

House Bills 5043 and 5044

Sponsor: Rep. Samuel Buzz Thomas

Committee: Appropriations

Complete to 8-24-01

A SUMMARY OF HOUSE BILLS 5043 AND 5044 AS INTRODUCED 7-12-01

The bills would create an educational loan program to support training of teachers who would commit to teaching in school districts with teacher shortages, provide for loan forgiveness for those who fulfill that commitment, and provide an appropriation to fund the program.

House Bill 5043 would create a new School Employee Teaching Career Loan Act. Under the bill, employees of school districts with teaching shortages would be eligible for loans of up to \$4,000 per academic year for up to four years to pay the costs of completing a teacher education program at a state college or university. Upon graduation, if a loan recipient were employed as a teacher by the district that approved his or her participation (or by another district if the initial district did not offer the person a position), the loan amount would be forgiven, one-fifth of the amount owed for each year of teaching, up to five years. (Thus, upon completion of five years of teaching, the entire loan would be forgiven.)

A school district would be designated as a “teacher shortage district” and thus eligible to recommend employees for participation in the loan program if: 1) eight percent or more of the teachers in the district are not certified or endorsed to teach at the level or in the subject area they are assigned to teach; or, 2) the superintendent of public instruction designated the district as a teacher shortage district.

To be eligible for a loan, an employee of a teacher shortage district would have to meet the following requirements:

- Be a U.S. citizen or a permanent resident of this country;
- Have resided continuously in the state for the 12 months immediately preceding his or her application, and not be a resident of any other state;
- Have not defaulted on a student loan;
- Be enrolled in or accepted into an approved teacher education program in Michigan;
- Not hold a current teaching certificate;
- Be selected or approved in writing by the employing school district;
- Have signed a loan agreement making a commitment to teach in the teacher shortage district for at least five years; and,

- Have complied with the bill, its rules, and all other standards established by the Department of Education.

In the case of a person who did not meet the requirement to work as a teacher in a teacher shortage district, a loan made under the bill would be repayable according to the same terms and conditions as other student loans made or guaranteed by the state, except that repayment would be made in five equal annual installments of principal and interest, with the first installment due one year after either the loan recipient's graduation, issuance of a teaching certificate, withdrawal or dismissal from the teacher education program, or the seventh anniversary of the submission of the person's application for the program, whichever of these events occurred first. Interest on the loan would be at the prime rate plus two percentage points, as determined by the Department of Education.

The Department of Education would administer the School Employee Teaching Career Loan Program. The department would be charged with:

- Making loans to students in accordance with the bill;
- Developing a loan agreement containing the terms of a loan, and the rights and obligations of the recipient and the department;
- Collecting repayment of loans;
- Conducting periodic audits of loan recipients to ensure compliance with the loan agreement;
- Publicizing the program; and,
- Promulgating rules necessary to implement the bill.

The bill would also create the School Employee Teaching Career Loan Fund as a separate fund in the state treasury, which could be used only to provide loans under the act. Money in the fund at the end of a fiscal year would not revert to the general fund but would be carried over to the next fiscal year.

House Bill 5044 would appropriate \$1 million from the general fund to the School Employee Teaching Career Loan Fund, as proposed in House Bill 5043. House Bill 5044 is tie-barred to House Bill 5043.

Analyst: D. Martens

■ 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.