



HOUSE BILL No. 4916

September 29, 1999, Introduced by Rep. Stallworth and referred to the Committee on Appropriations.

A bill to establish an educational loan program for eligible resident students enrolled in certain teacher education programs; to prescribe conditions for repayment and forgiveness of interest on the loans; to establish a future teachers education loan 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 "future teachers education loan act".

3 Sec. 2. As used in this act:

4 (a) "Authority" means the Michigan higher education loan
5 authority created by the higher education loan authority act,
6 1975 PA 222, MCL 390.1151 to 390.1165.

1 (b) "Department" means the department of treasury.

2 (c) "Fund" means the future teachers education loan fund
3 created in section 6.

4 (d) "Qualifying school district" means a school district
5 that has 1 of the following pupil memberships on the most recent
6 pupil membership count day:

7 (i) A pupil membership of more than 120,000.

8 (ii) A pupil membership of more than 75 and less than
9 2,400.

10 Sec. 3. The future teachers education loan program is cre-
11 ated, to be administered by the authority. The authority shall
12 do all of the following:

13 (a) Make loans to students pursuant to this act.

14 (b) Accept money from a qualifying school district to fund
15 the qualifying school district's obligation to provide loan money
16 under this act.

17 (c) Develop a loan agreement to be entered into by a loan
18 recipient, the authority, and the qualifying school district that
19 contains the terms of a loan made under this act and the rights
20 and obligations of the loan recipient, the authority, and the
21 qualifying school district.

22 (d) Collect repayment of loans and direct reimbursement from
23 the fund to qualifying school districts pursuant to this act.

24 (e) Conduct periodic audits of loan recipients to ensure
25 compliance with the terms of the loan agreement and take neces-
26 sary steps to enforce the terms of the loan agreement.

1 (f) Publicize the future teachers education loan program and
2 recruit qualifying students to participate in the future teachers
3 education loan program.

4 (g) Promulgate rules, as necessary to implement this act,
5 pursuant to the administrative procedures act of 1969, 1969
6 PA 306, MCL 24.201 to 24.328. The rules shall include, at a min-
7 imum, rules relating to payments by or to a qualifying school
8 district under section 5 and standards of eligibility for stu-
9 dents to receive loans under this act. The standards of eligi-
10 bility shall be designed to ensure that a loan recipient has
11 demonstrated superior scholarship in high school and potential
12 for superior academic performance in a teacher education program
13 and shall include, but not be limited to, criteria relating to an
14 applicant's grade point average, standardized college admission
15 test scores, and extracurricular activities.

16 Sec. 4. The authority may award a loan under this act to an
17 individual determined by the authority to meet all of the follow-
18 ing eligibility criteria:

19 (a) Is a United States citizen or permanent resident of the
20 United States.

21 (b) Has resided continuously in this state for the 12 months
22 immediately preceding the date of his or her application and is
23 not a resident of any other state.

24 (c) Is not in default on an educational loan made or guaran-
25 teed by the state.

1 (d) Is enrolled or has been accepted into a teacher
2 education program approved by the state board of education at a
3 college or university located in this state.

4 (e) Has demonstrated superior scholarship as determined
5 according to standards set by department rule promulgated under
6 section 3.

7 (f) Has signed a written loan agreement with the authority
8 and a qualifying school district stating the individual's inten-
9 tion to pursue teaching as a career and to teach in the qualify-
10 ing school district for a period of not less than 6 years.

11 (g) Is in compliance with this act and the rules promulgated
12 under this act.

13 (h) Meets all other standards established in rules promul-
14 gated by the department under section 3.

15 Sec. 5. (1) The maximum amount of a loan made under this
16 act shall be \$2,500.00 per academic year for a total of not more
17 than 4 years in a teacher education program. One-half of each
18 loan shall be funded by the qualifying school district that is a
19 party to the loan agreement with the authority and the student
20 receiving the loan. The qualifying school district shall be
21 entitled to 1/2 of all principal and interest payments made by
22 the loan recipient under his or her agreement with the authority
23 and the qualifying school district.

24 (2) The authority shall pay the amount of a loan made under
25 this act directly to the college or university in which the loan
26 recipient is enrolled, to be applied to the loan recipient's

1 account with the college or university, and notify the qualifying
2 school district of the payment.

3 (3) Within 60 days of receiving notice of a loan payment
4 under subsection (2), the qualifying school district shall reim-
5 burse the department for 1/2 of the loan payment, which the
6 department shall deposit in the fund.

7 (4) A loan made under this act is subject to all of the fol-
8 lowing conditions:

9 (a) Except as provided in subdivision (b), the loan shall
10 bear interest and be repayable on the same terms as other educa-
11 tional loans made by the authority at the time the loan is
12 awarded.

13 (b) If a loan recipient within 5 years of a loan under this
14 act successfully completes a teacher education program approved
15 by the state board of education at a college or university
16 located in this state, within 1 year of completion of the program
17 is employed as a teacher by the qualifying school district that
18 is a party to the loan agreement with the loan recipient and the
19 department, and is employed by the qualifying school district as
20 a teacher for not less than 6 consecutive years, the authority
21 shall forgive the loan recipient's obligation under
22 subdivision (a) to repay interest on the loan and shall only
23 require payments of principal on the loan. The authority shall
24 not forgive interest on a loan under this act and shall require
25 the loan recipient to begin repaying the principal and interest
26 on the loan on the occurrence of 1 or more of the following:

1 (i) The loan recipient leaves the teacher education program
2 before completion of the program.

3 (ii) The loan recipient does not complete the teacher educa-
4 tion program within 5 years of the loan.

5 (iii) The loan recipient is not employed as a teacher by the
6 qualifying school district within 1 year of completing the
7 program.

8 (iv) The loan recipient is not employed as a teacher by the
9 qualifying school district for not less than 6 consecutive
10 years.

11 (5) The loan, in combination with other scholarships,
12 work-study funds, or grant awards received by a loan recipient in
13 an academic year, shall not exceed the amount of the loan
14 recipient's financial need as determined by uniform criteria of
15 need as defined by the authority.

16 (6) For purposes of this subsection, a loan recipient shall
17 be considered to be employed during a period that he or she is on
18 a parental, educational, or disability leave of absence approved
19 by his or her employing school district.

20 Sec. 6. (1) There is created the future teachers education
21 loan fund as a separate fund in the state treasury, to be admin-
22 istered by the department. The department may accept money for
23 the fund from any source. The state treasurer shall deposit that
24 money, payments from qualifying school districts under section
25 5(3), and amounts repaid on loans made under this act, and shall
26 credit the amounts to the fund. The department shall use the

1 fund only to provide money to the authority for loans made under
2 this act and to pay a qualifying school district under this act.

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

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