

CHAPTER 157

AN ACT providing student loan redemption for certain employees of social service agencies, and supplementing chapter 71B of Title 18A and chapter 6 of Title 54A of the New Jersey Statutes.

BE IT ENACTED by the Senate and General Assembly of the State of New Jersey:

C.18A:71B-87 Short title.

1. This act shall be known and may be cited as the "Social Services Student Loan Redemption Program Act."

C.18A:71B-88 Findings, declarations relative to social services student loan redemption.

2. The Legislature finds and declares that:

a. A qualified and stable work force in public facilities and nonprofit social services agencies is essential to ensure the provision of quality services to persons in need of services, including persons with mental illness, developmental disabilities or other disabilities, persons in need of substance abuse treatment and juveniles under the custody and care of the Juvenile Justice Commission;

b. These public facilities and social services agencies are currently facing a personnel crisis, which is expected to worsen in the next two decades;

c. The entry-level and on-going salaries offered by these public facilities and social services agencies to direct care professionals are not always competitive with those offered in the private for profit sector, which limits the ability of these facilities and agencies to attract and retain qualified direct care professionals;

d. Loan redemption programs can address the economic hardship of direct care professionals performing critical work in low-paying jobs, who in many instances are forced, because of their high loan debt and low incomes, to reject or abandon employment in the public sector, which is in great need of their skills and knowledge, for employment that is more financially rewarding;

e. The departure of these skilled direct care professionals from the public and nonprofit sector is, in many cases, a loss to their own sense of personal fulfillment, to the consumers that they serve, and to society at large; and

f. The establishment by this State of a loan redemption program for direct care professionals employed in public facilities and nonprofit agencies that contract with the Department of Human Services and the Juvenile Justice Commission is essential to address the need for the continued provision of high-quality services by these skilled and knowledgeable professionals.

C.18A:71B-89 Definitions relative to social sciences student loan redemption.

3. As used in this act:

"Approved course of study" means: an undergraduate program leading to a bachelor's degree offered by a four-year public or independent institution of higher education; or a graduate program leading to a master's degree, which is offered by a public or independent institution of higher education, in a human services discipline such as social work, psychology or counseling, or a health-related profession such as occupational, physical or speech therapy.

"Approved employment" means postgraduate, full-time employment as a direct care professional in a qualified facility. The term shall not include a paid student internship, paid fellowship, volunteer service or employment before graduation.

"Authority" means the Higher Education Student Assistance Authority established pursuant to N.J.S.18A:71A-3.

"Direct care professional" means a professional staff member at a qualified facility who provides one or more of the following services to eligible persons: counseling; physical, occupational, recreational or speech therapy; case management; vocational training; assistance with activities of daily living; medication management; budgeting assistance; addiction treatment services; nutrition; and other clinical services.

"Eligible student loan expenses" mean the cumulative total of the annual student loans, covering the cost of attendance while enrolled in an approved course of study. Interest paid or due on student loans that a program participant has taken out for use in paying the costs of attendance at an institution of higher education shall be considered eligible for reimbursement

under the program.

"Program" means the Social Services Student Loan Redemption Program established pursuant to this act.

"Program participant" means a person who meets the requirements of the program.

"Qualified facility" means:

a. a facility operated by the Department of Human Services that provides direct care services to persons served by the department;

b. a county psychiatric hospital;

c. a facility operated by the Juvenile Justice Commission;

d. a veterans' memorial home operated by the Department of Military and Veterans' Affairs; and

e. a nonprofit agency in the State that contracts with the Department of Human Services or the Juvenile Justice Commission to provide direct care services to persons served by the department or commission.

C.18A:71B-90 Social Services Student Loan Redemption Program.

4. There is established the Social Services Student Loan Redemption Program within the Higher Education Student Assistance Authority.

The purpose of the program is to address the current and projected critical shortage of direct care professionals in the State by providing an incentive for persons to engage in employment at certain public facilities, and nonprofit social services agencies under contract with the Department of Human Services or the Juvenile Justice Commission, so as to ensure that State residents who are in need of direct care services at these facilities and agencies have sufficient, qualified professional staff in order to provide the needed services.

The program shall provide loan redemption to finance the undergraduate or graduate study of program participants in exchange for full-time employment as a direct care professional at a qualified facility following completion of an approved course of study.

C.18A:71B-91 Eligibility for participation in program.

5. To be eligible to participate in the program, a direct care professional shall:

a. be a resident of the State and maintain domicile in the State during participation in the program;

b. have successfully completed an approved course of study within a one-year period prior to being hired as a full-time direct care professional at a qualified facility;

c. have been initially hired as a full-time direct care professional at a qualified facility on or after the date of enactment of this act; and

d. have an outstanding balance with a State or federal student loan program and not be in default on any student loan.

C.18A:71B-92 Application for loan redemption.

6. An eligible direct care professional may apply to the authority for a loan redemption in such a manner as the authority prescribes and shall include all information and documentation required by the authority.

a. A program participant shall enter into a written contract with the authority to participate in the program. The contract shall specify the duration of the applicant's required service and the total amount of eligible student loan expenses to be redeemed by the State in return for service.

b. The redemption of loans under the program shall not exceed \$5,000 of principal and interest of eligible student loan expenses for each full year of service satisfactorily completed by the program participant. The total loan redemption amount for a program participant, for four years of service, shall not exceed \$20,000. No amount of loan redemption shall be provided for service performed for less than a full year.

c. The period of service shall commence on or after the date of enactment of this act.

C.18A:71B-93 Nullification of redemption contract.

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

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

C.18A:71B-94 Loan forgiveness awards.

8. The authority shall grant loan forgiveness awards subject to the availability of funds appropriated for this purpose, of which funds, 80% shall be allocated to provide loan redemption to finance the undergraduate study of program participants and 20% shall be allocated to provide loan redemption to finance the graduate study of program participants.

C.18A:71B-95 Annual report.

9. The authority shall annually submit a report on the program to the Governor and the chairmen of the Senate Budget and Appropriations, Assembly Appropriations, Senate Health, Human Services and Senior Citizens, and Assembly Health and Human Services committees, or their successor committees. The report shall be submitted no later than August 1 of each year and shall include, but not be limited to, the following information for the prior fiscal year:

- a. the total number of participants receiving loan redemption under the program;
- b. the approved course of study of each of the participants; and
- c. the total number of participants who withdrew from the program and failed to complete the program's employment requirement.

C.18A:71B-96 Rules, regulations.

10. The Higher Education Student Assistance Authority, in consultation with the Commissioner of Human Services and the executive director of the Juvenile Justice Commission, pursuant to the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.) shall adopt rules and regulations necessary to implement the provisions of this act, including eligibility criteria for the program, procedures for determining the amount of the loan redemption award, and the types of direct care professional positions that qualify for the program.

C.18A:71B-97 Filling of direct care professional position with persons having degrees.

11. To better ensure the effectiveness of the program, any agency of the State, any political subdivision thereof, and any nonprofit agency in the State, that operates a qualified facility, or provides services under contract funded in whole or in part with State funds at a qualified facility shall make the greatest possible good faith effort to fill any direct care professional position at the qualified facility with a person having an undergraduate or graduate degree in a human services discipline, such as social work, psychology or counseling, or in a health-related profession such as occupational, physical, or speech therapy.

C.54A:6-25.1 Loan redemption exempt from taxation.

12. Gross income, for the purposes of the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq., shall not include amounts received as a loan redemption under the "Social Services Student Loan Redemption Program," established pursuant to P.L.2005, c.157 (C.18A:71B-87 et al).

13. This act shall take effect on the 180th day after enactment, except that the Higher Education Student Assistance Authority may take such anticipatory administrative action in advance as shall be necessary for the implementation of the act.

Approved July 14, 2005.