

SENATE BILL NO. 208

February 2, 1999, Introduced by Senators STEIL, HAMMERSTROM
and EMERSON and referred to the Committee on
Appropriations.

A bill to establish an educational loan program for eligible
resident students enrolled in certain teacher education programs;
to prescribe conditions for repayment and forgiveness of the
loans; to establish a future teachers program 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 "future teachers program act".

3 Sec. 2. As used in this act:

4 (a) "At-risk school" means a school in which at least 50% of
5 students qualify as at-risk pupils as that term is defined in
6 section 31a of the state school aid act of 1979, 1979 PA 94,
7 MCL 388.1631a.

1 (b) "Authority" means the Michigan higher education
2 assistance authority created in 1960 PA 77, MCL 390.951 to
3 390.961.

4 (c) "Department" means the department of education.

5 (d) "Fund" means the future teachers program fund created in
6 section 6.

7 (e) "School district" means either of the following:

8 (i) A school district as that term is defined in section 6
9 of the revised school code, 1976 PA 451, MCL 380.6.

10 (ii) A local act school district as that term is defined in
11 section 5 of the revised school code, 1976 PA 451, MCL 380.5.

12 Sec. 3. To recognize the critical importance of recruiting
13 the best and brightest students for teaching careers in this
14 state, the future teachers program is created, to be administered
15 by the department. The department shall do all of the
16 following:

17 (a) Make loans to students pursuant to this act.

18 (b) Develop a loan agreement to be entered into by a loan
19 recipient and the department that contains the terms of a loan
20 made under this act and the rights and obligations of the loan
21 recipient and the department.

22 (c) Collect repayment of loans pursuant to this act.

23 (d) Conduct periodic audits of loan recipients to ensure
24 compliance with the terms of the loan agreement and take neces-
25 sary steps to enforce the terms of the loan agreement.

26 (e) Publicize the future teachers program and recruit
27 qualifying students to participate in the program.

1 (f) Administer the fund.

2 (g) Promulgate rules, as necessary to implement this act, in
3 accordance with the administrative procedures act of 1969, 1969
4 PA 306, MCL 24.201 to 24.328. The rules shall include standards
5 for eligibility of students to receive loans under this act. The
6 standards shall be designed to ensure that a loan recipient has
7 demonstrated superior scholarship in high school and potential
8 for superior academic performance in a teacher education
9 program. The standards shall include criteria relating to an
10 applicant's grade point average, standardized college admission
11 test scores, and extracurricular activities.

12 Sec. 4. The department may award a loan under this act to
13 an individual determined by the department to meet all of the
14 following eligibility criteria:

15 (a) Is a United States citizen or permanent resident of the
16 United States.

17 (b) Has resided continuously in this state for the 12 months
18 immediately preceding his or her application and is not a resi-
19 dent of any other state.

20 (c) Is not in default on a loan guaranteed by the
21 authority.

22 (d) Is enrolled or has been accepted into a teacher educa-
23 tion program approved by the state board of education at a col-
24 lege or university located in this state.

25 (e) Has demonstrated superior scholarship as determined
26 according to standards set by department rule under section 3.

1 (f) Has signed a written loan agreement with the department
2 stating the individual's intention to pursue teaching as a career
3 and to teach in an at-risk school for a period of not less than 4
4 years.

5 (g) Has complied with this act and the rules promulgated
6 under this act.

7 (h) Meets all other standards established by department
8 rule.

9 Sec. 5. (1) The maximum amount of a loan made under this
10 act shall be \$3,000.00 per academic year for a total of not more
11 than 4 years in a teacher education program.

12 (2) The department shall pay the amount of a loan made under
13 this act directly to the college or university in which the loan
14 recipient is enrolled, to be applied to the loan recipient's
15 account.

16 (3) A loan made under this act is subject to the following
17 conditions:

18 (a) Except as provided in subdivision (b), the loan shall
19 bear interest and be repayable according to the same terms as
20 newly awarded student loans guaranteed by the authority at the
21 time the loan is awarded.

22 (b) If a loan recipient successfully completes a teacher
23 education program approved by the state board of education at a
24 college or university located in this state and is employed by a
25 school district to teach in at-risk school, the department shall
26 forgive all or part of the obligation under subdivision (a) to

1 repay the loan. The amount of loan forgiveness shall be
2 determined according to subsection (4).

3 (4) The department shall develop a method for calculating
4 the amount of a loan repayment obligation to be forgiven that
5 will result in forgiveness of an amount equal to the principal
6 and interest on a loan for 1 year of teacher education for every
7 2 school years that the loan recipient is employed by a school
8 district to teach in an at-risk school, and shall forgive all or
9 part of the loan repayment obligation for a loan recipient quali-
10 fying under subsection (3)(b) using that calculation. For pur-
11 poses of this subsection, a loan recipient shall be considered to
12 be employed during a period that he or she is on a parental, edu-
13 cational, or disability leave of absence approved by his or her
14 employing school district.

15 Sec. 6. (1) There is created the future teachers program
16 fund as a separate fund in the state treasury, to be administered
17 by the department. The authority may accept money from any
18 source and shall deposit that money and amounts repaid on loans
19 made under this act with the state treasurer, who shall credit
20 the amounts to the fund. The fund shall be used only to provide
21 money for loans made 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
26 to the next fiscal year.