

**Representative Lynn N. Hemingway** proposes the following substitute bill:

**TEACHER LOAN PROGRAM**

2017 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Lynn N. Hemingway**

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

**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;
- ▶ requires the State Board of Education to adopt administrative rules to implement the program; and
- ▶ creates the Teacher Loan Program Restricted Account.

**Money Appropriated in this Bill:**

This bill appropriates:

- ▶ to the Education Fund Restricted - Teacher Loan Program Restricted Account, as an ongoing appropriation:
  - from the General Fund, \$1,500,000; and
- ▶ to the State Board of Education - Teacher Loan Program, as an ongoing appropriation:
  - from the Teacher Loan Program Restricted Account, \$1,500,000.

**Other Special Clauses:**



26 This bill provides a special effective date.

27 **Utah Code Sections Affected:**

28 ENACTS:

29 [53A-1a-1101](#), Utah Code Annotated 1953

30 [53A-1a-1102](#), Utah Code Annotated 1953

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

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

34 **Part 11. Teacher Loan Program**

35 **53A-1a-1101. Teacher Loan Program.**

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

38 (2) Subject to future budget constraints, the Legislature shall annually appropriate  
39 money to the Teacher Loan Program Restricted Account created in Section [53A-1a-1102](#) to  
40 fund the Teacher Loan Program.

41 (3) The State Board of Education shall:

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

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

44 (ii) have obtained, as defined in Section [53A-6-103](#), a level 1 license or  
45 competency-based license for the first time within the previous five years;

46 (iii) except as provided in Subsection (5), have not previously received a program loan;  
47 and

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

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

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

56 (d) forgive:

- 57 (i) \$5,000 of the loan principal if the teacher teaches in a public school for five  
58 consecutive years following receipt of the loan; and
- 59 (ii) the remaining amount of the loan principal if the teacher teaches in a public school  
60 for 10 consecutive years following receipt of the loan;
- 61 (e) require a loan recipient who:
- 62 (i) does not teach in a public school for five consecutive years after receiving the loan  
63 to repay the entire \$15,000 in loan principal, in addition to loan interest payments, over a  
64 period not to exceed five years after discontinuing teaching in a public school; or
- 65 (ii) teaches in a public school for more than five consecutive years but less than 10  
66 consecutive years to repay the portion of the loan principal remaining after the forgiveness  
67 under Subsection (3)(d), in addition to loan interest payments, over a period not to exceed five  
68 years after discontinuing teaching in a public school;
- 69 (f) allow a principal prepayment at any time; and
- 70 (g) allocate repayment, interest, and appropriation funds for new loans.
- 71 (4) The consecutive years of teaching requirements of this section are based on the  
72 time period a teacher teaches in any public school or combination of public schools in the state  
73 during the relevant time period.
- 74 (5) The State Board of Education may award one additional loan to a loan recipient  
75 who:
- 76 (a) sold the primary residence that served as collateral for the program loan within 10  
77 years of receiving the loan;
- 78 (b) repaid the loan principal and outstanding interest in full upon sale of the home; and
- 79 (c) continues to meet the other eligibility requirements of this section.
- 80 (6) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the  
81 State Board of Education shall make rules to:
- 82 (a) establish loan recipient selection criteria, including credit worthiness; and
- 83 (b) establish procedures for application, loan funding, and repayment, which shall  
84 include procedures to:
- 85 (i) secure the program loan with the primary residence of the loan recipient as  
86 collateral; and
- 87 (ii) require full repayment of the outstanding loan principal and interest if the primary

88 residence is sold within 10 years of loan issuance.

89 Section 2. Section **53A-1a-1102** is enacted to read:

90 **53A-1a-1102. Teacher Loan Program Restricted Account.**

91 (1) As used in this section "account" means the Teacher Loan Program Restricted  
92 Account created in this section.

93 (2) There is created within the Education Fund a restricted account known as the  
94 "Teacher Loan Program Restricted Account."

95 (3) The account shall be funded from:

96 (a) appropriations made to the account by the Legislature;

97 (b) repayment of teacher loans described in Section 53A-1a-1101; and

98 (c) interest earned on money in the account.

99 (4) The State Board of Education shall:

100 (a) administer the account; and

101 (b) distribute money in the account as loans to teachers, as described in Section  
102 53A-1a-1101.

103 Section 3. **Appropriation.**

104 The following sums of money are appropriated for the fiscal year beginning July 1,  
105 2017, and ending June 30, 2018. These are additions to amounts previously appropriated for  
106 fiscal year 2018. Under the terms and conditions of Title 63J, Chapter 1, Budgetary Procedures  
107 Act, the Legislature appropriates the following sums of money from the funds or accounts  
108 indicated for the use and support of the government of the state of Utah.

109 ITEM 1

110 To State Board of Education

111 From Education Fund Restricted -- Teacher Loan Program

112 Restricted Account \$1,500,000

113 Schedule of Programs:

114 Teacher Loan Program \$1,500,000

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

118 ITEM 2

119 Restricted Fund and Account Transfers. The Legislature authorizes the State Division  
120 of Finance to transfer the following amounts among the following funds or accounts as  
121 indicated. Expenditures and outlays from the recipient funds must be authorized elsewhere in  
122 an appropriations act.

123 To Education Fund Restricted -- Teacher Loan Program Restricted Account  
124 From General Fund \$1,500,000

125 Schedule of Programs:

126 Education Fund Restricted -- Teacher Loan Program  
127 Restricted Account \$1,500,000

128 Section 4. **Effective date.**

129 This bill takes effect on July 1, 2017.