

THE STATE SCHOOL AID ACT OF 1979 (EXCERPT)
Act 94 of 1979

***** 388.1627k.added THIS ADDED SECTION IS EFFECTIVE OCTOBER 1, 2023 *****

388.1627k.added Student loan repayment program.

Sec. 27k. (1) From the state school aid fund money appropriated in section 11, \$225,000,000.00 is allocated for 2023-2024 only to districts and intermediate districts for the purposes under this section.

(2) To receive funding under this section, a district or intermediate district must apply for the funding in a form and manner prescribed by the department.

(3) A district or intermediate district that receives funding under this section shall use the funding only to implement a student loan repayment program in accordance with guidelines issued by the department. The guidelines must include all of the following criteria:

(a) A system for which the district or intermediate district verifies all of the following:

(i) That each eligible participant owes federal student loans.

(ii) That each eligible participant is enrolled in the federal public service loan forgiveness program and is under, pursuant to federal law, a payment plan that makes eligible payments toward federal public service loan forgiveness.

(iii) That each eligible participant is enrolled in an income-driven repayment plan. Participants may be exempt from this requirement if their loan is not eligible for income-driven repayment.

(b) A requirement that each eligible participant shall receive up to \$200.00 per month, or, if the eligible participant is employed in a district or intermediate district that is assigned to band 6 in the opportunity index, as described in section 31a, up to \$400.00 per month, for the duration of the program or the total amount of the eligible participant's monthly federal student loan payment, as verified under subdivision (a), whichever is less. As used in this subdivision, "band 6 in the opportunity index" means at least 85% of pupils in the district or intermediate district are economically disadvantaged pupils.

(c) A requirement that payments to eligible participants through the program must be made in equal amounts on a monthly basis.

(d) A requirement that an eligible participant must only receive funding through the program if the eligible participant continues to meet the criteria of an eligible participant.

(e) A requirement that an eligible participant annually, or, if the participant leaves the program, on the date the participant leaves the program, if applicable, certifies to the district or intermediate district that the eligible participant made payments toward the eligible participant's federal student loan with the funding received under this section.

(f) A requirement that the eligible participant certifies to the district or intermediate district any increases or decreases in the participant's monthly payment toward the eligible participant's federal student loan.

(4) An eligible participant remains eligible, unless otherwise provided under federal law or other state laws, for student loans even though the eligible participant receives funding from the money allocated under this section.

(5) Payments to an eligible participant by districts or intermediate districts under this section must be made for no more than 10 years or until the eligible participant's federal student loan is paid off, whichever occurs earlier.

(6) The funds allocated under this section for 2023-2024 are a work project appropriation, and any unexpended funds for 2023-2024 are carried forward into 2024-2025. The purpose of the work project is to continue support for federal student loan repayment programs as described in this section. The estimated completion date of the work project is December 31, 2026.

(7) If the amount allocated under this section is insufficient to fully make payments to all eligible participants as required under this section, the department shall prorate the amount paid to districts and intermediate districts to distribute to all eligible participants on an equal basis.

(8) As used in this section:

(a) "At-risk pupil" means that term as defined in section 31a.

(b) "Eligible participant" means an individual who is participating in a federal student loan repayment program described in subsection (3) and who is working 32 hours or more per week at a district or intermediate district in a role in which the individual works directly with pre-K to 12 students, including, but not limited to, educators, counselors, social workers, psychologists, reading specialists, librarians, and school administrators who work directly with students.

History: Add. 2023, Act 103, Eff. Oct. 1, 2023.