[First Reprint]

SENATE, No. 3887



STATE OF NEW JERSEY

220th LEGISLATURE



INTRODUCED MAY 22, 2023

Sponsored by:

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District 29 (Essex)

Senator NILSA I. CRUZ-PEREZ

District 5 (Camden and Gloucester)

Co-Sponsored by:

Senators Turner, Gopal and Pou

SYNOPSIS

Revises NJCLASS Teacher Loan Redemption Program.

CURRENT VERSION OF TEXT

As amended by the Senate on June 26, 2023.



An Act concerning the New Jersey College Loans to Assist State Students (NJCLASS) Teacher Loan Redemption Program and amending and supplementing P.L.2021, c.384.

Be It Enacted by the Senate and General Assembly of the State of New Jersey:

1. Section 1 of P.L.2021, c.384 (C.18A:71C-83) is amended to read as follows:

1. As used in **[**this act**]** P.L.2021, c.384 (C.18A:71C-83 et seq.) and P.L. , c. (C. ) (pending before the Legislature as this bill):

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

"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 two years.

**1**“Loan redemption program” means the New Jersey Teacher Loan Redemption Program established pursuant to section 2 of P.L.2021, c.384 (C.18A:71C-84).**1**

"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**[**%**]** percent 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**[**%**]** percent 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 a tier 1 program participant, tier 2 program participant, or tier 3 program participant as defined pursuant to this section. A program participant shall be a certified teacher and resident of New Jersey.

**1**“Qualifying student loan amounts” means the cumulative outstanding balance of State, federal, or commercial student loans at the time an applicant is selected for the program, which an applicant has borrowed to pay for the cost of attendance for undergraduate or graduate education at an institution of higher education. Interest paid or due on qualifying student loan amounts shall be considered eligible for reimbursement under the program.**1**

"**[**Program**]** Tier 1 program participant" means an undergraduate or graduate student borrower **1[**under the New Jersey College Loans to Assist State Students (NJCLASS) Loan Program established pursuant to N.J.S.18A:71C-21**]** of qualifying student loan amounts**1** who **1[**, following the effective date of **[**this act**]** P.L.2021, c.384 (C.18A:71C-83 et seq.),**]1** is initially hired by a school district to work as a teacher in a high-need field in a low-performing school **1**within one year of applying to the program**1**, 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.**]**

“Tier 2 program participant” means an undergraduate or graduate student borrower **1[**under the New Jersey College Loans to Assist State Students (NJCLASS) Loan Program established pursuant to N.J.S.18A:71C-21**]** of qualifying student loan amounts**1** who **1[**, following the effective date of P.L. , c. (C. ) (pending before the Legislature as this bill),**]1** is initially hired by a school district to work as a teacher in a high-need field in a school other than a low-performing school **1**within one year of applying to the program**1** , and who has executed a contract with the authority for participation in the loan redemption program.

“Tier 3 program participant” means an undergraduate or graduate student borrower **1[**under the New Jersey College Loans to Assist State Students (NJCLASS) Loan Program established pursuant to N.J.S.18A:71C-21**]** of qualifying student loan amounts**1** who **1[**, following the effective date of P.L. , c. (C. ) (pending before the Legislature as this bill),**]1** is initially hired by a school district to work as a teacher **1[**and**]** within one year of applying to the program,**1** who does not meet the criteria to qualify as a tier 1 or tier 2 program participant, and who has executed a contract with the authority for participation in the loan redemption program.

(cf: P.L.2021, c.384, s.1)

2. Section 2 of P.L.2021, c.384 (C.18A:71C-84) is amended to read as follows:

2. a. There is established in the Higher Education Student Assistance Authority **1[**a loan redemption program for teachers**]1** **[**in high-need fields who are**]** **1[**employed in**]1** **[**low-performing**]** **1[**public schools**]** the New Jersey Teacher Loan Redemption Program**1**. The program shall provide for the redemption of a portion of **1[**the loans**]1** a program **1[**participant receives under the NJCLASS Loan Program pursuant to article 2 of chapter 71C of Title 18A of the New Jersey Statutes**]** participant’s qualifying student loan amounts in exchange**1** for service as a teacher **[**in a high-need field**]** in a **[**low-performing**]** public school in New Jersey. **1[**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.**]1**

b. A program participant may redeem **[**his**]** the participant’s **1[**NJCLASS**]** qualifying student**1** 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**[**%**]** percent, 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 **1**in the same tier at which the program participant entered the contract**1** 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 **1[**his**]** the participant’s**1** 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 **1[**his**]** the participant’s**1** contractual agreement with the authority.

d. (1) The redemption of loans under the loan redemption program for a tier 1 program participant shall amount to 25**[**%**]** percent of principal and interest of a tier 1 program participant's **1[**NJCLASS**]** qualifying student**1** loan amounts, up to $5,000, in return for each consecutive full year of service. The total **1[**amount of NJCLASS**]** qualifying student**1** loan amounts **1[**which**]** that**1** may be redeemed under the program by a tier 1 program participant, for four full school years of service, shall not exceed $20,000.

(2) The redemption of loans under the loan redemption program for a tier 2 program participant shall amount to 20 percent of principal and interest of a tier 2 program participant’s **1[**NJCLASS**]** qualifying student**1** loan amounts, up to $3,750, in return for each consecutive full year of service. The total **1[**amount of NJCLASS**]** qualifying student**1** loan amounts **1[**which**]** that**1** may be redeemed under the program by a tier 2 program participant, for four full school years of service, shall not exceed $15,000.

(3) The redemption of loans under the loan redemption program for a tier 3 program participant shall amount to 15 percent of principal and interest of a tier 3 program participant’s **1[**NJCLASS**]** qualifying student**1** loan amounts, up to $2,500, in return for each consecutive full year of service. The total **1[**amount of NJCLASS**]** qualifying student**1** loan amounts **1[**which**]** that**1** may be redeemed under the program by a tier 3 program participant, for four full school years of service, shall not exceed $10,000.

(4) 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 **1[**loan indebtedness**]** qualifying student loan amounts**1**, 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 **1[**his**]** the**1** contract by submitting written notification to the authority and assuming full responsibility for repayment of principal and interest on the full amount of **1[**his loans**]** the participant’s qualifying student loan amounts**1** or that portion of the **1[**loans**]** participant’s qualifying student loan amounts**1** which **1[**has**]** have**1** 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.

(cf: P.L.2021, c.384, s.2)

3. Section 3 of P.L.2021, c.384 (C.18A:71C-85) is amended to read as follows:

3. The authority shall annually submit a report on the **1**loan redemption**1** 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 in each tier; the number of program participants in each tier 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; **1**the loan redemption amount of each program participant, disaggregated by type of student loan;**1** the number of applicants who were denied acceptance into the **1**loan redemption**1** 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 **1**loan redemption**1** program.

(cf: P.L.2021, c.384, s.3)

4. (New section) a. To assist in the designation of high-need fields every two years as required by section 1 of P.L.2021, c.384 (C.18A:71C-83), the Department of Education, in consultation with the Higher Education Student Assistance Authority, shall annually issue a survey to each school district to identify areas of vacancy and teacher shortage at both the school and district level. The survey shall be designed by the Commissioner of Education and shall include any questions the commissioner deems necessary to locate areas of vacancy and teacher shortage throughout the State.

b. The commissioner shall annually submit to the Governor and to the Legislature pursuant to section 2 of P.L.1991, c.164 (C.52:14-19.1) an annual report of the survey findings no later than July 1 of each year. Findings shall include detailed results of the survey, and, if needed, specific recommendations to mitigate areas of vacancy and teacher shortages at both the school and district level.

**1**5. Section 4 of P.L.2021, c.384 (C.18A:71C-86) is amended to read as follows:

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**]** P.L.2021, c.384 (C.18A:71C-84). The Legislature may appropriate additional funds, as necessary, for costs associated with loan redemption pursuant to section 2 of P.L.2021, c.384 (C.18A:71C-84)**1**.

(cf: P.L.2021, c.384, s.4)

**1[**5.**]** 6.**1**This act shall take effect immediately and shall first apply to initial program applications submitted on or after the enactment of P.L. , c. (C. ) (pending before the Legislature as this bill).