

THE STATE SCHOOL AID ACT OF 1979 (EXCERPT)
Act 94 of 1979

388.1627k Student loan repayment program.

Sec. 27k.

(1) From the state school aid fund money appropriated in section 11, \$225,000,000.00 is allocated for 2023-2024 and \$24,400,000.00 is allocated for 2024-2025 only to districts and intermediate districts for the purposes under this section. From the general fund money appropriated in section 11, \$600,000.00 is allocated for 2024-2025 only to the department to contract with a vendor and for administrative costs related to this section.

(2) For 2023-2024, to receive funding under this section, a district or intermediate district must apply for the funding in a form and manner prescribed by the department.

(3) For 2023-2024, a district or intermediate district that receives funding under this section shall use the funding only to implement a student loan repayment program in accordance with guidelines issued by the department. The guidelines must include all of the following criteria:

(a) A system through which the district or intermediate district verifies all of the following:

(i) That each eligible participant owes federal student loans.

(ii) That each eligible participant is eligible for the federal public service loan forgiveness program and is under, pursuant to federal law, a payment plan that makes eligible payments toward federal public service loan forgiveness.

(iii) That each eligible participant is enrolled in an income-driven repayment plan. Participants may be exempt from this requirement if their loan is not eligible for income-driven repayment.

(b) A requirement that each eligible participant shall receive up to \$200.00 per month, or, if the eligible participant is employed in a district that is assigned to band 6 in the opportunity index, as described in section 31a, up to \$400.00 per month, for the duration of the program or the total amount of the eligible participant's monthly federal student loan payment, as verified under subdivision (a), whichever is less. As used in this subdivision, "band 6" means the district has an opportunity index, as calculated under section 31a, that is greater than or equal to 85.

(c) A requirement that payments to eligible participants through the program must be made in equal amounts on a monthly basis.

(d) A requirement that an eligible participant must only receive funding through the program if the eligible participant continues to meet the criteria of an eligible participant.

(e) A requirement that an eligible participant annually, or, if the participant leaves the program, on the date the participant leaves the program, certifies to the district or intermediate district that the eligible participant made payments toward the eligible participant's federal student loan with the funding received under this section.

(f) A requirement that the eligible participant certifies to the district or intermediate district any increases or decreases in the participant's monthly payment toward the eligible participant's federal student loan.

(4) By not later than October 1, 2024, the department shall contract with a vendor to implement an online portal that allows eligible participants to apply to participate in a student loan repayment program. The portal described in this subsection must be made available at no cost to each applicant and must require each applicant to submit and verify all of the following information:

(a) That the applicant owes federal student loans.

(b) The monthly payment amount of the applicant's eligible federal student loan.

(c) That the applicant is eligible for the federal public service loan forgiveness program and is under, pursuant to federal law, a payment plan that makes eligible payments toward federal public service loan forgiveness.

(d) That the applicant is enrolled in an income-driven repayment plan. Applicants may be exempt from this requirement if their loan is not eligible for income-driven repayment.

(e) A certification that the applicant understands that the applicant may receive funding through the student loan repayment program only if the applicant continues to meet the criteria of an eligible participant.

(f) An annual certification, or, if an eligible participant leaves the program, a certification on the date the eligible participant leaves the program, to the department that the eligible participant made payments toward the eligible participant's federal student loans with the funding received under this section.

(g) A certification to the department of any increases or decreases in the eligible participant's monthly payment toward the eligible participant's federal student loans. The eligible participant must recertify the eligible participant's monthly payment amount annually if the monthly payment amount does not change.

(h) A certification that the applicant has not received funding under this section during the fiscal year in which the applicant is applying.

(5) For 2024-2025, except as otherwise provided in this subsection, the application in subsection (4) must be submitted directly by the individual who is applying to participate in a student loan repayment program or by that individual's bargaining unit. If the individual who is applying to participate in a student loan repayment program is unable to submit the application due to a disability, another individual may submit the application on the applicant's

behalf.

(6) For 2024-2025, each eligible participant shall receive up to \$200.00 per month, or, if the eligible participant is employed in a district that is assigned to band 6 in the opportunity index, as described in section 31a, up to \$400.00 per month, for the duration of the program, or the total amount of the eligible participant's monthly federal student loan payment, as verified under subsection (4), whichever is less. As used in this subdivision, "band 6" means the district has an opportunity index, as calculated under section 31a, that is greater than or equal to 85.

(7) The department shall make payments to the district or intermediate district that employs each eligible participant. For 2023-2024, the department shall provide to each district or intermediate district the eligible payment amounts for each eligible participant in the district or intermediate district. For 2024-2025, the eligible vendor described in subsection (4) shall provide the department and each district or intermediate district the eligible payment amounts for each eligible participant in the district or intermediate district. The district or intermediate district that receives payments under this section shall certify that the district or intermediate district will make payments to eligible participants in the amounts provided by the department or the eligible vendor described in subsection (4) under this subsection on a monthly basis, in the amounts specified.

(8) An eligible participant remains eligible, unless otherwise provided under federal law or other state laws, for student loans even though the eligible participant receives funding from the money allocated under this section.

(9) Payments to an eligible participant by districts or intermediate districts under this section must be made for no more than 10 years or until the eligible participant's federal student loan is paid off, whichever occurs earlier.

(10) The funds allocated under this section for 2023-2024 are a work project appropriation, and any unexpended funds for 2023-2024 are carried forward into 2024-2025. The purpose of the work project is to continue support for federal student loan repayment programs as described in this section. The estimated completion date of the work project is December 31, 2026.

(11) For 2023-2024, if the amount allocated under this section is insufficient to fully make payments to all eligible participants as required under this section, the department shall prorate the amount paid to districts and intermediate districts to distribute to all eligible participants on an equal basis. For 2024-2025, if the amount allocated under this section is insufficient to fully make payments to all eligible participants as required under this section, the department shall do both of the following:

- (a) Make full payments to eligible participants for as many months as possible given the remaining funds.
- (b) Prorate the amount paid to all eligible participants on an equal basis.

(12) At the close of each fiscal year, unspent funds from state sources allocated under this section must be deposited into the student loan repayment assistance reserve fund created in section 27j.

(13) Notwithstanding section 17b, the department shall make payments under this section on a schedule determined by the department.

(14) As used in this section:

(a) "At-risk pupil" means that term as defined in section 31a.

(b) "Eligible participant" means either of the following, as applicable:

(i) For 2023-2024, an individual who is participating in a federal student loan repayment program described in subsection (3) and who is working 32 hours or more per week at a district or intermediate district in a role in which the individual works directly with pre-K to 12 students, including, but not limited to, educators, counselors, social workers, psychologists, reading specialists, librarians, and school administrators who work directly with students.

(ii) For 2024-2025, an individual who is participating in a federal student loan repayment program described in subsection (4), who is working 32 hours or more per week at a district or intermediate district, and who works not less than 50% of the individual's weekly scheduled hours in a role in which the individual works directly with pre-K to 12 students, including, but not limited to, educators, counselors, social workers, psychologists, reading specialists, librarians, and school administrators who work directly with students.

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