A BILL FOR AN ACT

CONCERNING CREATING A STUDENT LOAN REPAYMENT ASSISTANCE PROGRAM FOR POSTSECONDARY EDUCATION.

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at http://leg.colorado.gov.)

The bill creates the "Get on Your Feet Student Loan Repayment Assistance Program" to provide no more than 24 monthly payments on a qualified loan on behalf of a qualified recipient.

A qualified recipient is required to satisfy eligibility and program participation requirements.
The department of higher education is required to administer the program pursuant to guidelines promulgated by the commission on higher education.

A person who received a program award but did not satisfy all eligibility and program participation requirements may be required to fully or partially reimburse the state.

Be it enacted by the General Assembly of the State of Colorado:

SECTION 1. Legislative declaration. (1) The general assembly finds and declares that:

(a) Student loan debt has reached a crisis point. Student loan debt continues to rise in response to increasing tuition and other college costs, with no reduction in sight.

(b) A current estimate states that more than forty-four million individuals in the United States owe some amount of student loan debt, totaling over one and one-half trillion dollars, surpassing both credit card and car loan debt;

(c) A current estimate states that fifty-two percent of Colorado’s students graduate with student loan debt averaging over twenty-four thousand dollars, and approximately seven hundred sixty-one thousand people in Colorado owe some amount of student debt totaling over twenty-seven billion dollars;

(d) Students and families of color are disproportionately impacted by the rising cost of postsecondary education and the growing student debt crisis, which widens the intergenerational gap between families of color and white families. A current estimate states that young professionals of black and Latino descent with bachelor's degrees earn on average six thousand dollars less per year compared to white professionals with bachelor's degrees.
(e) Student loan debt hinders Colorado's economy, and it prevents borrowers from starting businesses, working in critical low-paying careers, investing in Colorado's economy, purchasing property, achieving financial independence, and starting families;

(f) A study found that the total percentage of people under thirty years of age who own their own business has fallen sixty-five percent since 1980, with many of these people indicating that their student loan debt is the primary factor holding them back in their careers;

(g) Coloradans with student loan debt are less likely to own a home, are more likely to pay a high interest rate on their mortgage if they do own a home, and are less likely to be saving for retirement;

(h) Postsecondary education is a public good that benefits all of Colorado;

(i) Postsecondary education and careers that require postsecondary education are necessary for the public good and should be accessible to all people, not just those with adequate personal financial means;

(j) As a part of reaching the state's sixty-six percent credential attainment goal stated in the master plan for Colorado postsecondary education and closing the equity gap in postsecondary education, it is necessary to invest in postsecondary education and the students who repay that investment back to Colorado; and

(k) The "Get on Your Feet Student Loan Repayment Assistance Program" serves a significant public purpose by assisting student loan debt borrowers in a cost-efficient and effective manner, allowing them to transition into the workforce and their careers while investing in their personal future and in Colorado's economic future by retaining a talented workforce who can invest in Colorado's economy.
SECTION 2. In Colorado Revised Statutes, add article 3.4 to title 23 as follows:

ARTICLE 3.4
Get on Your Feet
Student Loan Repayment Assistance Program

23-3.4-101. Definitions. (1) As used in this article 3.4, unless the context otherwise requires:

(a) "Commission" has the same meaning set forth in section 23-1-101.1 (1).

(b) "Department" means the department of higher education created and existing pursuant to section 24-1-114.

(c) "Institution of higher education" means a state institution of higher education as defined in section 23-18-102 (10)(a), a local district college as defined in section 23-71-102 (1), a private occupational school as defined in section 23-64-103 (20), or any other type of private or nonpublic institution of higher education, located in Colorado.

(d) "Program" means the "Get on Your Feet Student Loan Repayment Assistance Program" created pursuant to section 23-3.4-102.

(e) "Qualified loan" means a federal student loan incurred pursuant to earning an associate or bachelor's degree from an institution of higher education and that is repaid pursuant to a federal income-driven repayment plan.

(f) "Qualified recipient" means a person who satisfies all eligibility and program participation requirements pursuant to this article 3.4.
23-3.4-102. Get on your feet student loan repayment assistance program - creation. There is created in the department the "Get on Your Feet Student Loan Repayment Assistance Program" to provide no more than twenty-four monthly payments on a qualified loan on behalf of a qualified recipient.

23-3.4-103. Program administration. (1) In addition to other requirements pursuant to this article 3.4, the department shall:

(a) Accept and review applications and supporting documents demonstrating eligibility from program applicants;

(b) Notify qualified recipients of their eligibility and ineligible applicants of the reason for their ineligibility;

(c) Make monthly payments directly to the federal loan administrator on a qualified loan on behalf of a qualified recipient; and

(d) Annually verify a qualified recipient's eligibility to participate in the program.

(2) The commission shall create guidelines concerning the department's administration of the program.

23-3.4-104. Program eligibility. (1) In addition to other eligibility and program participation requirements pursuant to this article 3.4, to qualify for the program a person must:

(a) Earn an associate's or bachelor's degree from an institution of higher education on or after January 25, 2021;

(b) Submit a program application and any required supporting documents demonstrating eligibility to the department no later than two years following the date the person earned an associate's or bachelor's degree from an
INSTITUTION OF HIGHER EDUCATION;

(c) HAVE A QUALIFIED LOAN AND BE ENROLLED IN A FEDERAL
INCOME-DRIVEN REPAYMENT PLAN;

(d) BE A RESIDENT OF COLORADO AND HAVE RESIDED IN
COLORADO FOR NOT LESS THAN THE PREVIOUS TWELVE CONTINUOUS
MONTHS, UNLESS THE PERSON IS A MILITARY MEMBER ON ACTIVE DUTY
AND THE MILITARY MEMBER'S LEGAL RESIDENCE IS COLORADO;

(e) HAVE A PRIMARY WORK LOCATION IN COLORADO, UNLESS THE
PERSON IS A MILITARY MEMBER ON ACTIVE DUTY AND THE MILITARY
MEMBER'S LEGAL RESIDENCE IS COLORADO;

(f) NOT BE DELINQUENT OR IN DEFAULT ON A FEDERAL OR STATE
STUDENT LOAN PURSUANT TO THE LOAN'S TERMS; AND

(g) BE IN COMPLIANCE WITH ANY CONDITIONS IMPOSED BY A STATE
ACADEMIC SCHOLARSHIP, GRANT, OR FINANCIAL AID AWARD.

(2) TO QUALIFY FOR THE PROGRAM, A PERSON SHALL COMPLETE
AND SUBMIT ANY APPLICATION, INFORMATION, OR SUPPORTING
DOCUMENTS DEMONSTRATING ELIGIBILITY TO THE DEPARTMENT IN THE
TIME OR MANNER REQUIRED BY THE DEPARTMENT.

(3) THE DEPARTMENT SHALL TERMINATE OR SUSPEND A PERSON'S
PROGRAM AWARD IF THE PERSON:

(a) FAILS TO SATISFY ALL ELIGIBILITY AND PROGRAM
PARTICIPATION REQUIREMENTS WHILE RECEIVING A PROGRAM AWARD; OR

(b) FAILS TO COMPLETE AND SUBMIT ANY APPLICATION,
INFORMATION, OR SUPPORTING DOCUMENTS DEMONSTRATING ELIGIBILITY
TO THE DEPARTMENT IN THE TIME OR MANNER REQUIRED BY THE
DEPARTMENT.

(4) A PERSON RECEIVING A PROGRAM AWARD SHALL REPORT TO
THE DEPARTMENT A CHANGE OF ELIGIBILITY OR A CHANGE IN THE
QUALIFIED LOAN'S MONTHLY FEDERAL INCOME-DRIVEN REPAYMENT
AMOUNT.

(5) A PERSON IS NOT ELIGIBLE TO RECEIVE A PROGRAM AWARD IF
THE MONTHLY FEDERAL INCOME-DRIVEN REPAYMENT AMOUNT IS ZERO
DOLLARS OR IF THE PERSON IS NOT OTHERWISE REQUIRED TO MAKE A
PAYMENT BECAUSE THE QUALIFIED LOAN IS IN FORBEARANCE OR
DEFERMENT STATUS PURSUANT TO THE TERMS OF THE LOAN.

(6) A PERSON WHOSE PROGRAM AWARD WAS TERMINATED OR
SUSPENDED PURSUANT TO SUBSECTION (3) OF THIS SECTION MAY REAPPLY
FOR A PROGRAM AWARD. TO QUALIFY FOR THE PROGRAM UPON
REAPPLICATION, A PERSON MUST SATISFY ELIGIBILITY AND PROGRAM
PARTICIPATION REQUIREMENTS PURSUANT TO THIS ARTICLE 3.4,
INCLUDING MAKING THE REAPPLICATION WITHIN TWO YEARS AFTER
EARNING THE DEGREE, AND, IF NECESSARY, REIMBURSE THE STATE
PURSUANT TO SECTION 23-3.4-106.

23-3.4-105. Award amount and duration. (1) A QUALIFIED
RECIPIENT IS ELIGIBLE FOR A PROGRAM AWARD EQUAL TO ONE HUNDRED
PERCENT OF THE QUALIFIED LOAN'S MONTHLY FEDERAL INCOME-DRIVEN
REPAYMENT AMOUNT.

(2) THE DEPARTMENT SHALL MAKE NO MORE THAN TWENTY-FOUR
MONTHLY PAYMENTS DIRECTLY TO THE FEDERAL LOAN ADMINISTRATOR
ON A QUALIFIED LOAN ON BEHALF OF A QUALIFIED RECIPIENT.

(3) (a) THE DEPARTMENT SHALL MAKE ELIGIBLE PAYMENTS IN
CONSECUTIVE MONTHS, STARTING ON THE DATE THE DEPARTMENT MAKES
THE FIRST PAYMENT TO THE FEDERAL LOAN ADMINISTRATOR ON A
QUALIFIED LOAN ON BEHALF OF A QUALIFIED RECIPIENT.
(b) Notwithstanding Subsection (3)(a) of this section, for a person whose program award was terminated or suspended and who qualifies for the program upon reapplication pursuant to section 23-3.4-104 (6), the department shall consider the payments already made directly to the federal loan administrator on a qualified loan on behalf of the qualified recipient and make no more than the remaining number of payments of the total twenty-four monthly payments.

23-3.4-106. Reimbursement. (1) The department may, at its discretion, require a person to fully or partially reimburse a payment to the state if the state paid a program award to the federal loan administrator on a qualified loan on behalf of the person for any month while the person did not satisfy all eligibility and program participation requirements. The commission shall create guidelines concerning the parameters the department shall consider when determining whether to require a person to fully or partially reimburse a payment to the state pursuant to this subsection (1).

(2) If the department determines that a person must reimburse the state pursuant to subsection (1) of this section, the department shall notify the controller, who shall institute collection proceedings pursuant to section 24-30-202.4, to recover costs or fees.

(3) For a person whose program award was terminated or suspended and who qualifies for the program upon reapplication pursuant to section 23-3.4-104 (6), the department shall not make any subsequent payments to the federal loan administrator.
ADMINISTRATOR UNTIL THE PERSON HAS REIMBURSED THE STATE FOR ANY
PAYMENT AS REQUIRED PURSUANT TO THIS SECTION, IF REQUIRED.

(4) NOTWITHSTANDING SUBSECTIONS (1) TO (3) OF THIS SECTION,
IF A RECIPIENT HAS DEMONSTRATED EXTREME HARDSHIP AS A RESULT OF
A DISABILITY OR OTHER SIMILAR CIRCUMSTANCES, PRIOR TO NOTIFYING
THE CONTROLLER PURSUANT TO SUBSECTION (2) OF THIS SECTION, THE
DEPARTMENT MAY, IN ITS DISCRETION, WAIVE OR DEFER REIMBURSEMENT,
EXTEND THE REIMBURSEMENT PERIOD, OR TAKE OTHER ACTION IT DEEMS
APPROPRIATE. THE COMMISSION SHALL CREATE GUIDELINES CONCERNING
THE PARAMETERS THE DEPARTMENT SHALL CONSIDER WHEN DETERMINING
WHETHER TO WAIVE OR DEFER REIMBURSEMENT, EXTEND THE
REIMBURSEMENT PERIOD, OR TAKE OTHER ACTION IT DEEMS APPROPRIATE
PURSUANT TO THIS SUBSECTION (4).

SECTION 3. Act subject to petition - effective date. This act
takes effect at 12:01 a.m. on the day following the expiration of the
ninety-day period after final adjournment of the general assembly (August
5, 2020, if adjournment sine die is on May 6, 2020); except that, if a
referendum petition is filed pursuant to section 1 (3) of article V of the
state constitution against this act or an item, section, or part of this act
within such period, then the act, item, section, or part will not take effect
unless approved by the people at the general election to be held in
November 2020 and, in such case, will take effect on the date of the
official declaration of the vote thereon by the governor.