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NEW TEACHER LOAN FORGIVENESS PROGRAM

House Bill 4464
Sponsor: Rep. David Robertson
Committee: Education

Complete to 8-6-03

A SUMMARY OF HOUSE BILL 4464 AS INTRODUCED 3-26-03

House Bill 4464 would create a new act, known as the Teacher Loan Forgiveness Act, to establish a student loan forgiveness program for new teachers who agreed to serve in teacher shortage areas. The program would be administered by the Michigan Higher Education Authority. The bill would define "shortage area" to mean one of the following (as determined by the Department of Education): 1) a school district in which there was a shortage of elementary and secondary school teachers; or, 2) a school district in which there was a shortage of elementary and secondary school teachers in specific grade levels and in specific academic, instructional, subject matter, and discipline classifications.

Under the bill, the authority would award grants to eligible teachers; develop an application for and an application process for teachers applying for grants; publicize the program; and promulgate any rules necessary to implement the program.

The bill specifies that a grant could be awarded to an individual who had obtained employment as a full-time teacher in an at-risk school or shortage area; had submitted a grant application to the authority which included a certification that the applicant had applied for all student and federal loan repayment programs for which he or she was eligible at the time of the application; and had met any other requirements established by the authority. Under the bill, "at-risk school" would be defined to mean a public elementary or secondary school in which at least 30 percent of students meet the income eligibility criteria for free breakfast, lunch, or milk in the immediately preceding state fiscal year, as determined under the National School Lunch Act.

An eligible individual would be awarded all of the following grants for which he or she qualified:

- An individual who completed *two* years of employment as a full-time teacher in an at-risk school or shortage area and had eligible debt at the time he or she submitted a grant application would receive a grant in an amount equal to the remaining principal balance of the grant applicant's eligible debt at the time of the application, or $3,000, whichever was less.

- An individual who completed *four* years of employment as a full-time teacher in an at-risk school or shortage area and had eligible debt at the time he or she submitted a grant application would receive a grant in an amount equal to the remaining principal balance of the grant applicant's eligible debt at the time of the application, or $3,000, whichever was less.

• An individual who completed *six* years of employment as a full-time teacher in an at-risk school or shortage area and had eligible debt at the time he or she submitted a grant application would receive a grant in an amount equal to the remaining principal balance of the grant applicant's eligible debt at the time of the application or $3,000, whichever was less.

• an individual who completed *eight* years of employment as a full-time teacher in an at-risk school or shortage area and had eligible debt at the time he or she submitted a grant application would receive a grant in an amount equal to the remaining principal balance of the grant applicant's eligible debt at the time of the application or $3,000, whichever was less. [This appears to allow a teacher a total of $12,000 in grants in four installments over eight years.]

Under the bill, a grant would be paid by the authority to the lender or its assignee, to be applied to the teacher's eligible debt. The bill specifies that a grant would be reduced by an amount equal to the amount the teacher was entitled to receive from any state or federal loan repayment program for which he or she was qualified at the time of the grant application.

Finally, the bill specifies that a Teachers Loan Forgiveness Fund would be created as a separate fund in the state treasury, that the fund would to be administered by the Department of Treasury, and that the state treasurer would direct the investment of the fund. The department could accept money for the fund from any source, and would deposit that money and credit the amount to the fund where it could be used only to provide money to the authority for grants awarded under the act. Money in the fund at the end of the fiscal year would not revert to the general fund, but would be carried over in the loan forgiveness fund to the next fiscal year.

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■This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.