

# SENATE BUDGET AND APPROPRIATIONS COMMITTEE

## STATEMENT TO

### SENATE, No. 969

# STATE OF NEW JERSEY

DATED: FEBRUARY 13, 2020

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 969.

This bill establishes a loan redemption program in the Higher Education Student Assistance Authority (HESAA) to allow a teacher to redeem a portion of the teacher's New Jersey College Loans to Assist State Students (NJCLASS) loan amounts for service as a teacher in a high-need field in a low performing school in New Jersey.

The bill defines a "low performing school" as any public school that: (1) among all students in that school to whom a State assessment was administered, the sum of the percent of students scoring in the not yet meeting expectations and partially meeting expectations categories in both the language arts and mathematics subject areas of the State assessments exceeded 40 percent in each of the prior two school years; or (2) among all students in that school to whom a State assessment was administered, the sum of the percent of students scoring in the not yet meeting expectations and partially meeting expectations categories in either the language arts or mathematics subject areas of the State assessment exceeded 65 percent in each of the prior two school years. The bill defines a "high-need field" as a subject area or field of expertise in which there is a shortage of qualified teachers in the State as determined by the Department of Education.

Under the bill, in order to participate in the loan redemption program, a person must have been an undergraduate student borrower in the NJCLASS Loan Program. A participant is also required to be a resident of New Jersey and a certified teacher who obtained initial employment to teach in a high-need field in a low performing school after the effective date of the bill. A participant in the program is required to execute a contract with HESAA that specifies a number of one-year periods of service and the total amount of debt to be redeemed by the State in return for the service. The redemption of loans under the program is to amount to 15 percent of principal and interest of a participant's NJCLASS loan amounts in return for each of the first and second full years of service; 20 percent of principal and interest for each of the third and fourth full years of service; and 30 percent of principal and interest for the fifth full year of service.

The annual amount of State funds appropriated to the loan redemption program will not exceed \$1,000,000.

Under the bill, the authority will submit an annual report to the Governor and Legislature on the program. The bill specifies the information to be included in the report.

**FISCAL IMPACT:**

The Office of Legislative Services (OLS) concludes that the bill will lead to an indeterminate annual loss of revenue for HESAA.

The bill caps State appropriations for the program at \$1 million annually.

Factors that would determine the total revenue loss include the number of teachers hired to teach in a high-need field in a chronically failing school after the bill's effective date, the number of years these individuals continue to teach in a high-need field in a chronically failing school, and the outstanding balance of any undergraduate loans obtained through the NJCLASS Loan Program.

The OLS notes that, based on State assessments administered in the 2016-2017 and 2017-2018 school years, approximately 292 schools in 164 districts satisfy the bill's criteria to be designated a chronically failing school.