

# SENATE, No. 520

## STATE OF NEW JERSEY 216th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2014 SESSION

**Sponsored by:**

**Senator NIA H. GILL**

**District 34 (Essex and Passaic)**

**Senator M. TERESA RUIZ**

**District 29 (Essex)**

**SYNOPSIS**

Establishes loan redemption program for teachers to redeem loan amounts received under the New Jersey College Loans to Assist State Students Loan Program through employment in public or nonpublic schools in New Jersey.

**CURRENT VERSION OF TEXT**

Introduced Pending Technical Review by Legislative Counsel



1 AN ACT establishing the New Jersey College Loans to Assist State  
2 Students (NJCLASS) Teacher Loan Redemption Program and  
3 supplementing chapter 71C of Title 18A of the New Jersey  
4 Statutes.

5

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

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9 1. a. As used in this section:

10 "Nonpublic school" means an elementary or secondary nonprofit  
11 school within the State, other than a public school, offering  
12 education for grades kindergarten through 12, or any combination  
13 of them, wherein any child may legally fulfill compulsory school  
14 attendance requirements and which complies with the requirements  
15 of Title VI of the Civil Rights Act of 1964 (P.L. 88-352);

16 "Program participant" means an undergraduate student borrower  
17 under the New Jersey College Loans to Assist State Students  
18 (NJCLASS) Loan Program established pursuant to N.J.S.18A:71C-  
19 21 who is initially hired as a teacher in a public or nonpublic school  
20 following the effective date of this act and who has executed a  
21 contract with the authority for participation in the NJCLASS  
22 Teacher Loan Redemption Program. A program participant shall be  
23 a resident of New Jersey;

24 "Public school" means a school located in New Jersey, under  
25 collegiate grade, which is operated by a school district or a charter  
26 school established pursuant to P.L.1995, c.426 (C.18A:36A-1 et  
27 seq.);

28 "School district" means a local or regional school district  
29 established pursuant to chapter 8 or chapter 13 of Title 18A of the  
30 New Jersey Statutes, a county special services school district  
31 established pursuant to article 8 of chapter 46 of Title 18A of the  
32 New Jersey Statutes, a county vocational school district established  
33 pursuant to article 3 of chapter 54 of Title 18A of the New Jersey  
34 Statutes, and a district under full State intervention pursuant to  
35 P.L.1987, c.399 (C.18A:7A-34 et al.);

36 "Teacher" means a person who provides direct classroom  
37 teaching; classroom-type teaching in a non-classroom setting; or  
38 educational services to students directly related to classroom  
39 teaching. A supervisor, administrator, or curriculum specialist is  
40 not a teacher unless he primarily provides direct and personal  
41 educational services to students. An individual who provides one or  
42 more of the following services does not qualify as a teacher unless  
43 that individual is licensed or certified for that area in which he is  
44 providing related special educational services, and the services  
45 provided by the individual are part of the educational curriculum for  
46 disabled students: speech and language pathology and audiology;  
47 physical therapy; occupational therapy; psychological and  
48 counseling services; or recreational therapy.

1       b. There is established in the Higher Education Student  
2 Assistance Authority the New Jersey College Loans to Assist State  
3 Students (NJCLASS) Teacher Loan Redemption Program. The loan  
4 redemption program shall provide for the redemption of a portion of  
5 the loans a program participant receives under the NJCLASS loan  
6 program pursuant to article 2 of chapter 71C of Title 18A of the  
7 New Jersey Statutes for each year of service as a teacher in a public  
8 or nonpublic school in New Jersey.

9       c. A program participant may redeem his NJCLASS loan  
10 amounts upon execution of a contract between the program  
11 participant and the authority. The contract shall be for a specified  
12 number of one-year periods of service. The contract shall specify  
13 the total amount of debt to be redeemed by the State in return for  
14 service pursuant to subsection d. of this section.

15       d. The redemption of loans under the loan redemption program  
16 shall amount to 10% of principal and interest of a program  
17 participant's NJCLASS loan amounts in return for one full year of  
18 service. Service for less than the full school year of each period of  
19 service shall not entitle the program participant to any benefits  
20 under the loan redemption program. Prior to the annual redemption  
21 of loan indebtedness, a program participant shall submit to the  
22 authority proof of employment in a public or nonpublic school.

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

29       f. In case of a program participant's death or total and  
30 permanent disability, the authority shall nullify the service  
31 obligation of the program participant. The nullification shall  
32 terminate the authority's obligations under the loan redemption  
33 contract, except in the event that a program participant's death or  
34 total and permanent disability occurs after the second year of  
35 service, the authority shall redeem the current year of service. If  
36 continued enforcement of the contract may result in extreme  
37 hardship, the authority may nullify or suspend the service obligation  
38 of the program participant.

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

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46       3. This act shall take effect immediately.

1 STATEMENT

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3 This bill establishes the New Jersey College Loans to Assist  
4 State Students (NJCLASS) Teacher Loan Redemption Program in  
5 the Higher Education Student Assistance Authority. The program  
6 would allow a person to redeem a portion of his NJCLASS loan  
7 amounts for each year of service as a teacher in a public or  
8 nonpublic school in New Jersey.

9 Under the bill, in order to participate in the loan redemption  
10 program, a person must have been an undergraduate student  
11 borrower in the NJCLASS Loan Program. A participant must also  
12 be a resident of the State who obtained initial employment in a  
13 public or nonpublic school after the effective date of this bill. In  
14 order to participate in the loan redemption program a person must  
15 execute a contract with the authority. The contract would be for a  
16 specified number of one-year periods of service and would specify  
17 the total amount of debt to be redeemed by the State in return for  
18 the service. The redemption of loans under the loan redemption  
19 program would amount to 10% of principal and interest of the  
20 NJCLASS loan amounts for a full year of service.