522

2015-2016 Regular Sessions

IN SENATE

(PREFILED)

January 7, 2015

Introduced by Sen. LAVALLE -- read twice and ordered printed, and when printed to be committed to the Committee on Higher Education

AN ACT to amend the education law and the state finance law, in relation to establishing the New York student affordable refinancing for tomorrow program (New START)

THE PEOPLE OF THE STATE OF NEW YORK, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

1 2	Section 1. Article 14 of the education law is amended by adding a new part VI to read as follows:
3	PART VI
4	NEW YORK STUDENT AFFORDABLE REFINANCING
5	FOR TOMORROW PROGRAM (NEW START)
6	SECTION 694-C. DEFINITIONS.
7	694-D. NEW YORK STUDENT AFFORDABLE REFINANCING FOR TOMORROW
8	PROGRAM (NEW START)
9	694-E. PROGRAM ELIGIBILITY.
10	694-F. PROGRAM.
11	694-G. REPAYMENT.
12	S 694-C. DEFINITIONS. FOR PURPOSES OF THIS PART, THE FOLLOWING TERMS
13	SHALL HAVE THE FOLLOWING MEANINGS: 1. "EDUCATION LOAN" SHALL MEAN ANY
14^{-1}	STUDENT LOAN THAT THE STATE REFINANCES UNDER THE PROGRAM THAT WAS
15	OBTAINED BY A BORROWER FOR THE PURPOSES OF ATTENDING COLLEGE AT THE
16	STATE UNIVERSITY OF NEW YORK OR THE CITY UNIVERSITY OF NEW YORK,
17^{-5}	PROVIDED, HOWEVER, THAT LOANS PROVIDED BY THE FEDERAL GOVERNMENT, OR
18	LOANS PROVIDED AT AN INTEREST RATE AT OR LOWER THAN THE CURRENT FEDERAL
19	LOAN INTEREST RATE SHALL NOT BE ELIGIBLE FOR REFINANCING UNDER THE
20	PROGRAM.
21	2. "PARTICIPANT" SHALL MEAN AN INDIVIDUAL WHO HAS INCURRED STUDENT
22	LOAN DEBT FROM A LENDING INSTITUTION OR LENDER TO COVER THE COST OF
23	TUITION AT THE STATE UNIVERSITY OF NEW YORK OR THE CITY UNIVERSITY OF
25	TOTION IN THE DIVID ONLY MODIFIED IN MOVE ON THE CITE ONLY MODIFIED I
	EXPLANATIONMatter in ITALICS (underscored) is new; matter in brackets [] is old law to be omitted.
	[] IS OIG IGW CO DE OMITEREG. LBD03381-01-5

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NEW YORK AND HAS APPLIED TO PARTICIPATE AND BEEN ACCEPTED TO PARTICIPATE 1 2 IN THE PROGRAM. 3 3. "LENDING INSTITUTION" OR "LENDER" SHALL MEAN ANY ENTITY THAT HAS 4 ITSELF OR THROUGH AN AFFILIATE PROVIDED STUDENT LOANS TO AN ELIGIBLE 5 PARTICIPANT. 6 SHALL MEAN THE NEW YORK STUDENT AFFORDABLE REFINANCING "PROGRAM" 4. 7 FOR TOMORROW PROGRAM (NEW START). 8 5. "FUND" SHALL MEAN THE NEW YORK AFFORDABLE REFINANCING FOR TOMORROW 9 PROGRAM FUND ESTABLISHED BY SECTION NINTY-NINE-W OF THE STATE FINANCE 10 LAW. S 694-D. NEW YORK STUDENT AFFORDABLE REFINANCING FOR TOMORROW PROGRAM 11 12 THE NEW YORK STUDENT AFFORDABLE REFINANCING FOR TOMORROW (NEW START). PROGRAM (NEW START) IS HEREBY ESTABLISHED FOR THE PURPOSES OF RELIEVING 13 14 STUDENT DEBT BY DIRECTLY PAYING AN ELIGIBLE PARTICIPANT'S LOAN DEBT TO 15 THE LENDING INSTITUTION OR LENDER AND PROVIDING A REPAYMENT PLAN WHEREBY PAYMENTS WILL BE DEPOSITED IN THE FUND. 16 17 1. THE CORPORATION SHALL PROMULGATE RULES AND REGULATIONS FOR THE ADMINISTRATION OF THIS PROGRAM AND SHALL MANAGE THE FUND IN CONSULTATION 18 19 WITH THE OFFICE OF THE COMPTROLLER. 20 THE CORPORATION SHALL DETERMINE ADDITIONAL REQUIREMENTS FOR ELIGI-2. BLE PARTICIPANTS, OTHER THAN THOSE SPECIFIED IN SECTION SIX HUNDRED 21 22 NINETY-FOUR-E OF THIS PART, SHALL SET A FIXED INTEREST RATE FOR THE REPAYMENT OF REFINANCED LOANS, WHICH SHALL BE LOWER THAN THE 23 AVERAGE 24 MARKET RATE FOR PRIVATE STUDENT LOANS, AND SHALL ESTABLISH AN APPLICA-25 TION PROCESS FOR THE PROGRAM. 26 3. THE CORPORATION SHALL DETERMINE APPROPRIATE PAYMENT DEFERMENT AND 27 FORBEARANCE OPTIONS FOR LOSS OF EMPLOYMENT OR EXTREME HARDSHIP. 28 PROGRAM ELIGIBILITY. 1. TO BE ELIGIBLE FOR THIS PROGRAM A S 694-E. PARTICIPANT MUST: 29 A. HAVE GRADUATED FROM THE STATE UNIVERSITY OF NEW YORK OR 30 THE CITY UNIVERSITY OF NEW YORK WITHIN FOUR YEARS, OR FIVE YEARS IF ENROLLED IN A 31 32 PROGRAM NORMALLY REQUIRING FIVE YEARS; 33 B. HAVE GRADUATED WITH A GRADE POINT AVERAGE AT OR ABOVE 3.0; 34 C. HAVE INCURRED STUDENT LOAN DEBT; 35 BE GAINFULLY EMPLOYED FOR AT LEAST THREE MONTHS PRIOR TO FILING AN D. APPLICATION TO PARTICIPATE IN THE PROGRAM; 36 37 E. AGREE TO SIGN A CONTRACT WITH THE CORPORATION TO ALLOW A DIRECT 38 WITHDRAWAL OF PAYMENTS FROM THEIR PAY CHECKS UNTIL THE DEBT OBLIGATION 39 IS PAID IN FULL; AND 40 F. MUST APPLY FOR THE PROGRAM WITHIN TWO YEARS AFTER COLLEGE GRADU-41 ATION. 42 PROGRAM. 1. THE CORPORATION SHALL MAKE LUMP SUM PAYMENTS TO S 694-F. 43 LENDING INSTITUTIONS OR LENDERS TO PAY ELIGIBLE PARTICIPANTS' EDUCATION LOANS OUT OF THE FUNDS APPROPRIATED TO THE FUND FOR THE PURPOSES OF THIS 44 45 PROGRAM IN AMOUNTS NOT TO EXCEED THIRTY-FIVE THOUSAND DOLLARS PER 46 PARTICIPANT. 47 2. LOANS THAT THE PARTICIPANT ACQUIRED FROM THE FEDERAL GOVERNMENT OR 48 THOSE LOANS THAT HAVE A FIXED INTEREST RATE PROVIDED AT AN INTEREST RATE 49 OR LOWER THAN THE CURRENT FEDERAL LOAN INTEREST RATE SHALL NOT BE AΤ 50 ELIGIBLE FOR ACQUISITION UNDER THE PROGRAM. 51 S 694-G. REPAYMENT. 1. PARTICIPANTS SHALL REPAY THE TOTAL COST OF THE DEBT OBLIGATION TO THE FUND AT AN INTEREST RATE DETERMINED BY THE CORPO-52 53 RATION ACCORDING TO THE FOLLOWING: 54 DURING THE FIRST FIVE YEARS OF PARTICIPATION IN THE PROGRAM, THE Α. 55 PARTICIPANT SHALL PAY THREE PERCENT OF THE SALARY EARNED PER YEAR DURING 56 EACH OF THOSE YEARS;

1 B. DURING THE NEXT FIVE YEARS OF PARTICIPATION IN THE PROGRAM, THE 2 PARTICIPANT SHALL PAY FIVE PERCENT OF THE SALARY EARNED PER YEAR DURING 3 EACH OF THOSE YEARS;

4 C. DURING THE ELEVENTH YEAR OF PARTICIPATION AND EACH YEAR THEREAFTER 5 UNTIL THE DEBT OBLIGATION IS PAID IN FULL, THE PARTICIPANT SHALL PAY 6 EIGHT PERCENT OF THE SALARY EARNED PER YEAR DURING EACH OF THOSE YEARS.

7 2. THERE SHALL BE NO PRE-PAYMENT PENALTIES UNDER THE PROGRAM AND 8 REPAYMENT SCHEDULES MAY BE CALCULATED AT A HIGHER PERCENTAGE RATE PER 9 YEAR OF SALARY IF THE PARTICIPANT CHOOSES OR REQUESTS A FASTER RE-PAY-10 MENT OPTION.

11 S 2. The state finance law is amended by adding a new section 99-w to 12 read as follows:

13 S 99-W. NEW YORK STUDENT AFFORDABLE REFINANCING FOR TOMORROW PROGRAM 14 FUND. 1. THERE IS HEREBY ESTABLISHED WITHIN THE CUSTODY OF THE NEW YORK 15 STATE HIGHER EDUCATION SERVICES CORPORATION, IN CONSULTATION WITH THE 16 STATE COMPTROLLER, OR HIS OR HER DESIGNEE, A FUND TO BE KNOWN AS THE NEW 17 YORK STUDENT AFFORDABLE REFINANCING FOR TOMORROW PROGRAM FUND.

18 2. ALL MONIES RECEIVED PURSUANT TO THE NEW YORK STUDENT AFFORDABLE 19 REFINANCING FOR TOMORROW PROGRAM (NEW START) SHALL BE DEPOSITED INTO THE 20 FUND AND SHALL BE MANAGED PURSUANT TO PART SIX OF ARTICLE FOURTEEN OF 21 THE EDUCATION LAW.

3. ALL NECESSARY RULES AND REGULATIONS FOR THE SUCCESSFUL ADMINISTRATION, INVESTMENT AND MANAGEMENT OF SUCH FUND SHALL BE PROMULGATED BY
SUCH CORPORATION, IN CONSULTATION WITH THE STATE COMPTROLLER, OR HIS OR
HER DESIGNEE.

S 3. This act shall take effect on the one hundred twentieth day after it shall have become a law, provided, however, that effective immediately, the addition, amendment and/or repeal of any rule or regulation necessary for the implementation of this act on its effective date is authorized to be made and completed on or before such date.