

# SENATE BILL No. 1201

March 30, 2006, Introduced by Senators JACOBS, BASHAM, SCOTT, PRUSI, GARCIA, LELAND and CASSIS and referred to the Committee on Appropriations.

A bill to establish a grant program for the repayment of state and federal loans of eligible teachers holding endorsements as science or mathematics teachers; to establish a fund for payment of grants awarded under this act; to provide for administration of the fund; 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 "capital target education act".

3           Sec. 2. As used in this act:

4           (a) "Authority" means the Michigan higher education assistance  
5 authority created by 1960 PA 77, MCL 390.951 to 390.961.

6           (b) "Eligible debt" means the total unpaid principal balance

1 of an individual's state and federal student loans obtained during  
2 his or her first 5 years of enrollment in a teacher education  
3 program at a public or private college or university or community  
4 college, calculated at the time the individual first applies for a  
5 grant under this act, or \$25,000.00, whichever is less.

6 (c) "Fund" means the science and mathematics teachers grant  
7 fund created in section 6.

8 (d) "Grant" means money awarded to an individual under this  
9 act in an amount determined under section 5.

10 Sec. 3. (1) The science and mathematics teachers grant program  
11 is created, to be administered by the authority. Subject to  
12 appropriation, the authority shall do all of the following:

13 (a) Award grants to eligible teachers under this act for the  
14 repayment of eligible debt.

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

17 (c) Publicize the grant program established in this act.

18 (d) Promulgate any rules necessary to implement this act  
19 pursuant to the administrative procedures act of 1969, 1969 PA 306,  
20 MCL 24.201 to 24.328.

21 (2) The department of education shall notify each college or  
22 university in this state that offers a teacher education program of  
23 the availability of the grant program established in this act.

24 Sec. 4. The authority may award a grant under section 5 to an  
25 individual determined by the authority to meet all of the following  
26 eligibility criteria at the time of application:

27 (a) Has eligible debt.

1 (b) Graduated between 2008 and 2018, in the top 25% of his or  
2 her class, from a teacher education program at a public or private  
3 college or university or community college.

4 (c) Is a legal resident of this state.

5 (d) Has not previously defaulted and is not currently in  
6 default on a state or federal student loan.

7 (e) Is employed and continues employment as a full-time  
8 teacher in this state.

9 (f) Holds a teaching certificate issued under section 1531 of  
10 the revised school code, 1976 PA 451, MCL 380.1531, and has passed  
11 the subject area examination in science or mathematics described in  
12 that section.

13 (g) Has submitted a grant application to the authority. The  
14 grant application shall include at least all of the following:

15 (i) A certification from the applicant that he or she meets the  
16 eligibility criteria described in this section.

17 (ii) A description of the applicant's outstanding state and  
18 federal student loans that includes for each loan the name,  
19 address, and telephone number of the lender and loan originator,  
20 the name of the loan program, and the outstanding principal balance  
21 of the loan.

22 (iii) A certification from the applicant that he or she has  
23 applied for all state or federal loan repayment programs applicable  
24 to his or her outstanding state and federal student loans.

25 (iv) The applicant's agreement to apply any grant money  
26 received under this act to his or her eligible debt within 30 days  
27 of receipt and the applicant's agreement that, if the authority

1 determines that he or she has not applied the grant money to his or  
2 her eligible debt within 30 days, he or she is not eligible to  
3 participate in this grant program and shall repay any grant money  
4 received under this act plus 6% annual interest. The authority  
5 shall deposit any money it receives from any repayment described in  
6 this subparagraph into the fund.

7 (h) Has met any other requirements established by the  
8 authority.

9 Sec. 5. (1) The authority shall award an individual eligible  
10 under section 4 a grant under this subsection. Subject to  
11 subsection (2) and to adjustment under subsection (3), the maximum  
12 aggregate amount of the grant is an amount equal to the  
13 individual's eligible debt. Before each consecutive year of  
14 continuous teaching in a school in this state, for up to 10  
15 consecutive years, the authority shall award a partial grant in an  
16 amount equal to 10% of the amount of the individual's eligible  
17 debt.

18 (2) A grant under subsection (1) shall be reduced by an amount  
19 equal to the amount the individual is entitled to receive from any  
20 state or federal loan repayment program applicable to the  
21 applicant's outstanding student loans.

22 (3) In any state fiscal year, the authority may adjust the  
23 amount of each partial grant under subsection (1) on a pro rata  
24 basis, based upon its determination of money available from the  
25 fund and from appropriations in that fiscal year. If it makes an  
26 adjustment under this subsection, the authority shall notify each  
27 grant recipient of his or her obligation to continue to make

1 payments of principal and interest on his or her eligible debt in  
2 the manner described in his or her student loan documents.

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

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

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