

# ASSEMBLY, No. 4095

## STATE OF NEW JERSEY 214th LEGISLATURE

INTRODUCED JUNE 13, 2011

**Sponsored by:**

**Assemblywoman CONNIE WAGNER**

**District 38 (Bergen)**

**Assemblyman PETER J. BARNES, III**

**District 18 (Middlesex)**

**Assemblywoman PAMELA R. LAMPITT**

**District 6 (Camden)**

**SYNOPSIS**

Establishes Retaining Our Best and Brightest Loan Redemption Program.

**CURRENT VERSION OF TEXT**

As introduced.



(Sponsorship Updated As Of: 6/14/2011)

1 AN ACT establishing a Retaining Our Best and Brightest Loan  
2 Redemption Program and supplementing chapter 71C of Title  
3 18A of the New Jersey Statutes.

4  
5 **BE IT ENACTED** *by the Senate and General Assembly of the State*  
6 *of New Jersey:*

7  
8 1. This act shall be known and may be cited as the “Retaining  
9 Our Best and Brightest Loan Redemption Program Act.”

10  
11 2. The Legislature finds and declares that:

12 a. Maximizing the number of educated individuals within the  
13 State’s workforce is a prudent means of ensuring that New Jersey  
14 remains economically competitive in the 21st century. Currently,  
15 46.6% of the State’s workforce has graduated from an institution of  
16 higher education. However, a recent study by the Georgetown  
17 University Center on Education and the Workforce found that by  
18 2018, 66% of New Jersey jobs will require some form of  
19 postsecondary education.

20 b. The State invests heavily in its elementary and secondary  
21 school students and produces many academically successful high  
22 school graduates, with over 80% going on to attend an institution of  
23 higher education. New Jersey does not always reap the benefits of  
24 that investment, as many of New Jersey high school graduates elect  
25 to attend out-of-State institutions of higher education. According to  
26 the National Center for Education Statistics, 37,201 of New Jersey’s  
27 high school graduates left the State to attend an institution of higher  
28 education in 2008, while only 5,557 came to New Jersey from other  
29 states. Furthermore, many of those who remain in the State to  
30 attend an institution of higher education elect to move out-of-State  
31 upon graduation.

32 c. Each student who elects to attend an out-of-State institution  
33 of higher education and fails to return to the State upon graduation,  
34 or who attends an in-State institution of higher education but leaves  
35 upon graduation, represents an enormous economic loss to the  
36 State. Therefore, it is appropriate for the State to offer incentives to  
37 graduates of New Jersey institutions of higher education to remain  
38 in the State after graduation, and to citizens of New Jersey who  
39 attend out-of-State institutions of higher education to return to New  
40 Jersey upon graduation.

41  
42 3. As used in this act:

43 “Authority” means the Higher Education Student Assistance  
44 Authority.

45 “Eligible NJCLASS loan” means a loan issued by the authority  
46 under the New Jersey College Loans to Assist State Students  
47 (NJCLASS) Loan Program pursuant to N.J.S.18A:71C-21; provided  
48 that (1) the loan has not had a portion of its interest or principal

1 redeemed through the program for more than 60 months; (2) the  
2 repayment plan for the loan requires at least 180 monthly payments  
3 to fully repay the loan; (3) and provided further that no loan shall be  
4 an eligible NJCLASS loan after 10 years from the first date of loan  
5 disbursement.

6 “Full-time” means 35 hours of work or more per week for a  
7 single employer or a total of 35 hours of work or more per week for  
8 multiple employers.

9 “Monthly billing cycle” for a given monthly payment means the  
10 period of time starting with the day after the previous required  
11 monthly payment was due and ending on the due date of the given  
12 payment.

13 “Monthly student loan repayment obligation” means the sum of  
14 the minimum required monthly payments for all of a person’s  
15 qualifying student loans, minus any assistance received by an  
16 applicant or a participant through any public or private student loan  
17 assistance program. Only qualifying student loans that are (1) in  
18 repayment, and (2) subject to a repayment plan that requires the  
19 lowest allowable minimum monthly payment shall, as determined  
20 by the authority, be used to calculate a person’s monthly student  
21 loan repayment obligation.

22 “NJCLASS loan” means any loan made under the New Jersey  
23 College Loans to Assist State Students (NJCLASS) Loan program  
24 pursuant to N.J.S.18A:71C-21.

25 “Participant” means a person who meets all the criteria  
26 established in section 5 of P.L. , c. (C. ) (pending before the  
27 Legislature as this bill) and is enrolled in the program.

28 “Program” means the Retaining Our Best and Brightest Loan  
29 Redemption Program established pursuant to P.L. , c. (C. )  
30 (pending before the Legislature as this bill).

31 “Public service employee” means an individual employed by a  
32 federal, state, or local government organization or an  
33 instrumentality thereof; an organization organized as a not-for-  
34 profit as described in section 501(c)(3) of the federal Internal  
35 Revenue Code of 1986, 26 U.S.C. s.501, and exempt from taxation  
36 under section 501(a) of the federal Internal Revenue Code of 1986,  
37 26 U.S.C. s.501; a private organization that is a not for profit  
38 business, a labor union, a partisan political organization, or an  
39 organization engaged in religious activities, unless the qualifying  
40 activities are unrelated to religious instruction, worship services, or  
41 any form of proselytizing, and that provides any of the following  
42 public services: emergency management, military service, public  
43 safety, law enforcement, public interest law services, early  
44 childhood education, public service for individuals with disabilities  
45 and the elderly, public health, public education, public library  
46 services, and school library or other school-based services.

47 “Qualifying student loan” means a government or commercial  
48 loan for the actual costs paid for tuition and reasonable education

1 and living expenses relating to the obtaining of an undergraduate or  
2 graduate degree.

3

4 4. a. There is established within the Higher Education Student  
5 Assistance Authority the “Retaining Our Best and Brightest Loan  
6 Redemption Program.” The program is designed to provide for the  
7 redemption of a portion of the NJCLASS loans of program  
8 participants. No individual shall receive more than 60 months of  
9 assistance under the program.

10 b. The authority shall, on a monthly basis, provide loan  
11 redemption in the amount of 15% of the required minimum monthly  
12 payment for the participant’s eligible NJCLASS loans, provided  
13 that the participant remains eligible under the criteria established in  
14 section 5 of P.L. , c. (C. ) (pending before the Legislature as  
15 this bill) for the duration of the previous monthly billing cycle. If a  
16 participant in the program is a full-time public service employee,  
17 the authority shall, on a monthly basis, provide loan redemption in  
18 the amount of 20% of the required minimum monthly payment for  
19 the participant’s eligible NJCLASS loans, provided that the  
20 participant remains eligible under the criteria established in section  
21 5 of P.L. , c. (C. ) (pending before the Legislature as this bill)  
22 and is a full-time public service employee for the duration of the  
23 previous monthly billing cycle.

24 c. Participants shall be enrolled into the program for a period  
25 of time equivalent to the participant’s next twelve monthly billing  
26 cycles for NJCLASS loans or for 13 calendar months, whichever  
27 period is shorter.

28

29 5. a. To be eligible to participate in the program, an applicant  
30 shall:

31 (1) Reside and maintain domicile in New Jersey;

32 (2) Be employed full-time within the State;

33 (3) Have graduated with a cumulative grade point average of 3.0  
34 or higher on a scale of 4.0, or its equivalent, from an eligible  
35 institution. The cumulative grade point average shall be applicable  
36 to an undergraduate program or graduate program, or to each,  
37 depending on the program for which the NJCLASS loan was issued.

38 (4) Have an annual income of \$75,000 or less; and

39 (5) Have a monthly student loan repayment obligation  
40 equivalent to 20% or more of the applicant’s total gross monthly  
41 income.

42 b. A participant must be in compliance with all of the  
43 eligibility criteria established in subsection a. of this section for the  
44 duration of each monthly billing cycle.

45

46 6. a. A person may apply to the authority to participate in the  
47 program in such manner as prescribed by the authority.

1       b. As part of the program application, the authority shall  
2 require each applicant to submit documentation including, but not  
3 limited to, the applicant's most recent New Jersey gross income tax  
4 return.

5       c. The program application shall contain a provision requiring  
6 the applicant to agree to notify the authority, in writing, of any  
7 change in circumstances that may render the person ineligible to  
8 participate in the program.

9       d. A participant shall reapply annually to continue participation  
10 in the program in such manner as prescribed by the authority.

11  
12       7. a. A program participant shall enter into a written contract  
13 with the authority to participate in the program. The contract shall  
14 specify the amount of eligible student loan expenses to be redeemed  
15 by the State each month and that the participant is eligible to  
16 receive loan redemption for one year following acceptance into the  
17 program, unless the participant reapplies to the program and the  
18 authority renews the participant's written contract for another year.

19       b. A program participant who has entered into a redemption  
20 contract with the authority may nullify that contract by submitting  
21 written notification to the authority and assuming full responsibility  
22 for repayment of the full amount of the participant's loan or that  
23 portion of the loan that has not been redeemed by the State in return  
24 for partial fulfillment of the contract.

25       c. The authority may nullify a contract it has entered into with  
26 a program participant if the participant fails to remain in  
27 compliance with the program criteria established in section 5 of  
28 P.L. , c. (C. ) (pending before the Legislature as this bill).

29       d. In the case of a program participant's death or total or  
30 permanent disability, the authority shall nullify the service  
31 obligation of the participant, thereby terminating the participant's  
32 service obligation; or where continued enforcement of the contract  
33 may result in extreme hardship, the authority may nullify or  
34 suspend the participant's service obligation.

35  
36       8. The authority shall increase the interest rate charged to all  
37 NJCLASS borrowers equally in order to recoup the total amount  
38 spent on redeeming loans through the program.

39  
40       9. This act shall take effect immediately, but sections 1 through  
41 7 shall be inoperative until the first day of the nineteenth month  
42 next following the date of enactment and shall be applicable only to  
43 NJCLASS loans issued pursuant to N.J.S.18A:71C-21 on or after  
44 that first day. The authority may take such anticipatory  
45 administrative action in advance of that first day as shall be  
46 necessary for the implementation of this act.

## STATEMENT

This bill establishes a “Retaining Our Best and Brightest Loan Redemption Program.” The program is designed to offer incentives to encourage academically successful graduates of New Jersey colleges and universities to remain in the State upon graduation, and to academically successful New Jersey residents who attend out-of-State colleges and universities to return to the State upon graduation. The purpose of the program is to increase New Jersey’s economic competitiveness in the 21st century by increasing the percentage of educated individuals within the State’s workforce, making the State a more attractive place for existing New Jersey businesses and potential new employers.

Under the program, the Higher Education Student Assistance Authority (“HESAA”) will redeem up to 20% of the required minimum monthly payment on an graduate’s eligible NJCLASS loan, provided that the participant remains compliant with the program’s eligibility criteria for the duration of previous the month.

In order to be eligible to receive loan redemption under the program an individual must be a resident of the State and a domiciliary of the State. The individual must work full-time, or the equivalent of full-time for multiple employers, within the State. The individual must have graduated with a 3.0 GPA, or its equivalent. The individual must also have an annual income of no more than \$75,000 and must be obligated to pay a minimum of 20% of his or her gross monthly income toward the discharge of student loans.

In order to be eligible for redemption, the student to whom the NJCLASS loan was made must not have received more than 60 months of assistance under the program and the loan must: (1) have been issued after the program becomes operable; (2) not have had 120 required monthly payments made toward it; and (3) be on a repayment plan requiring at least 180 monthly payments.

The cost of providing this program to NJCLASS borrowers shall be built into the interest rate charged to all NJCLASS borrowers.