

2017 -- H 5143

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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2017

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A N A C T

RELATING TO EDUCATION - GET ON YOUR FEET LOAN FORGIVENESS PROGRAM

Introduced By: Representatives Ackerman, McNamara, Serpa, Amore, and O'Brien

Date Introduced: January 18, 2017

Referred To: House Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Title 16 of the General Laws entitled "EDUCATION" is hereby amended
2 by adding thereto the following chapter:

3 CHAPTER 62.2

4 THE GET ON YOUR FEET LOAN FORGIVENESS PROGRAM

5 **16-62.2-1. Short title.**

6 This chapter shall be known and may be cited as "The Get on Your Feet Loan
7 Forgiveness Program."

8 **16-62.2-2. Legislative findings and purpose.**

9 (a) Studies show that students who graduate with high debt from loans for higher
10 education are less likely to start a small business, or a family, or to purchase a home, and the
11 consequences of defaulting on student loans can prevent a person from ever realizing their goals.
12 Managing the burden in the first years out of college is crucial to starting out strong. Helping
13 students at the start can have lasting effects.

14 (b) The get on your feet loan forgiveness program is designed to help eligible Rhode
15 Island state residents who graduate from post-secondary educational institutions and continue to
16 live in the state to pay nothing on their student loans for the first two (2) years out of school. This
17 will supplement the federal Pay As You Earn (PAYE) income-based loan repayment program.

18 (c) As used in this chapter, the term "program" shall refer to the get on your feet loan
19 forgiveness program, except where the context clearly indicates otherwise.

1 **16-16.2-3. Program provisions.**

2 (a) For an individual who meets the requirements established in this chapter, the state of
3 Rhode Island will pay the difference between what the federal government covers and the
4 individual's periodic loan payment that is due over a set period. The state will ensure that one
5 hundred percent (100%) of a graduate's loan payments for the first two (2) years are covered so
6 they are not overwhelmed with debt repayments while working to get situated in today's
7 competitive job market. The program shall be administered through the Rhode Island student loan
8 authority established pursuant to chapter 62 of title 16.

9 (b) An individual who meets the state's high need requirements as determined by the
10 state's high needs council (the "council") established in §16-62.2-6 may apply to the council for
11 continued participation in the program.

12 (c) The get on your feet loan forgiveness program shall be phased in over a four (4) year
13 period. As to any graduate who applies and is found eligible to participate in the program, the
14 state shall pay a portion of the graduate's periodic loan payment as follows, provided the graduate
15 remains eligible to participate in the program:

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|----------------------------------|--|
| 16 <u>Fiscal Year</u> | <u>Percentage of periodic loan payment paid by state</u> |
| 17 <u>FY 2018</u> | <u>Twenty-five percent (25%)</u> |
| 18 <u>FY 2019</u> | <u>Fifty percent (50%)</u> |
| 19 <u>FY 2020</u> | <u>Seventy-five percent (75%)</u> |
| 20 <u>FY 2021 and thereafter</u> | <u>One hundred percent (100%)</u> |

21 **16-62.2-4. Program requirements.**

22 (a) To be eligible for participation in the get on your feet loan forgiveness program, a
23 student must:

24 (1) Attend one of the state institutions of higher education, including the Community
25 College of Rhode Island, Rhode Island College, and the University of Rhode Island, or New
26 England Institute of Technology (hereinafter "the college or university"), or any combination of
27 these colleges or universities, for at least two (2) years, and graduate from one of these
28 institutions on or after July 1, 2018;

29 (2) Continue to reside in the state following graduation from the college or university for
30 a period of at least two (2) years and at all times while the person is participating in the program;

31 (3) Participate in the federal Pay as You Earn repayment program (PAYE), 20 U.S.C.
32 §1098 e (E), to the extent the student is eligible and able to do so; provided, a student who is
33 ineligible to participate in PAYE may still apply for the get on your feet loan forgiveness
34 program, to the extent the student meets all other eligibility requirements for participation; and

1 (4) Earn less than fifty thousand dollars (\$50,000) annually for each calendar year in
2 which a student must repay their student loans.

3 (b) Any person who obtains a deferment on the payment of a student loan shall not be
4 entitled to participate in the get on your feet loan forgiveness program for so long as the
5 deferment is in effect.

6 **16-62.2-5. Application and continued eligibility.**

7 (a) Application. Any individual seeking to participate in the program pursuant to the
8 provisions of this chapter shall apply to the Rhode Island student loan authority (the "authority")
9 on forms prescribed by the authority containing any information that the authority deems
10 advisable to fulfill the provisions of this program. The authority's executive director, or their
11 designee, shall determine the eligibility of each applicant.

12 (b) Continued eligibility. Any individual deemed eligible to participate in the program
13 shall not less than annually submit to the authority any information that the authority may
14 prescribe to determine the individual's continued eligibility for the program in regard to their
15 eligible loan(s). Provided, an application from an individual who has participated in the program
16 for two (2) full years shall be subject to review by the state's high needs council established in
17 §16-62.6-6. In such case, the council shall review the individual's application and the individual's
18 continued eligibility for participation in the program. Provided, further, the program shall
19 continue to be administered at all times by the authority.

20 (c) Penalty for failure to maintain eligibility. In the event the authority determines that an
21 individual is no longer eligible for participation in the program as provided in this chapter, that
22 individual shall be required to pay the holder of their loan forthwith all accrued principal, interest,
23 and any late payment penalties which have accrued during the period of the ineligibility.

24 **16-62.2-6. State high needs council.**

25 (a) There is hereby established a state high needs council (the "council") which shall
26 make determinations as to the continued participation of an individual in the program beyond two
27 (2) full years. The council shall meet and determine what are areas of high needs for employment
28 in the state, which needs shall be reassessed and adjusted on an annual basis. As used herein, the
29 phrase "areas of high needs" means work fields, occupations, and vocations which the state needs
30 to increase the number of individuals employed therein, in order to stay economically healthy and
31 competitive with other states. While recognizing that "areas of high needs" is a fluid definition,
32 and one which the council will need to regularly assess and reassess, it is anticipated that these
33 fields will include, to some level, areas of specialized health care, specialized manufacturing, and
34 the traditional fields known as "STEM," consisting of science, technology, engineering, and

1 math. This list shall not be deemed conclusive.

2 (b) The council's determinations as to whether an individual may continue in the program
3 beyond two (2) full years shall be based upon whether the individual's then-current employment
4 is in a field that is determined by the council to be an area of high need for employment in the
5 state. In exercising its discretion under this section, the council shall be guided by the principle
6 that the program is primarily designed to assist graduates to become established in their chosen
7 field, and not as a state subsidy for all student loans. Permission to continue in the program
8 beyond two (2) full years should be given selectively only to those individuals working in high
9 needs areas of the state at compensation levels which are deemed low compared to the average
10 wage in the field.

11 (c) The council shall consist of the following:

- 12 (1) The director of the Rhode Island student loan authority, or designee;
- 13 (2) The director of the Rhode Island department of business regulation, or designee;
- 14 (3) The director of the Rhode Island commerce corporation, or designee;
- 15 (4) The commissioner of elementary and secondary education, or designee;
- 16 (5) The director of the department of health, or designee; and
- 17 (6) The commissioner of postsecondary education, or designee.

18 **16-62.2-7. Regulations.**

19 The Rhode Island student loan authority may promulgate any rules and regulations that it
20 deems necessary to implement the provisions of the program established pursuant to this chapter.
21 The authority shall consult with the state's high needs council in regard to promulgating
22 regulations as to the operations of the council.

23 **16-62.2-8. Severability of provisions.**

24 The provisions of this chapter are severable. If any provisions are deemed invalid by a
25 court of competent jurisdiction, that determination shall not affect the validity of the remaining
26 provisions.

27 SECTION 2. This act shall take effect upon passage

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

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RELATING TO EDUCATION - GET ON YOUR FEET LOAN FORGIVENESS PROGRAM

1 This act would establish "The Get On Your Feet Loan Forgiveness Program" in Rhode
2 Island, to assist recent college and university graduates from certain schools in the repayment of
3 their student loans. The program would provide for a period (the first 2 years after graduation and
4 any applicable deferment period on the graduate's student loans) whereby the state would pay a
5 graduate's student loans, provided the individual meets certain requirements. Individuals would
6 apply to the Rhode Island student loan authority to participate in the program. The act would also
7 establish a state high needs council to make determinations that would allow some individuals
8 working in certain high needs areas to continue in the program beyond the first two years. The
9 act would be phased in over a four (4) year period commencing on July 1, 2018.

10 This act would take effect upon passage.

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