

Senate Study Bill 3126 - Introduced

SENATE FILE _____
BY (PROPOSED COMMITTEE
ON EDUCATION BILL BY
CHAIRPERSON QUIRMBACH)

A BILL FOR

1 An Act establishing a legal aid attorney loan forgiveness
2 program to be administered by the college student aid
3 commission.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 261.2, subsection 8, Code 2014, is
2 amended to read as follows:

3 8. Submit by January 15 annually a report to the general
4 assembly which provides, by program, the number of individuals
5 who received loan forgiveness in the previous fiscal year,
6 the amount paid to individuals under sections 261.23, 261.73,
7 ~~and~~ 261.112, and 261.131, and the institutions from which
8 individuals graduated, and that includes any proposed statutory
9 changes and the commission's findings and recommendations.

10 Sec. 2. NEW SECTION. 261.131 **Legal aid attorney loan**
11 **forgiveness program.**

12 1. For purposes of this section, unless the context
13 otherwise requires:

14 *a. "Legal aid agency"* means a not-for-profit legal aid
15 agency whose primary purpose is to provide legal representation
16 to low-income persons in Iowa and which is exempt from taxation
17 under section 501(c)(3) of the Internal Revenue Code.

18 *b. "Legal aid attorney"* means a licensed attorney who is
19 employed by a legal aid agency in this state.

20 2. A legal aid attorney loan forgiveness program is
21 established to be administered by the commission. The program
22 shall consist of loan forgiveness for eligible federally
23 guaranteed loans for licensed attorneys who practice at a legal
24 aid agency in this state.

25 3. Each applicant for loan forgiveness shall, in accordance
26 with the rules of the commission, do the following:

27 *a.* Complete and file an application for legal aid attorney
28 loan forgiveness. The individual shall be responsible for
29 the prompt submission of any information required by the
30 commission.

31 *b.* File a new application and submit information as
32 required by the commission annually on the basis of which the
33 applicant's eligibility for the renewed loan forgiveness will
34 be evaluated and determined.

35 *c.* Complete and return, on a form approved by the

1 commission, an affidavit of practice verifying that the
2 applicant meets the eligibility requirements of subsection 2.

3 4. The annual amount of legal aid attorney loan forgiveness
4 shall not exceed the resident tuition rate established for
5 the state university of Iowa college of law by the state
6 board of regents for the first year following the legal aid
7 attorney's graduation from law school, or ten percent of the
8 legal aid attorney's total federally guaranteed Stafford loan
9 amount under the federal family education loan program or the
10 federal direct loan program, including principal and interest,
11 whichever amount is less. A legal aid attorney shall be
12 eligible for the loan forgiveness program for not more than ten
13 consecutive years.

14 5. The commission shall develop criteria for prioritization
15 among eligible applicants if there are insufficient funds
16 available to award loan forgiveness to all eligible applicants
17 under the program. The criteria shall include the timeliness
18 of the applicant's application, the applicant's salary level,
19 the amount of the applicant's eligible debt, the availability
20 of other loan repayment assistance to the applicant, the
21 monthly payment on the applicant's eligible debt, the
22 applicant's length of service as a legal aid attorney, and the
23 applicant's prior participation in the program.

24 6. A legal aid attorney loan forgiveness repayment fund
25 is created for deposit of moneys appropriated to or received
26 by the commission for use under the program. Notwithstanding
27 section 8.33, moneys deposited in the fund shall not revert
28 to any fund of the state at the end of any fiscal year but
29 shall remain in the loan forgiveness repayment fund and be
30 continuously available for loan forgiveness under the program.
31 Notwithstanding section 12C.7, subsection 2, interest or
32 earnings on moneys deposited in the fund shall be credited to
33 the fund.

34 7. The commission shall submit in a report to the general
35 assembly by January 1, annually, the number of individuals

1 who received loan forgiveness pursuant to this section, where
2 the participants practiced, the amount paid to each program
3 participant, and other information identified by the commission
4 as indicators of outcomes from the program.

5 8. The commission shall adopt rules to administer this
6 section.

7 EXPLANATION

8 The inclusion of this explanation does not constitute agreement with
9 the explanation's substance by the members of the general assembly.

10 This bill establishes a legal aid attorney loan forgiveness
11 program to be administered by the college student aid
12 commission. The program is to consist of loan forgiveness for
13 eligible federally guaranteed loans for licensed attorneys who
14 practice at a legal aid agency in this state.

15 The bill defines "legal aid agency" as a not-for-profit
16 legal aid agency whose primary purpose is to provide legal
17 representation to low-income persons in Iowa and which is
18 exempt from taxation under section 501(c)(3) of the Internal
19 Revenue Code. The bill defines "legal aid attorney" as a
20 licensed attorney who is employed by a legal aid agency in this
21 state.

22 The bill requires each applicant for loan forgiveness
23 to file an application for loan forgiveness, file a new
24 application annually for renewed loan forgiveness, and return
25 an affidavit of practice verifying that the applicant meets the
26 eligibility requirements of the program.

27 The annual amount of loan forgiveness cannot exceed the
28 resident tuition rate established for the state university
29 of Iowa college of law by the state board of regents for the
30 first year following the legal aid attorney's graduation from
31 law school, or 10 percent of the legal aid attorney's total
32 federally guaranteed Stafford loan amount, including principal
33 and interest, whichever amount is less. A legal aid attorney
34 cannot be eligible for the loan forgiveness program for more
35 than 10 consecutive years.

1 The bill requires the commission to develop criteria
2 for prioritization among eligible applicants if there are
3 insufficient funds available to award loan forgiveness to
4 all eligible applicants under the program. The criteria
5 must include the timeliness of the applicant's application,
6 the applicant's salary level, the amount of the applicant's
7 eligible debt, the availability of other loan repayment
8 assistance to the applicant, the monthly payment on the
9 applicant's eligible debt, the applicant's length of service as
10 a legal aid attorney, and the applicant's prior participation
11 in the program.

12 The bill creates a legal aid attorney loan forgiveness
13 repayment fund for deposit of moneys appropriated to or
14 received by the commission for use under the program.

15 The bill requires the commission to submit in a report
16 to the general assembly by January 1, annually, the number
17 of individuals who received loan forgiveness pursuant to the
18 bill, where the participants practiced, the amount paid to each
19 program participant, and other information identified by the
20 commission as indicators of outcomes from the program.

21 The bill requires the commission to adopt rules to
22 administer the bill.

23 The bill adds the program to the commission's ongoing
24 reporting requirements for loan forgiveness programs.