

**GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2005**

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**HOUSE BILL 927\***

Short Title: Additional Teacher Scholarship Loans. (Public)

Sponsors: Representatives Yongue; Bordsen, Faison, Glazier, Pierce, Rapp, Sauls, Wainwright, and Womble.

Referred to: Appropriations.

March 28, 2005

A BILL TO BE ENTITLED

AN ACT TO TRANSFER THE SCHOLARSHIP LOAN FUND FOR PROSPECTIVE TEACHERS FROM THE DEPARTMENT OF PUBLIC INSTRUCTION TO THE STATE EDUCATION ASSISTANCE AUTHORITY AND TO APPROPRIATE FUNDS FOR ADDITIONAL SCHOLARSHIP LOANS.

The General Assembly of North Carolina enacts:

**SECTION 1.** The Scholarship Loan Fund for Prospective Teachers is transferred from the Department of Public Instruction to the State Education Assistance Authority. This transfer shall have all of the elements of a Type I transfer, as defined in G.S. 143A-6.

**SECTION 2.** Article 32A of Chapter 115C of the General Statutes is recodified as G.S. 116-209.34 (G.S. 115C-468(a) through (c) become G.S. 116-209.34(a) through (c); G.S. 115C-469 becomes G.S. 116-209.34(d); G.S. 115C-470 becomes G.S. 116-209.34(e); G.S. 115C-471 becomes G.S. 116-209.34(f); and G.S. 115C-472.1 becomes G.S. 116-209.34(g).)

**SECTION 2.** G.S. 116-209.34 reads as rewritten:

**"§ 116-209.34. Scholarship Loan Fund for Prospective Teachers.**

(a) There is established a revolving fund known as the "Scholarship Loan Fund for Prospective Teachers". The purpose of the fund is to provide scholarship loans to qualified individuals who are pursuing college degrees to become teachers. The State Education Assistance Authority shall administer the Fund.

(b) ~~Criteria~~ The State Education Assistance Authority, in consultation with the State Board of Education, shall develop criteria for awarding scholarship loans from the fund shall include measures the Fund. These criteria shall include:

- (1) Measures of academic performance including grade point averages, scores on standardized tests, class rank, and recommendations of guidance counselors and principals.

1           (2)    The geographic areas or subjects of instruction in which the demand  
2                   for teachers is greatest;

3           (3)    To the extent practical, an equal number of scholarships shall be  
4                   awarded in each of the State's Congressional Districts.

5           (4)    Any additional criteria that the State Education Assistance Authority  
6                   considers necessary to administer the Fund effectively, including:

7                   a.     Consideration of the appropriate numbers of minority applicants  
8                           and applicants from diverse socioeconomic backgrounds to  
9                           receive scholarships pursuant to this section.

10                   b.    Consideration of the commitment an individual applying to  
11                           receive funds demonstrates to the profession of teaching.

12       (c)    ~~The Superintendent of Public Instruction~~ State Education Assistance  
13    Authority may earmark up to twenty percent (20%) of the funds available for  
14    scholarship loans each year for awards to applicants who have been employed for at  
15    least one year as teacher assistants and who are currently employed as teacher assistants.  
16    Preference for these scholarship loans ~~from funds earmarked for teacher assistants shall~~  
17    be ~~given first given:~~

18           (1)    First to applicants who worked as teacher assistants for at least five  
19                   years and whose positions as teacher assistants were abolished and  
20                   then abolished. Of these applicants, preference shall be given to  
21                   applicants who have been admitted to an approved teacher education  
22                   program in North Carolina; and

23           (2)    Then to applicants who already hold a baccalaureate degree or who  
24                   have already been formally admitted to an approved teacher education  
25                   program in North Carolina. ~~The criteria for awarding scholarship loans~~  
26                   ~~to applicants who worked as teacher assistants for at least five years~~  
27                   ~~and whose positions as teacher assistants were abolished shall include~~  
28                   ~~whether the teacher assistant has been admitted to an approved teacher~~  
29                   ~~education program in North Carolina.~~

30       (d)    ~~The Superintendent of Public Instruction~~ State Education Assistance  
31    Authority may further earmark a portion of these funds each year for two-year awards to  
32    applicants who have been employed for at least one year as teacher assistants to attend  
33    community colleges to get other skills of use in public schools or to get an early  
34    childhood associate degree. The provisions of this ~~Article~~ section shall apply to these  
35    scholarship loans except that a recipient of one of these scholarship loans may receive  
36    credit upon the amount due ~~by reason of~~ on the loan as provided in G.S. 115C-471(5)  
37    subdivision (e)(5) of this subsection or by working in a ~~nonteaching~~ nonteaching  
38    position in the North Carolina public schools or by working in a licensed child care  
39    center in North Carolina.

40       ~~(d) Such funds as may be appropriated by the General Assembly to said fund or~~  
41    ~~to the State Board of Education for the purpose of a student loan fund for teacher~~  
42    ~~education shall be paid into the Scholarship Loan Fund for Prospective Teachers and~~  
43    ~~administered by the State Board of Education and the State Superintendent of Public~~  
44    ~~Instruction as follows:~~

1 During the first year of the 1957-1959 biennium, to provide for prospective teachers  
2 not to exceed 300 regular scholarship loans in the amount of not more than three  
3 hundred fifty dollars (\$350.00) each, and for the second year of the biennium to provide  
4 for such persons not to exceed 600 regular scholarship loans in the amount of not more  
5 than three hundred fifty dollars (\$350.00) each, and for each summer of said biennium  
6 to provide for prospective teachers and for teachers taking undergraduate courses not to  
7 exceed 200 summer school scholarship loans in the amount of not more than  
8 seventy-five dollars (\$75.00) each; provided, however, the State Board of Education in  
9 its discretion may, within the funds available, vary the number and proportion of regular  
10 and summer scholarship loans to be established in any one year.

11 During years after the first biennium in which this fund shall be established, loans of  
12 the type and amounts provided for during the first biennium shall be made in such  
13 numbers and amounts and proportions as the State Board of Education in its discretion  
14 may prescribe within the funds available from appropriations or otherwise.

15 (e) Duration of fund; loans repaid and interest received added to fund and  
16 administered for same purposes.

17 The Scholarship Loan Fund for Prospective Teachers shall continue in effect until  
18 terminated by action of the General Assembly of North Carolina and such amounts of  
19 loans as shall be repaid from time to time under the provisions of this Article, together  
20 with such amounts of interest as may be received on account of loans made shall  
21 become a part of the principal amount of said loan fund and shall be administered for  
22 the same purposes and under the same provisions as are set forth herein to the end that  
23 such funds may be utilized in addition to such further amounts as may be appropriated  
24 from time to time by the General Assembly to said loan fund.

25 (f)(e) The State Education Assistance Authority, in consultation with the State  
26 Board of Education, shall develop criteria for the administration of the Scholarship  
27 Loan Fund for Prospective Teachers shall be administered by the State Superintendent  
28 of Public Instruction, under rules adopted by the State Board of Education and subject  
29 to the following directions and limitations: Teachers. These criteria shall include the  
30 following:

- 31 (1) Any resident of North Carolina who is interested in preparing to teach  
32 in the public schools of the State may apply in writing to the State  
33 Superintendent of Public Instruction for a regular scholarship loan in  
34 the amount of The loan amount shall be not more than two thousand  
35 five hundred dollars (\$2,500)four thousand dollars (\$4,000) per  
36 academic school year. year for a maximum of four years for applicants  
37 who are pursuing a college degree to become a teacher. An applicant  
38 who has been employed for at least one year as a teacher assistant and  
39 who is currently employed as a teacher assistant may apply for a  
40 scholarship loan from funds earmarked for teacher assistants in the  
41 amount of The loan amount shall be not more than one thousand two  
42 hundred dollars (\$1,200) per academic school year. year for applicants  
43 who are teacher assistants to attend community college.

- 1           (2)    An applicant shall be a resident of North Carolina. For purposes of this  
2           section, residency shall be determined by the same standard as  
3           residency for tuition purposes pursuant to G.S. 116-143.1.
- 4           ~~(2)(3)~~ All scholarship loans shall be evidenced by notes made payable to the  
5           State Board of Education Authority that bear interest at the rate of ten  
6           percent (10%) per annum from and after September 1 following  
7           fulfillment by a prospective teacher of the requirements for a  
8           certificate based upon the entry level degree; or in the case of persons  
9           already teaching in the public schools who obtain scholarship loans,  
10          the notes shall bear interest at the prescribed rate from and after  
11          September 1 of the school year beginning immediately after the use of  
12          the scholarship loans; or in the event any such scholarship is  
13          terminated under the provisions of subdivision (3) of this section, the  
14          notes shall bear interest from the date of termination. A minor  
15          recipient who signs a note shall also obtain the endorsement thereon by  
16          a parent, if there be a living parent, unless the endorsement is waived  
17          by the Superintendent of Public Instruction. The minor recipient shall  
18          be obligated upon the note as fully as if the recipient were of age and  
19          shall not be permitted to plead such minority as a defense in order to  
20          avoid the obligations undertaken upon the notes.year, beginning  
21          September 1 after graduation, or immediately after termination of the  
22          scholarship loan, whichever is earlier.
- 23          ~~(3)(4)~~ Each recipient of a scholarship loan under the provisions of this  
24          program shall be eligible for scholarship loans each year until the  
25          recipient has qualified for a certificate based upon the entry level  
26          degree, but the recipient shall not be so eligible for more than the  
27          minimum number of years normally required for qualifying for the  
28          certificate. The permanent withdrawal of any recipient from college or  
29          failure of the recipient to do college work in a manner acceptable to  
30          the State Superintendent of Public Instruction shall immediately forfeit  
31          the recipient's right to retain the scholarship and subject the  
32          scholarship to termination by the State Superintendent of Public  
33          Instruction in the Superintendent's discretion. A scholarship loan may  
34          be terminated by the recipient withdrawing from school or by the  
35          recipient not meeting the standards set by the Authority. All terminated  
36          scholarships shall be regarded as vacant and subject to being awarded  
37          to other eligible persons.
- 38          (4)    ~~Except under emergency conditions applicable to the State~~  
39          ~~Superintendent of Public Instruction, recipients of scholarship loans~~  
40          ~~shall enter the public school system of North Carolina at the beginning~~  
41          ~~of the next school term after qualifying for a certificate based upon the~~  
42          ~~entry level degree or, in case of persons already teaching in the public~~  
43          ~~schools, at the beginning of the next school term after the use of the~~  
44          ~~loan. All teaching service for which the recipient of any scholarship~~

1 loan is obligated shall be rendered by August 31 of the seventh school  
2 year following graduation.

- 3 (5) The Authority shall forgive a four-year loan if, within seven years after  
4 graduation, the recipient teaches for four years at a North Carolina  
5 public school or at a school operated by the United States government  
6 in North Carolina. The Commission shall also forgive a four-year loan  
7 if, within seven years after graduation, the recipient teaches for three  
8 consecutive years. For each full school year taught in a North Carolina  
9 public school, the recipient of a scholarship loan shall receive credit  
10 upon the amount due by reason of the loan equal to the loan amount  
11 for a school year as provided in the note plus credit for the total  
12 interest accrued on that amount. Also, the recipient of the loan shall  
13 receive credit upon the total amount due by reason of all four years of  
14 the loan if the recipient teaches for three consecutive years, or for three  
15 years interrupted only by an approved leave of absence, at a North  
16 Carolina public school that is in a low-performing school system or a  
17 school system on warning status at the time the recipient accepts  
18 employment with the local school administrative unit. In lieu of  
19 teaching in the public school, a recipient may elect to pay in cash the  
20 full amount of scholarship loans received plus interest then due  
21 thereon or any part thereof that has not been canceled by the State  
22 Board of Education by reason of teaching service rendered. For loans  
23 of less than four years, the Authority shall forgive one year for each  
24 year the recipient teaches, within four years of graduation, at a North  
25 Carolina public school or a school operated by the United States  
26 government in North Carolina.

- 27 (6) ~~If any recipient of a scholarship loan dies during the period of~~  
28 ~~attendance at a college or university under a scholarship loan or before~~  
29 ~~the scholarship loan is satisfied by payment or teaching service, any~~  
30 ~~balance shall be automatically canceled.~~

31 ~~If any recipient of a scholarship loan fails to fulfill the recipient's~~  
32 ~~obligations under subdivision (4) of this section, other than as~~  
33 ~~provided above, the amount of the loan and accrued interest, if any,~~  
34 ~~shall be due and payable from the time of failure to fulfill the~~  
35 ~~recipient's obligations. The Authority may forgive or reduce any loan~~  
36 ~~payment if the Authority considers that extenuating circumstances~~  
37 ~~exist that would make teaching or repayment impossible.~~

- 38 (7) ~~The State Superintendent of Public Instruction shall award scholarship~~  
39 ~~loans with due consideration to factors and circumstances such as~~  
40 ~~aptitude, purposefulness, scholarship, character, financial need, and~~  
41 ~~geographic areas or subjects of instruction in which the demands for~~  
42 ~~teachers are greatest. Since the primary purpose of this Article is to~~  
43 ~~attract worthy young people to the teaching profession, preference for~~  
44 ~~scholarship loans, except for the scholarship loans from funds~~

1                   ~~earmarked for teacher assistants, shall be given to high school seniors~~  
2                   ~~in the awarding of scholarships. In awarding scholarship loans from~~  
3                   ~~funds earmarked for teacher assistants, preference shall be given to~~  
4                   ~~applicants who have already earned a baccalaureate degree or who~~  
5                   ~~have been formally admitted to an approved teacher education~~  
6                   ~~program in North Carolina. The Authority shall ensure that all~~  
7                   ~~repayments, including the accrued interest, are placed in the Fund.~~

8           (g) ~~The State Education Assistance Authority is responsible for the collection of~~  
9           ~~a loan awarded under this Article if the loan repayment is outstanding for more than 30~~  
10           ~~days.~~

11           (f) The State Education Assistance Authority, in consultation with the State  
12           Board of Education, shall adopt rules to implement this section."

13           **SECTION 3.** There is appropriated from the General Fund to the  
14           Scholarship Loan Fund for Prospective Teachers the sum of four million two hundred  
15           ninety-eight thousand dollars (\$4,298,000) for the 2005-2006 fiscal year and the sum of  
16           six million four hundred eighty-two thousand five hundred dollars (\$6,482,500) for the  
17           2006-2007 fiscal year to increase the scholarship amount for holders of existing  
18           scholarships and to provide an additional 800 scholarship loans a year from the Fund.

19           **SECTION 4.** This act becomes effective July 1, 2005.