SENATE BILL NO. 969

To the Senate:

Pursuant to Article V, Section I, Paragraph 14 of the New Jersey Constitution, I herewith return Senate Bill No. 969 with my recommendations for reconsideration.

Senate Bill No. 969 establishes a loan redemption program in the Higher Education Student Assistance Authority ("HESAA") to allow teachers to redeem a portion of New Jersey College Loans to Assist State Students ("NJCLASS") loan amounts for service in high-need fields in low performing schools in New Jersey.

An NJCLASS loan is a State supplemental loan available to students attending an institution of higher education in New Jersey or to students who are New Jersey residents attending an out-of-State institution of higher education. An NJCLASS loan can only be used to cover unmet need after all other financial aid, including federal loans, has been subtracted from the school-certified cost of attendance.

The bill defines "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. "Low performing school" is defined 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.

In addition to teaching in a high-need field in a low performing school, an individual must be a resident of New Jersey and must have been an undergraduate borrower in the NJCLASS Loan Program to qualify for the loan redemption program.

I applaud and support the Legislature's desire to incentivize educators to serve in low performing schools and help meet the need for instruction in high-demand fields. This bill represents a communally valuable program, with students, school districts, and educators all reaping benefits. However, without a corresponding appropriation to provide the necessary funding, even the most well-intentioned of loan redemption programs will not deliver its promised benefits to borrowers.

I am therefore recommending revisions to annually appropriate $1 million to HESAA to operate the loan redemption program established in the bill. In addition, I am recommending revisions to permit forgiveness of 25% of the principal and interest of an NJCLASS loan in return for each consecutive year of service, for up to a four-year period and a maximum redemption of $20,000. This language mirrors the loan allocation structure contained in the loan redemption program for public school teachers in the fields of science, technology, engineering, and mathematics created by P.L.2019, c.401. Aligning the terms of both loan redemption programs will allow the programs to succeed simultaneously without a disparity in benefits or one program diverting participants from the other.

Therefore, I herewith return Senate Bill No. 969 and recommend that it be amended as follows:

Page 3, Section 2, Lines 12-13:   Delete "a specified number of" and insert "up to four"

<u>Page 3, Section 2, Line 28</u>:	Delete "15%" and insert "25%"
<u>Page 3, Section 2, Line 29</u>:	After "amounts" insert ", up to $5,000,"
<u>Page 3, Section 2, Line 29</u>:	Delete "of the first"
<u>Page 3, Section 2, Lines 30-31</u>:	Delete in their entirety
<u>Page 3, Section 2, Line 32</u>:	Delete "of principal and interest in return for the fifth" and insert "consecutive"
<u>Page 3, Section 2, Line 32</u>:	After "service." insert "The total amount of NJCLASS loan amounts which may be redeemed under the program by a program participant, for four full school years of service, shall not exceed $20,000."
<u>Page 4, Section 3, Line 16</u>:	Delete "five-year" and insert "four-year"
<u>Page 4, Line 26</u>:	Insert new section: "4. There is annually appropriated from the General Fund to the Higher Education Student Assistance Authority a sum of $1,000,000 for costs associated with loan redemption pursuant to section 2 of this act."
<u>Page 4, Section 3, Line 27</u>:	Delete "4." insert "5."
<u>Page 4, Section 3, Line 33</u>:	Delete "5." insert "6."

Respectfully,

/s/ Philip D. Murphy

Governor

[seal]

Attest:

/s/ Parimal Garg

Chief Counsel to the Governor