



Senate

General Assembly

File No. 724

January Session, 2007

Substitute Senate Bill No. 1322

Senate, May 3, 2007

The Committee on Appropriations reported through SEN. HARP of the 10th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT CONCERNING A STUDENT LOAN REPAYMENT ASSISTANCE PROGRAM FOR PUBLIC DEFENDERS AND PROSECUTORS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective July 1, 2009*) (a) There is established a
2 student loan repayment assistance program which shall be
3 administered by the Department of Higher Education.

4 (b) The program established pursuant to subsection (a) of this
5 section shall provide student loan repayment assistance to attorneys
6 employed full time by the Division of Public Defender Services as
7 public defenders and attorneys employed full time by the Division of
8 Criminal Justice as prosecutors. Any such attorney may apply at such
9 time and in such manner as prescribed by the Commissioner of Higher
10 Education and shall be eligible for repayment assistance for loans
11 eligible pursuant to subsection (c) of this section commencing the first
12 full month following the second anniversary of such employment.

13 (c) (1) (A) An applicant for loan repayment assistance under the
14 program shall execute a release allowing the Commissioner of Higher
15 Education to contact lenders of loans approved pursuant to
16 subdivision (2) of this subsection.

17 (B) An applicant for loan repayment assistance under the program
18 shall agree to remain employed by the Division of Public Defender
19 Services as a full-time public defender or by the Division of Criminal
20 Justice as a full-time prosecutor for not less than three years after the
21 initial payment of assistance under subdivision (3) of subsection (d) of
22 this section.

23 (2) The Commissioner of Higher Education shall determine which
24 loans of an applicant are eligible for repayment assistance. Any such
25 loans shall be: (A) A loan made, insured or guaranteed under (i) Part B
26 of Title IV of the Higher Education Act of 1965, 20 USC 1071 et seq., as
27 from time to time amended, (ii) Part D or E of Title IV of the Higher
28 Education Act of 1965, 20 USC 1087 et seq., as amended from time to
29 time, or (iii) Section 428C or 455(g) of the Higher Education Act of
30 1965, 20 USC 1078-3 and 20 USC 1087e(g), as from time to time
31 amended, to the extent such loan was used to repay (I) a Federal Direct
32 Stafford Loan, (II) a Federal Direct Unsubsidized Stafford Loan, or (III)
33 a loan made under Section 428 or 428H of the Higher Education Act of
34 1965, as from time to time amended, and (B) a loan made to pay costs
35 associated with the applicant's education in pursuit of a Juris Doctorate
36 or any other degree required in pursuit of the Juris Doctorate degree,
37 as determined by the commissioner.

38 (d) (1) In order to receive loan repayment assistance pursuant to this
39 section, a participant shall apply for any other available source of loan
40 repayment assistance for the loans approved pursuant to subsection (c)
41 of this section.

42 (2) Not later than (A) October fifteenth for payments made in July,
43 August and September, (B) January fifteenth for payments made in
44 October, November and December, (C) April fifteenth for payments
45 made in January, February and March, and (D) July fifteenth, for

46 payments made in April, May and June, the participant in the loan
 47 assistance repayment program shall submit quarterly receipts of loan
 48 payments and receipts of loan repayment assistance from any other
 49 source, if any, to the Department of Higher Education. The participant
 50 shall, upon the initial submission of payments for any loan described
 51 in subparagraph (B) of subdivision (2) of subsection (c) of this section,
 52 supply proof that the loan was made in accordance with said
 53 subparagraph (B), as determined to be adequate by the Commissioner
 54 of Higher Education. The quarterly receipts shall show the amount and
 55 date of payment for a loan approved pursuant to subsection (c) of this
 56 section, identification of such loan, the account number to which
 57 payments were credited and complete identifying information of the
 58 lender, including, but not limited to, the address to which payments
 59 may be made.

60 (3) The Commissioner of Higher Education shall issue all payments
 61 of loan repayment assistance made pursuant to the program under this
 62 section. Payments made to participants in the program shall not
 63 exceed five hundred dollars per month and the total amount of
 64 monthly payments to any participant shall not exceed forty thousand
 65 dollars.

66 (e) Any recipient of loan assistance under this section who fails to
 67 fulfill his or her obligations pursuant to subparagraph (B) of
 68 subdivision (1) of subsection (c) of this section, shall repay the state the
 69 total amount of the payments the recipient received under subdivision
 70 (3) of subsection (d) of this section.

71 (f) The Board of Governors of Higher Education may adopt
 72 regulations, in accordance with the provisions of chapter 54 of the
 73 general statutes, to carry out the provisions of this section.

This act shall take effect as follows and shall amend the following sections:		
Section 1	July 1, 2009	New section

HED *Joint Favorable Subst. C/R*

JUD

JUD *Joint Favorable C/R*

APP

APP *Joint Favorable Subst.*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either chamber thereof for any purpose:

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 08 \$	FY 09 \$
Higher Ed., Dept.	GF - Cost	See Below	See Below

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill establishes a student loan repayment program for attorneys employed full-time by the Division of Public Defender Services as public defenders, and attorneys employed full-time by the Division of Criminal Justice as prosecutors, for more than two years. The Department of Higher Education (DHE) would be responsible for administering the grant program and issuing payments to eligible applicants. It is estimated that DHE would require an additional Education and Health Initiatives Program Manager to administer the newly established program, with an annually salary of \$75,000 plus fringe benefits¹. The annual cost of loan repayments is estimated to be \$600,000. There would be no costs incurred in the biennium, as the effective date of the bill is July 1, 2009.

The Out Years

¹ The fringe benefit costs for state employees are budgeted centrally in the Miscellaneous Accounts administered by the Comptroller. The estimated first year fringe benefit rate for a new employee as a percentage of average salary is 25.8%, effective July 1, 2006. The first year fringe benefit costs for new positions do not include pension costs. The state's pension contribution is based upon the prior year's certification by the actuary for the State Employees Retirement System (SERS). The SERS 2006-07 fringe benefit rate is 34.4%, which when combined with the non pension fringe benefit rate totals 60.2%.

The cost of the bill, which is estimated to be approximately \$700,000 will not begin until FY 09, and would continue into the future at a rate subject to inflation.

OLR Bill Analysis**sSB 1322*****AN ACT CONCERNING A STUDENT LOAN REPAYMENT ASSISTANCE PROGRAM FOR PUBLIC DEFENDERS AND PROSECUTORS.*****SUMMARY:**

This bill creates a student loan repayment assistance program, administered by the Department of Higher Education (DHE), for full-time public defenders and prosecutors employed by the Public Defender Services or Criminal Justice divisions for at least two years. The program reimburses them up to \$500 per month, up to a maximum \$40,000, of qualifying student loan repayments. The bill requires participants to remain employed in these positions for at least three years after receiving their initial payment, or repay the state the total amount received. The higher education board of governors may adopt implementing regulations.

EFFECTIVE DATE: July 1, 2009

LOAN REPAYMENT ASSISTANCE PROGRAM***Program Administration and Eligibility Requirements***

DHE must administer the program and prescribe application dates and procedures. The commissioner determines which student loan repayments are eligible for repayment assistance. The bill specifies that eligible loans include (1) federal education loans, such as Perkins and Stafford loans; (2) federal consolidation loans, used to repay federal education loans; and (3) any other loans made to pay education costs associated with applicants' law degrees, as determined by the commissioner. DHE must require participants to supply proof of the non-federal loans, as determined by the commissioner.

Full-time public defenders and prosecutors employed by the Public

Defender Services or Criminal Justice divisions are eligible for student loan repayment assistance in the first full month following the second anniversary of their employment. In order to receive assistance applicants must (1) execute a release allowing the commissioner to contact their lenders and (2) apply for any other available sources of loan repayment assistance.

Payment Process

The commissioner issues the reimbursements, up to \$500 per month, up to a maximum of \$40,000 per applicant. Participants must submit to DHE quarterly receipts of (1) loan payments and (2) other sources of loan repayment assistance, if any, by the dates listed in Table 1 below. In addition to the date and amount of the approved loan payment, the quarterly receipts must show the (1) type of loan; (2) account number to which payments were credited; and (3) lender's identifying information, including payment address.

Table 1: Deadlines for Submitting Quarterly Receipts

<i>Deadline for Submitting Quarterly Receipts</i>	<i>Months of Loan Repayments or Repayment Assistance</i>
October 15	July, August, September
January 15	October, November, December
April 15	January, February, March
July 15	April, May, June

COMMITTEE ACTION

Higher Education and Employment Advancement Committee

Joint Favorable Substitute Change of Reference
Yea 18 Nay 0 (03/13/2007)

Judiciary Committee

Joint Favorable Change of Reference
Yea 40 Nay 0 (04/04/2007)

Appropriations Committee

Joint Favorable Substitute

Yea 47 Nay 0 (04/19/2007)