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**TEACHER LOAN PROGRAM**

2017 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Lynn N. Hemingway**

Senate Sponsor: \_\_\_\_\_

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**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.

**Money Appropriated in this Bill:**

This bill appropriates:

- ▶ to the State Board of Education, as an ongoing appropriation:
  - from the Uniform School Fund, \$1,500,000.

**Other Special Clauses:**

This bill provides a special effective date.

**Utah Code Sections Affected:**

ENACTS:

**53A-1a-1101**, Utah Code Annotated 1953

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

Section 1. Section **53A-1a-1101** is enacted to read:



28 **Part 11. Teacher Loan Program**29 **53A-1a-1101. Teacher Loan Program.**30 (1) There is created the Teacher Loan Program, to be administered by the State Board  
31 of Education.32 (2) The Board of Education shall:33 (a) award appropriated loan funds to individual teachers who:34 (i) teach full time in a public school within the state;35 (ii) have obtained, as defined in Section [53A-6-103](#), a level 1 license or36 competency-based license for the first time within the previous five years;37 (iii) except as provided in Subsection (4), have not previously received a program loan;38 and39 (iv) demonstrate a desire to pursue a teaching career and purchase a home within the40 state;41 (b) provide a program loan of \$15,000 to a selected loan recipient, to be used for the42 purchase of the loan recipient's primary residence;43 (c) require a loan recipient to make interest payments at least annually on the44 outstanding loan balance, at a fixed interest rate equal to the state treasurer's Utah Public45 Treasurers Investment Fund interest rate for the January before loan issuance, rounded to the46 nearest tenth of a percent;47 (d) forgive:48 (i) \$5,000 of the loan principal if the teacher teaches in a public school for five49 consecutive years following receipt of the loan; and50 (ii) the remaining amount of the loan principal if the teacher teaches in a public school51 for 10 consecutive years following receipt of the loan;52 (e) require a loan recipient who:53 (i) does not teach in a public school for five consecutive years after receiving the loan54 to repay the entire \$15,000 in loan principal, in addition to loan interest payments, over a55 period not to exceed five years after discontinuing teaching in a public school; or56 (ii) teaches in a public school for more than five consecutive years but less than 1057 consecutive years to repay the portion of the loan principal remaining after the forgiveness58 under Subsection (2)(d), in addition to loan interest payments, over a period not to exceed five

59 years after discontinuing teaching in a public school;

60 (f) allow a principal prepayment at any time; and

61 (g) allocate repayment, interest, and appropriation funds for new loans.

62 (3) The consecutive years of teaching requirements of this section are based on the  
63 time period a teacher teaches in any public school or combination of public schools in the state  
64 during the relevant time period.

65 (4) The State Board of Education may award one additional loan to a loan recipient  
66 who:

67 (a) sold the primary residence that served as collateral for the program loan within 10  
68 years of receiving the loan;

69 (b) repaid the loan principal and outstanding interest in full upon sale of the home; and

70 (c) continues to meet the other eligibility requirements of this section.

71 (5) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the  
72 State Board of Education shall make rules to:

73 (a) establish loan recipient selection criteria, including credit worthiness; and

74 (b) establish procedures for application, loan funding, and repayment, which shall  
75 include procedures to:

76 (i) secure the program loan with the primary residence of the loan recipient as  
77 collateral; and

78 (ii) require full repayment of the outstanding loan principal and interest if the primary  
79 residence is sold within 10 years of loan issuance.

80 **Section 2. Appropriation.**

81 The following sums of money are appropriated for the fiscal year beginning July 1,  
82 2017, and ending June 30, 2018. These are additions to amounts previously appropriated for  
83 fiscal year 2018. Under the terms and conditions of Title 63J, Chapter 1, Budgetary Procedures  
84 Act, the Legislature appropriates the following sums of money from the funds or accounts  
85 indicated for the use and support of the government of the state of Utah.

86 To State Board of Education

87 From Uniform School Fund \$1,500,000

88 Schedule of Programs:

89 Teacher Loan Program \$1,500,000

90           The Legislature intends that the State Board of Education use the \$1,500,000 ongoing  
91 appropriation described in this section to award a loan to a teacher as part of the program  
92 described in Section [53A-1a-1101](#).

93           Section 3. **Effective date.**

94           This bill takes effect on July 1, 2017.

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**Legislative Review Note**  
**Office of Legislative Research and General Counsel**