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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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HOUSE BILL

No. 2326 Session of  
2015

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INTRODUCED BY KAUFER, DRISCOLL, HARHART, BOBACK, TOOHL, TAYLOR,  
COOK-ARTIS, RAPP, DAVIS, MURT, BAKER, GINGRICH AND KAUFFMAN,  
SEPTEMBER 9, 2016

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REFERRED TO COMMITTEE ON EDUCATION, SEPTEMBER 9, 2016

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AN ACT

1 Establishing the Loan Forgiveness for Counselors Program within  
2 the Pennsylvania Higher Education Assistance Agency and  
3 providing for powers and duties of the Pennsylvania Higher  
4 Education Assistance Agency.

5 The General Assembly of the Commonwealth of Pennsylvania  
6 hereby enacts as follows:

7 Section 1. Short title.

8 This act shall be known and may be cited as the Loan  
9 Forgiveness for Counselors Act.

10 Section 2. Purpose.

11 The purpose of this act is to provide an incentive to  
12 Pennsylvania students to pursue higher education and careers in  
13 counseling to meet the delivery of quality addiction counseling  
14 services in this Commonwealth.

15 Section 3. Definitions.

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

1 "Agency." The Pennsylvania Higher Education Assistance  
2 Agency.

3 "Counselor." An individual who provides individual and group  
4 counseling for chemical dependency in a licensed drug and  
5 alcohol treatment facility.

6 "Eligible applicant." A qualified individual who meets the  
7 following criteria:

8 (1) Is a resident of this Commonwealth.

9 (2) Has successfully completed a two-year or four-year  
10 academic degree or diploma or graduate level academic degree  
11 or diploma at an accredited college or university.

12 (3) Has been hired as a full-time counselor by a  
13 licensed alcohol and drug addiction treatment facility.

14 "Licensed alcohol and drug addiction treatment facility." An  
15 alcohol or drug addiction treatment facility licensed by the  
16 Department of Drug and Alcohol Programs to provide addiction  
17 treatment services.

18 "Program." The Loan Forgiveness for Counselors Program  
19 established by this act.

20 Section 4. Program.

21 (a) Establishment.--The Loan Forgiveness for Counselors  
22 Program is established. The agency shall administer the program  
23 for eligible applicants on a Statewide basis. The agency may  
24 provide loan forgiveness as provided in subsection (b) for  
25 recipients of loans who by contract with the agency agree to  
26 provide addiction counseling services in this Commonwealth.

27 (b) Loan forgiveness.--Agency-administered, Federally  
28 insured student loans for higher education provided to an  
29 eligible applicant may be forgiven by the agency as follows:

30 (1) The agency may forgive a proportional part of the

1 loan, not to exceed \$35,000, if a loan recipient enters into  
2 a contract with the agency that requires the recipient to  
3 provide four years of full-time staff work. No more than  
4 \$8,750 shall be forgiven in any year.

5 (2) Loan forgiveness awards made under paragraph (1)  
6 shall be forgiven over a period of four years at an annual  
7 rate of 25% of the award and shall be made from funds  
8 appropriated for this purpose.

9 (3) Payments shall be made in accordance with the  
10 procedures established by the agency.

11 (4) The contract entered into with the agency under  
12 paragraph (1) shall be considered a contract with the  
13 Commonwealth and shall include the following terms:

14 (i) The recipient shall agree to be employed by a  
15 licensed alcohol and drug addiction treatment facility  
16 located within this Commonwealth for a period of not less  
17 than four years in the field.

18 (ii) The recipient shall permit the agency to  
19 determine compliance with the work requirement and all  
20 other terms of the contract.

21 (iii) Upon the recipient's death or total or  
22 permanent disability, the agency shall nullify the  
23 service obligation of the recipient.

24 (iv) If the recipient is convicted of or pleads  
25 guilty or no contest to a felony, the agency shall have  
26 the authority to terminate the recipient's service in the  
27 program and demand repayment of the amount of the loan as  
28 of the date of the conviction.

29 (v) Loan recipients who fail to begin or complete  
30 the obligations contracted for shall pay to the agency

1 the amount of the loan received under the terms of the  
2 contract under this section. Providing false information  
3 or misrepresentation on an application or verification of  
4 service shall be deemed a default. Determination as to  
5 the time of the default shall be made by the agency.

6 (c) Contract enforcement.--Notwithstanding 42 Pa.C.S. § 8127  
7 (relating to personal earnings exempt from process), the agency  
8 may seek garnishment of wages for the collection of damages  
9 provided for in subsection (b) (4) (v).

10 Section 5. Tax applicability.

11 Loan forgiveness repayments received by a student shall not  
12 be considered taxable income for purposes of Article III of the  
13 act of March 4, 1971 (P.L.6, No.2), known as the Tax Reform Code  
14 of 1971.

15 Section 6. Annual report.

16 (a) Development of report.--The agency shall publish a  
17 report by September 1 each year for the immediately preceding  
18 fiscal year. The report shall include information regarding the  
19 operation of the program, including:

20 (1) The number and amount of counselor loan forgiveness  
21 contracts executed and renewed for eligible applicants.

22 (2) The number of defaulted counselor loan forgiveness  
23 contracts reported by cause.

24 (3) The number of counselors participating in the  
25 program reported by institution attended.

26 (4) The number and type of enforcement actions taken by  
27 the agency.

28 (b) Submission.--The annual report shall be submitted to:

29 (1) The Governor.

30 (2) The chairperson and minority chairperson of the

1 Appropriations Committee of the Senate.

2 (3) The chairperson and minority chairperson of the  
3 Appropriations Committee of the House of Representatives.

4 (4) The chairperson and minority chairperson of the  
5 Education Committee of the Senate.

6 (5) The chairperson and minority chairperson of the  
7 Education Committee of the House of Representatives.

8 (6) The chairperson and minority chairperson of the  
9 Public Health and Welfare Committee of the Senate.

10 (7) The chairperson and minority chairperson of the  
11 Human Services Committee of the House of Representatives.

12 Section 7. Regulations.

13 The agency shall adopt regulations and procedures necessary  
14 to carry out the purposes of this act.

15 Section 8. Funding.

16 Loan forgiveness repayments shall be made only to the extent  
17 that funds are appropriated for that purpose and are sufficient  
18 to cover administration of the program. The receipt of a loan  
19 under this act shall not constitute an entitlement derived from  
20 the Commonwealth or a claim on any funds of the Commonwealth.

21 Section 9. Effective date.

22 This act shall take effect in 90 days.