

## CHAPTER 384

**AN ACT** establishing a loan redemption program for certain teachers and supplementing chapter 71C of Title 18A of the New Jersey Statutes.

**BE IT ENACTED** *by the Senate and General Assembly of the State of New Jersey:*

C.18A:71C-83 Definitions.

1. As used in this act:

“Authority” means the Higher Education Student Assistance Authority established pursuant to N.J.S.18A:71A-3.

“Low-performing school” means any public school that meets the criteria of paragraph (1) or paragraph (2):

(1) among all students in that school to whom a State assessment was administered, the sum of the percent of students scoring in the not-yet-meeting expectations and partially meeting expectations categories in both the language arts and mathematics subject areas of the State assessments exceeded 40% in each of the prior two school years; or

(2) among all students in that school to whom a State assessment was administered, the sum of the percent of students scoring in the not-yet-meeting expectations and partially meeting expectations categories in either the language arts or mathematics subject areas of the State assessment exceeded 65% in each of the prior two school years.

(3) A school shall continue to be designated a low-performing school until such time that the sum of the percent of students scoring in the not-yet-meeting expectations and partially meeting expectations categories in both the language arts and mathematics subject areas of the State assessments is less than or equal to the sum of the Statewide percent of students scoring in the not-yet-meeting expectations and partially meeting expectations categories on the corresponding Statewide assessments.

“High-need field” means a subject area or field of expertise in which there is a shortage of qualified teachers in the State as determined by the Department of Education. The department shall reassess its designation of high-need fields at least every five years.

“Program participant” means an undergraduate student borrower under the New Jersey College Loans to Assist State Students (NJCLASS) Loan Program established pursuant to N.J.S.18A:71C-21 who, following the effective date of this act, is initially hired by a school district to work as a teacher in a high-need field in a low-performing school, and who has executed a contract with the authority for participation in the loan redemption program. A program participant shall be a certified teacher and a resident of New Jersey.

C.18A:71C-84 Loan redemption program established, Higher Education Student Assistance Authority.

2. a. There is established in the Higher Education Student Assistance Authority a loan redemption program for teachers in high-need fields who are employed in low-performing schools. The program shall provide for the redemption of a portion of the loans a program participant receives under the NJCLASS Loan Program pursuant to article 2 of chapter 71C of Title 18A of the New Jersey Statutes for service as a teacher in a high-need field in a low-performing school in New Jersey. The annual amount of State funds appropriated to the loan redemption program shall not exceed \$1,000,000. The authority shall notify the Legislature when the funds have been fully expended or committed.

b. A program participant may redeem his NJCLASS loan amounts upon execution of a contract between the program participant and the authority. The contract shall be for up to

four one-year periods of service. The contract shall specify the total amount of debt, up to 100%, to be redeemed by the State in return for service pursuant to subsection d. of this section.

c. A program participant who has entered into a contract with the authority shall remain eligible for loan redemption under the contract in the event that:

(1) the public school in which the teacher is employed loses its designation as a low-performing school or the teacher is transferred to a school in the district that is not a low-performing school; or

(2) the high-need field in which the program participant is teaching pursuant to his service obligation subsequently loses its designation as a high-need field, and the program participant continues to teach in the same field in accordance with his contractual agreement with the authority.

d. The redemption of loans under the loan redemption program shall amount to 25% of principal and interest of a program participant's NJCLASS loan amounts, up to \$5,000, in return for each consecutive full year of service. The total amount of NJCLASS loan amounts which may be redeemed under the program by a program participant, for four full school years of service, shall not exceed \$20,000. Service for less than the full school year of each period of service shall not entitle the program participant to any benefits under the loan redemption program. Prior to the redemption of loan indebtedness, a program participant shall submit to the authority proof of employment.

e. A program participant who has entered into a redemption contract with the authority may nullify his contract by submitting written notification to the authority and assuming full responsibility for repayment of principal and interest on the full amount of his loans or that portion of the loans which has not been redeemed by the State, in return for partial fulfillment of the contract.

f. In case of a program participant's death or total and permanent disability, the authority shall nullify the service obligation of the program participant. The nullification shall terminate the authority's obligations under the loan redemption contract. If continued enforcement of the contract may result in extreme hardship, the authority may nullify or suspend the service obligation of the program participant.

g. The authority shall advertise the availability of the program and engage in outreach activities with potential participants.

#### C.18A:71C-85 Program report submission to Governor, Legislature.

3. The authority shall annually submit a report on the program to the Governor, and to the Legislature pursuant to section 2 of P.L.1991, c.164 (C.52:14-19.1). The report shall be submitted no later than July 1 of each year and shall include, but not be limited to, information on: the total number of program participants; the number of program participants entering the program in that year; a profile of the program participants, including demographic information, the school district in which the participant is employed and the school in which the participant teaches, and the institution of higher education from which the participant received a degree; the average annual loan redemption amount and the four-year average loan redemption amount of program participants; the number of applicants who were denied acceptance into the program, including the number who were denied due to a lack of program funding; the amount of the annual program appropriation that is applied to loan redemption payments for participants; the amount of the annual program appropriation that is used to compensate bondholders due to bond modification including, but not limited to, interest loss over the life of the loans; and the amount of the annual appropriation used to administer the program.

C.18A:71C-86 General Fund appropriations.

4. There is annually appropriated from the General Fund to the Higher Education Student Assistance Authority a sum of \$1,000,000 for costs associated with loan redemption pursuant to section 2 of this act.

5. The authority, in consultation with the Department of Education, shall adopt pursuant to the provisions of the “Administrative Procedure Act,” P.L.1968, c.410 (C.52:14B-1 et seq.), rules and regulations necessary to effectuate the purposes of this act.

6. This act shall take effect immediately.

Approved January 18, 2022.