

TEACHER LOAN PROGRAM

2008 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Lynn N. Hemingway

Senate Sponsor: Gene Davis

LONG TITLE**General Description:**

This bill creates a loan program for teachers.

Highlighted Provisions:

This bill:

- ▶ creates a loan program for teachers;
- ▶ establishes program funding requirements; and
- ▶ requires the State Board of Education to adopt administrative rules to implement the program.

Monies Appropriated in this Bill:

This bill appropriates:

- ▶ as an ongoing appropriation subject to future budget constraints, \$1,500,000 from the Uniform School Fund for fiscal year 2008-09 to the State Board of Education.

Other Special Clauses:

This bill takes effect on July 1, 2008.

Utah Code Sections Affected:**ENACTS:**

53A-1a-1001, Utah Code Annotated 1953

Be it enacted by the Legislature of the state of Utah:

Section 1. Section **53A-1a-1001** is enacted to read:



Part 10. Teacher Loan Program**53A-1a-1001. Teacher Loan Program.**

(1) There is created the Teacher Loan Program, to be administered by the State Board of Education.

(2) The Board of Education shall:

(a) award appropriated loan funds to individual teachers who:

(i) teach full time in a school district within the state;

(ii) have obtained a teaching license for the first time within the prior five years;

(iii) except as provided in Subsection (4), have not previously received a program loan; and

(iv) demonstrate a desire to pursue a teaching career and purchase a home within the state;

(b) provide a program loan of \$15,000 to a selected loan recipient, to be used for the purchase of the loan recipient's primary residence;

(c) require a loan recipient to make interest payments at least annually on the outstanding loan balance, at a fixed interest rate equal to the state treasurer's Utah Public Treasurers Investment Fund interest rate for the January prior to loan issuance, rounded to the nearest tenth of a percent;

(d) forgive:

(i) \$5,000 of the loan principal if the teacher teaches in a school district for five consecutive years following receipt of the loan; and

(ii) the remaining amount of the loan principal if the teacher teaches in a school district for ten consecutive years following receipt of the loan;

(e) require a loan recipient who:

(i) does not teach in a school district for five consecutive years after receiving the loan to repay the entire \$15,000 in loan principal, in addition to loan interest payments, over a period not to exceed five years after discontinuing teaching in a school district; or

(ii) teaches in a school district for more than five consecutive years but less than ten consecutive years to repay the portion of the loan principal remaining after the forgiveness under Subsection (2)(d), in addition to loan interest payments, over a period not to exceed five years after discontinuing teaching in a school district;

59 (f) allow a principal prepayment at any time; and
60 (g) allocate repayment, interest, and appropriation funds for new loans.
61 (3) The consecutive years of teaching requirements of this section are based on the
62 time period a teacher teaches in any school district or combination of school districts in the
63 state during the relevant time period.
64 (4) The State Board of Education may award one additional loan to a loan recipient
65 who:
66 (a) sold the primary residence that served as collateral for the program loan within ten
67 years of receiving the loan;
68 (b) repaid the loan principal and outstanding interest in full upon sale of the home; and
69 (c) continues to meet the other eligibility requirements of this section.
70 (5) In accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act, the
71 Board of Education shall make rules to:
72 (a) establish loan recipient selection criteria, including credit worthiness; and
73 (b) establish procedures for application, loan funding, and repayment, which shall
74 include procedures to:
75 (i) secure the program loan with the primary residence of the loan recipient as
76 collateral; and
77 (ii) require full repayment of the outstanding loan principal and interest if the primary
78 residence is sold within ten years of loan issuance.
79 **Section 2. Appropriation.**
80 As an ongoing appropriation subject to future budget constraints, there is appropriated
81 from the Uniform School Fund for fiscal year 2008-09, \$1,500,000 to the State Board of
82 Education to fund the Teacher Loan Program established in Section 53A-1a-1001.
83 **Section 3. Effective date.**
84 This bill takes effect on July 1, 2008.

Legislative Review Note
as of 11-8-07 4:38 PM

Office of Legislative Research and General Counsel

H.B. 85 - Teacher Loan Program

Fiscal Note

2008 General Session

State of Utah

State Impact

Enactment of this bill would appropriate \$1,500,000 in ongoing Uniform School Fund revenue beginning in Fiscal Year 2009 to the State Board of Education to implement and administer the Teacher Loan Program created in the bill. It is assumed that any administrative costs are included in the appropriation.

	FY 2008 <u>Approp.</u>	FY 2009 <u>Approp.</u>	FY 2010 <u>Approp.</u>	FY 2008 <u>Revenue</u>	FY 2009 <u>Revenue</u>	FY 2010 <u>Revenue</u>
Uniform School Fund	\$0	\$1,500,000	\$1,500,000	\$0	\$0	\$0
Total	\$0	\$1,500,000	\$1,500,000	\$0	\$0	\$0

Individual, Business and/or Local Impact

The bill would help individual teachers who participate in the Loan Program to purchase a home.
