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Summary of Substantive Changes

These amendments replace the current rules for the Forgiveness of Student Loan Program, which were last updated in 2007. Since that time, statutes affecting the Program have been enacted, such as the Transformation and Efficiencies Act of 2019 and Act 282 of 2021, which changed the timing of loan-forgiveness payments for eligible employees.

Rules for Administration of the Arkansas Rehabilitation Services Forgiveness of Student Loan Program Act ~~1275 of 2007~~ 282 of 2021

INTRODUCTION

Act ~~1275 282 of 2007~~21, effective July ~~31 28, 2007~~21, established amended and re-authorized the Arkansas Rehabilitation Services (ARS) Forgiveness of Student Loan Program (Program) ~~to, which assists qualified eligible current employees and newly hired rehabilitation counselors employed by ARS with the repayment of qualifying student loans incurred while pursuing credentials that are required for employment. The act provides that ARS shall administer the Program and promulgate rules for its administration. The Forgiveness of Student Loan Program (Program) was originally authorized by Act 1275 of 2007. Arkansas Rehabilitation Services (ARS), as the administrator of the Program, is authorized by Act 282 to promulgate rules regarding Program eligibility, payments, and management.~~

~~PROVISIONS OF ACT 1275 OF 2007~~

ELIGIBILITY

~~An ARS rehabilitation counselor shall be eligible for the Program who~~

- ~~1. Satisfactorily completes the probationary employment period, as certified by the Commissioner of Arkansas Rehabilitation Services.~~
- ~~2. Provides proof of an unpaid student loan, including the name and address of the creditor; and~~
- ~~3. Agrees contractually to~~
 - ~~a. Work for ARS for a term that equals two (2) years for each year that the Program makes a payment on the counselor's student loan; and~~
 - ~~b. Reimburse the Program the full amount of any loan payment(s) made under the Program in the event that the counselor resigns his position with ARS or is terminated by ARS for cause before the term of the contract expires.~~

Individuals who meet the criteria below are eligible for participation in the Program:

1. Employment with ARS.
2. Completion of a six-month probationary period, beginning with the first day of ARS employment.

3. Proof the individual has incurred student-loan debt resulting from obtaining a bachelor's or master's degree in the field of vocational rehabilitation:
 - a. Documentation of the name and address of the student-loan creditor.
 - b. A payoff amount for the loan owed to the creditor, current within 30 days of the individual's application to the Program.
 - c. Documentation, such as a transcript or diploma from an educational institution, confirming that the individual received a degree in one of the following fields:
 - Rehabilitation Counseling;
 - Social Work;
 - Psychology;
 - Disability studies;
 - Education, including Special Education;
 - Counseling, other than Rehabilitation Counseling (master's level only); and
 - Counselor Education (master's level only).
4. Execution of an agreement by which the individual acknowledges, among other requirements, that ARS will not issue payments under the Program if the individual resigns or is terminated for cause.

PROGRAM PAYMENTS

- ~~1. A counselor must complete the ARS six-month new-employee probationary period.~~
- ~~2. An eligible counselor who wishes to apply to participate in the Program shall submit to the Program Director.~~
 - a. ~~A completed Student Loan Program Request form (Appendix A)~~
 - b. ~~An original statement and/or correspondence from the student loan creditor, dated within 30 days of the request. The proof of loan document must indicate the original loan disbursement dates.~~
 - c. ~~A completed Student Loan Program Agreement (Appendix B), signed by the requesting counselor and his immediate supervisor. In the contract, the counselor will agree to~~
 - i. ~~Remain in the employ of ARS for a term that equals two (2) years for each year that the Program makes a payment on the counselor's student loan; and~~
 - ii. ~~Reimburse the Program the full amount of any loan payment(s) made under the Program in the event that the counselor resigns his position with ARS or is terminated by ARS for cause before the term of the contract expires.~~

3. A loan eligible for the Program must have been incurred in the pursuit of a master's degree in rehabilitation counseling, or a comparable degree as recognized by RSA and required for employment with ARS.

4. The amount of payment(s) made directly to the counselor's student loan creditor may not exceed two thousand dollars (\$2,000.00) per year.

5. Cumulative loan payments made for any counselor may not exceed the lesser of ten thousand dollars (\$10,000.00) or the amount of the balance due on the loan.

Payments made by ARS under the Program will satisfy the following criteria:

1. Payments will be issued directly to the student-loan creditor identified by the individual at the time of application to the Program.
2. Each installment will be the lesser of \$2,000.00, or the current loan-payoff amount.
3. Each installment is conditioned upon the participant's continual employment over the two years preceding the date that the payment is issued.

For example, an individual who is determined eligible on August 1st of State Fiscal Year 2022 must be employed until August 1st of State Fiscal Year 2024 in order for an installment to be issued.

4. Participants may receive up to five installments, not to exceed \$10,000.00, under the Program.
5. Total payments under the Program in a given State Fiscal year shall not exceed \$80,000.00.

PROGRAM MANAGEMENT

Pursuant to Act 282 of 2021, the following rules for Program Management will apply:

1. Individuals may submit an application for eligibility once per State Fiscal Year.
2. Each subsequent application must include all documents required to demonstrate eligibility. However, subsequent applications may refer to documents submitted with the original, approved application regarding the individual's degree in the field of vocational rehabilitation.
3. In all events, eligible participants must re-certify their loan payoff amounts within 30 days of a payment coming due.

- a. For example, an individual whose application was approved on August 1st of State Fiscal Year 2022 must submit a current loan payoff amount 30 days prior to August 1st of State Fiscal Year 2024.
- b. Program staff will send a written reminder of this requirement to eligible participants at least 60 days before a payment comes due.

1 State of Arkansas
2 93rd General Assembly
3 Regular Session, 2021
4

A Bill

HOUSE BILL 1200

5 By: Representative J. Mayberry
6 By: Senators K. Hammer, J. English
7

For An Act To Be Entitled

9 AN ACT TO AMEND THE ARKANSAS REHABILITATION SERVICES
10 FORGIVENESS OF STUDENT LOAN PROGRAM; TO CLARIFY
11 REQUIREMENTS FOR ELIGIBILITY; AND FOR OTHER PURPOSES.
12
13

Subtitle

14 TO AMEND THE ARKANSAS REHABILITATION
15 SERVICES FORGIVENESS OF STUDENT LOAN
16 PROGRAM; AND TO CLARIFY REQUIREMENTS FOR
17 ELIGIBILITY.
18
19
20

21 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
22

23 SECTION 1. Arkansas Code § 25-30-206 is amended to read as follows:
24 25-30-206. Arkansas Rehabilitation Services Forgiveness of Student
25 Loan Program.

26 (a) There is established the Arkansas Rehabilitation Services
27 Forgiveness of Student Loan Program to assist ~~counselors employed by~~ eligible
28 employees of Arkansas Rehabilitation Services with the repayment of student
29 loans.

30 (b)(1) The program shall be administered by Arkansas Rehabilitation
31 Services.

32 (2) Arkansas Rehabilitation Services shall promulgate rules ~~for~~
33 ~~determining: a counselor's eligibility for a loan under the program that~~
34 ~~shall include the following requirements:~~

35 (A) ~~Satisfactory completion of any probationary employment~~
36 ~~period;~~



1 ~~(B) Proof of a student loan that remains unpaid, including~~
 2 ~~the name and address of the creditor; and~~

3 ~~(C) An executed employment contract in which the counselor~~
 4 ~~agrees to:~~

5 ~~(i) Work for Arkansas Rehabilitation Services for a~~
 6 ~~term that equals two (2) years for each year that the program makes a payment~~
 7 ~~on the counselor's student loan; and~~

8 ~~(ii) Reimburse the program the full amount of any~~
 9 ~~loan payments made under the program if the counselor resigns or is~~
 10 ~~terminated for cause before the term of the contract terminates.~~

11 ~~(3) The amount of the payment to be made directly to the~~
 12 ~~counselor's student loan creditor may not exceed:~~

13 ~~(A) Two thousand dollars (\$2,000) per year; or~~

14 ~~(B) Ten thousand dollars (\$10,000) per employee regarding~~
 15 ~~eligibility, payment, and program management consistent with this section.~~

16 (c) An employee of Arkansas Rehabilitation Services is required to
 17 satisfy the following in order to be eligible for the program:

18 (1) Completion of a six-month probationary period, beginning
 19 with the first day of employment with Arkansas Rehabilitation Services;

20 (2) Provision of proof that the employee incurred student loan
 21 debt for purposes of obtaining a degree in the field of vocational
 22 rehabilitation, including without limitation the name and address of the
 23 student loan creditor;

24 (3) Provision of proof that the student loan is unpaid at the
 25 time the employee applies for the program; and

26 (4) Execution of a contract in which the employee agrees that
 27 Arkansas Rehabilitation Services is not obligated to issue further payments
 28 under the program if the employee resigns or is terminated for cause while
 29 participating in the program.

30 (d) Payments under the program are made directly to the employee's
 31 student loan creditor and are subject to the following limitations:

32 (1) A payment shall be issued in installments not to exceed two
 33 thousand dollars (\$2,000);

34 (2) An eligible employee is required to have been continually
 35 employed by Arkansas Rehabilitation Services for the two (2) years prior to
 36 issuance of an installment in order to receive the installment; and

