

**SB 459, As Passed Senate, November 6, 2001**

**SUBSTITUTE FOR  
SENATE BILL NO. 459**

A bill to establish a teachers loan forgiveness program for eligible new teachers in at-risk schools and shortage areas; to establish a teachers loan forgiveness fund and to provide for its administration; and to prescribe certain powers and duties of certain state officers, agencies, and departments.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1       Sec. 1. This act shall be known and may be cited as the  
2 "teachers loan forgiveness act".

3       Sec. 2. As used in this act:

4       (a) "At-risk school" means a public elementary or secondary  
5 school in which at least 50% of students meet the income eligi-  
6 bility criteria for free breakfast, lunch, or milk in the immedi-  
7 ately preceding state fiscal year, as determined under the  
8 national school lunch act, chapter 281, 60 Stat. 230, 42  
9 U.S.C. 1751 to 1753, 1755 to 1761, 1762a, 1765 to 1766a, 1769,

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1 1769b to 1769c, and 1769f to 1769h, and that is operated by a  
2 school district.

3 (b) "Authority" means the Michigan higher education assist-  
4 ance authority created by 1960 PA 77, MCL 390.951 to 390.961.

5 (c) "Eligible debt" means the total remaining principal bal-  
6 ance of all state and federal loans obtained by an individual  
7 during his or her first 4 years of enrollment in a teacher educa-  
8 tion program at a public or private college or university or com-  
9 munity college.

10 (d) "Fund" means the teachers loan forgiveness fund created  
11 in section 6.

12 (e) "School district" means any of the following:

13 (i) A school district as that term is defined in section 6  
14 of the revised school code, 1976 PA 451, MCL 380.6.

15 (ii) A local act school district as that term is defined in  
16 section 5 of the revised school code, 1976 PA 451, MCL 380.5.

17 (iii) A public school academy as that term is defined in  
18 section 5 of the revised school code, 1976 PA 451, MCL 380.5.

19 (f) "Shortage area" means 1 of the following as determined  
20 by the department of education:

21 (i) A school district in which there is a shortage of ele-  
22 mentary and secondary school teachers.

23 (ii) A school district in which there is a shortage of ele-  
24 mentary and secondary school teachers in specific grade levels  
25 and in specific academic, instructional, subject matter, and dis-  
26 cipline classifications.

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1       Sec. 3. The teachers loan forgiveness program is created,  
2 to be administered by the authority. The authority shall do all  
3 of the following:

4       (a) Award grants to eligible teachers pursuant to this act.

5       (b) Develop an application form and application process for  
6 teachers applying for grants under this act.

7       (c) Publicize the teachers loan forgiveness program.

8       (d) Promulgate rules necessary to implement this act pursu-  
9 ant to the administrative procedures act of 1969, 1969 PA 306,  
10 MCL 24.201 to 24.328.

11       Sec. 4. The authority may award a grant under this act to  
12 an individual determined by the authority to meet all of the fol-  
13 lowing eligibility criteria:

14       (a) Has obtained employment as a full-time teacher in an  
15 at-risk school or shortage area after the effective date of this  
16 act.

17       (b) Has submitted a grant application to the authority. The  
18 grant application shall include a certification that the appli-  
19 cant has applied for all state and federal loan repayment pro-  
20 grams for which he or she is eligible at the time of the  
21 application.

22       (c) Has met any other requirements established by the  
23 authority.

24       Sec. 5. (1) An individual eligible under section 4 shall be  
25 awarded all of the following grants for which he or she  
26 qualifies:

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1           (a) An individual who completes 2 years of employment as a  
2 full-time teacher in an at-risk school or shortage area and has  
3 eligible debt at the time he or she submits a grant application  
4 shall receive a grant in an amount equal to the remaining princi-  
5 pal balance of the grant applicant's eligible debt at the time of  
6 the grant application or \$3,000.00, whichever is less.

7           (b) An individual who completes 4 years of employment as a  
8 full-time teacher in an at-risk school or shortage area and has  
9 eligible debt at the time he or she submits a grant application  
10 shall receive a grant in an amount equal to the remaining princi-  
11 pal balance of the grant applicant's eligible debt at the time of  
12 the grant application or \$3,000.00, whichever is less.

13           (c) An individual who completes 6 years of employment as a  
14 full-time teacher in an at-risk school or shortage area and has  
15 eligible debt at the time he or she submits a grant application  
16 shall receive a grant in an amount equal to the remaining princi-  
17 pal balance of the grant applicant's eligible debt at the time of  
18 the grant application or \$3,000.00, whichever is less.

19           (d) An individual who completes 8 years of employment as a  
20 full-time teacher in an at-risk school or shortage area and has  
21 eligible debt at the time he or she submits a grant application  
22 shall receive a grant in an amount equal to the remaining princi-  
23 pal balance of the grant applicant's eligible debt at the time of  
24 the grant application or \$3,000.00, whichever is less.

25           (2) A grant under subsection (1) shall be reduced by an  
26 amount equal to the amount the individual is entitled to receive

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1 from any state or federal loan repayment program for which he or  
2 she is qualified at the time of the grant application.

3 (3) A grant under subsection (1) shall be paid by the  
4 authority to the lender or its assignee, to be applied to the  
5 individual's eligible debt.

6 Sec. 6. (1) There is created the teachers loan forgiveness  
7 fund as a separate fund in the state treasury, to be administered  
8 by the department of treasury. The department of treasury may  
9 accept money for the fund from any source. The state treasurer  
10 shall deposit that money and credit the amount to the fund. The  
11 department of treasury shall use the fund only to provide money  
12 to the authority for grants awarded under this act.

13 (2) The state treasurer shall direct the investment of the  
14 fund money and shall credit earnings to the fund.

15 (3) Money in the fund at the end of a fiscal year shall not  
16 revert to the general fund but shall be carried over in the fund  
17 to the next fiscal year.