

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2015

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HOUSE BILL 936

Short Title: STEM Scholarship Program. (Public)

Sponsors: Representatives Pierce, Hanes, Richardson, and C. Graham (Primary Sponsors).
For a complete list of Sponsors, refer to the North Carolina General Assembly Web Site.

Referred to: Appropriations.

April 20, 2015

1 A BILL TO BE ENTITLED
2 AN ACT TO ESTABLISH A FORGIVABLE LOAN PROGRAM FOR PROSPECTIVE
3 STEM TEACHERS.

4 The General Assembly of North Carolina enacts:

5 **SECTION 1.** Article 23 of Chapter 116 of the General Statutes is amended by
6 adding a new Part to read:

7 "Part 3. North Carolina STEM Scholars Program.

8 **"§ 116-209.60. Purpose; definitions.**

9 (a) Purpose. – The General Assembly finds that it is in the public interest to provide
10 financial assistance in the form of forgivable loans for service to exemplary high school seniors
11 who are committed to working as teachers of science, technology, engineering, and
12 mathematics (STEM) in the North Carolina public schools.

13 (b) Definitions. – The following definitions apply in this Part:

14 (1) Advisory Commission. – North Carolina STEM Scholars Advisory
15 Commission.

16 (2) Authority. – The State Education Assistance Authority.

17 (3) Eligible institution. – Notwithstanding G.S. 116-201(b)(5) and
18 G.S. 116-201(b)(6) and for purposes of this Part only, an institution of
19 higher education that is a postsecondary constituent institution of The
20 University of North Carolina as defined in G.S. 116-2(4).

21 (4) Fund. – The North Carolina STEM Scholars Fund.

22 (5) Loan. – A forgivable loan made under the North Carolina STEM Scholars
23 Program.

24 (6) Program. – The North Carolina STEM Scholars Program.

25 **"§ 116-209.61. North Carolina STEM Scholars Advisory Commission.**

26 (a) North Carolina STEM Scholars Advisory Commission. – There is established the
27 North Carolina STEM Scholars Advisory Commission. The Advisory Commission shall be
28 housed administratively in the Department of Public Instruction, but shall exercise its powers
29 and functions independently of the State Board of Education and the Department of Public
30 Instruction.

31 (b) Membership of the Advisory Commission. – The Advisory Commission shall
32 consist of 11 nonlegislative members as follows:

33 (1) The Chairman of the State Board of Education, or designee.

34 (2) The Lieutenant Governor, or designee.

35 (3) Three persons appointed by the Governor.



1 (4) Three persons appointed by the General Assembly on the recommendation
2 of the President Pro Tempore of the Senate, as provided in G.S. 120-121.

3 (5) Three persons appointed by the General Assembly on the recommendation
4 of the Speaker of the House of Representatives, as provided in G.S. 120-121.

5 (c) Covered Board. – The Advisory Commission shall be treated as a board for the
6 purposes of Chapter 138A of the General Statutes.

7 (d) Terms and Vacancy Appointments. – Members appointed by the Governor or the
8 General Assembly shall serve for four-year terms commencing July 1 of the year of
9 appointment and may serve successive terms. In the event a vacancy occurs for any reason, the
10 vacancy shall be filled by appointment by the entity that made the appointment, except that
11 vacancies in appointments by the General Assembly shall be filled under G.S. 120-122. The
12 new appointee shall serve for the remainder of the unexpired term.

13 (e) Qualifications of Members. – Each of the appointing entities shall seek to achieve a
14 balanced membership representing, to the maximum extent possible, the State as a whole. The
15 Advisory Commission members shall be chosen from among individuals who have
16 demonstrated a commitment to education.

17 (f) Presiding Officer and Quorum. – The Lieutenant Governor or designee shall serve
18 as chair. The Advisory Commission shall meet regularly at times and places the chair deems
19 necessary. A majority of the Advisory Commission constitutes a quorum.

20 (g) Expenses. – Members of the Advisory Commission shall receive per diem and
21 necessary travel and subsistence expenses in accordance with Chapter 138 of the General
22 Statutes.

23 (h) Powers and Duties. – The Advisory Commission shall have the following duties:

24 (1) To make recommendations to the Authority on the adoption of rules to
25 administer the Program, including initial and continuing eligibility for the
26 Program and very stringent standards for recipients, including minimum
27 grade point average and scholastic aptitude test scores, for the award of
28 loans to ensure that only the best high school seniors receive the loans.

29 (2) To form regional review committees to assist it in identifying the best high
30 school seniors for the program. The Advisory Commission and the review
31 committees shall make an effort to identify and encourage minority students
32 and students who may not otherwise consider a career in teaching to enter
33 the Program.

34 (3) To review applications and make recommendations to the Authority for the
35 award of loans.

36 (4) To undertake any other duties or responsibilities as assigned by the
37 Authority.

38 **"§ 116-209.62. Forgivable education loans for prospective science, technology,**
39 **engineering, and mathematics teachers.**

40 (a) Establishment of the North Carolina STEM Scholars Program. – There is
41 established the North Carolina STEM Scholars Program to be administered by the Authority to
42 provide a four-year forgivable scholarship loan of six thousand five hundred dollars (\$6,500)
43 per year to exemplary high school seniors who are committed to working as teachers of
44 science, technology, engineering, and mathematics (STEM).

45 (b) The North Carolina STEM Scholars Fund. – There is established the North Carolina
46 STEM Scholars Fund to be administered by the Authority. All funds appropriated to or
47 otherwise received by the Authority to provide loans through the Program, all funds received as
48 repayment of loans, and all interest earned on these funds shall be placed in the Fund. The Fund
49 shall be used only for (i) loans made pursuant to this section, (ii) the administrative costs of the
50 Authority, and (iii) costs incurred by the Board of Governors in providing extracurricular
51 activities to loan recipients.

1 (c) Eligibility for Loans. – The Authority shall establish the criteria for initial and
2 continuing eligibility to participate in the Program. All loan recipients shall be residents of
3 North Carolina and shall attend an eligible institution. Upon the recommendations of the
4 Advisory Commission, the Authority shall adopt very stringent standards, including minimum
5 grade point average and scholastic aptitude test scores, for awarding these loans. Recipients of
6 these loans shall not be eligible to concurrently receive forgivable loans provided to teachers
7 pursuant to G.S. 116-209.45.

8 (d) Loan Terms and Conditions. – The following terms and conditions shall apply to
9 each loan made pursuant to this section:

10 (1) Promissory note. – All loans shall be evidenced by promissory notes made
11 payable to the Authority.

12 (2) Interest. – All promissory notes shall bear an interest rate established by the
13 Authority that does not exceed ten percent (10%) and is in relation to the
14 current interest rate for nonneed-based federal loans made pursuant to Title
15 IV of the Higher Education Act of 1965, as amended. Interest shall accrue
16 from the date of disbursement of the loan funds.

17 (3) Repayment. – The Authority shall forgive the loan if, within seven years
18 after graduation, the recipient teaches in a STEM subject area for four years
19 at a North Carolina public school or at a school operated by the United
20 States government in North Carolina. The Authority shall also forgive the
21 loan if, within seven years after graduation, the recipient teaches in a STEM
22 subject area for three consecutive years at a North Carolina public school
23 that, at the time the recipient accepts employment with the local school
24 administrative unit in which the school is located, is low-performing, as
25 identified by the State Board of Education pursuant to G.S. 115C-105.37.
26 The Authority shall collect cash repayments when service repayment is not
27 completed. The Authority shall establish the terms for cash repayment,
28 including a minimum monthly repayment amount and maximum period of
29 time to complete repayment. The Authority shall have the authority to
30 extend repayment by one additional year at the sole discretion of the
31 Authority.

32 (4) Death and disability. – The Authority may forgive all or part of a loan if it
33 determines that it is impossible for the recipient to repay the loan in cash or
34 service because of the death or disability of the recipient.

35 (5) Hardship. – The Authority may grant a forbearance, a deferment, or both in
36 hardship circumstances when a good-faith effort has been made to repay the
37 loan in a timely manner.

38 (6) Other. – The Authority may establish other terms and conditions that are
39 necessary or convenient to effectuate the Program.

40 (e) Extracurricular Activities for Students. – The Board of Governors of The University
41 of North Carolina, in cooperation with the constituent institutions participating in the Program,
42 shall administer extracurricular activities for participating students. These students shall be
43 exposed to a range of extracurricular activities while attending their respective institutions. The
44 activities should be geared toward instilling a strong motivation not only to remain in teaching
45 but to provide leadership for the K-12 public schools of North Carolina.

46 (f) Rule-Making Authority. – The Authority may adopt rules necessary to implement,
47 administer, and enforce the provisions of this section.

48 (g) Report to the General Assembly. – The Authority shall report no later than
49 December 1, 2016, and annually thereafter, to the Joint Legislative Education Oversight
50 Committee regarding the Fund and loans awarded from the Fund."

1 **SECTION 2.** There is appropriated from the General Fund to the Board of
2 Governors of The University of North Carolina the sum of seven hundred fifty-four thousand
3 dollars (\$754,000) for the 2015-2016 fiscal year and the sum of one million four hundred four
4 thousand dollars (\$1,404,000) for the 2016-2017 fiscal year to implement the provisions of this
5 act. Of these funds:

6 (1) Six hundred fifty thousand dollars (\$650,000) shall be used to provide loans
7 for the 2015-2016 academic year and one million three hundred thousand
8 dollars (\$1,300,000) shall be used to provide loans for the 2016-2017
9 academic year.

10 (2) Thirty-nine thousand dollars (\$39,000) for the 2015-2016 fiscal year and
11 thirty-nine thousand dollars (\$39,000) for the 2016-2017 fiscal year shall be
12 used for administration of the Program by the State Education Assistance
13 Authority.

14 (3) Sixty-five thousand dollars (\$65,000) for the 2015-2016 fiscal year and
15 sixty-five thousand dollars (\$65,000) for the 2016-2017 fiscal year shall be
16 used for extracurricular activities for loan recipients provided by the Board
17 of Governors.

18 **SECTION 3.** This act becomes effective July 1, 2015.