

SENATE BILL NO. 542

May 28, 1997, Introduced by Senators STEIL, STILLE,
MC MANUS, SHUGARS, STALLINGS, DE GROW, NORTH and
DE BEAUSSAERT and referred to the Committee on
Education.

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 the loans; to establish a Michigan future teachers program 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 "Michigan future teachers program act".

3 Sec. 2. As used in this act:

4 (a) "At-risk district" means a school district in which at
5 least 50% of students qualify as at-risk pupils as that term is
6 defined in section 31a of the state school aid act of 1979, 1979
7 PA 94, MCL 388.1631a.

1 (b) "Authority" means the Michigan higher education
2 assistance authority created in 1960 PA 77, MCL 390.951 to
3 390.961.

4 (c) "Department" means the department of education.

5 (d) "Fund" means the Michigan future teachers program fund
6 created in section 6.

7 (e) "School district" means either of the following:

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

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

12 Sec. 3. To recognize the critical importance of recruiting
13 the best and brightest Michigan students for teaching careers in
14 this state, the Michigan future teachers program is created, to
15 be administered by the department. The department shall do all
16 of the following:

17 (a) Make loans to students according to this act.

18 (b) Develop a loan agreement to be entered into by a loan
19 recipient and the department that contains the terms of a loan
20 made under this act and the rights and obligations of the loan
21 recipient and the department.

22 (c) Collect repayment of loans according to this act.

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

26 (e) Publicize the Michigan future teachers program and
27 recruit qualifying students to participate in the program.

1 (f) Administer the fund.

2 (g) Promulgate rules, as necessary to implement this act, in
3 accordance with the administrative procedures act of 1969, 1969
4 PA 306, MCL 24.201 to 24.328. The rules shall include, but are
5 not limited to, standards for eligibility of students to receive
6 loans under this act. The standards shall be designed to ensure
7 that a loan recipient has demonstrated superior scholarship in
8 high school and potential for superior academic performance in a
9 teacher education program. The standards shall include, but are
10 not limited to, criteria relating to an applicant's grade point
11 average, standardized college admission test scores, and extra-
12 curricular activities.

13 Sec. 4. The department may award a student loan under this
14 act to an individual determined by the department to meet all of
15 the following eligibility criteria:

16 (a) Is a United States citizen or permanent resident of the
17 United States.

18 (b) Has resided continuously in this state for the 12 months
19 immediately preceding his or her application and is not a resi-
20 dent of any other state.

21 (c) Is not in default on a loan guaranteed by the
22 authority.

23 (d) Is enrolled or has been accepted into a teacher educa-
24 tion program approved by the state board of education at a col-
25 lege or university located in this state.

26 (e) Has demonstrated superior scholarship as determined
27 according to standards set by department rule under section 3.

1 (f) Has signed a written loan agreement with the department
2 stating the individual's intention to pursue teaching as a career
3 and to teach in an at-risk district for a period of not less than
4 4 years.

5 (g) Has complied with this act and the rules promulgated
6 under this act.

7 (h) Meets other standards established by department rule.

8 Sec. 5. (1) The maximum amount of a loan made under this
9 act shall be \$3,000.00 per academic year for a total of not more
10 than 4 years in a teacher education program.

11 (2) The department shall pay the amount of a loan made under
12 this act directly to the college or university in which the loan
13 recipient is enrolled, to be applied to the loan recipient's
14 account.

15 (3) A loan made under this act is subject to the following
16 conditions:

17 (a) Except as provided in subdivision (b), the loan shall
18 bear interest and be repayable according to the same terms as
19 newly awarded student loans guaranteed by the authority at the
20 time the loan is awarded.

21 (b) If a loan recipient successfully completes a teacher
22 education program approved by the state board of education at a
23 college or university located in this state and is employed by an
24 at-risk district, the department shall forgive the obligation
25 under subdivision (a) to repay the loan. The amount of loan for-
26 giveness shall be determined according to subsection (4).

1 (4) The department shall develop a method for calculating
2 the amount of a loan repayment obligation to be forgiven that
3 will result in forgiveness of an amount equal to the principal
4 and interest on a loan for 1 year of teacher education for every
5 2 school years that the loan recipient is employed by an at-risk
6 district, and shall forgive a loan repayment obligation for a
7 loan recipient qualifying under subsection (3)(b) using that
8 calculation. For purposes of this subsection, a loan recipient
9 shall be considered to be employed during a period that he or she
10 is on a parental, educational, or disability leave of absence
11 approved by his or her employing school district.

12 Sec. 6. (1) There is created the Michigan future teachers
13 program fund as a separate fund in the state treasury, to be
14 administered by the department. The authority may accept money
15 from any source and shall deposit that money and amounts repaid
16 on loans made under this act with the state treasurer, who shall
17 credit the amounts to the fund. The fund shall be used only to
18 provide money for loans made under this act.

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

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