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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 Shanley, Casimiro, Vella-Wilkinson, Solomon, and
Donovan

Date Introduced: March 09, 2017

Referred To: House Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Rhode Island is a great state to live and work in. More than ever, however,
2 economic prosperity is tied to education. Education costs continue to rise, and the increased cost
3 of higher education is becoming a barrier to many persons who are otherwise very capable of
4 performing successfully in higher education and beyond. Accordingly, the purpose of this
5 chapter is to assist all Rhode Islanders, but especially persons who were born or grew up in this
6 state, to have better and increased opportunities to find meaningful, gainful, and fulfilling
7 opportunities in both education and employment while remaining in this state. The "Rhode Island
8 Get On Your Feet Loan Forgiveness Program" shall further this purpose by utilizing an impartial
9 and objective criteria for eligibility for forgiveness of and assistance with a student's debts that
10 are directly related to educational loans. This chapter shall provide an opportunity and incentive
11 for persons who are desirous of working hard to start their careers and, if desired, their families,
12 in Rhode Island.

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

15 CHAPTER 62.2

16 GET ON YOUR FEET LOAN FORGIVENESS PROGRAM

17 16-62.2-1. Short title.

18 This chapter shall be known and may be cited as the "Rhode Island Get On Your Feet
19 Loan Forgiveness Program."

1 **16-62.2-2. Definitions.**

2 As used in this chapter, the following terms shall have the following meanings:

3 (1) "Adjusted gross income" means the income used by the United States Department of
4 Education to qualify the applicant for a federal income-driven repayment plan.

5 (2) "Award" means the Rhode Island get on your feet loan forgiveness program awarded
6 pursuant to this chapter.

7 (3) "Authority" means the Rhode Island student loan authority.

8 (4) "Education loan" means a loan to a student or the parent, legal guardian, or sponsor of
9 a student, or to an eligible institution, for the purpose of financing a student's attendance at the
10 eligible institution. The loan may provide that the student, parent, legal guardian, or sponsor of
11 the student or eligible institution may be held jointly and severally liable for the education loan.
12 An education loan must be used at an eligible institution to qualify for the provisions of this
13 program.

14 (5) "Eligible institution" means, subject to further particular or more restrictive definition
15 by regulation of the authority:

16 (i) An institution of higher learning,

17 (ii) A vocational school; or

18 (iii) With respect to students who are nationals of the United States, an institution outside
19 the United States which is comparable to an institution of higher education or to a vocational
20 school and which has been approved by the authority and by the secretary for purposes of the
21 guaranteed student loan program. For-profit educational institutions shall not be considered and
22 are excluded from the definition of "eligible institutions."

23 (6) "Eligible loan" means a loan to a student or to the parent of a student insured or
24 guaranteed by the secretary, the Rhode Island division of higher education assistance, the Rhode
25 Island student loan authority, or by any other governmental or private agency, authority, or
26 organization having a reinsurance or guaranty agreement with the authority applicable to that
27 loan, and which loan was used by the student at an eligible institution.

28 (7) "Deferment" has the same meaning applicable to the William D. Ford Federal Direct
29 Loan Program as set forth in 34 CFR part 685.

30 (8) "Delinquent" means the failure to pay a required scheduled payment on a Federal
31 student loan or other eligible loan within thirty (30) days of the payment's due date.

32 (9) Forbearance shall have the same meaning applicable to the William D. Ford Federal
33 Direct Loan Program as set forth in 34 CFR part 685.

34 (10) "Income" means the total adjusted gross income of the applicant and the applicant's

1 spouse, if applicable.

2 (11) "Program" means the Rhode Island get on your feet loan forgiveness program.

3 (12) "Undergraduate degree" means an associate or baccalaureate degree.

4 **16-62.2-3. Eligibility and program administration.**

5 (a) Eligibility. An applicant for the program must:

6 (1) Have graduated from a high school located in the state or attended an approved state
7 program for a state high school equivalency diploma and received a diploma. An applicant who
8 received a high school diploma, or its equivalent, from another state is ineligible for a program
9 award;

10 (2) Have graduated and obtained an undergraduate degree from a college or university or
11 other eligible institution located in the state on or after the 2015-16 academic year;

12 (3) Have applied for participation in this program within four (4) years of obtaining the
13 undergraduate degree;

14 (4) Be a participant in a federal income-driven repayment plan which payment amount is
15 generally ten percent (10%) of discretionary income, except as otherwise provided in §16-62.2-4;

16 (5) Have an annual income of less than sixty thousand dollars (\$60,000), adjusted for
17 inflation on an annual basis;

18 (6) Work in the state, if employed. A member of the military who is on active duty and
19 for whom Rhode Island is their legal state of residence shall be deemed to be employed in Rhode
20 Island;

21 (7) Not be delinquent on a federal student loan or in default on a student loan made under
22 any statutory Rhode Island state or federal education loan program or repayment of any Rhode
23 Island state award; and

24 (8) Be in compliance with the terms of any service condition imposed by a Rhode Island
25 award.

26 (b) Administration of program.

27 (1) An applicant for an award shall apply for program eligibility at such times, on forms
28 and in a manner prescribed by the authority. The authority may require applicants to provide
29 additional documentation evidencing eligibility.

30 (2) A recipient of an award shall:

31 (i) Request payment at such times, on such forms and in a manner as prescribed by the
32 authority;

33 (ii) Confirm that they have an adjusted gross income of less than sixty thousand dollars
34 (\$60,000), per year, adjusted for inflation, is a resident of Rhode Island, is working in Rhode

1 Island, if employed, and any other information necessary for the authority to determine eligibility
2 at a time prescribed by the authority. The submissions shall be on forms or in a manner prescribed
3 by the authority;

4 (iii) Notify the authority of any change in their eligibility status including, but not limited
5 to, a change in address, employment, or income, and provide the authority with current
6 information;

7 (iv) Not receive more than sixty (60) total payments over five (5) years for education
8 loans or eligible loans under this program;

9 (v) Not receive more than six thousand dollars (\$6,000) per year, adjusted annually for
10 inflation, or thirty thousand dollars (\$30,000) total, adjusted annually for inflation;

11 (vi) Agree to apply and also actually apply the awards exclusively towards the applicant's
12 eligible education loans; and

13 (vii) Provide any other information or documentation necessary for the authority to
14 determine compliance with the program's requirements.

15 **16-62.2-4. Amounts and duration.**

16 (1) The amount of the award shall be equal to up to fifty percent (50%) of the recipient's
17 established monthly federal income-driven repayment plan payment which payment amount is
18 generally ten percent (10%) of discretionary income and whose payment is based on income
19 rather than loan debt; provided, the total amount of the award shall not exceed the amount of five
20 hundred dollars (\$500) per month, adjusted for inflation.

21 (2) In the event the established monthly federal income-driven repayment plan payment
22 is zero or the applicant is otherwise not obligated to make a payment, the applicant shall not
23 qualify for a program award.

24 (3) Disbursements shall be made to the entity that collects payments on the federal
25 student loan or eligible or education loans on behalf of the recipient on a monthly basis.

26 (4) A maximum of sixty (60) payments over a five (5) year period may be awarded for
27 eligible loans and education loans, provided the recipient continues to satisfy the eligibility
28 requirements set forth in this chapter; provided, in the event the applicant is not qualified and
29 therefore not participating in a federal income-driven repayment plan, and the applicant meets all
30 other eligibility criteria required by this chapter, the applicant shall be eligible for payments of up
31 to two hundred fifty dollars (\$250) per month for a maximum of thirty-six (36) months.

32 **16-62.2-5. Disqualification.**

33 A recipient shall be disqualified from receiving further award payments under this
34 program if they fail to satisfy any of the eligibility requirements, no longer qualifies for an award,

1 or fails to respond to any request for information by the authority.

2 **16-62.2-6. Renewed eligibility.**

3 A recipient who has been disqualified pursuant to the provisions of this chapter may
4 reapply for this program and receive an award if they satisfy all of the eligibility requirements set
5 forth in this chapter.

6 **16-62.2-7. Repayment.**

7 (a) A recipient who is not a resident of Rhode Island at a time a payment is made under
8 this program shall be required to repay the payment or payments to the authority. In addition, at
9 the authority's discretion, a recipient may be required to repay to the authority any payment made
10 under this program that, at the time payment was made, should have been disqualified pursuant to
11 §16-62.2-5.

12 (b) If a recipient is required to repay any payment or payments to the authority, the
13 following provisions shall apply:

14 (1) Interest shall begin to accrue on the day such payment was made on behalf of the
15 recipient. In the event the recipient notifies the authority of a change in residence within thirty
16 (30) days of such change, interest shall begin to accrue on the day such recipient was no longer a
17 Rhode Island resident.

18 (2) The interest rate shall be fixed and equal to the rate established by the authority.

19 (3) Repayment must be made within five (5) years.

20 (4) If a recipient has demonstrated extreme hardship as a result of a disability, labor
21 market conditions, or other circumstances, the authority may, in its discretion, waive or defer
22 payment, extend the repayment period, or take other appropriate action.

23 **16-62.2-8. Rules and regulations.**

24 The authority may promulgate rules and regulations to implement the provisions of this
25 chapter.

26 **16-62.2-9. Severability of provisions.**

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

30 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 - 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 in the repayment of their student loans, by
3 providing for payments to eligible students to be applied towards their student loans. To qualify
4 for the program, the student must meet eligibility requirements which include, but are not limited
5 to, being a resident in Rhode Island, being employed in Rhode Island, if employed, and to have
6 income of less than sixty thousand dollars (\$60,000) per year.

7 This act would take effect upon passage.

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