Establishes Grow Your Own Teacher Loan Redemption Program in Higher Education Student Assistance Authority.

As reported by the Senate Education Committee with technical review.
AN ACT establishing the Grow Your Own Teacher Loan Redemption Program 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:

1. As used in this act:
   “Approved course of study” means an undergraduate program leading to a bachelor's degree offered by a four-year public or independent institution of higher education; or a graduate program leading to a master's degree offered by a public or independent institution of higher education.
   “Authority” means the Higher Education Student Assistance Authority.
   “Department” means the Department of Education.
   “Eligible student loan expenses” means the cumulative outstanding balance of student loans covering the cost of attendance while enrolled in an approved course of study. Interest paid or due on student loans that a program participant has taken out for use in paying the costs of attendance at an institution of higher education shall be considered eligible for reimbursement under the program.
   “Program” means the Grow Your Own Teacher Loan Redemption Program established pursuant to this act.
   “Program participant” means a person who has executed a contract with the authority for participation in the program.

2. There is established in the Higher Education Student Assistance Authority the Grow Your Own Teacher Loan Redemption Program, the purpose of which is to encourage students who graduated high school from a school district with a shortage of teachers to return to teach in that school district. The program shall provide for the redemption of a portion of the eligible student loan expenses of a program participant for each year of full-time employment as a certified teacher in the school district from which the program participant graduated high school or a district located in a jurisdiction in which the program participant has resided for more than five years, provided that the district is experiencing a shortage of teachers as determined by the Department of Education. The authority shall expend no more than $500,000 in any State fiscal year for the purposes of implementing the program.

3. To be eligible to participate in the program, an applicant shall:
   a. be a resident of the State and maintain domicile in the State during participation in the program;
   b. have graduated from a high school in, or resided for more than five years in the same jurisdiction as, a school district
designated by the department as having a shortage of teachers
during the year in which the applicant submits a program
application to the authority;
c. be hired as a certified teacher by the school district with a
shortage of teachers from which the applicant shall have graduated
high school or by a district with a shortage of teachers located in a
jurisdiction in which the program participant has resided for more
than five years; and
d. have an outstanding balance on a State or federal student loan
and not be in default on any loan.

4. An individual shall apply to the authority to participate in
the program. The executive director of the authority or his designee
shall select the program participants from among the applicants who
meet the eligibility criteria established pursuant to section 3 of this
act, subject to available funds.

5. a. A person who meets the eligibility requirements under
section 3 of this act and has been selected by the executive director
or his designee for participation in the program shall enter into a
written contract with the authority. The contract shall specify the
duration of the applicant’s required employment, which shall be no
less than five years, and the total amount of eligible student loan
expenses to be redeemed by the State in return for employment as a
teacher in the school district with a shortage of teachers from which
the applicant graduated high school or in a district with a shortage
of teachers that is located in a jurisdiction in which the applicant
has resided for more than five years.
b. 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 the school district from which the program
participant graduated high school or that is located in a jurisdiction
in which the program participant has resided for more than five
years, and in which the teacher is employed, loses its designation as
a school district with a shortage of teachers.
c. The redemption of loans under the program shall not exceed
$10,000 of principal and interest of eligible student loan expenses
for each full year of employment by the program participant. The
total loan redemption amount for a program participant, for five
years of employment, shall not exceed $50,000.
d. Prior to the annual redemption of loan indebtedness, the
program participant shall submit to the authority certification of
full-time employment in the school district.
e. The required period of service as a teacher shall commence
on or after the effective date of this act.

6. a. A program participant who has previously entered into a
contract with the authority pursuant to section 5 of this act may
nullify the agreement by notifying the authority in writing and reassuming full responsibility for the remaining outstanding balance of the loan debt.

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

c. In the case of a program participant’s conviction of a crime or an act of gross negligence in the performance of employment obligations, the executive director or his designee is authorized to terminate the program participant’s participation in the program.

7. A person who knowingly or willfully furnishes any false or misleading information for the purpose of receiving loan redemption benefits under the program is guilty of a crime of the fourth degree.

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

9. This act shall take effect immediately.