

[First Reprint]

SENATE, No. 969

STATE OF NEW JERSEY
219th LEGISLATURE

INTRODUCED JANUARY 27, 2020

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**Senators Brown, Pou, Assemblywomen Reynolds-Jackson, Jimenez,
Assemblyman Tully, Assemblywomen Swain, Vainieri Huttle and Jasey**

SYNOPSIS

Establishes loan redemption program for certain teachers to redeem loan amounts received under New Jersey College Loans to Assist State Students Loan Program through employment in certain schools; makes annual appropriation of \$1 million.

CURRENT VERSION OF TEXT

As amended on December 2, 2021 by the Senate pursuant to the Governor's recommendations.

(Sponsorship Updated As Of: 6/24/2021)

1 AN ACT establishing a loan redemption program for certain teachers
2 and supplementing chapter 71C of Title 18A of the New Jersey
3 Statutes.

4
5 **BE IT ENACTED** by the Senate and General Assembly of the State
6 of New Jersey:

7
8 1. As used in this act:

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

11 “Low performing school” means any public school that meets the
12 criteria of paragraph (1) or paragraph (2):

13 (1) among all students in that school to whom a State
14 assessment was administered, the sum of the percent of students
15 scoring in the not yet meeting expectations and partially meeting
16 expectations categories in both the language arts and mathematics
17 subject areas of the State assessments exceeded 40% in each of the
18 prior two school years; or

19 (2) among all students in that school to whom a State
20 assessment was administered, the sum of the percent of students
21 scoring in the not yet meeting expectations and partially meeting
22 expectations categories in either the language arts or mathematics
23 subject areas of the State assessment exceeded 65% in each of the
24 prior two school years.

25 (3) A school shall continue to be designated a low performing
26 school until such time that the sum of the percent of students
27 scoring in the not yet meeting expectations and partially meeting
28 expectations categories in both the language arts and mathematics
29 subject areas of the State assessments is less than or equal to the
30 sum of the Statewide percent of students scoring in the not yet
31 meeting expectations and partially meeting expectations categories
32 on the corresponding Statewide assessments.

33 “High-need field” means a subject area or field of expertise in
34 which there is a shortage of qualified teachers in the State as
35 determined by the Department of Education. The department shall
36 reassess its designation of high-need fields at least every five years.

37 “Program participant” means an undergraduate student borrower
38 under the New Jersey College Loans to Assist State Students
39 (NJCLASS) Loan Program established pursuant to N.J.S.18A:71C-
40 21 who, following the effective date of this act, is initially hired by
41 a school district to work as a teacher in a high-need field in a low
42 performing school, and who has executed a contract with the
43 authority for participation in the loan redemption program. A
44 program participant shall be a certified teacher and a resident of
45 New Jersey.

EXPLANATION – Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹Senate amendments adopted in accordance with Governor's recommendations December 2, 2021.

1 2. a. There is established in the Higher Education Student
2 Assistance Authority a loan redemption program for teachers in
3 high-need fields who are employed in low performing schools. The
4 program shall provide for the redemption of a portion of the loans a
5 program participant receives under the NJCLASS Loan Program
6 pursuant to article 2 of chapter 71C of Title 18A of the New Jersey
7 Statutes for service as a teacher in a high-need field in a low
8 performing school in New Jersey. The annual amount of State
9 funds appropriated to the loan redemption program shall not exceed
10 \$1,000,000. The authority shall notify the Legislature when the
11 funds have been fully expended or committed.

12 b. A program participant may redeem his NJCLASS loan
13 amounts upon execution of a contract between the program
14 participant and the authority. The contract shall be for ¹【a specified
15 number of】 up to four¹ one-year periods of service. The contract
16 shall specify the total amount of debt, up to 100%, to be redeemed
17 by the State in return for service pursuant to subsection d. of this
18 section.

19 c. A program participant who has entered into a contract with
20 the authority shall remain eligible for loan redemption under the
21 contract in the event that:

22 (1) the public school in which the teacher is employed loses its
23 designation as a low performing school or the teacher is transferred
24 to a school in the district that is not a low performing school; or

25 (2) the high-need field in which the program participant is
26 teaching pursuant to his service obligation subsequently loses its
27 designation as a high-need field, and the program participant
28 continues to teach in the same field in accordance with his
29 contractual agreement with the authority.

30 d. The redemption of loans under the loan redemption program
31 shall amount to ¹【15%】 25%¹ of principal and interest of a program
32 participant's NJCLASS loan amounts ¹, up to \$5,000.¹ in return for
33 each ¹【of the first and second full years of service; 20% of principal
34 and interest in return for each of the third and fourth full years of
35 service; and 30% of principal and interest in return for the fifth】
36 consecutive¹ full year of service. ¹The total amount of NJCLASS
37 loan amounts which may be redeemed under the program by a
38 program participant, for four full school years of service, shall not
39 exceed \$20,000.¹ Service for less than the full school year of each
40 period of service shall not entitle the program participant to any
41 benefits under the loan redemption program. Prior to the
42 redemption of loan indebtedness, a program participant shall submit
43 to the authority proof of employment.

44 e. A program participant who has entered into a redemption
45 contract with the authority may nullify his contract by submitting
46 written notification to the authority and assuming full responsibility
47 for repayment of principal and interest on the full amount of his

1 loans or that portion of the loans which has not been redeemed by
2 the State, in return for partial fulfillment of the contract.

3 f. In case of a program participant's death or total and
4 permanent disability, the authority shall nullify the service
5 obligation of the program participant. The nullification shall
6 terminate the authority's obligations under the loan redemption
7 contract. If continued enforcement of the contract may result in
8 extreme hardship, the authority may nullify or suspend the service
9 obligation of the program participant

10 g. The authority shall advertise the availability of the program
11 and engage in outreach activities with potential participants.

12

13 3. The authority shall annually submit a report on the program
14 to the Governor, and to the Legislature pursuant to section 2 of
15 P.L.1991, c.164 (C.52:14-19.1). The report shall be submitted no
16 later than July 1 of each year and shall include, but not be limited
17 to, information on: the total number of program participants; the
18 number of program participants entering the program in that year; a
19 profile of the program participants, including demographic
20 information, the school district in which the participant is employed
21 and the school in which the participant teaches, and the institution
22 of higher education from which the participant received a degree;
23 the average annual loan redemption amount and the ¹**【five-year】**
24 **four-year**¹ average loan redemption amount of program
25 participants; the number of applicants who were denied acceptance
26 into the program, including the number who were denied due to a
27 lack of program funding; the amount of the annual program
28 appropriation that is applied to loan redemption payments for
29 participants; the amount of the annual program appropriation that is
30 used to compensate bondholders due to bond modification
31 including, but not limited to, interest loss over the life of the loans;
32 and the amount of the annual appropriation used to administer the
33 program.

34

35 ¹4. There is annually appropriated from the General Fund to the
36 Higher Education Student Assistance Authority a sum of
37 \$1,000,000 for costs associated with loan redemption pursuant to
38 section 2 of this act.¹

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40 ¹**【4.】** 5.¹ The authority, in consultation with the Department of
41 Education, shall adopt pursuant to the provisions of the
42 "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-
43 1 et seq.), rules and regulations necessary to effectuate the purposes
44 of this act.

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46 ¹**【5.】** 6.¹ This act shall take effect immediately.