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State of Minnesota  
HOUSE OF REPRESENTATIVES

EIGHTY-FIFTH  
SESSION

HOUSE FILE No. 1698

March 5, 2007

Authored by Norton, Slocum, McFarlane, Brynaert, Greiling and others  
The bill was read for the first time and referred to the Committee on E-12 Education

March 15, 2007

Committee Recommendation and Adoption of Report:  
To Pass and re-referred to the Committee on Finance

1.1 A bill for an act  
1.2 relating to education; establishing a scholar loan program to encourage teacher  
1.3 diversity in schools; establishing a revolving account in the state treasury;  
1.4 appropriating money; proposing coding for new law in Minnesota Statutes,  
1.5 chapter 122A.

1.6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.7 Section 1. 122A.633 SCHOLAR LOANS TO PREPARE TEACHERS OF  
1.8 COLOR.

1.9 Subdivision 1. Establishment; definitions. (a) A scholar loan program is  
1.10 established to encourage academically talented postsecondary students of color to become  
1.11 teachers of early childhood, elementary, or secondary education.

1.12 (b) For the purposes of this section the following terms have the meanings given  
1.13 them:

1.14 (1) "student of color" means a student who is African American, American Indian,  
1.15 Alaskan native, Asian American or Pacific Islander, or Hispanic; and

1.16 (2) "director" means the director of the Minnesota Office of Higher Education.

1.17 Subd. 2. Eligibility. To be eligible for a scholar loan, a student of color must:

1.18 (1) be a permanent resident of Minnesota;

1.19 (2) be registered as a junior or senior in a Minnesota public or private postsecondary  
1.20 institution and enrolled in a teacher preparation program approved by the Board of  
1.21 Teaching at that postsecondary institution;

1.22 (3) be making satisfactory progress towards a baccalaureate degree with a major  
1.23 in education;

2.1 (4) agree to teach in a Minnesota school district with a student of color population of  
2.2 at least 15 percent or a desegregation/integration plan approved by the commissioner of  
2.3 education; and

2.4 (5) meet academic criteria specified by the director in consultation with the  
2.5 commissioner.

2.6 **Subd. 3. Application process; awarding scholar loans.** (a) The director, in  
2.7 consultation with the commissioner of education, shall award scholar loans to eligible  
2.8 students of color. A student of color must submit an application for a scholar loan to  
2.9 the director in the form and manner determined by the director in consultation with the  
2.10 commissioner. The application must include the criteria in subdivision 2 and any other  
2.11 information required by the director.

2.12 (b) A student of color may receive scholar loans for two consecutive academic  
2.13 years if the student of color remains enrolled full time in a teacher preparation program  
2.14 and continues to make satisfactory progress toward the baccalaureate degree. For each  
2.15 academic year, a loan may not exceed the lesser of the cost of tuition, fees, books, and  
2.16 on-campus housing, if applicable, or a maximum amount of \$..... The director must  
2.17 award ten percent of the scholar loans to students of color who transfer from a Minnesota  
2.18 public community or technical college to a Minnesota public or private college or  
2.19 university with an approved teacher preparation program.

2.20 (c) The director must spend up to five percent of any appropriation for promotion of  
2.21 the scholar loan program, recruitment of students of color to the program, and retention  
2.22 and mentoring of students of color while attending a teacher preparation program and  
2.23 teaching in an eligible Minnesota public school under subdivision 2, clause (4). The  
2.24 director must consult with the commissioner to consider the use of existing state programs,  
2.25 as appropriate, to provide the services under this paragraph.

2.26 **Subd. 4. Loan forgiveness; deferral; repayment.** (a) A scholar loan may be  
2.27 forgiven if a recipient is employed as a teacher, under section 122A.40 or 122A.41, in an  
2.28 eligible school under subdivision 2, clause (4). The director shall forgive up to \$2,500 of  
2.29 the principal of the outstanding loan amount for successful completion of each school year  
2.30 of full-time teaching up to four school years of teaching in an eligible school or a pro rata  
2.31 amount of the principal for eligible employment during part of a school year, part-time  
2.32 employment as a substitute, or other part-time teaching.

2.33 (b) If there is no eligible employment available, the director may grant an exemption  
2.34 from the 15 percent district student of color teaching requirement or a deferral from  
2.35 payment of principal and interest on the loan. The director may also grant a deferral  
2.36 of payment of principal and interest on the loan during any time period the recipient is

3.1 enrolled at least one-half time in an advanced degree program in a field that leads to  
 3.2 employment by a school district. The recipient shall apply for a loan deferral by submitting  
 3.3 written notification to the director in a form and manner established by the director.

3.4 (c) A recipient with an outstanding scholar loan amount who is not having the loan  
 3.5 forgiven under paragraph (a) or deferred under paragraph (b) must repay the principal of  
 3.6 the loan plus interest at the rate of six percent. The interest rate must begin accruing the  
 3.7 first day of the first month following the last month of the period of forgiveness or deferral.  
 3.8 Interest does not accrue during the period of forgiveness or deferral.

3.9 (d) The director shall establish repayment procedures for scholar loans including,  
 3.10 at least, variable repayment schedules consistent with the need and anticipated income  
 3.11 streams of loan recipients. The repayment period begins the first day of the first month  
 3.12 after the recipient:

- 3.13 (1) terminates full-time enrollment in an approved teacher preparation program;
- 3.14 (2) completes an approved teacher preparation program and does not teach in an  
 3.15 eligible school under subdivision 2, clause (4), or have an exemption under paragraph (b);
- 3.16 (3) the period of forgiveness under paragraph (a) ends; or
- 3.17 (4) the period of deferral under paragraph (b) ends.

3.18 Subd. 5. **Revolving fund.** The scholar loan repayment revolving account is  
 3.19 established in the state treasury. Any amounts repaid by a loan recipient shall be deposited  
 3.20 in the account. All money in the account is annually appropriated to the director for the  
 3.21 purposes of the scholar loan program under this section.

3.22 **Sec. 2. APPROPRIATIONS; SCHOLAR LOANS.**

3.23 Subdivision 1. **Department of Education.** The sums indicated in this section are  
 3.24 appropriated from the general fund to the Department of Education for the fiscal years  
 3.25 designated.

3.26 Subd. 2. **Scholar loans.** For the scholar loan program to encourage students of  
 3.27 color to become teachers:

3.28	\$	.....	.....	<u>2008</u>
3.29	\$	.....	.....	<u>2009</u>

3.30 Any balance in the first year does not cancel but is available in the second year.