

18A:72-25.1 et seq

LEGISLATIVE HISTORY CHECKLIST

NJSA: 18A:72-25.1 et seq. (Student loans--overdue--deduct payments from wages of local government employees)

LAWS OF: 1986

CHAPTER 12

BILL NO: A140

Sponsor(s): Muhler and Bennett

Date Introduced: Pre-filed

Committee: Assembly: Higher Education & Regulated Professions

Senate: Education

Amended during passage: No

Date of Passage: Assembly: January 30, 1986

Senate: April 7, 1986

Date of Approval: May 7, 1986

Following statements are attached if available:

Sponsor statement: Yes

Committee statement: Assembly No

Senate Yes

Fiscal Note: No

Veto Message: No

Message on Signing: Yes

Following were printed:

Reports: No

Hearings: No

Attached: S. 1013(1982)

See also newspaper clipping--attached: "Dunning for student loans delinquent," 4-8-86 Star Ledger.

5-7-86

ASSEMBLY, No. 140

STATE OF NEW JERSEY

PRE-FILED FOR INTRODUCTION IN THE 1986 SESSION

By Assemblywoman MUHLER

AN ACT providing for the deduction of overdue student loan payments from the wages of county and municipal employees and supplementing chapter 72 of Title 18A of the New Jersey Statutes.

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

1 1. Whenever any officer or employee of a county or municipality
2 has failed to make scheduled payments to the Higher Education
3 Assistance Authority on any note held by that authority pursuant
4 to N. J .S. 18A :72-16, upon showing that these payments are more
5 than 60 days overdue, the chief financial officer of the appropriate
6 local unit shall deduct from the wages of the employee the full
7 amount of both any arrears payment and any scheduled payment
8 due to the Higher Education Assistance Authority until such time
9 as the note is fully satisfied. The chief financial officer shall trans-
10 mit the payments to the Higher Education Assistance Authority
11 but the local unit shall retain an amount not to exceed 1% of the
12 moneys collected to defray the cost of collection.

1 2. The Division of Local Government Services in the Depart-
2 ment of Community Affairs, in conjunction with the State Depart-
3 ment of the Treasury, shall prepare guidelines concerning the
4 procedures and methods to be employed by local units for the im-
5 plementation of this act. The guidelines, and all actions taken by
6 local units pursuant to this act, shall be consistent with all federal
7 regulations or limitations regarding any information utilized in
8 any collection. Prior to any collection a local unit shall provide

9 notice to the employee and an opportunity for a hearing, upon
10 request.

1 3. The lien against an employee's wages undertaken pursuant
2 to this act shall not be considered an execution against wages pur-
3 suant to N. J. S. 2A:17-52, and shall not prevent the simultaneous
4 satisfaction of an execution from the amount of wages remaining
5 after the satisfaction of this debt.

1 4. This act shall take effect immediately.

HIGHER EDUCATION

Student loan overdue—wages deduct

Provides for the deduction of overdue student loan payments from
the wages of county and municipal employees.

ASSEMBLY, No. 140

Introduced Pending Technical Review by Legislative Counsel
PRE-FILED FOR INTRODUCTION IN THE 1986 SESSION
By Assemblywoman MUHLER

ASSEMBLY, No. 3651

STATE OF NEW JERSEY

INTRODUCED MAY 13, 1985

By Assemblywoman MUHLER and Assemblyman BENNETT

AN ACT providing for the deduction of overdue student loan payments from the wages of county and municipal employees and supplementing chapter 72 of Title 18A of the New Jersey Statutes.

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

1 1. Whenever any officer or employee of a county or municipality
2 has failed to make scheduled payments to the Higher Education
3 Assistance Authority on any note held by that authority pursuant
4 to N. J. S. 18A:72-16, upon showing that these payments are more
5 than 60 days overdue, the chief financial officer of the appropriate
6 local unit shall deduct from the wages of the employee the full
7 amount of both any arrears payment and any scheduled payment
8 due to the Higher Education Assistance Authority until such time
9 as the note is fully satisfied. The chief financial officer shall trans-
10 mit the payments to the Higher Education Assistance Authority
11 but the local unit shall retain an amount not to exceed 1% of the
12 moneys collected to defray the cost of collection.

1 2. The Division of Local Government Services in the Depart-
2 ment of Community Affairs, in conjunction with the State Depart-
3 ment of the Treasury, shall prepare guidelines concerning the
4 procedures and methods to be employed by local units for the im-
5 plementation of this act. The guidelines, and all actions taken by
6 local units pursuant to this act, shall be consistent with all federal
7 regulations or limitations regarding any information utilized in
8 any collection. Prior to any collection a local unit shall provide
9 notice to the employee and an opportunity for a hearing, upon
10 request.

1 3. The lien against an employee's wages undertaken pursuant
2 to this act shall not be considered an execution against wages pur-
3 suant to N. J. S. 2A:17-52, and shall not prevent the simultaneous
4 satisfaction of an execution from the amount of wages remaining
5 after the satisfaction of this debt.

1 4. This act shall take effect immediately.

STATEMENT

This bill provides that units of local government shall deduct overdue student loan payments owed to the Higher Education Assistance Authority from the wages of local government employees. It thus extends to local government employees a policy which already applies to State employees by virtue of P. L. 1982, c. 117 (C. 18A:72-23 et seq.). The large number of student loan defaults has undermined the student loan program since it was intended that money repaid would be used to issue new loans to other students. Every effort must be made to ensure that persons who are employed full-time are meeting their obligations to the student loan program.

SENATE EDUCATION COMMITTEE
STATEMENT TO
ASSEMBLY, No. 140

STATE OF NEW JERSEY

DATED: MARCH 24, 1986

The Senate Education Committee favorably reports Assembly Bill No. 140.

This bill provides that whenever any officer or employee of a county or municipality is more than 60 days delinquent in repaying his guaranteed student loan, the chief financial officer of the county or municipality may deduct the payment, including any arrears, from the employee's wages.

Under the terms of the bill, prior to any wage garnishment, the employee must receive notification and an opportunity for a hearing. Also, this lien will not affect the execution of any other court ordered judgment against the employee's wages.

The Division of Local Government Services, in conjunction with the State Department of the Treasury, is to prepare guidelines to be used by the local government authorities in implementing the garnishment.

BACKGROUND

Currently, overdue payments on guaranteed loans may be deducted from the wages of State employees (P. L. 1982, c. 117; C. 18A:72-23). According to the Department of Higher Education, the Authority is collecting approximately \$400,000.00 a year in this manner from 390 State employees. The State is also authorized to apply income tax refunds and homestead rebates to the satisfaction of these loans.

The default rate in New Jersey for FY 1985 was 4.85%.



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OFFICE OF THE GOVERNOR NEWS RELEASE

CN-001

Contact: JOHN SAMERJAN
609-292-8956 or
609-292-6000, Ext. 285

TRENTON, N.J. 08625

Release: WED., MAY 7, 1986

Governor Thomas H. Kean today signed legislation that directs local units of government to deduct from the salaries of their employees overdue student loan payments owed to the New Jersey Higher Education Assistance Authority.

The legislation, A-140, was sponsored by Assemblywoman Marie Muhler, R-Monmouth.

The legislation calls for a county or municipality, when an employee is 60 days overdue in payment, to deduct from employee wages the full amount of any arrears payment and any scheduled payment due the Higher Education Assistance Authority.

"An important element of this legislation," Kean said, "is that increasing collection of delinquent payments will provide more money for future student loans."

A-140 is similar in nature to legislation signed in 1982, S-1013, which provided that the State Treasurer may deduct payments from the checks of State employees delinquent in repaying their guaranteed student loans.

The legislation is effective immediately.

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MAY 14 1986

185 W. State Street
Trenton, N. J.

CHAPTER 111 LAWS OF N. J. 1982
APPROVED 8-20-82

SENATE, No. 1013

STATE OF NEW JERSEY

INTRODUCED FEBRUARY 25, 1982

By Senators CODEY, STOCKMAN, LYNCH, FELDMAN, EWING,
DALTON and DUMONT

Referred to Committee on Education

AN ACT concerning the collection of debts owed to the New Jersey
Higher Education Assistance Authority.

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

1 1. Whenever any officer or employee of the State of New Jersey
2 has failed to make scheduled payments to the New Jersey Higher
3 Education Assistance Authority on any note held by that authority
4 pursuant to N. J. S. 18A:72-16, upon showing that such payments
5 are more than 60 days overdue, the Department of the Treasury
6 may deduct from the wages of said employee the full amount of
7 both any arrears payment and any scheduled payment due to the
8 Higher Education Assistance Authority until such time as the note
9 is fully satisfied. The Department of the Treasury shall retain an
10 amount not to exceed 1% of the moneys collected to defray the cost
11 of the collection effort.

1 2. The Department of the Treasury shall promulgate regulations
2 concerning the procedures and methods to be employed for the
3 implementation of this act. The regulations shall be consistent with
4 all federal requirements or limitations regarding any information
5 utilized in any collection, and shall in addition provide for due
6 notice to the employee an opportunity for a hearing upon request
7 prior to any collection.

1 3. The lien against an employee's wages undertaken pursuant to
2 this act shall not be considered an execution against wages pur-

3 suant to N. J. S. 2A:17-52, and shall not prevent the simultaneous
4 satisfaction of such execution from the amount of wages remaining
5 after the satisfaction of this debt.

1 4. This act shall take effect immediately.

STATEMENT

This bill provides that, whenever any State employee is delinquent in repaying his guaranteed student loan, the State Treasurer may deduct the payment, including any arrears, from the employee's wages.

The Department of Treasury would promulgate regulations for implementing this garnishment, regulations which must include prior notification to the employee and must provide the opportunity for a hearing if requested.

This lien will not affect the execution of any other court ordered judgment against any employee's wages.

SENATE EDUCATION COMMITTEE

STATEMENT TO

SENATE, No. 1013

STATE OF NEW JERSEY

DATED: MARCH 8, 1982

This bill provides that, whenever any State employee is delinquent in repaying his guaranteed student loan, the State Treasurer may deduct the payment, including any arrears, from the employee's wages.

The Department of Treasury is authorized to promulgate regulations for implementing this garnishment. The regulations must include prior notification to the employee and must provide the opportunity for a hearing if requested.

This lien will not affect the execution of any other court ordered judgment against any employee's wages.

ASSEMBLY HIGHER EDUCATION AND REGULATED
PROFESSIONS COMMITTEE

STATEMENT TO
SENATE, No. 1013

STATE OF NEW JERSEY

DATED: MAY 20, 1982

The Assembly Higher Education and Regulated Professions Committee favorably reports Senate Bill No. 1013 and endorses the Senate Education Committee statement which reads as follows:

This bill provides that, whenever any State employee is delinquent in repaying his guaranteed student loan, the State Treasurer may deduct the payment, including any arrears, from the employee's wages.

The Department of Treasury is authorized to promulgate regulations for implementing this garnishment. The regulations must include prior notification to the employee and must provide the opportunity for a hearing if requested.

This lien will not affect the execution of any other court ordered judgment against any employee's wages.

OFFICE OF THE GOVERNOR

RELEASE: IMMEDIATE, AUGUST 24, 1982

CONTACT: KATHERINE BROKAW

Governor Thomas H. Kean has signed the following bills:

A-1758, sponsored by Assemblyman William Schuber (R-Bergen), converts the Forensic Psychiatry Section of Trenton Psychiatric Hospital to an independent State-wide forensic facility in order to ensure that the Psychiatric Hospital retains its accreditation. Loss of accreditation would cost the State an estimated total of \$13.2 million in federal funds over the next three years; the present legislation is designed to prevent the loss.

S-1013, sponsored by Senator Richard Codey (D-Essex), provides that if a State employee falls behind 60 days in repaying his guaranteed student loan to the State, the payment and any arrears may be deducted from the employee's wages.

Sponsored by Assemblyman Christopher Jackman (D-Hudson), A-813 deregulates commercial lines insurance by replacing the current system of prior approval rate-making with a file and use system. The Insurance Commissioner retains the right to review the rates for any deregulated commercial lines insurance. The bill results from a study of commercial insurance regulation done by an Advisory Committee which concluded that the current system of prior approval was time-consuming and unproductive.

A-1756, sponsored by Assemblyman George Otłowski (D-Middlesex), validates the bond proceedings of the Woodbridge Fire District.

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