

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2015

H.B 1031
May 3, 2016
HOUSE PRINCIPAL CLERK

H

D

HOUSE BILL DRH30456-LH-179 (03/11)

Short Title: Special Fund/Help Educators with Loan Payment. (Public)

Sponsors: Representatives Meyer, Hanes, B. Richardson, and Salmon (Primary Sponsors).

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT TO ESTABLISH THE LOAN REPAYMENT ASSISTANCE PROGRAM FOR
3 TEACHERS AND TO APPROPRIATE FUNDS FROM THE EDUCATION LOTTERY
4 FUND TO IMPLEMENT THE PROGRAM.

5 The General Assembly of North Carolina enacts:

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

8 "Article 35.

9 "Loan Repayment Assistance Program for Teachers.

10 **"§ 116-284. Purpose.**

11 The Loan Repayment Assistance Program for Teachers is designed to attract qualified teachers
12 to the field of education in North Carolina.

13 **"§ 116-285. Definitions.**

14 The following definitions apply to this Article:

- 15 (1) Authority. – The State Education Assistance Authority created by Article 23 of
16 Chapter 116 of the General Statutes.
17 (2) Eligible debt. – The outstanding principal, interest, and related fees from loans
18 obtained for undergraduate or graduate educational expenses made by
19 government or commercial lending institutions or educational institutions.
20 Eligible debt does not include loans made by a private individual or family
21 member.
22 (3) Eligible teacher. – A classroom teacher currently licensed in North Carolina is
23 employed full-time in a local school administrative unit or charter school
24 established pursuant to Article 14A of Chapter 115C of the General Statutes.
25 (4) Fund. – The Teachers' Loan Repayment Assistance Fund established under
26 G.S. 116-288.
27 (5) Program. – The Loan Repayment Assistance Program for Teachers.
28 (6) Repayment assistance loan. – A forgivable loan made under the Program.
29 (7) Repayment assistance period. – Up to four years of eligible employment as an
30 eligible teacher from the time of receipt of a repayment assistance loan.

31 **"§ 116-286. Repayment assistance loans.**

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



1 **(b)** Any eligible teacher may apply to the Authority for a repayment assistance loan under
2 the Program to repay all or a portion of the teacher's eligible debt by receiving repayment
3 assistance loans for up to four years for eligible debt accrued toward an undergraduate degree. The
4 eligible teacher shall have been employed for at least two years, but no longer than eight years, in
5 any local school administrative unit or charter school in North Carolina prior to applying for the
6 initial year of repayment assistance. The eligible teacher shall include in the teacher's application
7 for repayment assistance a signed statement of intent to remain an eligible teacher for a period of
8 at least four years following each year the eligible teacher receives a repayment assistance loan.
9 The eligible teacher shall agree to repay in full any repayment assistance loans disbursed to the
10 eligible teacher if the teacher fails to complete the repayment assistance period due to voluntarily
11 leaving the employment that provided the basis for eligibility under the Program and fails to
12 secure other qualifying employment.

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

17 **"§ 116-287. Amount of loan; termination of eligible employment.**

18 **(a)** The Authority shall annually provide repayment assistance loans to eligible teachers
19 from monies available in the Fund. The Authority shall establish eligibility criteria for the amount
20 of the repayment assistance loan for each eligible teacher based upon financial need, including an
21 eligible teacher's salary, personal resources, and eligible debt. A repayment assistance loan under
22 this Article may be made in an amount of up to ten thousand dollars (\$10,000) per calendar year
23 for an eligible teacher.

24 **(b)** All repayment assistance loans shall be evidenced by promissory notes made payable
25 to the Authority. The Authority shall forgive the repayment assistance loan in the amount of each
26 annual disbursement once the eligible teacher remains in employment as an eligible teacher for
27 four years following the receipt of funds. An eligible teacher who received a repayment assistance
28 loan in a previous year shall provide documentation to the Authority that the funds in the amount
29 of the loan were submitted to the government or commercial lending institutions or educational
30 institutions for repayment of the teacher's eligible debt.

31 **(c)** An eligible teacher shall notify the Authority if the teacher's employment that provided
32 the basis for eligibility under the Program terminates or changes, voluntarily or involuntarily,
33 before exiting the repayment assistance period. An eligible teacher who voluntarily leaves the
34 employment upon which eligibility is based and does not become employed in another position as
35 an eligible teacher shall be required to repay in full any funds that were paid to the teacher, with
36 interest accruing at the annualized rate applicable to the eligible debt being repaid, if not yet
37 forgiven under subsection (b) of this section at the time of termination. An eligible teacher who (i)
38 cannot fulfill the employment requirements due to death or disability, (ii) takes a leave of absence,
39 or (iii) is involuntarily terminated shall no longer be eligible for a repayment assistance loan under
40 the Program but shall not be responsible for repaying the outstanding amount of loans previously
41 disbursed to the eligible teacher during the repayment assistance period.

42 **"§ 116-288. Establishment of the Teachers' Loan Repayment Assistance Fund.**

43 There is established the Teachers' Loan Assistance Repayment Fund to be administered by the
44 Authority. All funds appropriated to or otherwise received by the Authority to provide repayment
45 assistance loans through the Program, all funds received as repayment of loans, and all interest
46 earned on these funds shall be placed in the Fund. The Fund shall be used only for (i) repayment
47 assistance loans made pursuant to this section and (ii) the administrative costs of the Authority.
48 The Authority may use up to two percent (2%) of the funds appropriated to the Fund each fiscal
49 year to cover administrative costs for repayment assistance loans made during that fiscal year.

50 **"§ 116-289. Report by the Authority.**

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

4 **SECTION 2.** There is appropriated from the Education Lottery Fund to the Board of
5 Governors of The University of North Carolina the sum of thirty-eight million five hundred
6 thousand dollars (\$38,500,000) for the 2016-2017 fiscal year to be allocated to the Teachers' Loan
7 Repayment Assistance Fund to implement the provisions of this act. The State Education
8 Assistance Authority may use up to two percent (2%) of the funds appropriated in this section for
9 the 2016-2017 fiscal year for administration of the program.

10 **SECTION 3.** This act becomes effective July 1, 2016.