

AN ACT

1 Establishing the Pennsylvania Retaining Educated Workers
2 Incentive Program (PREWIP) and imposing duties on the
3 Pennsylvania Higher Education Assistance Agency.

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

6 Section 1. Short title.

7 This act shall be known and may be cited as the Pennsylvania
8 Retaining Educated Workers Incentive Program (PREWIP) Act.

9 Section 2. Purpose.

10 The purpose of this act is to provide an incentive for
11 individuals to pursue employment in a designated distressed zone
12 of this Commonwealth.

13 Section 3. Definitions.

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

17 "Agency." The Pennsylvania Higher Education Assistance
18 Agency.

1 "Award recipient." An eligible individual who receives
2 student loan forgiveness or an interest rate reduction under the
3 program.

4 "Distressed zone." A geographic area of this Commonwealth
5 that is:

6 (1) designated by the agency as eligible for the
7 Pennsylvania Industrial Development Authority loan program;
8 and

9 (2) experiencing population loss of more than 2% as
10 determined by the United States Census Bureau.

11 "Eligible individual." An individual who:

12 (1) is a resident of this Commonwealth; and

13 (2) holds an undergraduate degree, diploma or trade
14 certificate from an institution of higher education.

15 "Institution of higher education." Any of the following:

16 (1) A community college operating under Article XIX-A of
17 the act of March 10, 1949 (P.L.30, No.14), known as the
18 Public School Code of 1949.

19 (2) A university within the State System of Higher
20 Education established under Article XX-A of the Public School
21 Code of 1949.

22 (3) A State-related institution.

23 (4) The Thaddeus Stevens College of Technology.

24 "Program." The Pennsylvania Retaining Educated Workers
25 Incentive Program (PREWIP).

26 "State-related institution." Any of the following:

27 (1) The Pennsylvania State University.

28 (2) The University of Pittsburgh.

29 (3) Temple University.

30 (4) Lincoln University.

1 (5) Any other institution designated as "State-related"
2 by the Commonwealth.

3 (6) A branch campus of an institution specified in
4 paragraph (1), (2), (3), (4) or (5).

5 Section 4. Pennsylvania Retaining Educated Workers Incentive
6 Program.

7 (a) Establishment.--The Pennsylvania Retaining Educated
8 Workers Incentive Program (PREWIP) is established in the agency.

9 (b) Administration.--The agency shall administer the program
10 for the purposes of:

11 (1) Providing student loan forgiveness in accordance
12 with section 5.

13 (2) Reducing the interest rate regarding student loans
14 in accordance with section 6.

15 Section 5. Loan forgiveness.

16 (a) Authorization.--The program shall include loan
17 forgiveness in accordance with this section for an eligible
18 individual regarding student loans held by the Commonwealth.

19 (b) Amount.--Under the program, the agency shall forgive the
20 student loans of an eligible individual, up to \$50,000.

21 (c) Agreement.--To qualify for loan forgiveness under the
22 program, an eligible individual must enter into an agreement
23 with the agency that includes notice of all the requirements and
24 conditions under this section.

25 (d) Residency.--To qualify for loan forgiveness under the
26 program:

27 (1) Within six months after entering into the agreement,
28 an award recipient must establish residency in a distressed
29 zone.

30 (2) An award recipient must maintain residency in a

1 distressed zone for a period of at least 10 consecutive
2 years.

3 (e) Changed criteria.--If, after an award recipient
4 establishes residency in a distressed zone under the agreement,
5 the zone no longer meets the criteria specified in the
6 definition of "distressed zone" under section 3, the award
7 recipient still qualifies for loan forgiveness if the award
8 recipient continuously resides in the zone for a period of at
9 least 10 consecutive years.

10 (f) Compliance.--

11 (1) An award recipient shall permit the agency to
12 determine compliance with the residency requirement under the
13 agreement.

14 (2) If an award recipient fails to comply with the
15 residency requirement under the agreement, the award
16 recipient shall reimburse the Commonwealth for the amount of
17 student loan forgiveness received, including interest accrued
18 as determined by the agency.

19 (3) An award recipient and the agency shall make every
20 effort to resolve conflicts in order to prevent a breach of
21 the agreement.

22 (g) Termination.--The agency may terminate student loan
23 forgiveness and demand repayment by an award recipient of the
24 amount of student loans forgiven if the award recipient is
25 convicted of or pleads guilty or no contest to a felony.

26 (h) Limitation.--An award recipient may not receive student
27 loan forgiveness if the award recipient:

28 (1) receives loan forgiveness from another program
29 provided by the Commonwealth; or

30 (2) applies for a 0% interest rate offered under section

1 6.

2 (i) Tax applicability.--Student loan forgiveness received
3 under this section shall not be considered taxable income for
4 purposes of Article III of the act of March 4, 1971 (P.L.6,
5 No.2), known as the Tax Reform Code of 1971.

6 (j) Enforcement.--Notwithstanding 42 Pa.C.S. § 8127
7 (relating to personal earnings exempt from process), the agency
8 may seek garnishment of wages of an award recipient who fails to
9 comply with the agreement for the amount of student loan
10 forgiveness provided to the award recipient.

11 Section 6. Interest rate reduction on student loans.

12 (a) Authorization.--The program shall include the reduction
13 of the interest rate in accordance with this section for an
14 eligible individual regarding student loans held by the
15 Commonwealth.

16 (b) Percent.--Under the program, the agency shall provide an
17 interest rate of 0% on student loans of an eligible individual.

18 (c) Agreement.--To qualify for a 0% interest rate under the
19 program, an eligible individual must enter into an agreement
20 with the agency that includes notice of all the requirements and
21 conditions under this section.

22 (d) Residency.--To qualify for a 0% interest rate under the
23 program, within 30 days after entering into the agreement, an
24 award recipient must establish residency in a distressed zone.

25 (e) Changed criteria.--If, after an award recipient
26 establishes residency in a distressed zone under the agreement,
27 the zone no longer meets the criteria specified in the
28 definition of "distressed zone" under section 3, the award
29 recipient still qualifies for the 0% interest rate for up to 12
30 months, after which time the interest rate on the student loans

1 returns to the rate in effect before the award recipient entered
2 into the agreement.

3 (f) Relocation.--If an award recipient makes plans to cease
4 residency in the distressed zone, the award recipient shall
5 notify the agency of the termination of the agreement, at which
6 time the interest rate on the student loans returns to the rate
7 in effect before the award recipient entered into the agreement,
8 without penalty.

9 (g) Compliance.--

10 (1) An award recipient shall permit the agency to
11 determine compliance with the residency requirement under the
12 agreement.

13 (2) If an award recipient fails to comply with the
14 residency requirement under the agreement, the award
15 recipient shall reimburse the Commonwealth for the amount
16 that the award recipient saved as a result of the 0% interest
17 rate.

18 (3) An award recipient and the agency shall make every
19 effort to resolve conflicts in order to prevent a breach of
20 the agreement.

21 (h) Termination.--The agency may terminate the 0% interest
22 rate award if the award recipient is convicted of or pleads
23 guilty or no contest to a felony.

24 (i) Limitation.--An award recipient may not receive the 0%
25 interest rate award if the award recipient:

26 (1) participates in another interest rate reduction
27 program provided by the Commonwealth; or

28 (2) applies for student loan forgiveness offered under
29 section 5.

30 (j) Enforcement.--Notwithstanding 42 Pa.C.S. § 8127

1 (relating to personal earnings exempt from process), the agency
2 may seek garnishment of wages of an award recipient who fails to
3 comply with the agreement for the interest rate reduction
4 provided to the award recipient.

5 Section 7. Annual report.

6 (a) Development.--By September 1, 2021, and each September 1
7 thereafter, the agency shall compile a report regarding the
8 operation of the program for the immediately preceding fiscal
9 year.

10 (b) Contents.--A report under this section shall include the
11 following information:

12 (1) The number and amount of agreements executed and
13 renewed for award recipients.

14 (2) The number of eligible individuals participating in
15 student loan forgiveness and the 0% interest rate components
16 of the program.

17 (3) The number of defaults that occurred regarding the
18 student loans under the program and the cause of the
19 defaults.

20 (4) The number and type of enforcement actions taken by
21 the agency regarding the implementation of the program.

22 (c) Submittal.--A report under this section shall be
23 submitted to the following:

24 (1) The Governor.

25 (2) The chairperson and minority chairperson of the
26 Appropriations Committee of the Senate.

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

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

1 (5) The chairperson and minority chairperson of the
2 Education Committee of the House of Representatives.

3 (6) The chairperson and minority chairperson of the
4 Labor and Industry Committee of the Senate.

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

7 Section 8. Funding for program.

8 Agreements under this act:

9 (1) Shall be made only to the extent that money is
10 appropriated for the program and is sufficient for the
11 implementation of the program.

12 (2) Shall not constitute an entitlement derived from the
13 Commonwealth or a claim on any money of the Commonwealth.

14 Section 9. Rules and regulations.

15 The agency shall promulgate rules and regulations necessary
16 for the administration and enforcement of this act.

17 Section 10. Effective date.

18 This act shall take effect in 90 days.