definition is necessary to identify the agreements that will be cancelled.

Proposed Amendments to Section 30701 defines "Loan Assumption Agreement" or "Agreement." This definition is necessary to clarify the reference to the contract between the program participant and the Commission.

Proposed Amendments to Section 30701 defines “natural disaster” to mean a fire, flood, storm, tidal wave, earthquake, terrorism, epidemic, or other similar public calamity that the Governor determines that is presents a threat to public safety pursuant to Government Code

section 8680.3. This definition is necessary to clarify Education Code section 69613 (a)(2)(C), which provides that a program participant who fails to fulfill his or her teaching commitment due to a natural disaster is to be excused from the half-time enrollment requirement for a period not to exceed one calendar year unless approved by the Commission for a longer period of time.

Proposed Amendments to Section 30701 defines “other natural causes” to mean a disease or physical or mental condition involving inpatient care in a hospital or residential health care facility, or continuing treatment or continuing supervision by a health care provider, or family care and medical leave under Government Code section 12945.2 or the Family and Medical Leave Act of 1993. This definition is necessary to clarify Education Code section 69613.6 (B), which allows a program participant who fails to fulfill his or her teaching commitment due to serious illness, pregnancy or other natural causes to receive a leave of absence not to exceed one calendar year unless approved by the Commission for a longer period of time.

Proposed Amendments to Section 30701 defines “part-time” and “part-time basis” to mean part-time employment as determined by the employing school. This definition is necessary because Education Code sections 69613(a)(5) and 69613.4 require a program participant to agree to teach in a subject area that is designated as a current or projected shortage area or at an eligible school full-time, or for the part-time equivalent, to qualify for loan payments. California schools have different standards by which they determine whether an employee is working part-time, and these standards apply for purposes of determining retirement and other employment rights. Rather than imposing a different definition solely for program purposes, it is not inconsistent with the purposes of the program, to accept the employing school’s standard for part-time employment.

Proposed Amendments to Section 30701 defines “program” to mean the Assumption Program of Loans for Education, established in Education Code section 69612 et seq. This definition is necessary to simplify the references to the program throughout the Article.

Proposed Amendments to Section 30701 defines “program participant” as an individual who has signed the loan assumption agreement and has received confirmation of program participation from the Commission. This definition is necessary to distinguish a program participant who has been selected and has an executed agreement with the Commission for loan payments, from an individual who has submitted an application to their eligible institution, California County Office of Education, or district intern office and from an applicant who has been nominated to participate by an eligible institution, California County Office of Education, or California County Office of Education, but has not been selected by the Commission.

Proposed Amendments to Section 30701 defines “satisfactory academic progress” to mean academic standing consistent with the requirements of the accredited college or university for satisfactory progress toward the graduate degree, undergraduate degree, or teacher credential program. This definition is necessary to clarify Education Code sections 69613 (a)(2), which require program participants to agree to, and to maintain, satisfactory academic progress.

Proposed Amendments to Section 30701 defines "school year." This definition is necessary to clarify the term used in Education Code 69613.2 and 69613.4 regarding the length of service required for a loan payment.

Proposed Amendments to Section 30701 defines "serious illness" to mean an illness involving inpatient care in a hospital or residential health care facility, or continuing treatment or continuing supervision by a health care provider, or family care and medical leave under Government Code section 12945.2 or the Family and Medical Leave Act of 1993. This definition is necessary to clarify Education Code section 69613 and 69613.6, which provides that a program participant who fails to fulfill his or her teaching commitment due to serious illness, pregnancy or other natural causes to receive a leave of absence not to exceed one calendar year, unless approved by the Commission for a longer period of time.

Proposed Amendments to Section 30701 defines "special education." This definition clarifies the credentials that fall under the special education category. This definition is necessary because applicants who pursue special education credential are given priority when applying. Additionally, those who receive special education credentials and teach special education qualify for additional loan assumption benefits as outlined in Education Code 69613.8.

Proposed Amendments to Section 30701 defines "unutilized allocation" as an allocation that an institution does not or is unable to utilize. This definition is necessary to identify the agreements that will be reallocated to institutions that have more eligible applicants than allocations.

Section 30702 – Application to Participate in the Program

Proposed Amendments to Section 30702 specifies the content of an application to participate in the program and provides student applicants with guidance on program eligibility requirements. It also ensures that each application contains sufficient information from participating institutions and California County Offices of Education to evaluate applicants for nomination, consistent with Education Code section 69613, and for the Commission to determine applicant selection. The information required in this section is necessary for the Commission to identify and contact each applicant. Additionally, the requested information is simulated to provide to the legislature annually.

The regulation also specifies that the Commission will establish a priority deadline each year for the submission of applications to the program. The priority deadline is necessary to ensure that the Commission has sufficient time to receive, process, and select the most qualified applicants. In the event there are unutilized allocations available to eligible institutions and district intern offices, the Commission can reallocate awards.

This section requires the application to be dated and signed under penalty of perjury under the laws of the State of California, and requires the applicant to agree to provide verification of the accuracy of the information reported in the application, if requested. This is necessary to obtain information with a degree of reliability to justify the expenditure of State funds toward making program participant's educational loan payments.

Section 30703 – Allocation of Awards, Reallocation of Unutilized Allocations, and Cancellation of Invalid Awards.

Proposed Section 30703 (a) - This section specifies that each eligible institution and district office shall receive at least one allocation and the remainder shall be distributed to eligible institutions proportionate to the number of teaching candidates who completed the coursework required for a teaching credential. This section is consistent with Education Code section 69614.

Proposed Section 30703 (b) - This section specifies the information that each participating institution or district intern program must provide to the Commission. This section is necessary to ensure that the Commission receives the information necessary to select program participants consistent with the eligibility criteria in Education Code section 69613.

Proposed Section 30703 (c)- This section specifies the formula the Commission will use in reallocating awards to institutions after the September 30 priority deadline. The priority deadline is necessary to ensure the Commission can reallocate awards pursuant to Education Code 69615 (a) which requires the reallocation of resources when agreements are not utilized by program participants.

Proposed Section 30703 (d) - This section specifies all invalid awards will be cancelled. This section is needed to clarify that invalid awards will not be reallocated.

Section 30704 – The APLE Institutional Participation Agreement, Nominations by and Eligible Institutions, District Intern Offices, and California County Offices of Education and the Renewal Verification Report.

Proposed Amendment to Section 30704 – This amendment moved the definition of a school year to section 30701 of the Education Code to provide clarity. Section 30701 defines the terms in the article.

Proposed Section 30704 (a) – This section specifies that an eligible institution, district intern office, eligible school district, and California County Office of Education shall sign an Institution Agreement with the Commission which is consistent with Education Code Section 69614(b). This section is necessary to clarify the content of the Institutional Agreement.

Proposed Section 30704 (b) and (c) specifies that nominations from eligible institutions and district intern office must be submitted to the Commission by an established priority deadline each year to assure that the Commission can reallocate unused awards. The regulation also specifies that information be included in an eligible institution's or district intern office's nomination of an applicant to participate in the loan assumption program. This is necessary to ensure that the Commission receives the information necessary to select program participants consistent with the eligibility criteria in Education Code Section 69613.

Proposed Section 30704 (d) specifies that nominations from California County Offices of Education must be submitted to the Commission by an established priority deadline each year to assure that the Commission can inform applicants that applications must be turned in by the deadline to be considered for an award. The regulation also specifies the information

that must be included in a California County Office of Education's nomination of an applicant to participate in the loan assumption program. This is necessary to ensure that the Commission receives the information necessary to select program participants consistent with the eligibility criteria in Education Code Section 69613.

Proposed Section 30704 (e) – This section requires each nomination to be signed by the APLE coordinator, or designee, under penalty of perjury. This section clarifies who must sign the nomination, and it is also necessary to obtain information with a degree of reliability to justify the expenditure of State funds toward making payments for the program participant's educational loans.

Proposed Section 30704 (f)- These sections require eligible institutions and district intern offices to submit information to the Commission on program participants to renew their eligibility until they are recommended for a preliminary or clear credential. This section is necessary to ensure program participants continue to maintain program eligibility as required by Education Code 69613.

Section 30705 – Award Process

Proposed Amendment to Section 30705 – This amendment moves provisions related to the Federal Perkins Loan Program to section 30707 to provide clarity. Section 30707 specifies when the Commission may make loan payments on behalf of the program participants.

Proposed Section 30705 (a) – This section specifies that the Commission will select program participants from those eligible applicants nominated each year by the September 30 priority deadline. This section is necessary to ensure that the Commission can reallocate unutilized allocations to institutions that have additional eligible applicants but have exhausted their allocations.

Proposed Section 30705 (b) -This section stipulates that if the maximum authorized allocation established by Education Code Section 69615.6 is not exhausted after the award process, the Commission may continue to accept nominations after the priority deadline and select program participants until the maximum authorized allocation is exhausted or through June 30 of the award year. This section is necessary to clarify that the selection from among nominated students may continue even after the completion of the initial award process until the maximum authorized allocation is exhausted.

Proposed Section 30705 (c) – This section specifies that the Commission will make awards to applicants who have met all requirements for program participation and that applicants appear on the eligible institutions selection summary sheet. It also clarifies that the Commission will select nominees who appear on the eligible institutions reallocation list starting with the first person on the list not to exceed the number of additional awards allocated. This is necessary to ensure that all nominations are considered under consistent standards.

Proposed Section 30705 (d) – This section specifies that the Commission will give priority to credentialed teachers who obtain a teaching credential in mathematics, science, or special

education and have a subsidized Stafford loan or other need-based loan which is consistent with Education Code 69615.6. The Commission has determined the highest number of years teaching at a public school ranked in the lowest two deciles on the Academic Performance Index as an additional priority because these teachers have shown a commitment to providing service. The section also states that in case of a tie, the Commission will select nominees based on the earliest received date of the completed application. This is necessary to ensure that all nominees are considered under consistent standards and to provide clarity on how the Commission will select from among equal priority.

Section 30706 – Loan Assumption Agreements

Proposed Amendment to Section 30706 – This amendment moved the requirements for program participants to redeem their loan assumption agreements to section 30707 to provide clarity. Section 30707 specifies when the Commission may make loan payment on behalf of program participants.

Proposed Section 30706 (a) - This section specifies information on the loan assumption agreement (LAA) provided to nominated applicants and specifies that the loan assumption agreement is not effective until the Commission sends acknowledgement of acceptance into the program. This section is consistent with Education Code Section 69613.4, which requires The Commission to enter into agreements with program participants and clarifies the effective date of the loan assumption agreement.

Proposed Section 30706 (b) – This section establishes the contents of the loan assumption agreement. Subsection (b) is necessary to ensure program participants are informed of their obligations consistent with Education Code Sections 69613 and 69613.4. This section is also necessary to ensure that the Commission receives information from the program participant, the program participant's school, the lenders holding the program participant's educational loans, and the program participant's employers to administer the program and the loan assumption agreement.

Subsection (b) specifies the conditions which the Commission is authorized to make loan payments, consistent with Education Code Sections 69613.2, 69613.4, and 69613.8. This section also clarifies that service provided prior to the program participant entering into the program will not be considered toward loan assumption benefits. This clarification is necessary because SB 1158 expands participation to individuals who are credentialed teachers currently teaching at public schools ranked in the lowest two deciles on the Academic Performance Index.

Proposed Section 30706 (c) – This section specifies the Commission will make payments on behalf of program participants after all documentation necessary to establish eligibility is received. The payments will be paid in the order received and the total in additional benefits will not exceed five million dollars. It is necessary to include this information on the loan assumption agreement because eligible program participants need to be made aware of the importance of turning in documents in a timely manner and that they may not receive these additional funds if the legislative cap has been reached.

Proposed Section 30706 (d) – This section establishes that the loan assumption agreement constitutes a conditional warrant that may be redeemed under conditions specified in section 30707. This section is necessary to clarify Education Code Sections 69613.2 and 69613.4 regarding when payments will be made by the Commission. This subsection also specifies that a program participant may have only one loan assumption agreement, consistent with Education Code Section 69613 (d). It is also necessary to clarify that if a program participant is withdrawn from the program and they did not receive any benefits from their terminated agreement, they are considered a new applicant and eligible to reapply for the program.

Proposed Section 30706 (e) – This section clarifies the educational loan obligations while participating in the program. This section is critical for the Commission to receive the most up-to-date information that may affect a program participant's eligibility for payment; therefore, this section should be included on the loan assumption agreement.

Proposed Section 30706 (f) – This section specifies the additional qualifiers for loan assumption benefits. It is necessary to include this information on the loan assumption agreement because eligible program participants need to be made aware of all qualifiers for loan assumption benefits.

These acknowledgements are necessary for the following reasons:

- (f)(1) Program participants need to be aware of the term of the loan assumption agreement since any service provided after the term of the loan assumption agreement will not be eligible for loan repayment;
- (f)(2) Program participants need to be aware of the loans that are eligible for loan assumption payments; therefore, the eligible loans should be included on the loan assumption agreement;
- (f)(3) Program participants need to be aware that loans obtained for coursework other than a baccalaureate degree or an initial teaching credential is not eligible for assumption; therefore, this acknowledgement should be included on the loan assumption agreement;
- (f)(4) Program participants should be aware of loans that will not be eligible for cancellation benefits; therefore, this acknowledgement should be included on the loan assumption agreement;
- (f)(5) This requirement will allow the Commission to collect funds made on behalf of individuals not eligible for program benefits and will encourage the reporting of accurate information. Therefore, this acknowledgement should be included on the loan assumption agreement.
- (f)(6) This requirement is essential for the Commission to receive the information in a timely manner to make future projections, process payments, and determine continued program eligibility.
- (h)(7) Program participants should be aware of all laws and regulations applicable to the program; therefore, the loan assumption agreement should contain language that explains to program participants that they must comply with the laws and regulations pertaining to the program;
- (f)(8) Program participants need to be aware of the consequence that will be imposed; therefore, the consequences should be detailed on the loan assumption agreement.

(f)(9) Program participants should be informed of the requirements to redeem the loan assumption agreement; therefore, it is necessary to include these requirements on the loan assumption agreement.

(f)10 This section specifies funding appropriations are contingent upon approved California budget acts. It is necessary to include this on the loan assumption agreement because eligible program participants need to be made aware that they may not receive assumption benefits if funds are not appropriated in the budget act.

Section 30707 – Loan Payments

This section specifies the process by which program participants may redeem their loan assumption agreements and specifies that the Commission may make loan payments on behalf of the program participants.

Proposed Amendment to Section 30707 – This amendment would delete the provision related to achieving the required minimum number of warrants to be issue to applicants who agree to obtain a teaching credential in Mathematics or Science. There is no longer a minimum number of warrant set aside for applicants who agree to obtain teaching credentials in Mathematics or Science, therefore, this provision should be deleted.

Proposed Section 30707 (a) – This section specifies the information that a program participant must provide to the Commission before a loan payment can be made. This section is necessary to ensure compliance with the conditions for loan payments established in Education Code Sections 69613.2 and 69613.4. It also explains the necessity for the Commission to obtain information that identifies each individual program participant from other program participants and enables the Commission to determine, process, and pay the appropriate loan payment.

In effort to streamline the process, the Commission will require the lender to provide information requested after the first qualifying year of service and have the program participant provide updated information each subsequent year unless the loan is consolidated. It is not necessary to require lenders to provide this information each year since a majority of the information collected from the lender does not change, unless the loans are consolidated. In addition, the Commission verifies information prior to issuing payment.

Proposed Section 30707 (b) – This section specifies that loan payments are to be paid by the Commission in a lump sum, which is to be applied directly to the principal balance, and that payments will first be made toward loans guaranteed by the Commission with the highest interest rates. It also states that a Federal Perkins Loan becomes non-assumable upon eligibility for cancellation of any part of that loan. This section is necessary to clarify the method for loan payment by the Commission.

Proposed Section 30707 (c) - This section specifies the payment appeal process. This section is necessary to clarify the process by which an applicant can dispute the payment amount received for eligible teaching service.

Proposed Section 30707 (d) – This section specifies that credits on program participant accounts must be returned to the Commission. If it is determined that the program participant does not have any loans eligible for payment, the credit will be issued directly to the program participant. This section is necessary to clarify the method for reissuing loan payments. This section is necessary to ensure that program participants are not penalized for paying their loan balances in full after the June 30 balance census date.

Proposed Section 30707 (e) - This section specifies that program participants must continue to make payments as required under the terms of the loans to avoid defaulting on the loans. This section is necessary to clarify program participants' continuing obligations on their loans.

Section 30708 – Failure to Comply with the Loan Assumption Agreement

This section specifies the consequences of a program participant's failure to comply with the requirements of the loan assumption agreement. Subsection (a) of section 30708 specifies the consequences for program participants who sign loan assumption agreements prior to January 1, 2009. These sections are necessary because Senate Bill 1158 amended sections of the Education Code which became effective on January 1, 2009. Program benefits and requirements will differ for program participants who signed their loan assumption agreements prior to and after January 1, 2009.

Proposed Amendment to Section 30708 – This amendment would delete provisions related to Out of State Teacher Recruitment Warrants. Senate Bill 1158 discontinued the program for Out-of-State APLE for new program participants making these provisions obsolete.

Proposed Section 30708 (a) (1) – This section specifies that a program participant who fails to meet the conditions for payment in the loan assumption agreement, including failure to maintain half-time enrollment or satisfactory academic progress while attending a participating institution, or failure to complete the required four consecutive academic years of teaching on a full-time basis, will not qualify for loan payment. The loan assumption agreement shall be deemed terminated and the Commission shall not make any further payments.

The program participant shall retain responsibility to continue to make any payments required for any remaining loan obligations under the terms of any outstanding loans to avoid defaulting on those loans but shall not be required to repay any loan payments previously made through the program. This section is necessary to clarify the consequences of a program participant's failure to satisfy the obligations included in the Loan Assumption Agreement and to implement Education Code sections 69613, 69613.6.

Proposed Section 30708 (a) (2) – This section establishes that the program participant shall be excused from the consecutive full-time teaching requirement upon Commission approval for a period of not to exceed one academic year if a program participant becomes unable to complete one of the four years of teaching service on a full-time basis due to a serious illness, pregnancy, or other natural causes. This section is consistent with Education Code section 69613 (b).

Proposed Section 30708 (a) (3) and (a) (4) – These sections allow program participants to be excused from the requirement to complete the first full year of teaching within 36 months of obtaining a teacher credential due to serious illness, pregnancy or other natural causes or due to being laid off, reassigned, or other reason beyond the control of the program participant for a period not to exceed one calendar year unless approved for a longer period of time. The section is necessary to give program participants additional time to complete their first year of teaching when events beyond the control of the program participant causes them to not meet this requirement.

Proposed Section 30708 (b) (1) – This section specifies that a program participant who fails to meet the conditions for payment in the loan assumption agreement, including failure to maintain half-time enrollment or satisfactory academic progress while attending a participating institution, failure to begin the first school year of eligible teaching within 36 months of obtaining a teaching credential, or failure to complete the required four consecutive academic years of teaching on a full-time basis, or the equivalent on a part-time basis, will not qualify for loan payment.

The loan assumption agreement shall be deemed terminated and the Commission shall not make any further payments. The program participant shall retain responsibility to continue to make any payments required for any remaining loan obligations under the terms of any outstanding loans to avoid defaulting on those loans but shall not be required to repay any loan payments previously made through the program. This section is necessary to clarify the consequences of a program participant's failure to satisfy the obligations included in the Loan Assumption Agreement and to implement Education Code sections 69613, 69613.6 which as of January 1, 2009 allowed for part-time teaching.

Proposed Section 30708 (b) (2) – This section establishes that the program participant shall be excused from the requirement in subsection (b)(1) upon Commission approval for a period of not to exceed one calendar year unless approved by the Commission for a longer period of time if a program participant becomes unable to meet the conditions for payment due to a serious illness, pregnancy, or other natural causes, or is called to active military duty status. This is necessary to clarify provisions of Education Code 69613.6 (b) which as of January 1, 2009 excuses program participants from program requirements when called to active military duty status.

Proposed Section 30708 (b) (3) – This section establishes that the program participant shall be excused from the requirement in subsection (b)(1) upon Commission approval for a period of not to exceed one calendar year unless approved by the Commission for a longer period of time if a program participant becomes unable to meet the conditions for payment due to being laid off, reassigned, or other reasons beyond the control of the program participant. This is necessary to clarify provisions added by Education Code 69613.6 (c)(1).

Subsection (b)(4) of section 30708 – This section establishes that the program participant shall be excused from the requirement in subsection (b)(1) upon Commission approval for a period of not to exceed one calendar year unless approved by the Commission for a longer period of time if a natural disaster prevents a program participant from maintaining half-time enrollment. This is necessary to clarify provisions added by Education Code 69613 (a)(2)(C).

Proposed Section 30708 (c) – This section establishes the appeal process for program participants that are withdrawn from the program. The appeal process is necessary to clarify the steps a program participant must take to be considered for reentry into the program after being withdrawn.

Section 30709 – Development of Projections for Funding Purposes

Proposed Section 30709 clarifies the information the Commission will use to develop projections for funding purposes. This is necessary to meet the requirement of Education Code 69615 (a).

Proposed Amendment to Section 30709 – This amendment would delete current provisions regarding the reallocation of Unused out of state teacher recruitment warrants and the cancelation of invalid out of state teacher recruitment warrants. Senate Bill 1158 discontinued the Out of State APLE program for new program participants making this provision obsolete.