

ASSEMBLY, No. 1612

STATE OF NEW JERSEY

219th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2020 SESSION

Sponsored by:

Assemblywoman PAMELA R. LAMPITT

District 6 (Burlington and Camden)

SYNOPSIS

Establishes loan redemption program for certain teachers under which they are permitted to redeem loan amounts received under New Jersey College Loans to Assist State Students Loan Program through employment in public schools.

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:*

8
9 1. a. As used in this section:

10 "Program participant" means an undergraduate student borrower
11 under the New Jersey College Loans to Assist State Students
12 (NJCLASS) Loan Program established pursuant to N.J.S.18A:71C-
13 21 who is initially hired as a teacher of science or mathematics in a
14 public school following the effective date of this act and who has
15 executed a contract with the authority for participation in the
16 NJCLASS Teacher Loan Redemption Program. A program
17 participant shall be a certified teacher and a resident of New Jersey.

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

22 "School district" means a local or regional school district
23 established pursuant to chapter 8 or chapter 13 of Title 18A of the
24 New Jersey Statutes, a county special services school district
25 established pursuant to article 8 of chapter 46 of Title 18A of the
26 New Jersey Statutes, a county vocational school district established
27 pursuant to article 3 of chapter 54 of Title 18A of the New Jersey
28 Statutes, and a school district under full State intervention pursuant
29 to P.L.1987, c.399 (C.18A:7A-34 et seq.).

30 b. There is established in the Higher Education Student
31 Assistance Authority the New Jersey College Loans to Assist State
32 Students (NJCLASS) Teacher Loan Redemption Program. The loan
33 redemption program shall provide for the redemption of a portion of
34 the loans a program participant receives under the NJCLASS Loan
35 Program pursuant to article 2 of chapter 71C of Title 18A of the
36 New Jersey Statutes for service as a teacher of science or
37 mathematics in a public school in New Jersey.

38 c. A program participant may redeem his NJCLASS loan
39 amounts upon execution of a contract between the program
40 participant and the authority. The contract shall be for a specified
41 number of periods of service. The contract shall specify the total
42 amount of debt, up to 100%, to be redeemed by the State in return
43 for service pursuant to subsection d. of this section.

44 d. For service as a teacher of science or mathematics in a
45 public school in a district that received preschool expansion aid or
46 education opportunity aid in the 2007-2008 school year, the
47 redemption of loans under the loan redemption program shall
48 amount to 45% of principal and interest of a program participant's

1 NJCLASS loan amounts upon the completion of the first three years
2 of service and 15% of principal and interest for each additional year
3 of service thereafter. For service as a teacher of science and
4 mathematics in all other public schools, the redemption of loans
5 under the loan redemption program shall amount to 30% of
6 principal and interest of a program participant's NJCLASS loan
7 amounts upon the completion of the first three full years of service
8 and 10% of principal and interest for each additional year of service
9 thereafter. Service for less than the full number of school years or
10 full school year, as applicable, of each period of service shall not
11 entitle the program participant to any benefits under the loan
12 redemption program. Prior to the redemption of loan indebtedness,
13 a program participant shall submit to the authority proof of
14 employment.

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

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

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

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35 3. This act shall take effect immediately.

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38 STATEMENT

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40 This bill establishes the New Jersey College Loans to Assist
41 State Students (NJCLASS) Teacher Loan Redemption Program in
42 the Higher Education Student Assistance Authority. The program
43 would allow a person to redeem a portion of his NJCLASS loan
44 amounts for service as a teacher of science or mathematics in a
45 public school in New Jersey.

46 Under the bill, in order to participate in the loan redemption
47 program, a person must have been an undergraduate student
48 borrower in the NJCLASS Loan Program. A participant must also

1 be a resident of the State and a certified teacher who obtained initial
2 employment in a public school as a science or mathematics teacher
3 after the effective date of this bill. In order to participate in the loan
4 redemption program a person must execute a contract with the
5 authority. The contract would be for a specified number of periods
6 of service and would specify the total amount of debt, up to 100%,
7 to be redeemed by the State in return for the service.

8 For teachers in districts that received preschool expansion aid or
9 education opportunity aid in the 2007-2008 school year (former
10 Abbott districts), the redemption of loans under the loan redemption
11 program would amount to 45% of principal and interest of a
12 program participant's NJCLASS loan amounts upon the completion
13 of the first three full years of service as a teacher of science or
14 mathematics and 15% of principal and interest for each additional
15 year of service thereafter. For teachers of science and mathematics
16 in other school districts in the State, the redemption would amount
17 to 30% of principal and interest of the NJCLASS loan amounts
18 upon completion of the first three full years of service and 10% of
19 principal and interest for each additional year of service thereafter.