

LC001635

## IN GENERAL ASSEMBLY

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## RELATING TO EDUCATION -- STUDENT LOAN REPAYMENT PROGRAM

Referred To: Senate Finance

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

## STUDENT LOAN REPAYMENT PROGRAM

6       This chapter shall be known and may be cited as the "Rhode Island Student Loan  
7       Repayment Program."

9           (a) There is hereby established at the Rhode Island student loan authority (RISLA) a  
10 restricted receipt account entitled the Rhode Island student loan repayment fund (“the fund”). The  
11 fund shall be used to provide eligible individuals, defined in § 16-117-4, with payment from the  
12 state to the individual’s employer to pay a portion of their student loan debt.

14 (c) RISLA shall promulgate rules and regulations necessary to implement this chapter,  
15 which shall include, but are not limited to, providing an easy-to-follow guide in a variety of  
16 languages regarding how to complete the request for student loan debt relief.

(d) The general assembly shall appropriate ten million dollars (\$10,000,000) to the fund,  
two million dollars (\$2,000,000) to be disbursed this year, the remaining eight million dollars  
(\$8,000,000) to be held in a restrictive account, and shall disburse two million dollars (\$2,000,000)

1 for each subsequent year. After that time, the Rhode Island student loan repayment program shall  
2 cease to operate, unless extended or made permanent by further action of the general assembly.

3 **16-117-3. Definitions.**

4 For the purposes of this chapter:

5 (1) “Debt relief recipients” means individuals receiving student debt relief under this  
6 chapter;

7 (2) “Eligible individuals” means persons described in §§ 16-117-4 and 16-117-6;

8 (3) “Request for student debt relief” means the process by which individuals submit the  
9 materials and documentation required by RISLA under this chapter;

10 (4) “RISLA” means the Rhode Island student loan authority;

11 (5) “Service requirements” means specific employment and work obligations set forth in  
12 this chapter that individuals shall meet to obtain student debt relief under this chapter; and

13 (6) “Underserved community” means a federally designated health professional shortage  
14 area as identified by the federal Health Resources and Services Administration, an agency of the  
15 United States Department of Health and Human Services.

16 **16-117-4. Eligibility of individuals.**

17 (a) Individuals employed by a Rhode Island-based employer may be eligible for the Rhode  
18 Island student loan repayment program if they:

19 (1) Have eligible, unpaid student loans;

20 (2) Are employed as a licensed clinical social worker or social caseworker or child  
21 protective investigator in any public elementary or secondary school in the state;

22 (3) Have committed to work as a licensed clinical social worker or social caseworker or  
23 child protective investigator in any public elementary or secondary school in the state, full-time for  
24 two (2) consecutive years in this state; and

25 (4) Have applied and are enrolled in the federal student aid, saving on a valuable education  
26 (SAVE) program.

27 (b) Preference for student loan debt relief under this chapter may be given to individuals  
28 who work in an underserved community.

29 **16-117-5. Service requirements to receive student debt relief.**

30 (a) Eligible individuals who are approved for student debt relief under this chapter shall  
31 have their required monthly student loan payment paid directly to the debt relief recipient’s  
32 employer for up to two (2) consecutive years or twenty-four (24) consecutive months.

33 (b) To receive student debt relief under this chapter, the eligible individual shall:

34 (1) Meet the eligibility requirements set forth in §§ 16-117-4 and 16-117-6;

1           (2) Complete and submit a request for student debt relief in a manner and form prescribed  
2 by RISLA;

3           (3) Receive financial counseling from RISLA related to managing and repaying their  
4 student debt; and

5           (4) Have their request for student debt relief approved by RISLA;

6           (c) Except as provided below in this section, a debt relief recipient is no longer eligible to  
7 receive debt relief under this chapter when any of the following occurs:

8           (1) The debt relief recipient no longer meets the eligibility requirements set forth in §§ 16-  
9 117-4 and 16-117-6;

10           (2) The debt relief recipient receives twenty-four (24) consecutive months of debt relief  
11 under this chapter; and

12           (3) The debt relief recipient no longer has an outstanding balance on their eligible student  
13 loans.

14           (d) Notwithstanding the provisions of this chapter, debt relief recipients may request a  
15 leave of absence from their employer when the debt relief recipient or a member of their household  
16 experiences a serious illness or other natural cause, becomes pregnant, or is called to military  
17 service, which temporarily prevents the debt relief recipient from continuing to meet the  
18 requirements set forth in §§ 16-117-4 and 16-117-6.

19           (1) If approved by the employer, leaves of absence will pause the monthly payments made  
20 on behalf of the debt relief recipient pursuant to this chapter. Payments will resume once the leave  
21 of absence ends and the debt relief recipient returns to work as a licensed clinical social worker in  
22 any public elementary or secondary school in the state, as required by this chapter.

23           (2) Except where otherwise provided, leaves of absence may not exceed more than one  
24 calendar year, or the individual may be withdrawn from consideration for student debt relief.

25           (3) Leaves of absence due to military service of the debt relief recipient or their spouse  
26 may not exceed three (3) calendar years.

27           (4) The debt relief recipient shall present documentation to RISLA showing that a leave of  
28 absence was granted.

29           (5) The debt relief recipient shall present documentation to RISLA showing that they have  
30 resumed working as a qualified individual in any public elementary or secondary school in the state  
31 after the leave of absence has concluded.

32           (e) A reduction in force shall not preclude a debt relief recipient from fulfilling the  
33 consecutive years of service obligation, if the following provisions are met:

34           (1) Debt relief recipients shall provide to RISLA documentation of the reduction in force;

1       (2) Debt relief recipients shall resume working as a qualified individual in any public  
2 elementary or secondary school in the state no later than eighteen (18) months after the reduction  
3 in force;

4       (3) If an eligible recipient fails to fulfill their two (2) year commitment as defined in § 16-  
5 117-4(c) all debt repayment will be paused unless a recipient requalifies no later than eighteen (18)  
6 months after the initial separation.

7       (f) Upon the effective date of this chapter:

8       (1) Any individual who has been employed for fewer than three (3) years as a qualified  
9 individual in any public elementary or secondary school in the state may submit a request for  
10 student debt relief under this chapter; provided that they meet the eligibility requirements set forth  
11 in §§ 16-117-4 and 16-117-6.

12       (2) Individuals who have been employed for three (3) or more years as a qualified  
13 individual in any public elementary or secondary school in the state shall not be permitted to submit  
14 a request for student debt relief under this chapter.

15       **16-117-6. Eligibility of loans and lenders.**

16       (a) RISLA shall retain the right to determine the eligibility of employers and education  
17 loans to which student debt relief payments may be made under this chapter.

18       (b) An eligible lender shall make or hold education loans to individuals for purposes of  
19 undergraduate or graduate education and shall not be any private individual.

20       (c) An eligible lender may be, but is not limited to, a bank, savings and loan association,  
21 credit union, institution of higher education, secondary market, governmental agency, or private  
22 foundation.

23       (d) Credit card, equity loans, and other similar personal loan products are not considered  
24 educational loans eligible for repayment under this chapter.

25       (e) An education loan shall:

26       (1) Be evidenced by a promissory note for loans to pay for the cost of attendance for the  
27 undergraduate or graduate education of the individual applying for repayment assistance;

28       (2) Not have an existing obligation to provide service for loan relief through another  
29 program; and

30       (3) If the loan was consolidated with other loans, the individual shall provide  
31 documentation of the portion of the consolidated debt that was originated to pay for the cost of  
32 attendance for individual's undergraduate or graduate education.

33       **16-117-7. Student loan repayment program limits.**

34       (a) The total amount of student loan repayment shall not exceed a monthly payment of five

1 hundred dollars (\$500).

2 (b) The total amount of student loan repayments shall not exceed the outstanding balance.

3 **16-117-8. Administration of Rhode Island student loan repayment fund.**

4 (a) RISLA shall administer the fund to the debt relief recipient's employer.

5 (b) Part of administering the fund shall include making provisions to minimize the impact

6 that any student debt relief provided pursuant to this chapter has on a debt relief recipient's taxable

7 income.

8 (c) As part of the rules and regulations promulgated, RISLA may design a process for

9 obtaining informed consent from individuals to work directly with their student loan servicers to

10 collect certain documentation required by this chapter, such as a loan's promissory note and current

11 balance.

12 (d) The form of the request for student debt relief and the information required therein shall

13 be set by RISLA.

14 (e) RISLA shall make forms required by this chapter available to the public on its website

15 in a variety of languages and, if requested, via hardcopy.

16 **16-117-9. Disbursement.**

17 (a) All funds distributed in accordance with this chapter shall be:

18 (1) Paid directly to the employer on a monthly basis; and

19 (2) Allocated only toward the eligible loans issued to pay for the fees, tuition, room, and

20 board of the debt relief recipient in connection with their attendance at an institution of higher

21 education.

22 (b) Through the financial counseling required under this chapter, RISLA shall discuss

23 different student loan repayment strategies with debt relief recipients, which shall include, but are

24 not limited to:

25 (1) How the debt relief payments made under this chapter may be allocated to various

26 student loan servicers, if applicable;

27 (2) The implications of different allocation options; and

28 (3) The various loan repayment programs that may be available to the debt relief recipient.

29 (c) If, in a given fiscal year, there are insufficient funds available for RISLA to make the

30 student debt relief payments required under this chapter to the debt relief recipient's employer,

31 RISLA shall develop and implement an equitable and alternative priority process, which, at

32 minimum, shall take the following into consideration:

33 (1) The number of debt relief installments received to date by the individual's employer

34 pursuant to this chapter; and

1           (2) An individual’s income-to-student debt ratio.

2           **16-117-10. Reporting.**

3           (a) In its annual report required by § 16-62-18, RISLA shall include an evaluation of the  
4 Rhode Island student loan repayment program. The evaluation shall include, but is not limited to,  
5 the following:

6           (1) The number of individuals whose request for student debt relief under this chapter was  
7 approved;

8           (2) The actual dollar amount paid for student debt relief under this chapter in the previous  
9 year;

10          (3) The employers of the individuals who received student debt relief under this chapter;  
11 and

12          (4) Whether the debt relief recipient attended an institution of higher education in Rhode  
13 Island or out-of-state.

14          (b) Reporting required under this section shall take extreme care to maintain the privacy of  
15 the individuals requesting and/or receiving student debt relief under this chapter.

16          (c) Annual reporting on the fund shall only continue as long as the fund exists.

17          SECTION 2. This act shall take effect upon passage.

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EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF  
A N A C T  
RELATING TO EDUCATION -- STUDENT LOAN REPAYMENT PROGRAM

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1           This act would create the Rhode Island Student Loan repayment program which would  
2   allow eligible individuals who have unpaid student loans to receive relief if the individual is  
3   employed as a licensed clinical social worker or social caseworker or child protective investigator  
4   in any public elementary or secondary school in this state, has been full-time in this state in such  
5   employment for two (2) years and is enrolled in the Federal Student Aid, Saving on a Valuable  
6   Education program. The act would also appropriate the sum of ten million dollars (\$10,000,000) to  
7   fund this program.

8           This act would take effect upon passage.

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