

SENATE BILL No. 459

May 3, 2001, Introduced by Senators STEIL, PETERS, SIKKEMA, SHUGARS, MC MANUS, DE BEAUSSAERT, GARCIA, GOSCHKA, BENNETT, HAMMERSTROM and SCOTT and referred to the Committee on Education.

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 30% 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,

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

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

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

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

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

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

4 (c) Publicize the teachers loan forgiveness program.

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

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

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

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

19 (c) Has met any other requirements established by the
20 authority.

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

24 (a) An individual who completes 2 years of employment as a
25 full-time teacher in an at-risk school or shortage area and has
26 eligible debt at the time he or she submits a grant application
27 shall receive a grant in an amount equal to the remaining

1 principal balance of the grant applicant's eligible debt at the
2 time of the grant application or \$3,000.00, whichever is less.

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

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

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

21 (2) A grant under subsection (1) shall be reduced by an
22 amount equal to the amount the individual is entitled to receive
23 from any state or federal loan repayment program for which he or
24 she is qualified at the time of the grant application.

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

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

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

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