

# Senate Bill 434

Sponsored by Senators DECKERT, GORDLY

## SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Establishes Multicultural Student to Teacher Loan Program to provide education loans to students who agree to teach in Oregon school districts. Establishes Multicultural Student to Teacher Loan Fund. Continuously appropriates moneys in fund to Oregon Student Assistance Commission.

Appropriates moneys from General Fund to commission for Multicultural Student to Teacher Loan Fund.

## A BILL FOR AN ACT

1  
2 Relating to student loans; and appropriating money.

3 **Be It Enacted by the People of the State of Oregon:**

4 **SECTION 1. As used in sections 1 to 8 of this 2007 Act:**

5 (1) **"Borrower"** means a student who receives a loan under section 2 of this 2007 Act.

6 (2) **"Eligible post-secondary institution"** means:

7 (a) **A state institution under the direction of the State Board of Higher Education listed**  
8 **in ORS 352.002;**

9 (b) **An Oregon-based, generally accredited, not-for-profit institution of higher education;**  
10 **or**

11 (c) **A community college as defined in ORS 341.005.**

12 **SECTION 2. (1) The Oregon Student Assistance Commission shall establish the Multi-**  
13 **cultural Student to Teacher Loan Program, a forgivable loan program for students studying**  
14 **to become teachers. To be eligible for the program, a borrower must:**

15 (a) **Be registered as a sophomore, junior or a senior undergraduate student or hold a**  
16 **bachelor's degree and be registered in a graduate or post-baccalaureate program in an eligi-**  
17 **ble post-secondary institution;**

18 (b) **Be enrolled at least half-time in a teacher licensure program approved by the Teacher**  
19 **Standards and Practices Commission and not be licensed as a teacher at the time of re-**  
20 **questing the loan;**

21 (c) **Have at least a 2.5 cumulative grade point average based on a 4.0 scale at the time**  
22 **of receipt of the loan; and**

23 (d) **Agree to teach in an Oregon school district for the length of time necessary to com-**  
24 **plete forgiveness of the loan as described in section 5 of this 2007 Act.**

25 (2) **In awarding loans to students registered at eligible post-secondary institutions under**  
26 **subsection (1) of this section, the commission shall give consideration to the following fac-**  
27 **tors:**

28 (a) **Whether the income of the parents of a student is at or below 60 percent of the state**  
29 **median income adjusted for family size as determined by the commission by rule for the year**  
30 **preceding application for the loan;**

**NOTE:** Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted. New sections are in **boldfaced** type.

1 (b) Whether the parents of a student have not graduated from an institution of higher  
2 education;

3 (c) Whether a student is the first generation of the student's family to attend an insti-  
4 tution of higher education;

5 (d) Whether a student speaks English as a second language;

6 (e) Whether a student has employment or child-rearing responsibilities;

7 (f) Whether the schools a student attended from kindergarten through grade 12 were in  
8 low income areas or were low performing schools as defined by the commission by rule; and

9 (g) How a student may enhance the cultural diversity of Oregon public schools as a  
10 teacher.

11 **SECTION 3.** (1) The Oregon Student Assistance Commission may award a borrower \$2,500  
12 a year as a forgivable loan under section 2 of this 2007 Act.

13 (2) A borrower may renew the loan twice after the initial award. In no case may the total  
14 award under the program exceed \$7,500.

15 (3) Interest may not accrue while the borrower is:

16 (a) Enrolled full-time in a course of study at an eligible post-secondary institution;

17 (b) Employed as a requirement for forgiveness of a loan awarded under section 2 of this  
18 2007 Act; or

19 (c) Within a commission-authorized period of deferment from repayment.

20 (4) For loans that are not forgiven and that must be repaid, each loan shall accrue in-  
21 terest at the rate of five percent annually on the unpaid principal balance with accrual be-  
22 ginning on the initial date of repayment. The commission shall determine the initial date of  
23 repayment. In no case may the initial date of repayment be earlier than the first day the  
24 borrower ceased being eligible for loan forgiveness under section 5 of this 2007 Act.

25 **SECTION 4.** (1) A student seeking a loan under section 2 of this 2007 Act shall contact  
26 the eligible post-secondary institution the student attends.

27 (2) The eligible post-secondary institution shall nominate eligible students to the Oregon  
28 Student Assistance Commission to receive loans.

29 (3) The commission shall decide whether the student qualifies for a loan based on the  
30 criteria set out in section 2 of this 2007 Act.

31 (4) If the student qualifies for a loan under section 2 of this 2007 Act, the commission  
32 shall send the borrower an agreement form. The agreement form shall set forth the terms  
33 of the loan, the terms of forgiveness, the terms of repayment and the borrower's rights and  
34 responsibilities. The borrower shall sign the form, provide the commission with any addi-  
35 tional requested information and return the form and requested information to the com-  
36 mission.

37 (5) Upon receiving the signed borrower form and any additional requested information,  
38 the commission shall send the awarded loan funds to the eligible post-secondary institution  
39 the borrower attends, to be disbursed in equal amounts for each term in an academic year.

40 (6) After leaving school, the borrower shall maintain contact with the commission until  
41 the loan is either forgiven or repaid. The borrower shall forward all changes in name, ad-  
42 dress and telephone number to the commission.

43 **SECTION 5.** (1) The Oregon Student Assistance Commission shall forgive a loan awarded  
44 under section 2 of this 2007 Act in the following manner:

45 (a) One-fourth of the principal amount loaned and one-fourth of accrued interest for each

1 academic year of full-time employment as a teacher in an eligible school district; or

2 (b) One-third of the principal amount loaned and one-third of accrued interest for each  
 3 academic year of full-time employment as a guidance counselor or as a mathematics, science  
 4 or second language teacher in an eligible school district.

5 (2) The commission shall prorate the amounts of principal and interest forgiven if a  
 6 borrower is employed in an Oregon school district on a part-time basis.

7 (3) The borrower shall complete the employment requirement for forgiveness of the loan  
 8 in not more than six years. The commission may allow a borrower additional time, not to  
 9 exceed three years, to complete the employment requirement for loan forgiveness. The total  
 10 loan repayment period, including any deferment period, may not exceed nine years. The  
 11 commission may grant a borrower additional time to complete the employment period as  
 12 follows:

13 (a) For the period of enrollment, if a borrower returns to school on a full-time basis in  
 14 any course of study at an eligible post-secondary institution;

15 (b) Three additional years if the borrower enters active service with the Armed Forces  
 16 of the United States;

17 (c) Three additional years if the borrower enters the Peace Corps, AmeriCorps Volun-  
 18 teers in Service to America or a similar private agency with federal tax-exempt status; and

19 (d) The commission may grant additional deferment periods at the commission's dis-  
 20 cretion.

21 (4) The borrower shall repay loan principal that is not forgiven with interest accruing  
 22 from the date the borrower ceases to be eligible for loan forgiveness.

23 (5) A borrower must hold a bachelor's degree and be licensed to teach by the Teacher  
 24 Standards and Practices Commission to be eligible for loan forgiveness.

25 (6) Interest may not accrue during the forgiveness period.

26 **SECTION 6.** (1) A borrower shall repay a loan awarded under section 2 of this 2007 Act  
 27 if the borrower:

28 (a) Does not attend an eligible post-secondary institution;

29 (b) Withdraws from an approved teacher licensure program;

30 (c) Is not employed as a teacher or guidance counselor in an Oregon school district for  
 31 the length of time necessary to complete forgiveness of the loan as described in section 5  
 32 of this 2007 Act; or

33 (d) Has had the borrower's teaching license revoked by the Teacher Standards and  
 34 Practices Commission.

35 (2) A borrower shall repay a loan that is not forgiven as follows:

36 (a) The Oregon Student Assistance Commission shall determine the monthly repayment  
 37 schedule, but in no case may the monthly payment be less than \$50, including principal and  
 38 accrued interest. The commission shall apply payments first to accrued monthly interest and  
 39 then to principal.

40 (b) The repayment period may not be longer than 10 years after the first day the loan  
 41 enters repayment. If the commission grants a deferment period to a borrower, the commis-  
 42 sion may not include the deferment period as a part of the maximum repayment period.

43 (c) A borrower may prepay any part of the loan without penalty.

44 (d) The commission shall cancel a loan and not require a borrower to make further pay-  
 45 ments toward principal and interest if the borrower becomes totally and permanently disa-

1 **bled.**

2 **(3) The Oregon Student Assistance Commission shall deposit all repayments of the prin-**  
 3 **cipal and interest on the loans into the Multicultural Student to Teacher Loan Fund estab-**  
 4 **lished under section 8 of this 2007 Act.**

5 **SECTION 7. (1) The Oregon Student Assistance Commission shall grant deferment peri-**  
 6 **ods for a loan awarded under section 2 of this 2007 Act in the following manner:**

7 **(a) For the period of enrollment, if a borrower returns to school on a full-time basis in**  
 8 **any course of study at an eligible post-secondary institution;**

9 **(b) Three years, if the borrower enters active service with the Armed Forces of the**  
 10 **United States;**

11 **(c) Three years, if the borrower enters the Peace Corps, AmeriCorps Volunteers in Ser-**  
 12 **vice to America or a similar private agency with federal tax-exempt status;**

13 **(d) For a period of not more than six months if a borrower becomes unemployed and**  
 14 **provides proof, satisfactory to the commission, that the borrower is actively seeking em-**  
 15 **ployment; and**

16 **(e) The commission may grant additional deferment periods at the commission's dis-**  
 17 **cretion.**

18 **(2) The commission may grant forbearance from repayment of a loan for the benefit of**  
 19 **the borrower for not more than six months for situations that affect a borrower's ability to**  
 20 **make scheduled payments on the loan that include, but are not limited to:**

21 **(a) Unemployment;**

22 **(b) Health or other personal problems; or**

23 **(c) Educational study that is ineligible for deferment.**

24 **SECTION 8. There is established within the State Treasury, separate and distinct from**  
 25 **the General Fund, the Multicultural Student to Teacher Loan Fund. Interest earned by the**  
 26 **Multicultural Student to Teacher Loan Fund shall be credited to the fund. Moneys in the**  
 27 **fund are continuously appropriated to the Oregon Student Assistance Commission for the**  
 28 **purpose of making education loans to students studying to become teachers or school guid-**  
 29 **ance counselors.**

30 **SECTION 9. Sections 1 to 8 of this 2007 Act first apply to borrowers who attend an eli-**  
 31 **gible post-secondary institution during the 2008-2009 academic year.**

32 **SECTION 10. There is appropriated to the Oregon Student Assistance Commission, for**  
 33 **the biennium beginning July 1, 2007, out of the General Fund, the amount of \$200,000 for the**  
 34 **Multicultural Student to Teacher Loan Fund established in section 8 of this 2007 Act.**

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