

HOUSE BILL No. 4395

March 1, 2007, Introduced by Reps. Steil, Dean, Clack, Valentine, Leland, Sak, Kathleen Law, Rick Jones, Farrah, Palmer, Shaffer, Stahl, Hoogendyk, Moore, Gaffney, David Law, Robertson and Wenke and referred to the Committee on Education.

A bill to establish a teachers loan forgiveness program for eligible teachers in certain at-risk schools; to establish a teachers loan forgiveness 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 "excellence in education act".

3 Sec. 2. As used in this act:

4 (a) "At-risk school" means a public or nonpublic elementary or
5 secondary school where at least 50% of students at the school meet
6 the income eligibility criteria for free breakfast, lunch, or milk
7 in the immediately preceding state fiscal year, as determined under

1 the national school lunch act, 42 USC 1751 to 1769h.

2 (b) "Authority" means the Michigan higher education student
3 loan authority created by the higher education loan authority act,
4 1975 PA 222, MCL 390.1151 to 390.1165.

5 (c) "Eligible debt" means the total unpaid amount of all of an
6 individual's unpaid Michigan alternative student loans, calculated
7 at the time the individual first applies for a grant under this
8 act.

9 (d) "Fund" means the teachers loan forgiveness fund created in
10 section 6.

11 (e) "Grant" means money awarded to an individual under this
12 act in an amount determined under section 5.

13 (f) "Michigan alternative student loan" means a loan made to
14 an individual by the authority under the Michigan alternative
15 student loan program authorized under section 4a of the higher
16 education loan authority act, 1975 PA 222, MCL 390.1154a, and
17 described in R 390.1621 to R 390.1636 of the Michigan
18 administrative code.

19 Sec. 3. The teachers loan forgiveness program is created, to
20 be administered by the authority. Subject to appropriation, the
21 authority shall do all of the following:

22 (a) Award grants to eligible teachers under this act.

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

25 (c) Promulgate any rules necessary to implement this act
26 pursuant to the administrative procedures act of 1969, 1969 PA 306,
27 MCL 24.201 to 24.328.

1 Sec. 4. The authority may award a grant under section 5 to an
2 individual determined by the authority to meet all of the following
3 eligibility criteria:

4 (a) At the time of application, the individual has eligible
5 debt.

6 (b) Is a legal resident of this state.

7 (c) Has not previously defaulted and is not currently in
8 default on a Michigan alternative student loan.

9 (d) Has accepted an offer of employment or will continue to
10 teach in an at-risk school in the school's academic year that
11 begins on or after the first July 1 following the date of the
12 application.

13 (e) Has submitted a grant application to the authority by July
14 1. The grant application shall include a certification that the
15 applicant meets the eligibility criteria described in this section
16 and has applied for all state or federal loan repayment programs
17 applicable to a Michigan alternative student loan.

18 (f) Has met any other requirements established by the
19 authority.

20 Sec. 5. (1) The authority shall award an individual eligible
21 under section 4 a grant under this subsection. Subject to
22 subsection (2) and to adjustment under subsection (3), the maximum
23 aggregate amount of the grant is an amount equal to the
24 individual's eligible debt. Before each consecutive year of
25 continuous teaching in any at-risk school, for up to 10 consecutive
26 years, the authority shall award a partial grant in an amount equal
27 to 10% of the amount of the individual's eligible debt. The

1 authority shall apply a partial grant under this section to the
2 individual's eligible debt as a prepayment in that amount.

3 (2) A grant under subsection (1) shall be reduced by an amount
4 equal to the amount the individual is entitled to receive from any
5 state or federal loan repayment program applicable to a Michigan
6 alternative student loan.

7 (3) In any state fiscal year, the authority may adjust the
8 amount of each partial grant under subsection (1) on a pro rata
9 basis, based upon its determination of money available from the
10 fund and from appropriations in that fiscal year. If it makes an
11 adjustment under this subsection, the authority shall notify each
12 grant recipient of his or her obligation to continue to make
13 payments of principal and interest on his or her eligible debt in
14 the manner described in his or her state student loan documents.

15 Sec. 6. (1) There is created the teachers loan forgiveness
16 fund as a separate fund in the state treasury, to be administered
17 by the department of treasury. The department of treasury may
18 accept money for the fund from any source. The state treasurer
19 shall deposit that money and credit the amount to the fund. The
20 department of treasury shall use the fund only to provide money to
21 the authority for grants awarded under this act.

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

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

27 Enacting section 1. This act does not take effect unless

1 Senate Bill No. ____ or House Bill No. 4396 (request no. 00692'07) of
2 the 94th Legislature is enacted into law.