

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2015

H.B. 844  
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HOUSE PRINCIPAL CLERK

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HOUSE DRH40335-MKa-55A (01/29)

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

Sponsors: Representatives Hanes, Bryan, Hardister, and Meyer (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 (6) School unit of domicile. – The local school administrative unit in which the  
26 student receiving a loan under this Part attended public school.

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

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



1 (ii) the administrative costs of the Authority, and (iii) costs incurred by the Board of Governors  
2 in providing extracurricular activities to loan recipients.

3 (e) Eligibility for Loans. – The Authority shall establish the criteria for initial and  
4 continuing eligibility to participate in the Program. All loan recipients shall be residents of  
5 North Carolina and shall attend an eligible institution. The Authority shall adopt very stringent  
6 standards, including a minimum 3.0 grade point average and scholastic aptitude test scores, for  
7 awarding these scholarship loans to ensure that only the best high school seniors receive the  
8 loans. Recipients of this loan shall not be eligible to concurrently receive forgivable loans  
9 provided to teachers pursuant to G.S. 116-209.45.

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

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

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

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

29 (4) Matching funds from eligible institutions. – Each eligible institution shall  
30 establish its own STEM and Special Education Scholars Fund and shall  
31 maintain it pursuant to the provisions of G.S. 116-36 to function as a  
32 depository for private contributions to match State funds appropriated to the  
33 Fund for the purposes of subdivision (3) of this subsection.

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

48 (6) Priority in hiring for a school unit of domicile. – A school unit of domicile  
49 shall have priority in hiring a student who receives a loan in accordance with  
50 this Part. The Authority shall notify a school unit of domicile of a recipient's  
51 expected graduation date. The school unit of domicile shall have six months

1 from the recipient's graduation date to extend an offer of employment to the  
2 recipient. If the recipient receives an offer of employment from another local  
3 school administrative unit within the six-month time period, the student shall  
4 give the school unit of domicile a chance to match the offer of employment.  
5 The school unit of domicile must make a decision within 10 days of  
6 receiving the notice by the recipient that another local school administrative  
7 unit has made an offer of employment. If the school unit of domicile does  
8 not come forth with an equal or better offer in a STEM or special education  
9 area of which the recipient has expertise, the recipient may accept the other  
10 offer of employment.

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

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

17 (9) Other. – The Authority may establish other terms and conditions that are  
18 necessary or convenient to effectuate the Program.

19 (g) Extracurricular Activities for Students. – The Board of Governors of The University  
20 of North Carolina, in cooperation with the constituent institutions participating in the Program,  
21 shall administer extracurricular activities for participating students. These students shall be  
22 exposed to a range of extracurricular activities while attending their respective institutions. The  
23 activities should be geared toward instilling a strong motivation not only to remain in teaching  
24 but to provide leadership for the K-12 public schools of North Carolina.

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

27 (i) Report to the General Assembly. – The Authority shall report no later than  
28 December 1, 2016, and annually thereafter, to the Joint Legislative Education Oversight  
29 Committee regarding the Fund and loans awarded from the Fund."

30 **SECTION 2.** There is appropriated from the General Fund to the Board of  
31 Governors of The University of North Carolina the sum of two million nine hundred thousand  
32 dollars (\$2,900,000) for the 2015-2016 fiscal year and the sum of five million four hundred  
33 thousand dollars (\$5,400,000) for the 2016-2017 fiscal year to implement the provisions of this  
34 act. Of these funds:

35 (1) Two million five hundred thousand dollars (\$2,500,000) shall be used to  
36 provide loans for the 2015-2016 academic year and five million dollars  
37 (\$5,000,000) shall be used to provide loans for the 2016-2017 academic  
38 year.

39 (2) One hundred fifty thousand dollars (\$150,000) for the 2015-2016 fiscal year  
40 and one hundred fifty thousand dollars (\$150,000) for the 2016-2017 fiscal  
41 year shall be used for administration of the Program by the State Education  
42 Assistance Authority.

43 (3) Two hundred fifty thousand dollars (\$250,000) for the 2015-2016 fiscal year  
44 and two hundred fifty thousand dollars (\$250,000) for the 2016-2017 fiscal  
45 year shall be used for extracurricular activities for loan recipients provided  
46 by the Board of Governors.

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