

18A:71B-87

LEGISLATIVE HISTORY CHECKLIST

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LAWS OF: 2005 **CHAPTER:** 157

NJSA: 18A:71B-87 ("Social Services Student Loan Redemption Program Act")

BILL NO: S2334 (Substituted for A3756/3809)

SPONSOR(S): Madden and others

DATE INTRODUCED: February 7, 2005

COMMITTEE: **ASSEMBLY:** Health and Human Services; Budget
SENATE: Budget and Appropriations

AMENDED DURING PASSAGE: Yes

DATE OF PASSAGE: **ASSEMBLY:** June 30, 2005

SENATE: June 30, 2005

DATE OF APPROVAL: July 14, 2005

FOLLOWING ARE ATTACHED IF AVAILABLE:

[FINAL TEXT OF BILL](#) (3rd reprint enacted)

S2334

[SPONSOR'S STATEMENT](#) (Begins on page 6 of original bill) [Yes](#)

COMMITTEE STATEMENT: **ASSEMBLY:** Yes [6-9-2005 \(H&HS\)](#)
[6-22-2005 \(Budget\)](#)

SENATE: [Yes](#)

[FLOOR AMENDMENT STATEMENT:](#) [Yes](#)

LEGISLATIVE FISCAL ESTIMATE: No

A3756/3809

[SPONSOR'S STATEMENT \(A3756\):](#) (Begins on page 5 of original bill) [Yes](#)

[SPONSOR'S STATEMENT \(A3809\):](#) (Begins on page 6 of original bill) [Yes](#)

COMMITTEE STATEMENT: **ASSEMBLY:** Yes [6-9-2005 \(H&HS\)](#)
[6-22-2005 \(Budget\)](#)

SENATE: No

FLOOR AMENDMENT STATEMENT: No

LEGISLATIVE FISCAL ESTIMATE: No

VETO MESSAGE: No

GOVERNOR'S PRESS RELEASE ON SIGNING:

Yes

FOLLOWING WERE PRINTED:

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REPORTS:

No

HEARINGS:

No

NEWSPAPER ARTICLES:

Yes

"Tuition breaks for social work OK'd by Codey," 7-15-2005 Asbury Park Press, p.A3

"Loan forgiveness for graduates," 7-15-2005 The Times, p.B5

"Some social workers' college debt forgiven," 7-15-2005 Star Ledger, p.24

IS 8/20/07

Title 18A.
Chapter 71B.
Article 13. (New)
Social Services
Student Loan
Redemption Program
§§1-11 -
C.18A:71B-87 to
18A:71B-97
§12 - C.54A:6-25.1
§13 - Note to §§1-12

P.L. 2005, CHAPTER 157, *approved July 14, 2005*
Senate, No. 2334 (*Third Reprint*)

1 **AN ACT** providing student loan redemption for certain employees of
2 social service agencies, ³**and**³ supplementing chapter 71B of Title
3 18A and chapter 6 of Title 54A of the New Jersey Statutes ¹[and
4 making an appropriation]¹.

5
6 **BE IT ENACTED** by the Senate and General Assembly of the State
7 of New Jersey:

8
9 1. This act shall be known and may be cited as the "Social Services
10 Student Loan Redemption Program Act."

11
12 2. The Legislature finds and declares that:

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

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

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

27 d. Loan redemption programs can address the economic hardship
28 of direct care professionals performing critical work in low-paying
29 jobs, who in many instances are forced, because of their high loan debt
30 and low incomes, to reject or abandon employment in the public

EXPLANATION - Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and intended to be omitted in the law.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹ Senate SBA committee amendments adopted March 7, 2005.

² Senate floor amendments adopted March 14, 2005.

³ Assembly AHH committee amendments adopted June 9, 2005.

1 sector, which is in great need of their skills and knowledge, for
2 employment that is more financially rewarding;

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

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

13

14 3. As used in this act:

15 "Approved course of study" means^{3,3} an undergraduate program
16 leading to a bachelor's degree offered by a four-year public or
17 independent institution of higher education³; or a graduate program
18 leading to a master's degree, which is offered by a public or
19 independent institution of higher education, in a human services
20 discipline such as social work, psychology or counseling, or a health-
21 related profession such as occupational, physical or speech therapy³.

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

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

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

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

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

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

45 "Qualified facility" means:

46 a. a facility operated by the Department of Human Services that

1 provides direct care services to persons served by the department;
2 b. a county psychiatric hospital;
3 c. a facility operated by the Juvenile Justice Commission;
4 d. a veterans' memorial home operated by the Department of
5 Military and Veterans Affairs; and
6 e. a nonprofit agency in the State that contracts with the
7 Department of Human Services or the Juvenile Justice Commission to
8 provide direct care services to persons served by the department or
9 commission.

10

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

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

22 The program shall provide loan redemption to finance the
23 undergraduate ³or graduate³ study of program participants in
24 exchange for full-time employment as a direct care professional at a
25 qualified facility following completion of an approved course of study.

26

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

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

31 b. have successfully completed an approved course of study within
32 ²a² one year ²[of] period prior to² being hired as a full-time direct
33 care professional at a qualified facility;

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

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

38

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

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

1 b. The redemption of loans under the program shall not exceed
2 \$5,000 of principal and interest of eligible student loan expenses for
3 each full year of service satisfactorily completed by the program
4 participant. The total loan redemption amount for a program
5 participant, for four years of service, shall not exceed \$20,000. No
6 amount of loan redemption shall be provided for service performed for
7 less than a full year.

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

10
11 7. a. A program participant who has entered into a redemption
12 contract with the authority may nullify that contract by submitting
13 written notification to the authority and assuming full responsibility for
14 repayment of the full amount of the participant's loan or that portion
15 of the loan that has not been redeemed by the State in return for partial
16 fulfillment of the contract.

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

23
24 8. The authority shall grant loan forgiveness awards subject to the
25 availability of funds appropriated for this purpose³, of which funds,
26 80% shall be allocated to provide loan redemption to finance the
27 undergraduate study of program participants and 20% shall be
28 allocated to provide loan redemption to finance the graduate study of
29 program participants³.

30
31 9. The authority shall annually submit a report on the program to
32 the Governor and the chairmen of the Senate Budget and
33 Appropriations, Assembly Appropriations, Senate Health, Human
34 Services and Senior Citizens, and Assembly Health and Human
35 Services committees, or their successor committees. The report shall
36 be submitted no later than August 1 of each year and shall include, but
37 not be limited to, the following information for the prior fiscal year:

38 a. the total number of participants receiving loan redemption under
39 the program;

40 b. the approved course of study of each of the participants; and

41 d. the total number of participants who withdrew from the program
42 and failed to complete the program's employment requirement.

43
44 10. The Higher Education Student Assistance Authority, in
45 consultation with the Commissioner of Human Services and the
46 executive director of the Juvenile Justice Commission, pursuant to the
47 "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.)

1 shall adopt rules and regulations necessary to implement the provisions
 2 of this act, including eligibility criteria for the program, procedures for
 3 determining the amount of the loan redemption award, and the types
 4 of direct care professional positions that qualify for the program.

5
 6 ²11. To better ensure the effectiveness of the program, any agency
 7 of the State, any political subdivision thereof, and any nonprofit
 8 agency in the State, that operates a qualified facility, or provides
 9 services under contract funded in whole or in part with State funds at
 10 a qualified facility shall make the greatest possible good faith effort to
 11 fill any direct care professional position at the qualified facility with a
 12 person having an undergraduate or graduate degree in a human
 13 services discipline, such as social work, psychology or counseling, or
 14 in a health-related profession such as occupational, physical, or speech
 15 therapy.²

16
 17 ²[11.] 12.² Gross income, for the purposes of the "New Jersey
 18 Gross Income Tax Act," N.J.S.54A:1-1 et seq., shall not include
 19 amounts received as a loan redemption under the "Social Services
 20 Student Loan Redemption Program," established pursuant to P.L. ,
 21 c. (C.) (pending before the Legislature as this bill).

22
 23 ¹[12. There is appropriated \$5,000,000 from the General Fund to
 24 the Higher Education Student Assistance Authority to establish the
 25 "Social Services Student Loan Redemption Program."]¹

26
 27 ¹[13.]¹ ²[12. 1] ²13.² This act shall take effect on the 180th day
 28 after enactment, except that the Higher Education Student Assistance
 29 Authority may take such anticipatory administrative action in advance
 30 as shall be necessary for the implementation of the act.

31
 32
 33
 34
 35 _____
 "Social Services Student Loan Redemption Program Act."

SENATE, No. 2334

STATE OF NEW JERSEY 211th LEGISLATURE

INTRODUCED FEBRUARY 7, 2005

Sponsored by:

Senator FRED MADDEN

District 4 (Camden and Gloucester)

Senator DIANE ALLEN

District 7 (Burlington and Camden)

Co-Sponsored by:

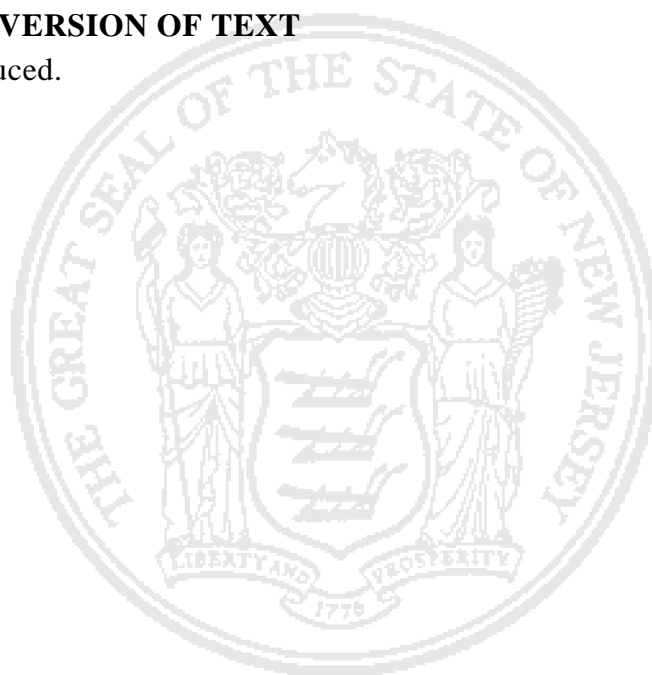
Senators Gill, Scutari, Baer, Adler, Bryant and Sarlo

SYNOPSIS

"Social Services Student Loan Redemption Program Act"; appropriates \$5 million.

CURRENT VERSION OF TEXT

As introduced.



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

5

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

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

11

12 2. The Legislature finds and declares that:

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

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

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

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

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

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

43

44 3. As used in this act:

45 "Approved course of study" means an undergraduate program
46 leading to a bachelor's degree offered by a four-year public or

1 independent institution of higher education.

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

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

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

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

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

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

25 "Qualified facility" means:

- 26 a. a facility operated by the Department of Human Services that
27 provides direct care services to persons served by the department;
- 28 b. a county psychiatric hospital;
- 29 c. a facility operated by the Juvenile Justice Commission;
- 30 d. a veterans' memorial home operated by the Department of
31 Military and Veterans Affairs; and
- 32 e. a nonprofit agency in the State that contracts with the
33 Department of Human Services or the Juvenile Justice Commission to
34 provide direct care services to persons served by the department or
35 commission.

36

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

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

1 qualified professional staff in order to provide the needed services.

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

6

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

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

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

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

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

18

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

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

28 b. The redemption of loans under the program shall not exceed
29 \$5,000 of principal and interest of eligible student loan expenses for
30 each full year of service satisfactorily completed by the program
31 participant. The total loan redemption amount for a program
32 participant, for four years of service, shall not exceed \$20,000. No
33 amount of loan redemption shall be provided for service performed for
34 less than a full year.

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

37

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

44 b. In the case of a program participant's death or total or
45 permanent disability, the authority shall nullify the service obligation
46 of the participant, thereby terminating the participant's service

1 obligation; or where continued enforcement of the contract may result
2 in extreme hardship, the authority may nullify or suspend the
3 participant's service obligation.

4
5 8. The authority shall grant loan forgiveness awards subject to the
6 availability of funds appropriated for this purpose.

7
8 9. The authority shall annually submit a report on the program to
9 the Governor and the chairmen of the Senate Budget and
10 Appropriations, Assembly Appropriations, Senate Health, Human
11 Services and Senior Citizens, and Assembly Health and Human
12 Services committees, or their successor committees. The report shall
13 be submitted no later than August 1 of each year and shall include, but
14 not be limited to, the following information for the prior fiscal year:

15 a. the total number of participants receiving loan redemption under
16 the program;

17 b. the approved course of study of each of the participants; and

18 d. the total number of participants who withdrew from the program
19 and failed to complete the program's employment requirement.

20
21 10. The Higher Education Student Assistance Authority, in
22 consultation with the Commissioner of Human Services and the
23 executive director of the Juvenile Justice Commission, pursuant to the
24 "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.)
25 shall adopt rules and regulations necessary to implement the provisions
26 of this act, including eligibility criteria for the program, procedures for
27 determining the amount of the loan redemption award, and the types
28 of direct care professional positions that qualify for the program.

29
30 11. Gross income, for the purposes of the "New Jersey Gross
31 Income Tax Act," N.J.S.54A:1-1 et seq., shall not include amounts
32 received as a loan redemption under the "Social Services Student Loan
33 Redemption Program," established pursuant to P.L. , c.
34 (C.)(pending before the Legislature as this bill).

35
36 12. There is appropriated \$5,000,000 from the General Fund to the
37 Higher Education Student Assistance Authority to establish the "Social
38 Services Student Loan Redemption Program."

39
40 13. This act shall take effect on the 180th day after enactment,
41 except that the Higher Education Student Assistance Authority may
42 take such anticipatory administrative action in advance as shall be
43 necessary for the implementation of the act.

STATEMENT

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This bill, which is designated the "Social Services Student Loan Redemption Program Act," establishes the Social Services Student Loan Redemption Program within the Higher Education Student Assistance Authority (HESAA). 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.

Specifically, the bill provides as follows:

Ⓒ The program will provide loan redemption to finance the undergraduate 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 at a four-year institution of higher education.

Ⓒ "Direct care professional" is defined as 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.

Ⓒ "Qualified facility" is defined as:
--a facility operated by the Department of Human Services that provides direct care services to persons served by the department;
--a county psychiatric hospital;
--a facility operated by the Juvenile Justice Commission;
--a veterans' memorial home operated by the Department of Military and Veterans Affairs; and
--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.

Ⓒ To be eligible to participate in the program, an applicant shall:
--be a resident of the State and maintain domicile in the State during participation in the program;
--have successfully completed an approved course of study (graduating with a bachelor's degree) within one year of being hired as a full-time direct care professional at a qualified facility;
--have been initially hired as a full-time direct care professional at a qualified facility on or after the effective date of this bill; and

- 1 --have an outstanding balance with a State or federal student loan
2 program and not be in default on any student loan.
- 3 C An eligible direct care professional may apply to the authority for
4 a loan redemption and shall enter into a written contract with the
5 authority to participate in the program. The contract shall specify
6 the duration of the applicant's required service and the total amount
7 of eligible student loan expenses to be redeemed by the State in
8 return for service.
- 9 C The redemption of loans under the program shall not exceed \$5,000
10 per year of principal and interest of eligible student loan expenses
11 in return for satisfactory completion of a full year of approved
12 employment. The total loan redemption amount for a program
13 participant, for four years of service, shall not exceed \$20,000.
- 14 C A program participant who has entered into a redemption contract
15 with the authority may nullify that contract by submitting written
16 notification to the authority and assuming full responsibility for
17 repayment of the full amount of the participant's loan or that
18 portion of the loan that has not been redeemed by the State in
19 return for partial fulfillment of the contract. In the case of a
20 participant's death or total or permanent disability, the authority
21 shall nullify the service obligation of the participant; or where
22 continued enforcement of the contract may result in extreme
23 hardship, the authority may nullify or suspend the participant's
24 service obligation.
- 25 C The authority shall grant loan forgiveness awards subject to the
26 availability of funds appropriated for this purpose.
- 27 C The authority shall report annually to the Governor and Legislature
28 by August 1 of each year on the status of program participants.
- 29 C The amounts received through the loan redemption shall be
30 excluded from gross income for the purposes of the NJ Gross
31 Income Tax.
- 32 C HESAA, in consultation with the Commissioner of Human Services
33 and the executive director of the Juvenile Justice Commission, shall
34 adopt rules and regulations necessary to implement the program,
35 including eligibility criteria for the program, procedures for
36 determining the amount of the loan redemption award, and the
37 direct care professional positions that qualify for the program.
- 38 C \$5,000,000 is appropriated from the General Fund to HESAA to
39 establish the "Social Services Student Loan Redemption Program."
- 40 C The effective date of the bill is 180 days after enactment, but
41 HESAA is authorized to take such anticipatory administrative
42 action in advance as shall be necessary for its implementation.

ASSEMBLY HEALTH AND HUMAN SERVICES COMMITTEE

STATEMENT TO

[Second Reprint]

SENATE, No. 2334

with committee amendments

STATE OF NEW JERSEY

DATED: JUNE 9, 2005

The Assembly Health and Human Services Committee reports favorably and with committee amendments Senate Bill No. 2334 (2R).

As amended by the committee, this bill, which is designated the "Social Services Student Loan Redemption Program Act," establishes the Social Services Student Loan Redemption Program within the Higher Education Student Assistance Authority (HESAA).

The bill provides as follows:

C The program will 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 after completing an approved course of study at an institution of higher education.

C The bill defines:

-- "approved course of study" to mean: 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;

-- "direct care professional" to mean 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; and

-- "qualified facility" to mean a facility operated by the Department of Human Services (DHS) that provides direct care services, a county psychiatric hospital, a facility operated by the Juvenile Justice Commission (JJC), a veterans' memorial home operated by the Department of Military and Veterans Affairs, and a nonprofit agency in the State that contracts with DHS or JJC to

provide direct care services.

C To participate in the program, an applicant must:

- be a State resident;
- have earned a bachelor's or master's degree within a one year period prior to being hired as a full-time direct care professional at a qualified facility;
- have been initially hired as a full-time direct care professional at a qualified facility on or after the effective date of the bill; and
- have an outstanding balance with a State or federal student loan program and not be in default on any student loan.

C An applicant for a loan redemption must enter into a written contract with HESAA specifying 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.

-- The redemption of loans under the program is not to exceed \$5,000 per year of principal and interest of eligible student loan expenses in return for satisfactory completion of a full year of approved employment.

-- The total loan redemption amount for a program participant, for four years of service, is not to exceed \$20,000.

C Any State, local or nonprofit agency that operates a qualified facility, or provides services under contract funded in whole or in part with State funds at a qualified facility, is to 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 Of the funds appropriated to provide loan redemption under the program, 80% are to be allocated to finance the undergraduate study of program participants and 20% to finance the graduate study of program participants.

C HESAA is to report by August 1 of each year 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, and to include in that report the following information for the prior fiscal year:

- the total number of participants receiving loan redemption under the program;
- the approved course of study of each participant; and
- the total number of participants who withdrew from the program and failed to complete its employment requirement.

C Amounts received as a loan redemption under the program are to be excluded from gross income under the NJ Gross Income Tax.

C The bill takes effect on the 180th day after enactment, but authorizes HESAA to take anticipatory administrative action in

advance as necessary to implement its provisions.

As reported by the committee, this bill is identical to the Assembly Committee Substitute for Assembly Bill Nos. 3756 and 3809 (Cohen/McKeon/Roberts), which the committee also reported on this date.

COMMITTEE AMENDMENTS

The committee amendments to the bill:

- C revise the definition of "approved course of study" to mean: 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; and
- C stipulate that of the funds appropriated to provide loan redemption under the Social Services Student Loan Redemption Program, 80% are to be allocated to finance the undergraduate study of program participants and 20% to finance the graduate study of program participants.

ASSEMBLY BUDGET COMMITTEE

STATEMENT TO

[Third Reprint]

SENATE, No. 2334

STATE OF NEW JERSEY

DATED: JUNE 22, 2005

The Assembly Budget Committee reports favorably Senate Bill No. 2334 (3R).

Senate Bill No. 2334 (3R), which is designated the "Social Services Student Loan Redemption Program Act," establishes the Social Services Student Loan Redemption Program within the Higher Education Student Assistance Authority (HESAA).

The bill provides as follows:

- C The program will provide loan redemption to finance the undergraduate study of program participants in exchange for full-time employment as a direct care professional at a qualified facility after completing an approved course of study at a four-year institution of higher education.
- C To participate in the program, an applicant must:
 - be a State resident;
 - have earned a bachelor's or master's degree within a one year period prior to being hired as a full-time direct care professional at a qualified facility;
 - have been initially hired as a full-time direct care professional at a qualified facility on or after the effective date of the substitute; and
 - have an outstanding balance with a State or federal student loan program and not be in default on any student loan.
- C An applicant for a loan redemption must enter into a written contract with HESAA specifying 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.
 - The redemption of loans under the program is not to exceed \$5,000 per year of principal and interest of eligible student loan expenses in return for satisfactory completion of a full year of approved employment.
 - The total loan redemption amount for a program participant, for four years of service, is not to exceed \$20,000.
- C Any State, local or nonprofit agency that operates a qualified facility, or provides services under contract funded in whole or in part with State funds at a qualified facility, is to 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 Of the funds appropriated to provide loan redemption under the program, 80% are to be allocated to finance the undergraduate study of program participants and 20% to finance the graduate study of program participants.
- C HESAA is to report by August 1 of each year 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, and to include in that report the total number of participants; and the total number of participants who withdrew from the program and failed to complete its employment requirement.
- C Amounts received as a loan redemption under the program are to be excluded from gross income under the NJ Gross Income Tax. As reported, the bill is identical to Assembly Bill Nos. 3756/3809 (ACS), as also reported by the committee.

FISCAL IMPACT:

State expenditures are limited to amounts that shall be appropriated. In the Governor's Budget Document for FY 2006, \$3.5 million was recommended to fund the program.

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE, No. 2334

with committee amendments

STATE OF NEW JERSEY

DATED: MARCH 7, 2005

The Senate Budget and Appropriations Committee reports favorably and with committee amendments Senate Bill No. 2334.

This bill establishes a Social Services Student Loan Redemption Program within the Higher Education Student Assistance Authority (HESAA).

The program will provide loan redemption to finance the undergraduate study of program participants in exchange for full-time employment as a direct care professional at a qualified facility after completing an approved course of study at a four-year institution of higher education. Under the bill, a "direct care professional" is one who provides one or more of the following services to eligible persons: counseling; physical, occupational, recreational or speech therapy; case management; vocational training; daily living assistance; medication management; budgeting assistance; addiction treatment services; nutrition; and other clinical services. "Qualified facility" is defined as a facility operated by the Department of Human Services (DHS) that provides direct care services, a county psychiatric hospital, a facility operated by the Juvenile Justice Commission (JJC), a veterans' memorial home operated by the Department of Military and Veterans Affairs, and a nonprofit agency in the State that contracts with the DHS or the JJC to provide direct care services.

To participate in the program, an applicant must (a) be a State resident, (b) have earned a bachelor's degree within one year of 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 effective date of this bill, and (d) have an outstanding balance with a State or federal student loan program and not be in default on any student loan.

An applicant for a loan redemption must enter into a written contract with the authority specifying 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. The redemption of loans under the program shall not exceed \$5,000 per year of principal and interest of eligible student loan expenses in return for satisfactory completion of a full year of approved employment. The total loan

redemption amount for a program participant, for four years of service, shall not exceed \$20,000.

Amounts received through the loan redemption program shall be excluded from gross income under the NJ Gross Income Tax.

The authority is to report to the Governor and Legislature by August 1 of each year on the status of program participants.

COMMITTEE AMENDMENTS

Committee amendments to the bill remove an appropriation of \$5 million for the support of the program.

FISCAL IMPACT

State expenditures for this program are limited to amounts that shall be appropriated. Depending upon the timing of enactment and implementation, the initial cost to the State may not occur until FY2007. Until program qualifications are established, it is difficult to assess the amount of that cost, but any cost will be limited to the amounts appropriated.

STATEMENT TO
[First Reprint]
SENATE, No. 2334

with Senate Floor Amendments
(Proposed By Senators MADDEN and ALLEN)

ADOPTED: MARCH 14, 2005

These amendments to this bill, which establishes a Social Services Student Loan Redemption Program within the Higher Education Student Assistance Authority, revise the legislation to:

- (1) Reword a designation of the time frame within which a person must be hired as a direct care professional to be eligible for loan redemption benefits to clarify that the hiring must occur within one year after the person has completed a bachelor's degree program; and
- (2) Direct State, local and private nonprofit agencies that operate facilities, employees of which are potentially eligible for loan redemption benefits, to make the greatest possible good faith effort to fill direct care professional positions at the facility with persons having an undergraduate or graduate degree in a human services discipline.

ASSEMBLY, No. 3756

STATE OF NEW JERSEY

211th LEGISLATURE

INTRODUCED FEBRUARY 7, 2005

Sponsored by:

Assemblyman NEIL M. COHEN

District 20 (Union)

Assemblyman JOSEPH J. ROBERTS, JR.

District 5 (Camden and Gloucester)

SYNOPSIS

"Social Work Student Incentive Loan Redemption Program Act"; appropriates \$1.5 million.

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT establishing the Social Work Student Incentive Loan
2 Redemption Program, supplementing chapter 71B of Title 18A of
3 the New Jersey Statutes and making an appropriation.

4
5 **BE IT ENACTED** by the Senate and General Assembly of the State
6 of New Jersey:

7
8 1. This act shall be known and may be cited as the "Social Work
9 Student Incentive Loan Redemption Program Act."

10
11 2. The Legislature finds and declares that:

12 a. Research has demonstrated that professional social work
13 education and training is directly linked to improved outcomes for
14 children and families;

15 b. Professional social work education and training is the best
16 predictor of overall performance in social service work and results in
17 lower turnover and "burnout," higher morale, better knowledge of job
18 competencies and greater permanency planning for families on the part
19 of social service personnel;

20 c. States such as New York and Florida have created loan
21 redemption programs for social workers employed in the public sector,
22 and related legislation has been introduced in the United States
23 Congress;

24 d. Loan redemption programs can address the economic hardship
25 of social workers performing critical work in low-paying jobs, who in
26 many instances are forced, because of their high loan debt and low
27 incomes, to abandon positions in the public sector that are in desperate
28 need of their skills and knowledge for employment that is more
29 financially rewarding;

30 e. The departure of these skilled social work professionals from the
31 public sector is, in many cases, a loss to their own sense of personal
32 fulfillment, to the children and families that they serve, and to society
33 at large; and

34 f. The establishment by this State of a loan redemption program for
35 social workers employed in State, county, municipal and nonprofit
36 agencies is essential to address the need for the continued provision of
37 high-quality services by these skilled and knowledgeable professionals
38 to those children and families who have a critical need for these
39 services.

40
41 3. As used in this act:

42 "Approved course of study" means an undergraduate or graduate
43 social work education program offered by an approved institution of
44 higher education, as determined by the authority.

45 "Approved employment" means postgraduate, full-time employment
46 in a professional social worker position in a State, county, municipal

1 or nonprofit agency located in this State. The term shall not include
2 a paid student internship, paid fellowship, volunteer service or
3 employment before graduation.

4 "Approved institution" means a public or independent institution of
5 higher education that offers an academic program accredited by the
6 Council on Social Work Education and has been approved by the
7 authority as an institution in which students may enroll to participate
8 in the Social Work Student Incentive Loan Redemption Program.

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

11 "Executive director" means the Executive Director of the Higher
12 Education Student Assistance Authority.

13 "Graduate social work education program" means a course of study
14 leading to a Master of Social Work degree.

15 "Participant" means a person who is enrolled as a part-time or full-
16 time student in an approved institution under the Social Work Student
17 Incentive Loan Redemption Program.

18 "Program" means the Social Work Student Incentive Loan
19 Redemption Program established pursuant to this act.

20 "Undergraduate social work education program" means a course of
21 study leading to a bachelor's degree with a major in social work.

22

23 4. There is established the Social Work Student Incentive Loan
24 Redemption Program within the Higher Education Student Assistance
25 Authority.

26 The purpose of the program is to provide an incentive for persons
27 who have completed their undergraduate and graduate social work
28 education programs to engage in approved employment, including
29 persons who already hold a bachelor's degree and are engaged in
30 approved employment to pursue a master's degree in social work.

31 The program shall provide loan redemption to finance the
32 undergraduate and graduate study of eligible students enrolled in an
33 approved course of study in exchange for full-time employment in a
34 professional social worker position in a State, county, municipal or
35 nonprofit agency located in this State following completion of the
36 social work education program.

37

38 5. To be eligible to participate in the program, an applicant shall:

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

41 b. enter into a written contract with the authority to commence
42 approved employment after completion of an approved course of
43 study. The contract shall specify the duration of the applicant's
44 required service and the total amount of eligible student loan expenses
45 to be redeemed by the State in return for service.

1 6. a. A social worker may apply to the authority for a loan
2 redemption in such a manner as the authority prescribes and shall
3 include all information and documentation required by the authority.

4 b. The maximum loan redemption amount shall not exceed the
5 following amounts for an approved course of study: \$26,000 for an
6 individual who has completed an undergraduate social work education
7 program and \$40,000 for an individual who has completed a graduate
8 social work education program, for an aggregate maximum amount of
9 \$66,000. The maximum redemption of loans shall amount to 20% of
10 principal and interest of eligible student loan expenses in return for
11 two full years of approved employment, an additional 20% for a third
12 full year of approved employment, an additional 20% for a fourth full
13 year of approved employment and an additional 20% for a fifth full
14 year of approved employment; and, in each case, the period of
15 approved employment shall commence on or after the date that the
16 program becomes operative pursuant to this act.

17

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

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

30

31 8. The authority shall annually submit a report on the program to
32 the Governor, the chairman of the Senate Budget and Appropriations
33 Committee, the chairman of the Assembly Appropriations Committee,
34 the chairman of the Assembly Budget Committee, the chairmen of the
35 Senate and Assembly Education Committees, the chairman of the
36 Senate Health, Human Services and Senior Citizens Committee and
37 the chairman of the Assembly Health and Human Services Committee,
38 or their successor committees. The report shall be submitted no later
39 than August 1 of each year and shall include, but not be limited to, the
40 following information for the prior fiscal year:

41 a. the total number of participants receiving loan redemption under
42 the program;

43 b. the number of participants in undergraduate and graduate social
44 work education programs; the number of participants attending
45 approved institutions of higher education, reported by institution; and
46 the approved courses of study in which participants are enrolled;

1 c. the total number of participants who withdrew from the program
2 and failed to complete the program's postgraduate employment
3 requirement; and

4 d. the effect of the program on attracting qualified social work
5 professionals to, and their retention in, public sector and nonprofit
6 sector employment in the State.

7
8 9. The Higher Education Student Assistance Authority, pursuant
9 to the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1
10 et seq.) and in consultation with the Executive Director of the New
11 Jersey Commission on Higher Education, shall adopt rules and
12 regulations necessary to implement the provisions of this act.

13
14 10. There is appropriated \$1,500,000 from the General Fund to the
15 Higher Education Student Assistance Authority to establish the Social
16 Work Student Incentive Loan Redemption Program.

17
18 11. This act shall take effect on the 180th day after enactment,
19 except that the Higher Education Student Assistance Authority may
20 take such anticipatory administrative action in advance as shall be
21 necessary for the implementation of the act.

22
23
24 STATEMENT

25
26 This bill, which is designated the "Social Work Student Incentive
27 Loan Redemption Program Act," establishes the Social Work Student
28 Incentive Loan Redemption Program within the Higher Education
29 Student Assistance Authority (HESAA). The purpose of the program
30 is to provide an incentive for persons trained as social workers to
31 work in the public and nonprofit sectors where their skills and
32 knowledge are vitally needed to meet the needs of vulnerable children
33 and families throughout this State.

34 Specifically, the bill provides as follows:

35 C The program is to provide loan redemption to finance the
36 undergraduate and graduate study of eligible participants in
37 exchange for full-time employment in a professional social worker
38 position in a State, county, municipal or nonprofit agency located
39 in this State following completion of the social work education
40 program.

41 C To be eligible to participate in the program, an applicant must:

42 -- be a resident of the State and maintain domicile in the State
43 during participation in the program; and

44 -- enter into a written contract with the HESAA to commence
45 employment in a professional social worker position in a State, county,
46 municipal or nonprofit agency located in this State after completion of

- 1 an approved course of study.
- 2 C The maximum loan redemption amount of loans under the loan
3 redemption program is not to exceed the following amounts for an
4 approved course of study: \$26,000 for an individual who has
5 completed an undergraduate social work education program and
6 \$40,000 for an individual who has completed a graduate social
7 work education program, for an aggregate maximum amount of
8 \$66,000. The maximum redemption of loans would amount to 20%
9 of principal and interest of eligible student loan expenses in return
10 for two full years of approved employment, an additional 20% for
11 a third full year of approved employment, an additional 20% for a
12 fourth full year of approved employment and an additional 20% for
13 a fifth full year of approved employment; and, in each case, the
14 period of approved employment is to commence on or after the date
15 that the program becomes operative pursuant to the bill.
- 16 C HESAA is required to annually submit a report on the loan
17 redemption program to the Governor and the relevant standing
18 reference committees of the Legislature by August 1 of each year.
- 19 C The bill appropriates \$1.5 million to HESAA to establish the loan
20 redemption program.
- 21 C The bill takes effect on the 180th day after enactment, but
22 authorizes HESAA to take anticipatory administrative action in
23 advance as necessary for its implementation.

ASSEMBLY, No. 3809

STATE OF NEW JERSEY 211th LEGISLATURE

INTRODUCED FEBRUARY 14, 2005

Sponsored by:

Assemblyman JOHN F. MCKEON

District 27 (Essex)

Co-Sponsored by:

Assemblymen Conners, Conaway and Manzo

SYNOPSIS

"Social Services Student Loan Redemption Program Act"; appropriates \$5 million.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 5/3/2005)

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

5
6 **BE IT ENACTED** by the Senate and General Assembly of the State
7 of New Jersey:

8
9 1. This act shall be known and may be cited as the "Social Services
10 Student Loan Redemption Program Act."

11
12 2. The Legislature finds and declares that:

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

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

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

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

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

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

43
44 3. As used in this act:

45 "Approved course of study" means an undergraduate program
46 leading to a bachelor's degree offered by a four-year public or

1 independent institution of higher education.

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

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

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

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

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

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

25 "Qualified facility" means:

- 26 a. a facility operated by the Department of Human Services that
27 provides direct care services to persons served by the department;
- 28 b. a county psychiatric hospital;
- 29 c. a facility operated by the Juvenile Justice Commission;
- 30 d. a veterans' memorial home operated by the Department of
31 Military and Veterans Affairs; and
- 32 e. a nonprofit agency in the State that contracts with the
33 Department of Human Services or the Juvenile Justice Commission to
34 provide direct care services to persons served by the department or
35 commission.

36

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

40 The purpose of the program is to address the current and projected
41 critical shortage of direct care professionals in the State by providing
42 an incentive for persons to engage in employment at certain public
43 facilities, and nonprofit social services agencies under contract with
44 the Department of Human Services or the Juvenile Justice
45 Commission, so as to ensure that State residents who are in need of

1 direct care services at these facilities and agencies have sufficient,
2 qualified professional staff in order to provide the needed services.

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

7

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

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

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

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

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

19

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

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

29 b. The redemption of loans under the program shall not exceed
30 \$5,000 of principal and interest of eligible student loan expenses for
31 each full year of service satisfactorily completed by the program
32 participant. The total loan redemption amount for a program
33 participant, for four years of service, shall not exceed \$20,000. No
34 amount of loan redemption shall be provided for service performed for
35 less than a full year.

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

38

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

45 b. In the case of a program participant's death or total or
46 permanent disability, the authority shall nullify the service obligation

1 of the participant, thereby terminating the participant's service
2 obligation; or where continued enforcement of the contract may result
3 in extreme hardship, the authority may nullify or suspend the
4 participant's service obligation.

5
6 8. The authority shall grant loan forgiveness awards subject to the
7 availability of funds appropriated for this purpose.

8
9 9. The authority shall annually submit a report on the program to
10 the Governor and the chairmen of the Senate Budget and
11 Appropriations, Assembly Appropriations, Senate Health, Human
12 Services and Senior Citizens, and Assembly Health and Human
13 Services committees, or their successor committees. The report shall
14 be submitted no later than August 1 of each year and shall include, but
15 not be limited to, the following information for the prior fiscal year:

16 a. the total number of participants receiving loan redemption under
17 the program;

18 b. the approved course of study of each of the participants; and

19 d. the total number of participants who withdrew from the program
20 and failed to complete the program's employment requirement.

21
22 10. The Higher Education Student Assistance Authority, in
23 consultation with the Commissioner of Human Services and the
24 executive director of the Juvenile Justice Commission, pursuant to the
25 "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.)
26 shall adopt rules and regulations necessary to implement the provisions
27 of this act, including eligibility criteria for the program, procedures for
28 determining the amount of the loan redemption award, and the types
29 of direct care professional positions that qualify for the program.

30
31 11. Gross income, for the purposes of the "New Jersey Gross
32 Income Tax Act," N.J.S.54A:1-1 et seq., shall not include amounts
33 received as a loan redemption under the "Social Services Student Loan
34 Redemption Program," established pursuant to P.L. , c.
35 (C.) (pending before the Legislature as this bill).

36
37 12. There is appropriated \$5,000,000 from the General Fund to the
38 Higher Education Student Assistance Authority to establish the "Social
39 Services Student Loan Redemption Program."

40
41 13. This act shall take effect on the 180th day after enactment,
42 except that the Higher Education Student Assistance Authority may
43 take such anticipatory administrative action in advance as shall be
44 necessary for the implementation of the act.

STATEMENT

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This bill, which is designated the "Social Services Student Loan Redemption Program Act," establishes the Social Services Student Loan Redemption Program within the Higher Education Student Assistance Authority (HESAA). 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.

Specifically, the bill provides as follows:

Ⓒ The program will provide loan redemption to finance the undergraduate 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 at a four-year institution of higher education.

Ⓒ "Direct care professional" is defined as 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.

Ⓒ "Qualified facility" is defined as:
-- a facility operated by the Department of Human Services that provides direct care services to persons served by the department;
-- a county psychiatric hospital;
-- a facility operated by the Juvenile Justice Commission;
-- a veterans' memorial home operated by the Department of Military and Veterans Affairs; and
-- 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.

Ⓒ To be eligible to participate in the program, an applicant shall:
-- be a resident of the State and maintain domicile in the State during participation in the program;
-- have successfully completed an approved course of study (graduating with a bachelor's degree) within one year of being hired as a full-time direct care professional at a qualified facility;
-- have been initially hired as a full-time direct care professional at a qualified facility on or after the effective date of this bill; and

- 1 -- have an outstanding balance with a State or federal student loan
2 program and not be in default on any student loan.
- 3 C An eligible direct care professional may apply to the authority for
4 a loan redemption and shall enter into a written contract with the
5 authority to participate in the program. The contract shall specify
6 the duration of the applicant's required service and the total amount
7 of eligible student loan expenses to be redeemed by the State in
8 return for service.
- 9 C The redemption of loans under the program shall not exceed \$5,000
10 per year of principal and interest of eligible student loan expenses
11 in return for satisfactory completion of a full year of approved
12 employment. The total loan redemption amount for a program
13 participant, for four years of service, shall not exceed \$20,000.
- 14 C A program participant who has entered into a redemption contract
15 with the authority may nullify that contract by submitting written
16 notification to the authority and assuming full responsibility for
17 repayment of the full amount of the participant's loan or that
18 portion of the loan that has not been redeemed by the State in
19 return for partial fulfillment of the contract. In the case of a
20 participant's death or total or permanent disability, the authority
21 shall nullify the service obligation of the participant; or where
22 continued enforcement of the contract may result in extreme
23 hardship, the authority may nullify or suspend the participant's
24 service obligation.
- 25 C The authority shall grant loan forgiveness awards subject to the
26 availability of funds appropriated for this purpose.
- 27 C The authority shall report annually to the Governor and Legislature
28 by August 1 of each year on the status of program participants.
- 29 C The amounts received through the loan redemption shall be
30 excluded from gross income for the purposes of the NJ Gross
31 Income Tax.
- 32 C HESAA, in consultation with the Commissioner of Human Services
33 and the executive director of the Juvenile Justice Commission, shall
34 adopt rules and regulations necessary to implement the program,
35 including eligibility criteria for the program, procedures for
36 determining the amount of the loan redemption award, and the
37 direct care professional positions that qualify for the program.
- 38 C \$5,000,000 is appropriated from the General Fund to HESAA to
39 establish the "Social Services Student Loan Redemption Program."
- 40 C The effective date of the bill is 180 days after enactment, but
41 HESAA is authorized to take such anticipatory administrative
42 action in advance as shall be necessary for its implementation.

ASSEMBLY HEALTH AND HUMAN SERVICES COMMITTEE

STATEMENT TO

ASSEMBLY COMMITTEE SUBSTITUTE FOR **ASSEMBLY, Nos. 3756 and 3809**

STATE OF NEW JERSEY

DATED: JUNE 9, 2005

The Assembly Health and Human Services Committee reports favorably an Assembly Committee Substitute for Assembly Bill Nos. 3756 and 3809.

This committee substitute, which is designated the "Social Services Student Loan Redemption Program Act," establishes the Social Services Student Loan Redemption Program within the Higher Education Student Assistance Authority (HESAA).

The substitute provides as follows:

Ⓒ The program will provide loan redemption to finance the undergraduate study of program participants in exchange for full-time employment as a direct care professional at a qualified facility after completing an approved course of study at a four-year institution of higher education.

Ⓒ The substitute defines:

-- "approved course of study" to mean: 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;

-- "direct care professional" to mean 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; and

-- "qualified facility" to mean a facility operated by the Department of Human Services (DHS) that provides direct care services, a county psychiatric hospital, a facility operated by the Juvenile Justice Commission (JJC), a veterans' memorial home operated by the Department of Military and Veterans Affairs, and a nonprofit agency in the State that contracts with DHS or JJC to provide direct care services.

- C To participate in the program, an applicant must:
- be a State resident;
 - have earned a bachelor's or master's degree within a one year period prior to being hired as a full-time direct care professional at a qualified facility;
 - have been initially hired as a full-time direct care professional at a qualified facility on or after the effective date of the substitute; and
 - have an outstanding balance with a State or federal student loan program and not be in default on any student loan.
- C An applicant for a loan redemption must enter into a written contract with HESAA specifying 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.
- The redemption of loans under the program is not to exceed \$5,000 per year of principal and interest of eligible student loan expenses in return for satisfactory completion of a full year of approved employment.
 - The total loan redemption amount for a program participant, for four years of service, is not to exceed \$20,000.
- C Any State, local or nonprofit agency that operates a qualified facility, or provides services under contract funded in whole or in part with State funds at a qualified facility, is to 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 Of the funds appropriated to provide loan redemption under the program, 80% are to be allocated to finance the undergraduate study of program participants and 20% to finance the graduate study of program participants.
- C HESAA is to report by August 1 of each year 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, and to include in that report the following information for the prior fiscal year:
- the total number of participants receiving loan redemption under the program;
 - the approved course of study of each participant; and
 - the total number of participants who withdrew from the program and failed to complete its employment requirement.
- C Amounts received as a loan redemption under the program are to be excluded from gross income under the NJ Gross Income Tax.
- C The substitute takes effect on the 180th day after enactment, but authorizes HESAA to take anticipatory administrative action in

advance as necessary to implement its provisions.

This substitute is identical to Senate Bill No. 2334 (2R) Aca (Madden/Allen), which the committee also reported on this date.

ASSEMBLY BUDGET COMMITTEE

STATEMENT TO

ASSEMBLY COMMITTEE SUBSTITUTE FOR ASSEMBLY, Nos. 3756 and 3809

STATE OF NEW JERSEY

DATED: JUNE 22, 2005

The Assembly Budget Committee reports favorably Assembly Bill Nos. 3756 and 3809 (ACS).

Assembly Bill Nos. 3756 and 3809 (ACS), which is designated the "Social Services Student Loan Redemption Program Act," establishes the Social Services Student Loan Redemption Program within the Higher Education Student Assistance Authority (HESAA).

The bill provides as follows:

- C The program will provide loan redemption to finance the undergraduate study of program participants in exchange for full-time employment as a direct care professional at a qualified facility after completing an approved course of study at a four-year institution of higher education.
- C To participate in the program, an applicant must:
 - be a State resident;
 - have earned a bachelor's or master's degree within a one year period prior to being hired as a full-time direct care professional at a qualified facility;
 - have been initially hired as a full-time direct care professional at a qualified facility on or after the effective date of the substitute; and
 - have an outstanding balance with a State or federal student loan program and not be in default on any student loan.
- C An applicant for a loan redemption must enter into a written contract with HESAA specifying 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.
 - The redemption of loans under the program is not to exceed \$5,000 per year of principal and interest of eligible student loan expenses in return for satisfactory completion of a full year of approved employment.
 - The total loan redemption amount for a program participant, for four years of service, is not to exceed \$20,000.
- C Any State, local or nonprofit agency that operates a qualified facility, or provides services under contract funded in whole or in part with State funds at a qualified facility, is to 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 Of the funds appropriated to provide loan redemption under the program, 80% are to be allocated to finance the undergraduate study of program participants and 20% to finance the graduate study of program participants.
- C HESAA is to report by August 1 of each year 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, and to include in that report the total number of participants; and the total number of participants who withdrew from the program and failed to complete its employment requirement.
- C Amounts received as a loan redemption under the program are to be excluded from gross income under the NJ Gross Income Tax. As reported, the bill is identical to Senate Bill No. 2334 (3R), as also reported by the committee.

FISCAL IMPACT:

State expenditures are limited to amounts that shall be appropriated. In the Governor's Budget Document for FY 2006, \$3.5 million was recommended to fund the program.

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RELEASE: July 14, 2005

Codey Signs Bill Establishing Student Loan Forgiveness Plan for Mental Health and Social Service Workers

Initiative Will Help Ease Personnel Crisis in State's Mental Health Centers

(EAST ORANGE) –Acting Governor Richard J. Codey today signed into law S2334 / A3756, legislation that establishes a plan to forgive up to \$20,000 in student loans for new qualified college graduates who enter the social services industry.

“Today we fulfill another goal I set in the State of the State address, by taking action to ease the growing personnel crisis in New Jersey’s community-based provider agencies, and further New Jersey’s commitment to help the mentally ill receive the care they need,” Codey said.

“These are difficult jobs with low salaries. You can’t blame these intelligent, qualified people for taking their careers elsewhere – especially when their biggest expense is a college loan,” Codey said. “By forgiving their loans we will make sure the best and brightest provide the best possible care for our most vulnerable residents.”

Codey signed the bill during a public ceremony at Prospect House in East Orange, where he was joined by Robert N. Davidson, Chairman of the Governor’s Task Force on Mental Health; Thomas Baffuto, Executive Director of The Arc of New Jersey; Sharif Reddick, of Newark, a youth advocate for those who receive help from social workers; and legislators including Senator Fred H. Madden (D-Camden, Gloucester) and Assemblyman Neil M. Cohen (D-Union).

The bill’s sponsors include Madden, Cohen, Senator Diane B. Allen (R-Burlington, Camden), Assemblyman John F. McKeon (D-Essex), Assemblyman Joseph J. Roberts (D-Camden, Gloucester), and Assemblywoman Bonnie Watson Coleman (D-Mercer).

In January, when the student loan forgiveness plan takes effect, recent undergraduate and graduate program students will be able to sign a contract with the state. The state will forgive up to \$5,000 in student loans each year for up to four years of service at a state, county or state-contracted nonprofit mental health or developmental disability facility in New Jersey.

The New Jersey Higher Education Student Assistance Authority will administer the program. Individuals who wish to sign up, or to learn more, can call 1-800-792-8670.

Madden said, “The signing of the ‘Student Loan Redemption Act’ marks the beginning of a new era for the state’s social services programs. By covering student loan costs for new social workers, the state is working to level the playing field between the private and public sectors. We must be able to attract and retain highly qualified social workers to help protect the people of New Jersey.”

Allen said, “I am pleased this legislation is becoming law today. It’s important that we address the current and projected critical shortage of direct care professionals in the state. College debt should not dissuade someone from this important career choice.”

Cohen said, “Social workers provide a vital service to the community. But sadly, the number of social workers in New Jersey is dropping rapidly. This innovative financial assistance program will go a long way toward attracting young, energetic, talented students to the profession.”

McKeon said, “This legislation will help lower the stress index for disadvantaged families.”

Roberts said, “The Social Work Student Incentive Loan Redemption Program is a great investment for New Jersey. This legislation will encourage more young people to take up careers in social work. Meanwhile, New Jersey residents will benefit from an increase in the ranks of social workers serving our communities.”

Watson Coleman said, “This is a grand accomplishment for those who want to help others. It is a shame that people who want to make helping people their lifework were discouraged because of financial limitations. This program is just the incentive that students need.”