

MAR 8 1999

EDUCATION

HOUSE FILE 530
BY SCHERRMAN

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to teacher shortage forgivable loan programs,
2 making an appropriation, and providing an effective date.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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HF 530

1 Section 1. Section 261.25, subsection 4, Code 1999, is
2 amended to read as follows:

3 4. There is appropriated from the general fund of the
4 state to the commission for each fiscal year the sum of ninety
5 two hundred fifty thousand dollars for the ~~industrial~~
6 technology teacher shortage forgivable loan program
7 established in section 261.111.

8 Sec. 2. Section 261.111, Code 1999, is amended by striking
9 the section and inserting in lieu thereof the following:
10 261.111 TEACHER SHORTAGE AREA FORGIVABLE LOAN PROGRAM.

11 1. A teacher shortage area forgivable loan program is
12 established to be administered by the college student aid
13 commission. An individual is eligible for the forgivable loan
14 program if the individual is a resident of this state who is
15 enrolled in an approved practitioner preparation program or an
16 approved graduate practitioner preparation program in a
17 designated area in which teacher shortages are anticipated, at
18 an institution of higher learning under the control of the
19 state board of regents or an accredited private institution as
20 defined in section 261.9.

21 2. The director of the department of education shall
22 annually designate the areas in which teacher shortages are
23 anticipated.

24 3. Each applicant shall, in accordance with the rules of
25 the commission, do the following:

26 a. Complete and file an application for a teacher shortage
27 area forgivable loan. The individual shall be responsible for
28 the submission of the parents' confidential statement, if
29 appropriate, for processing to both the commission and the
30 institution in which the applicant is enrolling.

31 b. Report promptly to the commission any information
32 requested.

33 c. File a new application and, if appropriate, a parents'
34 confidential statement, annually on the basis of which the
35 applicant's eligibility for the renewed forgivable loan will

1 be evaluated and determined.

2 4. Forgivable loans to eligible students shall not become
3 due until after the student graduates or leaves school. The
4 individual's total loan amount, including principal and
5 interest, shall be reduced by twenty percent for each year in
6 which the individual remains an Iowa resident and is employed
7 by a school district or an accredited nonpublic school as a
8 practitioner in the area for which the loan was approved. If
9 the commission determines that the person does not meet the
10 criteria for forgiveness of the principal and interest
11 payments, the commission shall establish a plan for repayment
12 of the principal and interest over a ten-year period. If a
13 person required to make the repayment does not make the
14 required payments, the commission shall provide for payment
15 collection. Rules adopted by the commission for the
16 administration of this program shall provide for payment
17 postponement for individuals experiencing temporary hardship.

18 5. The amount of a teacher shortage area forgivable loan
19 shall not exceed three thousand dollars annually, or the
20 amount of the student's established financial need, whichever
21 is less.

22 6. The interest rate for the forgivable loan shall be
23 equal to the interest rate collected by an eligible lender
24 under the Iowa guaranteed student loan program for the year in
25 which the forgivable loan is made.

26 7. A teacher shortage area forgivable loan repayment fund
27 is created for deposit of payments made by forgivable loan
28 recipients who do not fulfill the conditions of the forgivable
29 loan program and any other moneys appropriated to or received
30 by the commission for deposit in the fund. Notwithstanding
31 section 8.33, moneys deposited in the fund shall not revert to
32 the general fund of the state at the end of any fiscal year
33 but shall remain in the teacher shortage area forgivable loan
34 repayment fund and be continuously available to make
35 additional loans under the program. Notwithstanding section

1 12C.7, subsection 2, interest or earnings on moneys deposited
2 in the fund shall be credited to the fund.

3 8. For purposes of this section, unless the context
4 otherwise requires, "teacher" means the same as defined in
5 section 272.1.

6 Sec. 3. Section 261.112, Code 1999, is amended by striking
7 the section and inserting in lieu thereof the following:

8 261.112 TEACHER SHORTAGE LOAN REPAYMENT PROGRAM.

9 1. A teacher shortage loan repayment program is
10 established under the control of the commission if the general
11 assembly makes an appropriation for that purpose. The purpose
12 of the program is to offer recent graduates of Iowa's
13 practitioner preparation programs the opportunity to qualify
14 for student loan repayments if the individual is a resident of
15 the state and is employed by a school district or an
16 accredited nonpublic school as a practitioner in an area
17 determined by the director of the department of education to
18 be a teacher shortage area in accordance with section 261.111,
19 subsection 2.

20 2. In addition to the requirements of subsection 1, an
21 individual is eligible for the program if the individual meets
22 all of the following conditions:

23 a. Attended an institution of higher learning under the
24 control of the state board of regents or an accredited private
25 institution as defined in section 261.9, successfully
26 completed an approved practitioner preparation program at the
27 institution, and received a degree from the institution not
28 later than June 30, 2000.

29 b. Obtained a student loan to pay for the costs of
30 attendance at the postsecondary institution from which the
31 degree identified in paragraph "a" was obtained. However, an
32 individual who received a forgivable loan pursuant to section
33 261.111 is ineligible for loan repayments under this section.

34 c. Enters into a student loan repayment agreement with the
35 commission.

1 3. Once an individual has been determined to be eligible
2 for the program, the individual who is employed by a school
3 district or an accredited nonpublic school in this state shall
4 not lose eligibility for student loan repayments under the
5 program solely because the director of the department of
6 education ceases to identify as a teacher shortage area the
7 area in which the individual is employed to teach.

8 4. However, an individual shall be ineligible for the
9 student loan repayment program and any agreement entered into
10 as specified in subsection 2 is null and void if after
11 entering into a student loan repayment agreement, the
12 individual accepts employment outside of the state of Iowa or
13 in an area not identified by the director of the department of
14 education as a teacher shortage area.

15 5. The commission shall make loan repayments on behalf of
16 an individual who meets the qualifications of subsection 2 in
17 the amount of twenty-five percent of the individual's total
18 loan amount, including principal and interest, or three
19 thousand dollars, whichever is less, for every year in which
20 the individual remains an Iowa resident and is employed by a
21 school district or accredited nonpublic school in Iowa in an
22 area identified by the director of the department of education
23 as a teacher shortage area. The maximum period for which loan
24 repayments can be made on behalf of an individual who meets
25 the requirements of this section is four years.

26 6. A teacher shortage loan repayment fund is created for
27 deposit of moneys appropriated by the general assembly.
28 Moneys in the fund shall be distributed by the commission upon
29 the receipt of agreements as provided for in subsection 2,
30 paragraph "c". If the fund is depleted during a fiscal year,
31 agreements shall not be serviced until the subsequent fiscal
32 year. Notwithstanding section 8.33, moneys deposited in the
33 loan repayment fund shall not revert to the general fund of
34 the state at the end of any fiscal year but shall remain in
35 the loan repayment fund and be continuously available to make

1 additional loan repayments under the program. Notwithstanding
2 section 12C.7, subsection 2, interest or earnings on moneys in
3 the fund shall be credited to the fund.

4 7. The commission shall adopt rules pursuant to chapter
5 17A to administer this section and section 261.111.

6 8. This section is repealed July 1, 2004.

7 Sec. 4. REMAINING INDUSTRIAL TECHNOLOGY FORGIVABLE LOAN
8 PROGRAM BALANCE. Notwithstanding section 8.33 or section
9 261.25, subsection 4, Code 1999, section 261.111, subsection
10 3, Code 1999, or any other provision to the contrary,
11 unencumbered or unobligated funds remaining on June 30, 1999,
12 for purposes of the industrial technology forgivable loan
13 program established in section 261.111, Code 1999, shall be
14 available to the college student aid commission for
15 expenditure for the fiscal year beginning July 1, 1999, and
16 for succeeding fiscal years for the purpose of providing
17 teacher shortage loan repayments as provided in section
18 261.112.

19 Sec. 5. EFFECTIVE DATE. This section of this Act and
20 section 4 of this Act, relating to the remaining industrial
21 technology forgivable loan program, being deemed of immediate
22 importance, take effect upon enactment.

23

EXPLANATION

24 This bill creates a teacher shortage loan repayment program
25 and fund under the control of the college student aid
26 commission if the general assembly makes an appropriation for
27 that purpose, strikes and replaces the industrial technology
28 shortage forgivable loan program and fund with a teacher
29 shortage forgivable loan program and fund and a teacher
30 shortage loan repayment program, provides that the moneys
31 appropriated for the industrial technology shortage forgivable
32 loan program that remain at the end of FY 1999-2000 will be
33 available to the college student aid commission for future
34 years for the teacher shortage loan repayment program, and
35 provides for an annual appropriation of \$250,000 from the

1 general fund of the state for the teacher shortage forgivable
2 loan program.

3 TEACHER SHORTAGE FORGIVABLE LOAN PROGRAM. The teacher
4 shortage forgivable loan program, subject to an appropriation
5 of sufficient funds by the general assembly, will be available
6 to Iowa residents who are enrolled in approved practitioner
7 preparation programs in a designated area in which teacher
8 shortages are anticipated, at a regents university or an
9 accredited private institution.

10 The bill requires the director of the department of
11 education to annually designate the areas in which teacher
12 shortages are anticipated.

13 Forgivable loans to eligible students shall not become due
14 until after the student graduates or leaves school. The
15 individual's total loan amount, including principal and
16 interest, shall be reduced by 20 percent for each year in
17 which the individual remains an Iowa resident and is employed
18 by a school district or an accredited nonpublic school as a
19 teacher in the area for which the loan was approved. If the
20 commission determines that the person does not meet the
21 criteria for forgiveness of the principal and interest
22 payments, the commission shall establish a plan for repayment
23 of the principal and interest over a 10-year period. If a
24 person required to make the repayment does not make the
25 required payments, the commission shall provide for payment
26 collection.

27 The amount of a teacher shortage area forgivable loan shall
28 not exceed \$3,000 annually, or the amount of the student's
29 established financial need, whichever is less. The interest
30 rate for the forgivable loan shall be equal to the interest
31 rate collected by an eligible lender under the Iowa guaranteed
32 student loan program for the year in which the forgivable loan
33 is made.

34 A teacher shortage area forgivable loan repayment fund is
35 created for deposit of payments made by forgivable loan

1 recipients who do not fulfill the conditions of the forgivable
2 loan program. Moneys deposited in the forgivable loan
3 repayment fund shall not revert to the general fund of the
4 state at the end of any fiscal year.

5 TEACHER SHORTAGE LOAN REPAYMENT PROGRAM AND FUND. The
6 purpose of the teacher shortage loan repayment program is to
7 offer recent graduates of Iowa's practitioner preparation
8 programs the opportunity to qualify for student loan
9 repayments if the student is a resident of the state and is
10 employed by a school district or an accredited nonpublic
11 school as a practitioner in an area determined by the director
12 of the department of education to be a teacher shortage area.

13 An individual is eligible for the program if the individual
14 attended a regents university or an accredited private
15 institution, successfully completed an approved practitioner
16 preparation program at the institution, and received a degree
17 from the institution by June 30, 2000; acquired a student loan
18 for attendance at the institution; and entered into a student
19 loan repayment agreement with the commission.

20 An individual employed by a school district or an
21 accredited nonpublic school will remain eligible for student
22 loan repayments if the person was employed in a teacher
23 shortage area but the director of the department of education
24 ceases to identify as a teacher shortage area the area in
25 which the individual is employed to teach.

26 An individual is ineligible for the student loan repayment
27 program, however, if the individual accepts employment outside
28 of the state of Iowa or in an area not identified by the
29 director of the department of education as a teacher shortage
30 area.

31 The commission shall make loan repayments on behalf of an
32 individual who meets the qualifications for the program which
33 equal 25 percent of the individual's total loan amount,
34 including principal and interest, or \$3,000, whichever is
35 less, for every year in which the individual remains an Iowa

1 resident and is employed by a school district or accredited
2 nonpublic school in Iowa in an area identified by the director
3 of the department of education as a teacher shortage area.
4 The maximum period for which loan repayments can be made on
5 behalf of an individual who meets the requirements of this
6 section is four years.

7 If the program fund is depleted during a fiscal year,
8 agreements shall not be serviced until the subsequent fiscal
9 year. The bill provides that moneys in the fund shall not
10 revert to the general fund of the state at the end of any
11 fiscal year but shall remain in the fund and be continuously
12 available to make additional loan repayments under the
13 program.

14 The bill requires that moneys appropriated for purposes of
15 the industrial technology forgivable loan program which remain
16 unencumbered or unobligated on June 30, 1999, shall be
17 available to the college student aid commission for
18 expenditure under the teacher shortage loan repayment program.

19 The teacher shortage loan repayment program is repealed
20 effective July 1, 2004.

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