

HOUSE No. 1579

The Commonwealth of Massachusetts

In the Year Two Thousand Nine

An Act relative to loan forgiveness..

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 SECTION 1. Chapter 221 of the General Laws, as appearing in the 2004 Official
2 Edition, is hereby amended by adding after section 51 the following new section: —

3 Section 51A. Loan Forgiveness for Public Service Attorneys.

4 Section 1. Purpose.

5 To establish a program to provide assistance with the repayment of educational loans
6 associated with obtaining a law degree to law school graduates who are employed full-time in
7 public service and who have income below specified levels. This program is designed to assist
8 in recruiting and retaining diverse and highly skilled attorneys with a demonstrated commitment
9 to serving the needs of the public in the Commonwealth. This statute is to be liberally construed
10 in aid of its purpose of granting loan repayment for public service attorneys.

11 Section 2. Definitions.

12 “Adjusted Net Income” or “ANI”. The difference between an applicant’s annual
13 gross income and the applicant’s annual payments on the applicant’s qualified educational debt.

14 “Annual Gross Income” or “AGI”. The applicant’s gross income, or one-half the sum
15 of the applicant’s gross income and the gross income of the applicant’s spouse or partner,
16 reduced by \$5,000 per dependent, but by no more than \$9,000 total.

17 “Applicant”. Any person seeking loan assistance relief under this subchapter.

18 “Cost of Living Adjustment”. For any calendar year, the percentage, if any, by which
19 the CPI for the preceding calendar year exceeds the CPI for calendar year.

20 “CPI”. The Consumer Price Index for any calendar year as defined in section 1 of
21 Title 26 of the United States Code, the Internal Revenue Code.

22 “Eligible Applicant”. Any applicant who meets the eligibility requirements set forth
23 in section IV of this subchapter.

24 “Eligible Employment”. Employment on a full-time basis (at least thirty-five [35]
25 hours a week) for one of the following: (1) The Massachusetts Office of the Attorney General;
26 (2) any District Attorney’s Office in the Commonwealth; (3) the Committee for Public Counsel
27 Services; (4) any 501(c)(3) or 501(c)(3)-(5) organization receiving funding from the
28 Massachusetts Legal Assistance Corporation or a Massachusetts Legal Services Corporation, or
29 (5) any “qualified civil legal services program,” as defined in section 1 of chapter 221A.

30 “Eligible Income”. In the base year (2006), an Adjusted Net Income of \$40,000 or
31 less. In any subsequent year; this ANI ceiling shall be increased by an amount equal to \$40,000
32 multiplied by the cost of living adjustment for said subsequent year. If any such increase is not a
33 multiple of \$100, such increase shall be rounded to the next highest multiple of \$100.

34 “Eligible Loan”. Any loan for undergraduate or law school that is obtained for the
35 applicant’s tuition or educational expenses from a college or university, government, or
36 commercial source, and on which payments are current and not in default. The program only
37 covers federal and private loans obtained for undergraduate or law school educational expenses
38 which have been secured by the applicant and authorized by the financial aid office of the
39 educational institutions he or she attended. Loans obtained through family or friends are not
40 covered.

41 “Participant”. An eligible applicant who is awarded loan relief assistance under this
42 subchapter/section/statute.

43 “Program”. The loan relief assistance program, as set forth under this subchapter.

44 “Program Award”. Money awarded to program participants to assist with the
45 repayment of program eligible educational loans.

46 “Qualified Educational Debt”. The annualized monthly amount an applicant pays for
47 program eligible loans based on a ten (10) year amortization or, if the applicant has consolidated
48 the original loans, on a fifteen (15) year amortization and the federal loan program interest rate at
49 the time of an applicant’s first application.

50 “Retirement Plan”. Any IRS qualified retirement plan including but not limited to a
51 defined contribution plan, defined benefit plan, or other retirement plan that meets the
52 requirements of the Internal Revenue Code (IRC) and the Employee Retirement Income Security
53 Act of 1974 (ERISA), as well as 457b plans.

54 “Unmet Income”. The difference between \$40,000 and the eligible applicant’s
55 Adjusted Net Income, less any assistance the applicant receives through a law school’s own loan
56 assistance relief program.

57 Section 3. Program Administration.

58 The program shall be administered by a non-profit organization, as defined by section
59 501(c)(3) of Title 26 of the United States Code, selected by the legislature (Administrator).

60 Section 4. Eligibility.

61 (a) Qualification. In order to qualify for loan relief assistance under this subchapter,
62 an applicant must submit an application to the Administrator documenting that the applicant:

- 63 1. has received a Juris Doctorate degree from a law school; and
- 64 2. is a member in good standing of the Massachusetts Bar or is eligible to sit for the
65 next Massachusetts Bar Examination or has taken the most recent Massachusetts Bar
66 Examination and is awaiting results; and
- 67 3. has eligible employment as defined in section 2 of this chapter ; and
- 68 4. has eligible income as defined in section 2 of this chapter ; and
- 69 5. has an eligible loan as defined in section 2 of this chapter ; and
- 70 6. is currently not a recipient of a post-graduate educational fellowship which
71 includes loan repayment relief assistance; and

72 7. that the applicant’s liquid assets do not exceed \$15,000 (or \$30,000 when
73 combined with equity of spouse or partner), not including equity in the applicant’s IRS qualified
74 retirement plan(s), as defined in section 2 of this chapter, or principal place of residence.

75 (b) Renewal of Eligibility.

76 Applicants must apply annually for program awards. In order to remain eligible for
77 program loan forgiveness benefits, participants must remain in program eligible employment
78 pursuant section 2 of this chapter.

79 (c) Change of Status During Program Year. Applicants must notify Administrator in
80 writing within ninety (90) days of any change in his/her eligibility based on the criterion of
81 subsection A of this section during the program year. Failure to do so may result in termination
82 of loan repayment assistance, loan forgiveness benefits, and/or an accelerated repayment
83 schedule.

84 Section 5. Awards.

85 All awards will be issued in the form of interest free loans forgivable over a specific
86 period of time.

87 (a) Loan Forgiveness.

88 1. If a participant remains in program eligible employment as defined in section 2 of
89 this chapter for at least two consecutive years, then fifty percent of any awards issued under this
90 subchapter during those two years shall be forgiven at the end of the two years.

91 2. If a participant remains in program eligible employment as defined in section 2 of
92 this chapter for at least three consecutive years, then one hundred percent of any awards issued
93 under this subchapter during those three years shall be forgiven at the end of the three years.

94 3. If a participant remains in program eligible employment as defined in section 2 of
95 this chapter for four consecutive years or more, all loan awards shall be forgivable in full after
96 completion of each additional year of eligibility.

97 (b) Loan Repayment.

98 1. If a participant completes less than two consecutive years of program eligible
99 employment as defined in section 2 of this chapter, the participant will be obligated to repay all
100 awards issued to the participant under this subchapter over a ten year period in four quarterly
101 installments per year, with interest of five percent per annum.

102 2. A participant who is subject to a medical or family leave of absence from program
103 eligible employment as defined in section 2 of this chapter shall continue to receive loan
104 repayment assistance under the program for up to six months. If the leave of absence exceeds six
105 months, the Administrator shall terminate such participant's eligibility and require (a) repayment
106 of all or part of the loan repayment assistance provided to such participant during such leave of
107 absence, as determined by the Administrator on a case-by-case basis, and (b) repayment in
108 accordance with subsection (B)(1) of this section.

109 3. A participant who loses a job through no fault of the participant shall continue to
110 receive loan repayment assistance under this program for up to the later of six months or the date
111 of reemployment and for up to one year if the participant remains unemployed. A participant
112 who has lost a job due to a lay-off, reduction in force, illness and/or disability of the participant

113 or the illness and/or disability of the participant's spouse, family member or member of the
114 participant's immediate household, or for any other reason constituting grounds for leave or good
115 cause for leave under the federal Family and Medical Leave Act, the Massachusetts Maternity
116 Leave Act, the Massachusetts Small Necessities Act, the Massachusetts Employment and
117 Training Law, the Massachusetts Fair Employment Law or any other state or federal law
118 protecting the rights of workers shall be determined to have lost the job through no fault. All
119 presumptions regarding fault on the part of the participant shall be made in favor of the
120 participant.

121 (c) Award Determinations.

122 The Administrator shall, in making award determinations, give priority to those
123 eligible applicants with the highest unmet income and the lowest assets as defined in section 4 of
124 this chapter. Awards are subject to availability of program funds.

125 (d) Award Amounts.

126 1. Eligible applicants with unmet incomes of \$10,000 or more will be eligible to
127 receive a \$5,000 annual award;

128 2. Eligible applicants with unmet incomes of between \$7,000 and \$9,999 will be
129 eligible to receive a \$4,000 annual award;

130 3. Eligible applicants with unmet incomes of \$6,999 or less will be eligible to receive
131 a \$2,000 annual award.

132 4. In no event, shall the annual award to a qualified applicant exceed the applicant's
133 annual payments on the applicant's program qualifying debt.

134 5. No participant shall be awarded a total of more than \$100,000 total from this
135 program.