

HOUSE BILL No. 6019

July 22, 1992, Introduced by Rep. Keith and referred to the Committee on Appropriations.

A bill to establish a future educators investment fund and provide for its administration; to provide for student loans to certain prospective teachers and for loan forgiveness under certain circumstances; to provide for teaching incentive investment grants to certain teachers; to prescribe certain powers and duties of certain state agencies and departments; to provide for the promulgation of rules; and to make an appropriation.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1. This act shall be known and may be cited as the
2 "Michigan future educators investment fund act".

3 Sec. 2. As used in this act:

4 (a) "Authority" means the Michigan higher education assist-
5 ance authority created by Act No. 77 of the Public Acts of 1960,
6 being sections 390.951 to 390.961 of the Michigan Compiled Laws.

1 (b) "Critical geographic shortage area" means a geographic
2 area in this state determined by the department to have a
3 shortage of teachers. A critical geographic shortage area does
4 not include a school district that has a teacher shortage due to
5 a teacher strike.

6 (c) "Critical shortage area" means a critical geographic
7 shortage area and a critical shortage group.

8 (d) "Critical shortage group" means an ethnic or gender
9 group for which the department has determined that there is a
10 shortage of teachers.

11 (e) "Department" means the department of education.

12 (f) "Fund" means the Michigan future educators investment
13 fund established in section 3.

14 (g) "Program" means the Michigan future educators investment
15 fund grant and loan program.

16 (h) "State board" means the state board of education.

17 Sec. 3. (1) The Michigan future educators investment fund
18 is established as a separate fund in the state treasury, to be
19 administered by the department according to this act to encourage
20 teaching in critical shortage areas. The department may accept
21 money from any source and shall deposit that money and amounts
22 repaid on loans made under this act with the state treasurer, who
23 shall credit the amounts deposited to the fund. The fund shall
24 be used to fund loans and grants made under this act.

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

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

4 Sec. 4. (1) A person is eligible to participate in the
5 future educators investment fund student loan program if he or
6 she is determined by the department to meet all of the
7 following:

8 (a) Is a United States citizen or permanent resident.

9 (b) Has resided continuously in this state for the immedi-
10 ately preceding 12 months and is not considered a resident of
11 another state.

12 (c) Is not in default on a loan guaranteed by the
13 authority.

14 (d) Is enrolled in or has been accepted into a teacher
15 training program approved by the state board of education.

16 (e) Meets 1 or both of the following:

17 (i) Makes a written commitment to the department to teach in
18 a public or nonpublic school in a critical geographic shortage
19 area.

20 (ii) Is a member of a critical shortage group and makes a
21 written commitment to the department to teach in a public or non-
22 public school in this state.

23 (f) Demonstrates high aptitude for teaching according to
24 standards established by the department.

25 (g) Complies with this act and the rules promulgated under
26 this act.

1 (h) Meets other eligibility criteria established by
2 department rule.

3 (2) If the department establishes additional eligibility
4 criteria, the criteria shall include at least outstanding teach-
5 ing ability or potential for outstanding teaching ability as
6 reflected by practical classroom experiences such as employment
7 or volunteer activities as a teacher or teacher aide.

8 Sec. 5. (1) Money allocated for making loans from the fund
9 shall be made available under this act to eligible
10 degree-granting educational institutions in this state that have
11 a state board of education approved teacher education program.
12 Money distributed from the fund to eligible institutions shall be
13 used only for loans to students and not for administering the
14 program.

15 (2) Upon application by a student eligible for a loan under
16 this act, an educational institution shall make a loan to the
17 student in an amount of not more than \$2,000.00 per academic year
18 or its equivalent in required course work. An eligible student
19 may receive a loan each academic year for not more than 3 years
20 of undergraduate study or 2 years of graduate study, or both, or
21 the equivalent in required course work.

22 (3) If the number of eligible applicants exceeds the money
23 available, the authority shall prorate the maximum amount of the
24 loan accordingly.

25 Sec. 6. After a person receives a loan through the program,
26 the loan shall be affected as follows:

1 (a) If the loan recipient begins teaching in the public or
2 nonpublic schools of this state as agreed in the written
3 commitment made under section 4(1)(e) and reports his or her
4 employment status to the department in a timely manner, as speci-
5 fied by state board rule, the loan shall remain interest-free and
6 the principal shall be reduced by 20% each year that the loan
7 recipient continues to fulfill the written commitment or is
8 employed as a nonteaching professional in a school covered by the
9 written commitment.

10 (b) If the loan recipient begins teaching in this state as
11 agreed in the written commitment made under section 4(1)(e) and
12 later ceases to fulfill the written commitment or to be employed
13 as a nonteaching professional in a school covered by the written
14 commitment, or if the loan recipient fails to report his or her
15 employment status to the department in a timely manner as speci-
16 fied by state board rule, the remaining portion of the loan that
17 has not been forgiven as described in subdivision (a) shall
18 become due and payable annually in installments of 20% of the
19 principal plus interest at the rate in effect for repayment of
20 other student loans guaranteed by the authority.

21 (c) If the loan recipient begins employment as agreed in the
22 written commitment made under section 4(1)(e) and then begins a
23 leave of absence for educational purposes or temporary disability
24 or begins a parental leave and later returns to active qualifying
25 employment, the loan shall remain interest-free during the period
26 of the leave, as long as the period of the leave does not exceed
27 the period provided in the employment contract with the loan

1 recipient's employing school district. Reduction in the
2 principal amount of the loan shall not take place during the
3 leave but shall resume at the rate specified in subdivision (a)
4 after return to active qualifying employment.

5 (d) If the loan recipient fails to complete a teacher train-
6 ing program in this state or ceases to be enrolled in a teacher
7 training program in this state for a period of 6 months or more,
8 the loan shall become due and payable in the same manner as other
9 student loans guaranteed by the authority.

10 (e) If the loan recipient dies or becomes permanently and
11 totally disabled, as determined according to state board rule,
12 the loan shall be completely forgiven.

13 Sec. 7. (1) Money allocated for making grants from the fund
14 shall be used to provide teaching incentive investment grants. A
15 person is eligible to receive a teaching incentive investment
16 grant if the person meets all of the following criteria:

17 (a) Is a resident of this state.

18 (b) Possesses a valid Michigan teaching certificate.

19 (c) Meets 1 or both of the following:

20 (i) Teaches in a public or nonpublic school in a critical
21 geographic shortage area and makes a written commitment to the
22 department to continue that teaching for at least 4 years.

23 (ii) Is a member of a critical shortage group, teaches in a
24 public or nonpublic school in this state, and makes a written
25 commitment to the department to continue that teaching for at
26 least 4 years.

(d) Meets other criteria established by the department.

(e) Applies to the department in the form and manner specified by the department and is determined by the department to meet the eligibility criteria.

(2) If the department establishes additional eligibility criteria for a teaching incentive investment grant, the additional eligibility criteria shall include at least demonstrated outstanding teaching ability or potential for outstanding teaching ability.

Sec. 8. The total amount of a teaching incentive investment grant shall be \$5,000.00 per person and shall be paid to a grant recipient as follows:

(a) Forty percent of the total shall be paid for the first year of teaching as agreed in the written commitment made under section 7(1)(c).

(b) Ten percent of the total shall be paid for the second year of teaching as agreed in the written commitment made under section 7(1)(c).

(c) Ten percent of the total shall be paid for the third year of teaching as agreed in the written commitment made under section 7(1)(c).

(d) Forty percent of the total shall be paid for the fourth year of teaching as agreed in the written commitment made under section 7(1)(c).

Sec. 9. The department shall provide to each person granted a provisional teaching certificate after this act takes effect a

1 list of critical geographic shortage areas and information about
2 the teaching incentive investment grant program.

3 Sec. 10. (1) Except as otherwise provided in this section,
4 if a grant recipient begins teaching as agreed in the written
5 commitment made under section 7(1)(c) and fails to teach as
6 agreed in the written commitment before completing the full aca-
7 demic year or to be employed as a school administrator or other
8 nonteaching school professional in a school covered by the writ-
9 ten commitment before completing the full academic year, or fails
10 to report his or her employment status to the department in a
11 timely manner as specified by state board rule, that portion of
12 the teaching incentive investment grant that the applicant has
13 received shall become a loan due and payable annually in install-
14 ments of 20% of the principal plus interest at the rate in effect
15 for repayment of student loans guaranteed by the authority.

16 (2) If a grant recipient teaches for a full academic year as
17 agreed in the written commitment made under section 7(1)(c) after
18 receiving the portion of the teaching incentive investment grant
19 for which he or she was eligible, and then ceases to fulfill the
20 written commitment or to be employed as a school administrator or
21 other nonteaching school professional in a school covered by the
22 written commitment, the unpaid portion of the grant shall not be
23 considered due and payable.

24 (3) If the grant recipient begins teaching as agreed in the
25 written commitment made under section 7(1)(c) and then begins a
26 leave of absence for educational purposes or temporary disability
27 or begins a parental leave and later returns to active qualifying

1 employment, the teaching incentive investment grant shall not be
2 paid for that period of time and the grant shall not be converted
3 into a loan under subsection (1) as long as the period of the
4 leave does not exceed the period permitted under the recipient's
5 employment contract with the recipient's employing school
6 district. The payments shall resume upon the applicant's return
7 to qualifying employment.

8 (4) If the grant recipient dies or becomes permanently and
9 totally disabled, as determined according to state board rule,
10 the unpaid portion of the teaching incentive investment grant
11 shall not be due and payable and any loan liability under
12 subsection (1) shall be forgiven.

13 Sec. 11. The state board of education shall appoint an
14 advisory committee composed of representatives of teacher train-
15 ing institutions, the teaching profession, and the general
16 public. The advisory committee shall advise the state board on
17 setting priorities in the awarding of grants and loans under this
18 act and may advise the state board and the department on all
19 other aspects of the program.

20 Sec. 12. The state board shall promulgate rules to imple-
21 ment this act under the administrative procedures act of 1969,
22 Act No. 306 of the Public Acts of 1969, being sections 24.201 to
23 24.328 of the Michigan Compiled Laws.

24 Sec. 13. There is appropriated to the fund from the state
25 general fund the sum of \$2,000,000.00 for the fiscal year ending
26 September 30, 1994. For the fiscal year ending September 30,
27 1994, 75% of the money appropriated to the fund shall be

1 allocated to the loan portion of the program and 25% shall be
2 allocated to the grant portion of the program.

3 Sec. 14. The department may accept gifts, grants, bequests,
4 donations, and devises from any source of real, personal, or
5 mixed property and money for the purposes described in this act.
6 The authority shall prepare and submit to the governor and legis-
7 lature an annual report of all gifts, grants, bequests, dona-
8 tions, and devises received under this section.