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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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SENATE BILL

No. 598      Session of  
2005

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INTRODUCED BY CONTI, D. WHITE, ROBBINS, RHOADES, MUSTO, COSTA,  
WENGER, ORIE, PILEGGI, LAVALLE, GREENLEAF, ARMSTRONG,  
ERICKSON, M. WHITE, WONDERLING, PIPPY, GORDNER, WOZNIAK,  
KASUNIC, KITCHEN, TARTAGLIONE, O'PAKE, STACK, BOSCOLA AND  
FERLO, APRIL 6, 2005

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REFERRED TO EDUCATION, APRIL 6, 2005

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AN ACT

1    Establishing the Armed Forces Loan Forgiveness Program.

2        The General Assembly of the Commonwealth of Pennsylvania  
3    hereby enacts as follows:

4    Section 1.    Short title.

5        This act shall be known and may be cited as the Armed Forces  
6    Loan Forgiveness Program Act.

7    Section 2.    Definitions.

8        The following words and phrases when used in this act shall  
9    have the meanings given to them in this section unless the  
10   context clearly indicates otherwise:

11        "Active duty for training."    The term as defined in 38 U.S.C.  
12   § 101(22) (relating to definitions).

13        "Active duty status."    Full-time duty in the armed forces of  
14   the United States. The term does not include active duty for  
15   training.

16        "Agency."    The Pennsylvania Higher Education Assistance

1 Agency.

2 "Approved institution of higher learning." An institution of  
3 higher learning located in this Commonwealth and approved by the  
4 Pennsylvania Higher Education Assistance Agency.

5 "Armed forces." The Army, Marine Corps, Navy, Air Force or  
6 Coast Guard of the United States.

7 "Qualified applicant." A resident of this Commonwealth who  
8 has served in the armed forces in an active duty status for a  
9 minimum of 90 days since September 11, 2001.

10 Section 3. Armed Forces Loan Forgiveness Program.

11 (a) Establishment.--There is established the Armed Forces  
12 Loan Forgiveness Program. The Armed Forces Loan Forgiveness  
13 Program shall be for the repayment of student loans for  
14 qualified applicants. Repayment of the loan shall be made by the  
15 agency to the lending institution on behalf of the loan  
16 recipient.

17 (b) Eligibility.--Qualified applicants who are selected for  
18 the Armed Forces Loan Forgiveness Program in accordance with  
19 this act shall be eligible for payment by the agency of a  
20 portion of the debt incurred by the applicant through the  
21 agency-administered Guaranteed Student Loan Programs for the  
22 education necessary to receive an undergraduate degree from an  
23 approved institution of higher learning.

24 (c) Timely payment.--Payments shall be made in accordance  
25 with the procedures established by the agency.

26 (d) Maximum forgiveness.--No more than \$2,500 shall be  
27 forgiven in any year, and no more than \$10,000 shall be forgiven  
28 for any applicant. Awards shall be made in accordance with the  
29 procedures established by the agency.

30 Section 4. Funding.

1        Loan forgiveness awards shall be made to the extent that  
2 funds are appropriated by the General Assembly. If funds  
3 appropriated for this act are insufficient to provide awards  
4 under section 3 (relating to Armed Forces Loan Forgiveness  
5 Program) to all eligible qualified applicants, awards shall be  
6 made to eligible qualified applicants on a pro rata basis.  
7 Section 10.    Effective date.  
8        This act shall take effect in 60 days.