

**Introduced by Senator Runner**

February 22, 2007

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An act to add Article 12.3 (commencing with Section 69748) to Chapter 2 of Part 42 of Division 5 of Title 3 of the Education Code, relating to postsecondary education.

LEGISLATIVE COUNSEL'S DIGEST

SB 481, as introduced, Runner. Student loan assistance: prosecutors and public defenders.

The Public Interest Attorney Loan Repayment Program establishes a loan assumption program for licensed attorneys who practice or agree to practice in public interest areas of the law, defined to include prosecuting attorney's offices and criminal public defender offices, and who meet other designated criteria. The Student Aid Commission administers the program.

This bill would create the Public Safety Incentive Program, administered by the commission, to assist licensed attorneys who practice or agree to practice law as a prosecutor or a public defender, and meet other specified requirements, with loan assistance up to \$40,000, and would create the Public Safety Incentive Account in the State Treasury for this purpose.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. Article 12.3 (commencing with Section 69748)
- 2 is added to Chapter 2 of Part 42 of Division 5 of Title 3 of the
- 3 Education Code, to read:

1 Article 12.3. Public Safety Incentive Program

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3 69748. The Public Safety Incentive Program is established to  
4 assist licensed attorneys who practice or agree to practice law as  
5 a prosecutor or a public defender in the state with a loan assistance  
6 program. The commission shall administer the program and shall  
7 adopt initial regulations to implement the program no later than  
8 January 1, 2009.

9 69748.5. (a) A qualified participant is eligible for a maximum  
10 of forty thousand dollars (\$40,000) in loan assistance to be paid  
11 in equal amounts over a five-year period to the appropriate lender  
12 after each year of the participant's employment as a prosecutor or  
13 public defender.

14 (b) An applicant who meets all of the following conditions is  
15 eligible to participate in the program:

16 (1) The applicant is employed full-time, or has full-time  
17 equivalent status, as a prosecutor or public defender.

18 (2) The applicant is not in default on a loan for which he or she  
19 seeks forgiveness.

20 (3) The applicant has at least sixty thousand dollars (\$60,000)  
21 in outstanding student loan debt in the first year of being selected  
22 for program participation, and has more than thirty thousand dollars  
23 (\$30,000) in student loan debt in each year of the remaining four  
24 years of the agreement.

25 (4) The applicant has entered into a written agreement to receive  
26 benefits under this section that specifies both of the following:

27 (A) The applicant will remain employed as a prosecutor or  
28 public defender for at least five years, unless involuntarily  
29 separated from that employment.

30 (B) If the applicant is involuntarily separated due to failure to  
31 achieve or maintain satisfactory performance before the end of the  
32 five-year period, as determined by the employer, or voluntarily  
33 separated from that employment, the applicant will repay the  
34 commission the amount of any benefits received.

35 (5) Prior to participation in the program, the applicant has  
36 applied for all educational loan assistance offered by the applicant's  
37 educational institution for which he or she may qualify. Only if  
38 an applicant has received no loan repayment assistance, or only  
39 partial assistance, from other available sources, may he or she  
40 apply to the program created by this article for assistance.

1 (6) Other qualifications established by the commission, if any.  
2 69749. (a) The commission shall accept applications from  
3 January 1 to April 30, inclusive, each year.

4 (b) If the number of applications received by the commission  
5 does not exceed the number of awards available, all applicants  
6 who meet the conditions set forth in Section 69748.5 shall receive  
7 assistance.

8 (c) If the number of applications received by the commission  
9 exceeds the number of awards available, additional awards shall  
10 be granted in the following year, but priority for awards in that  
11 year shall be determined in the following manner:

12 (1) Awards shall be allocated on a pro rata basis according to  
13 the aggregate number of qualified applications received from  
14 prosecutor and public defender offices in each county. This pro  
15 rata determination shall be made by comparing the total number  
16 of qualified prosecutor and defender applicants from each county  
17 to the total aggregate number of qualified prosecutor and public  
18 defender applicants statewide. Distribution of awards within each  
19 county shall be allocated on a pro rata basis by utilizing a formula  
20 that provides a proportional share to prosecutors and public  
21 defenders that reflects the fraction of the total awards for the county  
22 that come from each office.

23 (2) If the number of qualified applicants based on the formula  
24 in paragraph (1) exceeds the number of awards available,  
25 distribution shall be made within each office based on the time  
26 when the applications were received by the commission.

27 69749.3. (a) Loans from both government sources and private  
28 financial institutions may be repaid by the program.

29 (b) Each applicant shall allow the commission to access student  
30 loan records and to acquire information from lenders necessary to  
31 verify eligibility.

32 (c) Loans may not be renegotiated with lenders to accelerate  
33 repayment.

34 (d) If a program participant no longer remains eligible for the  
35 program, payments shall cease to be effective on the date that the  
36 participant loses eligibility.

37 (e) The commission is not responsible for any outstanding  
38 payments on principal and interest to any lender once a  
39 participant's eligibility expires.

1 69749.5. (a) The Public Safety Incentive Account is hereby  
2 created in the State Treasury.

3 (b) All moneys appropriated by the Legislature for the program  
4 shall be deposited in the account.

5 (c) The Treasurer may invest, reinvest, manage, contract, sell,  
6 or exchange moneys in the account.

7 (d) With the exception of the operating costs associated with  
8 the management of the account by the Treasurer, the account shall  
9 be credited with all investment income earned by the account.

10 (e) Moneys in the account may only be spent for the purposes  
11 of the program, including reasonable administrative costs and loan  
12 repayments.

13 (f) The Treasurer shall routinely consult and communicate with  
14 the commission on investment policy, earnings of the account, and  
15 the related needs of the program.