

CHAPTER 35
TEACHER SHORTAGE FORGIVABLE LOAN PROGRAM

283—35.1(261) Teacher shortage forgivable loan program. The teacher shortage forgivable loan program is a state-supported and administered forgivable loan program for Iowans enrolled as undergraduate or graduate students in designated teacher shortage areas as certified by the director of the Iowa department of education.

35.1(1) Definitions. As used in this chapter:

“Eligible institution” means an institution of higher learning located in Iowa under the control of the state board of regents or a North Central Association of Colleges and Schools (NCA) accredited independent institution as defined in Iowa Code section 261.9.

“Iowa resident student” means an individual who meets the criteria used by the state board of regents to determine residency for tuition purposes, 681 IAC 1.4(262).

“Located in Iowa” means a college or university accredited by the Higher Learning Commission of the North Central Association of Colleges and Schools, that has made a substantial investment in a permanent Iowa campus and staff, and that offers a full range of courses leading to the degrees offered by the institution as well as a full range of student services.

“Practitioner” means an administrator, teacher, or other licensed professional who does not hold or receive a license from a professional licensing board other than the board of educational examiners and who provides educational assistance to students.

“Practitioner preparation program” means a program approved by the state board of education which prepares a person to obtain a license as a practitioner.

“Teacher” means a licensed member of a school’s instructional staff who diagnoses, prescribes, evaluates, and directs student learning in a manner consistent with professional practice and school objectives, shares responsibility for the development of an instructional program and any coordinating activities, evaluates or assesses student progress before and after instruction, and uses student evaluation or assessment information to promote additional student learning.

35.1(2) Student eligibility.

a. An applicant must be an Iowa resident enrolled as a sophomore, junior, senior, or graduate student at an eligible Iowa regent university or independent college or university in an approved practitioner preparation program designated as a teacher shortage area as defined by the Iowa department of education.

b. The need of an applicant for assistance under this program shall be evaluated annually on the basis of a confidential statement of family finances filed on forms designated by the commission. The processing agent must receive the form by the date specified in the application instructions. The student is responsible for making certain that both the commission and the institution in which the student is enrolling receive the results of this evaluation.

c. Applicants must complete and file applications for the teacher shortage forgivable loan program by the deadline established by the commission. If funds remain available after the application deadline, the commission will continue to accept applications.

d. The maximum annual award to an eligible student is \$3,000, or the amount of the student’s established financial need, whichever is less.

e. Financial need is defined as the difference between the student’s college expenses and the amount of the financial aid available to defray the expenses.

35.1(3) Selection criteria. All applications received on or before the published deadline will be considered for funding. In the event that all applicants for the program cannot be funded with the available appropriations, the following selection criteria will be used to select the recipients: renewal status, date of application, date available to begin teaching, and applicant’s financial resources.

35.1(4) *Promissory note.* Loan recipients shall sign promissory notes agreeing to teach in designated teacher shortage areas or the teacher shortage area for which the loans were approved in Iowa for five years or to repay the loans and accrued interest according to repayment terms specified in the notes.

35.1(5) *Interest rate.* The rate of interest shall be equal to the repayment rate of a federal Stafford Student Loan for the first year in which the recipient made application. All subsequent loans shall carry the same interest rate.

35.1(6) *Disbursement of loan proceeds.*

a. Loan proceeds will be prorated by academic term and disbursed upon receipt of the institution's certification that the borrower is enrolled in good standing.

b. Loan proceeds will be distributed to the institution's financial aid officials and applied directly to the borrowers' tuition accounts.

35.1(7) *Loan cancellations.*

a. Thirty days following graduation, termination of enrollment at the student's institution, or termination of full-time teaching in a designated teacher shortage area or the teacher shortage area for which the loan was approved in Iowa, the borrower shall notify the commission of the nature of the borrower's employment and educational status.

b. To certify eligibility for cancellation, the borrower must submit to the commission confirmation of employment in a designated teacher shortage area, or the teacher shortage area for which the loan was approved, in an Iowa school district or an accredited nonpublic school. The borrower's loan amount, including principal and interest, shall be reduced by 20 percent for each year of full-time teaching in a designated teacher shortage area or the teacher shortage area for which the loan was approved. Borrowers will receive loan cancellation for less-than-full-time shortage area teaching positions. The part-time employment percentage multiplied by 20 percent equals the percent of the loan forgiven for a given year. Part-time employment will extend the five-year teaching requirement. Credit will not be given for substitute teaching assignments.

c. If the borrower qualifies for partial loan cancellation, the commission shall revise the repayment schedule accordingly.

d. In the event of death or total and permanent disability, a borrower's obligation to pay this loan is canceled. Borrowers seeking forgiveness as the result of total or permanent disability must submit information substantiating the claim to the commission. Reports of a borrower's death will be referred to the school district for confirmation.

e. Borrowers may not receive credit for teaching until they have graduated from the education program for which forgivable loan proceeds have been received.

35.1(8) *Loan payments.*

a. Prior to the start of the repayment period, the commission shall provide the borrower with a repayment schedule, modified to reflect any applicable cancellation benefits.

b. It shall be the borrower's responsibility to remit payments to the commission as required by the repayment schedule.

c. In the event the borrower fails to abide by any material provision of the promissory note or becomes more than 90 days delinquent in submitting required payments, the commission may declare the borrower in default and declare the entire unpaid balance and accrued interest on the promissory note due.

d. The borrower is responsible for notifying the commission immediately of a change in name, place of employment, or home address.

35.1(9) *Deferral of repayment.*

a. Repayment of the borrower's loan obligation may be deferred under the following circumstances: return to full-time study; active duty in the United States military service, not to exceed three years; or a period of temporary disability, not to exceed three years.

b. Repayment of the borrower's loan obligation under this program is not required during periods of enrollment or during periods of teaching in a shortage area or the teacher shortage area for which the loan was approved.

c. Forbearance is a revision in repayment terms to temporarily postpone payments. It may be granted when a borrower experiences a temporary hardship and is willing but unable to pay in accordance with the repayment schedule. Borrowers remain responsible for interest accrual during forbearance periods.

The program administrator may grant forbearance for periods of less than six months; periods of greater than six months but less than one year must be approved by the executive director. Forbearance periods exceeding one year must be approved by the commission.

35.1(10) *Restrictions.* A borrower who is in default on a Stafford Student Loan, SLS Loan, Perkins/National Direct/National Defense Student Loan, Health Professions Student Loan (HPSL), or Health Education Assistance Loan (HEAL) or who owes a repayment on any Title IV grant assistance or state award shall be ineligible for loan payments. Eligibility for state aid may be reinstated upon payment in full of the delinquent obligation or by commission ruling on the basis of adequate extenuating evidence presented in appeal under the procedures set forth in 283—Chapter 5, Iowa Administrative Code.

This rule is intended to implement Iowa Code section 261.111.

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