

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2013

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HOUSE DRH10345-LEa-13E (01/31)

Short Title: STEM Teacher Scholarship Program. (Public)

Sponsors: Representatives Hanes, Ramsey, Lambeth, and McManus (Primary Sponsors).

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT TO ESTABLISH A SCHOLARSHIP LOAN PROGRAM FOR PROSPECTIVE
3 STEM AND SPECIAL EDUCATION TEACHERS.

4 The General Assembly of North Carolina enacts:

5 **SECTION 1.** Article 24C of Chapter 115C 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 **"§ 115C-363.25. 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 and special education in the North Carolina public schools.

14 (b) Definitions. – The following definitions apply in this section:

15 (1) Authority. – The State Education Assistance Authority of the Board of
16 Governors of The University of North Carolina.

17 (2) Eligible institution. – Notwithstanding G.S. 116-201(b)(5) and
18 G.S. 116-201(b)(6) and for purposes of this section only, an institution of
19 higher education that is a postsecondary constituent institution of The
20 University of North Carolina as defined in G.S. 116-2(4).

21 (3) Fund. – The North Carolina STEM and Special Education Scholars Fund.

22 (4) Loan. – A forgivable loan made under the Program.

23 (5) Program. – The North Carolina STEM and Special Education Scholars
24 Program.

25 (c) Establishment of the North Carolina STEM and Special Education Scholars
26 Program. – There is established the North Carolina STEM and Special Education Scholars
27 Program to be administered by the State Education Assistance Authority. The purpose of the
28 Program is to provide forgivable loans for service to exemplary high school seniors who are
29 committed to working as teachers of science, technology, engineering, mathematics, or special
30 education. These forgivable loans shall be in addition to those provided for teachers pursuant to
31 G.S. 116-209.45.

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 minimum grade point average and scholastic aptitude test scores, for
7 awarding these scholarship loans to ensure that only the best high school seniors receive them.

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

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

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

17 (3) Loan amount. – The loan amount shall be five thousand dollars (\$5,000) per
18 year at the date of establishment of this program and legislation.
19 Notwithstanding this, it shall be the intent of this statute for the Authority to
20 provide Program recipients a loan as close as is practicable to an amount
21 equal to the average tuition, fees, and basic on-campus housing costs of
22 UNC System schools as of 2013. This loan shall not include costs associated
23 with meal plans and "cost of living" considerations detailed by each
24 University. The Authority shall be the ultimate determinate of what equates
25 to a practicable loan amount beyond the aforementioned five thousand
26 dollars (\$5000).

27 (4) Repayment. – The Authority shall forgive the loan if, within six years after
28 graduation, the recipient teaches for four years at a North Carolina public
29 school or at a school operated by the United States government in North
30 Carolina. The Authority shall also forgive the loan if, within six years after
31 graduation, the recipient teaches for three consecutive years at a North
32 Carolina public school in a local school administrative unit that, at the time
33 the recipient accepts employment with the unit, is a low-performing school
34 system or is on warning status, both as defined by the State Board of
35 Education. The Authority shall have the authority to extend repayment by
36 one additional year at the sole discretion of the Authority. The Authority
37 shall collect cash repayments when service repayment is not completed. The
38 Authority shall establish the terms for cash repayment, including a minimum
39 monthly repayment amount and maximum period of time to complete
40 repayment.

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

44 (6) Hardship. – The Authority may grant a forbearance, a deferment, or both in
45 hardship circumstances when a good faith effort has been made to repay the
46 loan in a timely manner.

47 (7) Other. – The Authority may establish other terms and conditions that are
48 necessary or convenient to effectuate the Program.

49 (g) Extracurricular Activities for Students. – The Board of Governors of The University
50 of North Carolina, in cooperation with the constituent institutions participating in the Program,
51 shall administer extracurricular activities for participating students. These students shall be

1 exposed to a range of extracurricular activities while attending their respective universities. The
2 activities should be geared toward instilling a strong motivation not only to remain in teaching
3 but to provide leadership for the K-12 public schools of North Carolina.

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

6 (i) Report to the General Assembly. – The Authority shall report no later than
7 December 1, 2014, and annually thereafter to the Joint Legislative Education Oversight
8 Committee regarding the Fund and loans awarded from the Fund."

9 **SECTION 2.** There is appropriated from the General Fund to the Board of
10 Governors of The University of North Carolina the sum of two million nine hundred thousand
11 dollars (\$2,900,000) for the 2013-2014 fiscal year and the sum of five million six hundred fifty
12 thousand dollars (\$5,650,000) for the 2014-2015 fiscal year to implement the provisions of this
13 act. Of these funds:

- 14 (1) Two million five hundred thousand dollars (\$2,500,000) shall be used to
15 provide scholarships for the 2013-2014 academic year and five million
16 dollars (\$5,000,000) shall be used to provide scholarships for the 2014-2015
17 academic year.
- 18 (2) One hundred fifty thousand dollars (\$150,000) for the 2013-2014 fiscal year
19 and one hundred fifty thousand dollars (\$150,000) for the 2014-2015 fiscal
20 year shall be used for administration of the Program by the State Education
21 Assistance Authority.
- 22 (3) Two hundred fifty thousand dollars (\$250,000) for the 2013-2014 fiscal year
23 and two hundred fifty thousand dollars (\$250,000) for the 2014-2015 fiscal
24 year shall be used for extracurricular activities for loan recipients provided
25 by the Board of Governors.

26 **SECTION 3.** This act becomes effective July 1, 2013.