

STATE OF NEW YORK

6755

2021-2022 Regular Sessions

IN SENATE

May 14, 2021

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

AN ACT to amend the education law, in relation to establishing the New York state higher education debt consolidation and refinancing program

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

1 Section 1. Article 14 of the education law is amended by adding a new
2 part 6 to read as follows:

PART VI

NEW YORK STATE HIGHER EDUCATION DEBT CONSOLIDATION AND REFINANCING PROGRAM

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6 Section 694-j. New York state higher education debt consolidation and
7 refinancing program.

8 § 694-j. New York state higher education debt consolidation and refi-
9 nancing program. 1. The corporation shall have the authority to issue
10 up to five hundred million dollars in bonds, to consolidate and refi-
11 nance the education loans of eligible borrowers at a lower interest
12 rate, provided, however if the corporation determines it needs to issue
13 more than five hundred million dollars in bonds to operate the program
14 effectively, the corporation shall make the determination by January
15 fifteen of the year subsequent to when the program goes into effect.

16 2. The corporation shall consolidate and refinance the education loans
17 of eligible borrowers and interest shall accrue upon all student loan
18 payments made by eligible borrowers to the corporation at a rate per
19 annum that is equal to or less than 5.5%. Interest shall accrue from the
20 time the eligible borrower commences repayment under this section, and
21 shall accrue only during the period over which the eligible borrower is
22 required to make such repayment.

23 3. Should an eligible borrower fail to pay to the division any amounts
24 owed under this section within thirty days of the due date, the corpo-
25 ration shall review the eligible borrower's financial circumstances in

EXPLANATION--Matter in italics (underscored) is new; matter in brackets
[-] is old law to be omitted.

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1 order to determine whether the delinquency is a result of a change in
2 the eligible borrower's financial circumstances. If such a determination
3 is made, the corporation may modify the eligible borrower's required
4 payments. If failure to pay is not determined to be due to a material
5 deterioration in the eligible borrower's financial circumstances, the
6 corporation shall terminate and take any legal action necessary to
7 enforce the terms of the loan.

8 4. The program's operating and administrative costs shall be covered
9 by the fees charged to apply for the refinancing and the interest rate
10 surcharge.

11 5. The corporation shall submit an annual report on the program to the
12 governor and the legislature and the report shall be published on the
13 corporation's website. The report shall include but not be limited to
14 the following:

15 (a) The amount of bonds floated to cover the student debt refinancing;
16 (b) The number of loans refinanced;
17 (c) The breakdown of the refinancing rates charged to refinance;
18 (d) The gender, race and ethnicity of the person refinancing;
19 (e) The total debt load refinanced by each racial or ethnic group; and
20 (f) The total administrative costs for operating the refinancing
21 program and the projected total refinancing costs incurred till debt is
22 paid for each racial and ethnic group.

23 6. The corporation is authorized to promulgate rules and regulations
24 necessary for the implementation of the provisions of this section.

25 7. Under this section "eligible borrower" and "education loan" shall
26 mean as defined under section six hundred ninety of this article.

27 § 2. This act shall take effect on the one hundred twentieth day after
28 it shall have become a law.