

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2013

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HOUSE PRINCIPAL CLERK

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HOUSE DRH20147-MKa-170A (05/15)

Short Title: STEM Teacher Forgivable Loan Program. (Public)

Sponsors: Representatives Hanes, Tine, Lambeth, and Ramsey (Primary Sponsors).

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT TO ESTABLISH A FORGIVABLE LOAN PROGRAM FOR PROSPECTIVE
3 STEM AND SPECIAL EDUCATION TEACHERS.

4 The General Assembly of North Carolina enacts:

5 SECTION 1. Article 23 of Chapter 116 of the General Statutes is amended by
6 adding a new Part to read:

7 "Part 3. North Carolina STEM and Special Education Scholars Program.

8 "§ 116-209.60. Forgivable education loans for prospective science, technology,
9 engineering, mathematics, and special education teachers.

10 (a) Policy. – The General Assembly finds that it is in the public interest to provide
11 financial assistance in the form of forgivable loans for service to exemplary high school seniors
12 who are committed to working as teachers of science, technology, engineering, mathematics
13 (STEM), or special education in the North Carolina public schools.

14 (b) Definitions. – The following definitions apply in this Part:

15 (1) Authority. – The State Education Assistance Authority.

16 (2) Eligible institution. – Notwithstanding G.S. 116-201(b)(5) and
17 G.S. 116-201(b)(6) and for purposes of this Part only, an institution of
18 higher education that is a postsecondary constituent institution of The
19 University of North Carolina as defined in G.S. 116-2(4).

20 (3) Fund. – The North Carolina STEM and Special Education Scholars Fund.

21 (4) Loan. – A forgivable loan made under the North Carolina STEM and Special
22 Education Scholars Program.

23 (5) Program. – The North Carolina STEM and Special Education Scholars
24 Program.

25 (c) Establishment of the North Carolina STEM and Special Education Scholars
26 Program. – There is established the North Carolina STEM and Special Education Scholars
27 Program to be administered by the Authority. The purpose of the Program is to provide
28 forgivable loans for service to exemplary high school seniors who are committed to working as
29 teachers of science, technology, engineering, mathematics, or special education.

30 (d) The North Carolina STEM and Special Education Scholars Fund. – There is
31 established the North Carolina STEM Scholars Fund to be administered by the Authority. All
32 funds appropriated to or otherwise received by the Authority to provide loans through the
33 Program, all funds received as repayment of loans, and all interest earned on these funds shall
34 be placed in the Fund. The Fund shall be used only for (i) loans made pursuant to this section,
35 (ii) the administrative costs of the Authority, and (iii) costs incurred by the Board of Governors
36 in providing extracurricular activities to loan recipients.



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1 (e) Eligibility for Loans. – The Authority shall establish the criteria for initial and
2 continuing eligibility to participate in the Program. All loan recipients shall be residents of
3 North Carolina and shall attend an eligible institution. The Authority shall adopt very stringent
4 standards, including minimum grade point average and scholastic aptitude test scores, for
5 awarding these scholarship loans to ensure that only the best high school seniors receive the
6 loans. Recipients of this loan shall not be eligible to concurrently receive forgivable loans
7 provided to teachers pursuant to G.S. 116-209.45.

8 (f) Loan Terms and Conditions. – The following terms and conditions shall apply to
9 each loan made pursuant to this section:

10 (1) Promissory note. – All loans shall be evidenced by promissory notes made
11 payable to the Authority.

12 (2) Interest. – All promissory notes shall bear an interest rate established by the
13 Authority that does not exceed ten percent (10%) and is in relation to the
14 current interest rate for nonneed-based federal loans made pursuant to Title
15 IV of the Higher Education Act of 1965, as amended. Interest shall accrue
16 from the date of disbursement of the loan funds.

17 (3) Loan amount. – The loan amount shall be five thousand dollars (\$5,000) per
18 year at the date of establishment of this Program and legislation.
19 Notwithstanding this loan amount, it shall be the intent of this statute for the
20 Authority to provide Program recipients a loan as close as is practicable to
21 an amount equal to the average tuition, fees, and basic on-campus housing
22 costs of eligible institutions as of the previous school year. This loan shall
23 not include costs associated with meal plans and "cost-of-living"
24 considerations detailed by each eligible institution. The Authority shall be
25 the ultimate determinant of what equates to a practicable loan amount
26 beyond the aforementioned five thousand dollars (\$5,000).

27 (4) Repayment. – The Authority shall forgive the loan if, within six years after
28 graduation, the recipient teaches for four years at a North Carolina public
29 school or at a school operated by the United States government in North
30 Carolina. The Authority shall also forgive the loan if, within six years after
31 graduation, the recipient teaches for three consecutive years at a North
32 Carolina public school that, at the time the recipient accepts employment
33 with the local school administrative unit in which the school is located, is
34 low-performing, as identified by the State Board of Education pursuant to
35 G.S. 115C-105.37. The Authority shall have the authority to extend
36 repayment by one additional year at the sole discretion of the Authority. The
37 Authority shall collect cash repayments when service repayment is not
38 completed. The Authority shall establish the terms for cash repayment,
39 including a minimum monthly repayment amount and maximum period of
40 time to complete repayment.

41 (5) Death and disability. – The Authority may forgive all or part of a loan if it
42 determines that it is impossible for the recipient to repay the loan in cash or
43 service because of the death or disability of the recipient.

44 (6) Hardship. – The Authority may grant a forbearance, a deferment, or both in
45 hardship circumstances when a good-faith effort has been made to repay the
46 loan in a timely manner.

47 (7) Other. – The Authority may establish other terms and conditions that are
48 necessary or convenient to effectuate the Program.

49 (g) Extracurricular Activities for Students. – The Board of Governors of The University
50 of North Carolina, in cooperation with the constituent institutions participating in the Program,
51 shall administer extracurricular activities for participating students. These students shall be

1 exposed to a range of extracurricular activities while attending their respective universities. The
2 activities should be geared toward instilling a strong motivation not only to remain in teaching
3 but to provide leadership for the K-12 public schools of North Carolina.

4 (h) Rule-Making Authority. – The Authority may adopt rules necessary to implement,
5 administer, and enforce the provisions of this section.

6 (i) Report to the General Assembly. – The Authority shall report no later than
7 December 1, 2015, and annually thereafter, to the Joint Legislative Education Oversight
8 Committee regarding the Fund and loans awarded from the Fund."

9 **SECTION 2.** There is appropriated from the General Fund to the Board of
10 Governors of The University of North Carolina the sum of two million nine hundred thousand
11 dollars (\$2,900,000) for the 2014-2015 fiscal year to implement the provisions of this act. It is
12 the intent of the General Assembly that the sum of five million four hundred thousand dollars
13 (\$5,400,000) shall be appropriated for the 2015-2016 fiscal year to implement the requirements
14 of this act. Of these funds:

- 15 (1) Two million five hundred thousand dollars (\$2,500,000) shall be used to
16 provide loans for the 2014-2015 academic year, and five million dollars
17 (\$5,000,000) shall be used to provide loans for the 2015-2016 academic
18 year.
- 19 (2) One hundred fifty thousand dollars (\$150,000) for the 2014-2015 fiscal year
20 and one hundred fifty thousand dollars (\$150,000) for the 2015-2016 fiscal
21 year shall be used for administration of the North Carolina STEM and
22 Special Education Scholars Program by the State Education Assistance
23 Authority.
- 24 (3) Two hundred fifty thousand dollars (\$250,000) for the 2014-2015 fiscal year
25 and two hundred fifty thousand dollars (\$250,000) for the 2015-2016 fiscal
26 year shall be used for extracurricular activities for loan recipients provided
27 by the Board of Governors.

28 **SECTION 3.** This act becomes effective July 1, 2014.