

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2015

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HOUSE PRINCIPAL CLERK

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HOUSE DRH20266-MKa-77A (02/16)

Short Title: Loan Repayment Assist./Certain Teachers. (Public)

Sponsors: Representatives Bryan, Horn, and Hanes (Primary Sponsors).

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT TO ESTABLISH THE LOAN REPAYMENT ASSISTANCE PROGRAM FOR
3 TEACHERS.

4 The General Assembly of North Carolina enacts:

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

7 "Article 35.

8 "Loan Repayment Assistance Program for Teachers.

9 "§ 116-284. Purpose.

10 The Loan Repayment Assistance Program for Teachers is designed to attract qualified
11 teachers to the field of education and to address the educational needs of the State, including
12 improving student outcomes for at-risk and low-income student populations and filling
13 hard-to-staff subject areas, such as science, technology, engineering, and mathematics (STEM)
14 and special education. The program is established to help participants reduce the amount of
15 indebtedness created by the cost of higher education through assisting in the repayment of
16 educational loans.

17 "§ 116-285. Definitions.

18 The following definitions apply to this Article:

19 (1) Authority. – The State Education Assistance Authority created by Article 23
20 of Chapter 116 of the General Statutes.

21 (2) Eligible debt. – The outstanding principal, interest, and related fees from
22 loans obtained for undergraduate or graduate educational expenses made by
23 government or commercial lending institutions or educational institutions.
24 Eligible debt does not include loans made by a private individual or family
25 member.

26 (3) Eligible teacher. – A classroom teacher currently licensed in North Carolina
27 who meets the following eligibility requirements:

28 a. Is employed full-time in one or more of the following:

29 1. A local school administrative unit or school identified by the
30 State Board of Education as low-performing under
31 G.S. 115C-105.37.

32 2. A school that has a student population of seventy percent
33 (70%) or more students eligible for free and reduced lunch.

34 3. A classroom as a teacher in a science, technology,
35 engineering, and mathematics (STEM) or special education
36 subject area.



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1 b. Is rated as "highly effective" on the North Carolina Teacher
2 Evaluation instrument through the North Carolina Educator
3 Evaluation System or the equivalent on an out-of-state teacher's state
4 or district instrument to be eligible to assume an advanced teaching
5 role. For the purposes of this act, a highly effective classroom teacher
6 is a teacher who receives a rating of at least "accomplished" on each
7 of the teacher evaluation standards on the North Carolina Teacher
8 Evaluation instrument and who exceeds expected student growth
9 based on teacher evaluation data as calculated by the State Board of
10 Education or equivalent on an out-of-state teacher's state or district
11 evaluation system.

12 (4) Fund. – The Teachers' Loan Repayment Assistance Fund established under
13 G.S. 116-288.

14 (5) Program. – The Loan Repayment Assistance Program for Teachers.

15 (6) Repayment assistance loan. – A forgivable loan made under the Program.

16 (7) Repayment assistance period. – Up to four years of eligible employment as
17 an eligible teacher from the time of receipt of a repayment assistance loan.

18 **§ 116-286. Repayment assistance loans.**

19 (a) The Authority shall administer the Loan Repayment Assistance Program for
20 Teachers in accordance with the provisions of this Article and adopt any necessary rules,
21 including adopting an application process, eligibility guidelines, a process for certifying an
22 applicant's employment status, and reevaluating eligibility on an annual basis.

23 (b) Any eligible teacher may apply to the Authority for a repayment assistance loan
24 under the Program to repay all or a portion of the teacher's eligible debt by receiving repayment
25 assistance loans for up to four years for eligible debt accrued toward an undergraduate degree
26 and for up to four years for eligible debt accrued toward a graduate degree. The eligible teacher
27 shall have been employed for at least two years, but no longer than eight years, in any local
28 school administrative unit in North Carolina prior to applying for the initial year of repayment
29 assistance. The eligible teacher shall include in the teacher's application for repayment
30 assistance a signed statement of intent to remain in his or her present employment or other
31 employment that meets at least one of the employment eligibility criteria in G.S. 116-285(3)a.
32 for a period of at least four years following each year the eligible teacher receives a repayment
33 assistance loan. The eligible teacher shall agree to repay in full any repayment assistance loans
34 disbursed to the eligible teacher if the teacher fails to complete the repayment assistance period
35 due to voluntarily leaving the employment that provided the basis for eligibility under the
36 Program and fails to secure other qualifying employment.

37 (c) An applicant shall not be eligible for a repayment assistance loan if the applicant is
38 in default on any obligation to a government or commercial lending institution or educational
39 institution until those financial obligations are satisfied. The Authority may waive ineligibility
40 for this reason at its sole discretion.

41 **§ 116-287. Amount of loan; termination of eligible employment.**

42 (a) The Authority shall annually provide repayment assistance loans to eligible teachers
43 from monies available in the Fund. The Authority shall establish eligibility criteria for the
44 amount of the repayment assistance loan for each eligible teacher based upon financial need,
45 including an eligible teacher's salary, personal resources, and eligible debt and assign priority in
46 the award and amount of repayment assistance loans as follows:

47 (1) Up to ten thousand dollars (\$10,000) per calendar year for an eligible teacher
48 that meets more than one of the employment criteria set forth in
49 G.S. 116-285(3)a.

50 (2) If any funds are remaining in the Fund to award repayment assistance loans
51 in a calendar year after loans are awarded to all eligible applicants under

1 subdivision (1) of subsection (a) of this section, up to five thousand dollars
2 (\$5,000) per calendar year for an eligible teacher that meets one of the
3 employment criteria set forth in G.S. 116-285(3)a.

4 (b) All repayment assistance loans shall be evidenced by promissory notes made
5 payable to the Authority. The Authority shall forgive the repayment assistance loan in the
6 amount of each annual disbursement once the eligible teacher remains in employment that
7 meets at least one of the employment eligibility criteria under G.S. 116-285(3)a. for four years
8 following the receipt of funds. An eligible teacher who received a repayment assistance loan in
9 a previous year shall provide documentation to the Authority that the funds in the amount of the
10 loan were submitted to the government or commercial lending institutions or educational
11 institutions for repayment of the teacher's eligible debt.

12 (c) An eligible teacher shall notify the Authority if the teacher's employment that
13 provided the basis for eligibility under the Program terminates or changes, voluntarily or
14 involuntarily, before exiting the repayment assistance period. An eligible teacher who
15 voluntarily leaves the employment upon which eligibility is based and does not become
16 employed in a position that is otherwise eligible under G.S. 116-285(3)a. shall be required to
17 repay in full any funds that were paid to the teacher, with interest accruing at the annualized
18 rate applicable to the eligible debt being repaid, if not yet forgiven under subsection (b) of this
19 section at the time of termination. An eligible teacher who (i) cannot fulfill the employment
20 requirements due to death or disability, (ii) takes a leave of absence, (iii) is involuntarily
21 terminated, or (iv) works in the employment for which the teacher's eligibility is based but the
22 employment no longer qualifies under any of the criteria listed in G.S. 116-285(3) shall no
23 longer be eligible for a repayment assistance loan under the Program but shall not be
24 responsible for repaying the outstanding amount of loans previously disbursed to the eligible
25 teacher during the repayment assistance period.

26 **"§ 116-288. Establishment of the Teachers' Loan Repayment Assistance Fund.**

27 There is established the Teachers' Loan Assistance Repayment Fund to be administered by
28 the Authority. All funds appropriated to or otherwise received by the Authority to provide
29 repayment assistance loans through the Program, all funds received as repayment of loans, and
30 all interest earned on these funds shall be placed in the Fund. The Fund shall be used only for
31 (i) repayment assistance loans made pursuant to this section and (ii) the administrative costs of
32 the Authority.

33 **"§ 116-289. Report by the Authority.**

34 The Authority shall report no later than December 1, 2016, and annually thereafter, to the
35 Joint Legislative Education Oversight Committee regarding the Fund and repayment assistance
36 loans awarded from the Fund."

37 **SECTION 2.** There is appropriated from the General Fund to the Board of
38 Governors of The University of North Carolina the sum of five million dollars (\$5,000,000) for
39 the 2015-2016 fiscal year and the sum of five million dollars (\$5,000,000) for the 2016-2017
40 fiscal year to implement the provisions of this act. The State Education Assistance Authority
41 may use up to two percent (2%) of the funds appropriated in this section for each fiscal year for
42 administration of the program.

43 **SECTION 3.** This act becomes effective July 1, 2015.