
THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 100 Session of
2015

INTRODUCED BY WOZNIAK, TEPLITZ, SMITH, BREWSTER, COSTA, FARNESE,
YUDICHAK, WILLIAMS, RAFFERTY AND BROWNE, FEBRUARY 12, 2015

REFERRED TO EDUCATION, FEBRUARY 12, 2015

AN ACT

1 Amending the act of March 10, 1949 (P.L.30, No.14), entitled "An
2 act relating to the public school system, including certain
3 provisions applicable as well to private and parochial
4 schools; amending, revising, consolidating and changing the
5 laws relating thereto," establishing the Pennsylvania
6 Educated and Employed Loan Forgiveness Program; and imposing
7 powers and duties on the Pennsylvania Higher Education
8 Assistance Agency.

9 The General Assembly of the Commonwealth of Pennsylvania
10 hereby enacts as follows:

11 Section 1. The act of March 10, 1949 (P.L.30, No.14), known
12 as the Public School Code of 1949, is amended by adding an
13 article to read:

14 ARTICLE XXII-B

15 PENNSYLVANIA EDUCATED AND EMPLOYED

16 LOAN FORGIVENESS PROGRAM

17 Section 2201-B. Definitions.

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

21 "Agency." The Pennsylvania Higher Education Assistance

1 Agency.

2 "Approved institution of higher learning." An institution of
3 the State System of Higher Education or a community college as
4 defined under section 1901-A.

5 "Eligible applicant." An individual who:

6 (1) Holds an undergraduate degree from an institution of
7 higher learning.

8 (2) Resides in this Commonwealth.

9 (3) Is employed in this Commonwealth.

10 (4) Has a family income less than \$70,000 annually.

11 Section 2202-B. Loan forgiveness program.

12 (a) Establishment of program.--The agency shall administer a
13 loan forgiveness program for eligible applicants on a Statewide
14 basis. The agency may provide loan forgiveness as provided in
15 subsection (b) for recipients of loans who by contract with the
16 agency agree, after graduating from an institution of higher
17 education with an undergraduate degree and for a period of five
18 years from the date they commence employment in this
19 Commonwealth, to continuously reside and be employed in this
20 Commonwealth, provided that their family income does not exceed
21 \$70,000 annually.

22 (b) Loan forgiveness.--Agency-administered, federally
23 insured student loans for higher education provided to an
24 eligible applicant may be forgiven by the agency as follows:

25 (1) The agency may forgive 100% of the loan, not to
26 exceed \$15,000, if a loan recipient enters into a contract
27 with the agency that requires the recipient to continuously
28 reside and be employed in this Commonwealth for a period of
29 not less than five consecutive years, provided that the
30 recipient's family income does not exceed \$70,000 annually.

1 (2) Loan forgiveness awards made pursuant to paragraph
2 (1) shall be forgiven over a period of five years at an
3 annual rate of 20% of the award and shall be made from funds
4 appropriated for this purpose.

5 (3) The contract entered into with the agency pursuant
6 to paragraph (1) shall be considered a contract with the
7 Commonwealth and shall include the following terms:

8 (i) An unemployed recipient shall apply for
9 employment in this Commonwealth at the earliest
10 practicable opportunity upon graduation.

11 (ii) Within six months after graduation, a recipient
12 shall reside and be employed in this Commonwealth
13 according to the terms of the loan forgiveness award.

14 (iii) The recipient shall agree to continuously
15 reside and be employed on a full-time basis in this
16 Commonwealth.

17 (iv) The recipient shall permit the agency to
18 determine compliance with the residency, employment and
19 income requirements and all other terms of the contract.

20 (v) Upon the recipient's death or total or permanent
21 disability, the agency shall nullify the employment
22 obligation of the recipient.

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

28 (vii) If the family income of the recipient exceeds
29 \$70,000 during any year of the five-year commitment in
30 the program, then the recipient shall pay 20% of the loan

1 forgiveness award for each year, on such terms and
2 conditions as prescribed by the agency.

3 (viii) Loan recipients who fail to begin or complete
4 the obligations contracted for shall pay to the agency
5 the amount of the loan received under the terms of the
6 contract pursuant to this section. Providing false
7 information or misrepresentation on an application or
8 verification of residency, employment or income shall be
9 deemed a default. Determination as to the time of default
10 shall be made by the agency.

11 (4) Notwithstanding 42 Pa.C.S. § 8127 (relating to
12 personal earnings exempt from process), the agency may seek
13 garnishment of wages in order to collect the amount of the
14 loan following default under paragraph (3)(viii).

15 Section 2203-B. Tax applicability.

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

20 Section 2. The sum of \$10,000,000 is hereby appropriated to
21 the Pennsylvania Higher Education Assistance Agency for the
22 purpose of administering and providing loan forgiveness under
23 Article XXII-B of the act.

24 Section 3. This act shall take effect in 60 days.