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H5B 74
ECONOMIC DEVELOPMENT

SENATE/HOUSE FILE SF/HF
BY (PROPOSED DEPARTMENT OF
ECONOMIC DEVELOPMENT BILL)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to the creation of a recruiting our own targeted
2 students loan repayment program and fund under the control of
3 the college student aid commission.

4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 Section 15.104, Code 1999, is amended by adding
2 the following new subsection:

3 NEW SUBSECTION. 7A. Designate annually, in consultation
4 with the Iowa workforce development board, targeted industries
5 for the recruiting our own targeted students loan repayment
6 program in accordance with section 261.106. The Iowa economic
7 development board shall consider the current demand for the
8 industry in Iowa and the quality of the industry in relation
9 to local communities. Other parameters for targeted
10 industries may be determined by the board, in consultation
11 with the Iowa workforce development board and the college
12 student aid commission.

13 Sec. 2. Section 84A.1B, Code 1999, is amended by adding
14 the following new subsection:

15 NEW SUBSECTION. 10. Designate annually, in consultation
16 with the Iowa economic development board, targeted occupations
17 for the recruiting our own targeted students loan repayment
18 program in accordance with section 261.106. The workforce
19 development board shall consider the current demand for the
20 occupation in Iowa and the quality of the occupation in
21 relation to local communities. Other parameters for targeted
22 occupations may be determined by the board, in consultation
23 with the Iowa economic development board and the college
24 student aid commission.

25 Sec. 3. NEW SECTION. 261.106 RECRUITING OUR OWN TARGETED
26 STUDENTS LOAN REPAYMENT PROGRAM.

27 1. For purposes of the recruiting our own targeted
28 students loan repayment program in this section and section
29 261.107, unless the context otherwise requires:

30 a. "Agreement" means the agreement entered into as
31 provided in subsection 1, paragraph "d".

32 b. "Commission" means the college student aid commission.

33 c. "Department" means the department of economic
34 development.

35 d. "Eligible business" means a business that meets the

1 requirements of the program as specified by rules adopted by
2 the commission and the Iowa economic development board.

3 e. "Eligible postsecondary institution" means a community
4 college as defined in chapter 260C, institution of higher
5 learning under the control of the state board of regents, or
6 an accredited private institution as defined in section 261.9.

7 f. "Student loan" means a loan, including any federal or
8 state loan, made to a student for which the student is under a
9 legal obligation to repay and which was used to pay tuition,
10 mandatory fees, and room and board at an eligible
11 postsecondary institution.

12 g. "Targeted industry" means those industries designated
13 by the Iowa economic development board in accordance with
14 section 15.104, subsection 7A.

15 h. "Targeted occupation" means a technical, professional
16 occupation designated by the Iowa workforce development board
17 in accordance with section 84A.1B, subsection 10.

18 i. "Technical professional" means a position that requires
19 highly specialized knowledge, usually scientific or
20 mathematical, or a professional managerial position requiring
21 specialized management or professional training which is
22 specific to the applicable targeted industry. "Technical
23 professional" includes, but is not limited to, computer
24 programmer, engineer, educator, genetic scientist, and
25 chemical research and development specialist.

26 2. A recruiting our own targeted students loan repayment
27 program is established under the control of the commission if
28 the general assembly makes an appropriation for that purpose.
29 The purpose of the program is to offer to Iowa businesses a
30 tool for the recruitment of recent college graduates for
31 positions in a targeted industry located within Iowa. An
32 individual is eligible for the program if the individual is a
33 resident of Iowa and meets all of the following conditions:

34 a. Is employed in a technical professional position in a
35 targeted occupation by an eligible business which operates a

1 targeted industry for the calendar year in which the
2 individual was employed.

3 b. Attended an eligible postsecondary institution and
4 received from that institution a certificate, diploma, or
5 degree that meets the qualifications for the technical
6 professional position designated by the Iowa workforce
7 development board as a targeted occupation in accordance with
8 section 84A.1B, subsection 10, and who is employed in a
9 targeted occupation in a targeted industry operated by a
10 business located, or doing the majority of its business, in
11 Iowa.

12 c. Acquired a student loan for attendance at an eligible
13 postsecondary institution from which the certificate, diploma,
14 or degree identified in paragraph "b" was obtained.

15 d. Has entered into a student loan repayment agreement
16 with the eligible business and with the commission. The
17 individual shall submit the agreement to the department of
18 economic development which shall review the agreement for
19 certification of the targeted industry and targeted
20 occupation. The agreement submitted shall contain a
21 commitment on the part of the eligible business of at least a
22 dollar-for-dollar match of the state moneys paid in accordance
23 with this section. Subsequent to review by the department,
24 the agreement shall be forwarded to the commission for loan
25 repayment servicing.

26 3. An individual employed by an eligible business shall
27 not lose eligibility for student loan repayments under the
28 program solely because the Iowa economic development board,
29 subsequent to action on the agreement in accordance with
30 subsection 2, paragraph "d", ceases to identify as a targeted
31 industry the industry operated by the business in accordance
32 with section 15.104, subsection 7A.

33 4. An individual is ineligible for the student loan
34 repayment program and any agreement entered into as specified
35 in subsection 2 is null and void if the individual accepts

1 employment outside of the state of Iowa or in an industry not
 2 identified by the Iowa economic development board as a
 3 targeted industry in accordance with section 15.104,
 4 subsection 7A, except as provided in subsection 3. If the
 5 individual accepts employment in a similar targeted occupation
 6 in an industry operated by another eligible business, the
 7 individual shall continue to be eligible for loan repayments
 8 if the individual, eligible business, and commission comply
 9 with subsection 2, paragraph "d".

10 5. The commission shall make loan repayments on behalf of
 11 an individual who meets the qualifications of subsection 2 in
 12 the amount of twenty-five percent of the individual's total
 13 loan amount, including principal and interest, or two thousand
 14 five hundred dollars, whichever is less, for every two years
 15 in which the individual remains an Iowa resident and is
 16 employed in Iowa in a targeted occupation in a targeted
 17 industry by an eligible business. However, the loan amount
 18 shall also be limited by the amount of employer match
 19 provided. The maximum amount of repayment allowed by the
 20 commission shall be equal to the amount the eligible business
 21 pays to the commission on behalf of the individual. The
 22 maximum period for which loan repayments can be made on behalf
 23 of an individual who meets the requirements of this section is
 24 eight years.

25 6. The commission shall adopt rules pursuant to chapter
 26 17A to administer this section and section 261.107.

27 Sec. 4. NEW SECTION. 261.107 PROGRAM FUND.

28 A recruiting our own targeted students loan repayment fund
 29 is created for deposit of payments by eligible businesses to
 30 the commission and for the deposit of moneys appropriated by
 31 the general assembly. Moneys in the fund shall be distributed
 32 by the commission upon the receipt of agreements as provided
 33 for in subsection 2, paragraph "d". If the fund is depleted
 34 during a fiscal year, agreements shall not be serviced until
 35 the subsequent fiscal year. For each fiscal year in which

1 moneys are appropriated for purposes of this section, not more
2 than one hundred fifty thousand dollars may be distributed
3 among the commission, the department of economic development,
4 and the department of workforce development for administrative
5 purposes. Notwithstanding section 8.33, moneys deposited in
6 the loan repayment fund shall not revert to the general fund
7 of the state at the end of any fiscal year but shall remain in
8 the loan repayment fund and be continuously available to make
9 additional loan repayments under the program. Notwithstanding
10 section 12C.7, subsection 2, interest or earnings on moneys in
11 the fund shall be credited to the fund.

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EXPLANATION

13 This bill creates a recruiting our own targeted students
14 loan repayment program and fund under the control of the
15 college student aid commission if the general assembly makes
16 an appropriation for that purpose. The purpose of the program
17 is to offer to Iowa businesses a tool for the recruitment of
18 recent college graduates for positions in a targeted industry
19 located within Iowa.

20 The program is intended to provide for the payment of
21 student loans for residents of Iowa who have received a
22 certificate, diploma, or degree from an accredited
23 postsecondary institution in Iowa, and who work in the state
24 in a targeted occupation and industry for between two to eight
25 years. However, the amount of loan repayment is limited to 25
26 percent of the individual's total loan amount, including
27 principal and interest, or \$2,500, whichever is less, for
28 every two years in which the individual remains an Iowa
29 resident and is employed in Iowa in a targeted occupation in a
30 targeted industry by an eligible business. The loan amount is
31 further dependent on the amount of match funds provided by the
32 eligible business.

33 The individual must enter into a student loan repayment
34 agreement with the eligible business and with the commission.
35 The agreement submitted must contain a commitment on the part

1 of the eligible business of at least a \$1-for-\$1 match of the
2 state loan repayment moneys paid.

3 The Iowa workforce development board is directed to
4 designate annually, in consultation with the Iowa economic
5 development board, targeted occupations for the program, while
6 the Iowa economic development board is directed to designate
7 annually, in consultation with the Iowa workforce development
8 board, targeted industries for the program. If the Iowa
9 economic development board ceases to designate as a targeted
10 industry an industry in which an individual participating in
11 the program is employed, the individual shall not lose
12 eligibility solely for that reason.

13 An individual is ineligible for the program and any program
14 agreement entered into is null and void if the individual
15 accepts employment outside of the state of Iowa or in an
16 industry not identified as a targeted industry. If the
17 individual accepts employment in a similar targeted occupation
18 in an industry operated by another eligible business, the
19 individual remains eligible for the program if the individual
20 enters into an agreement with the new employer.

21 For each fiscal year in which moneys are appropriated for
22 purposes of the program, not more than \$150,000 may be
23 distributed among the commission, the department of economic
24 development, and the department of workforce development for
25 administrative purposes. Moneys remaining in the fund at the
26 end of any fiscal year carry over to be continuously available
27 to make additional loan repayments under the program.
28 Interest or earnings on moneys in the fund shall be credited
29 to the fund.

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TO: General Assembly
FROM: Kim Statler, IDED Legislative Liaison
DATE: November 30, 1998
RE: ROOTS

Retaining Our Own Talented/Targeted Students (ROOTS) Loan Repayment Program

In response to the labor shortage issue in Iowa, IDED is proposing legislation to forgive Iowa student loan debt in targeted industries with targeted occupations. Individuals with student loan debt from an Iowa institution may enter into an agreement to work for a targeted industry and, in return, the individual's student loan debt will be repaid. The amount of debt repaid will be contingent upon the number of years of employment with the Iowa company. The eligible targeted industry will partner with the State of Iowa by matching the loan forgiveness by the state dollar for dollar. The tuition repayment component will be applicable to all Iowa education institutions, including community college, regent, and private institutions.

The targeted industry and occupations list will be developed by the IDED Board in consultation with the IWD Board and will consider those occupations of the highest demand for Iowa industry.

3/4/99 Refund to approp.

MAR 3 1999

Place On Calendar

463

HOUSE FILE
BY COMMITTEE ON ECONOMIC
DEVELOPMENT

(SUCCESSOR TO HSB 74)

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to the creation of a recruiting our own targeted
2 students loan repayment program and fund under the control of
3 the college student aid commission, and providing an effective
4 date.

5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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HF 463

1 Section 1. Section 15.104, Code 1999, is amended by adding
2 the following new subsection:

3 NEW SUBSECTION. 7A. Designate annually, in consultation
4 with the Iowa workforce development board, targeted industries
5 for the recruiting our own targeted students loan repayment
6 program in accordance with section 261.106. The Iowa economic
7 development board shall consider the current demand for the
8 industry in Iowa and the quality of the industry in relation
9 to local communities. Other parameters for targeted
10 industries may be determined by the board, in consultation
11 with the Iowa workforce development board and the college
12 student aid commission.

13 Sec. 2. Section 84A.1B, Code 1999, is amended by adding
14 the following new subsection:

15 NEW SUBSECTION. 10. Designate annually, in consultation
16 with the Iowa economic development board, targeted occupations
17 for the recruiting our own targeted students loan repayment
18 program in accordance with section 261.106. The workforce
19 development board shall consider the current demand for the
20 occupation in Iowa and the quality of the occupation in
21 relation to local communities. Other parameters for targeted
22 occupations may be determined by the board, in consultation
23 with the Iowa economic development board and the college
24 student aid commission.

25 Sec. 3. NEW SECTION. 261.106 RECRUITING OUR OWN TARGETED
26 STUDENTS LOAN REPAYMENT PROGRAM.

27 1. For purposes of the recruiting our own targeted
28 students loan repayment program in this section and section
29 261.107, unless the context otherwise requires:

30 a. "Agreement" means the agreement entered into as
31 provided in subsection 2, paragraph "d".

32 b. "Commission" means the college student aid commission.

33 c. "Department" means the department of economic
34 development.

35 d. "Eligible business" means a business that meets the

1 requirements of the program as specified by rules adopted by
2 the commission and the Iowa economic development board.

3 e. "Eligible postsecondary institution" means a community
4 college as defined in chapter 260C, institution of higher
5 learning under the control of the state board of regents, or
6 an accredited private institution as defined in section 261.9.

7 f. "Student loan" means a loan, including any federal or
8 state loan, made to a student for which the student is under a
9 legal obligation to repay and which was used to pay tuition,
10 mandatory fees, and room and board at an eligible
11 postsecondary institution.

12 g. "Targeted industry" means those industries designated
13 by the Iowa economic development board in accordance with
14 section 15.104, subsection 7A.

15 h. "Targeted occupation" means a technical, professional
16 occupation designated by the Iowa workforce development board
17 in accordance with section 84A.1B, subsection 10.

18 i. "Technical professional" means a position that requires
19 highly specialized knowledge or skills, usually scientific or
20 mathematical, or a professional managerial position requiring
21 specialized management or professional training which is
22 specific to the applicable targeted industry. "Technical
23 professional" includes, but is not limited to, computer
24 programmer, engineer, tool and die maker, educator, genetic
25 scientist, mold builder, and chemical research and development
26 specialist.

27 2. A recruiting our own targeted students loan repayment
28 program is established under the control of the commission if
29 the general assembly makes an appropriation for that purpose.
30 The purpose of the program is to offer to Iowa businesses a
31 tool for the recruitment of recent college graduates for
32 positions in a targeted industry located within Iowa. An
33 individual is eligible for the program if the individual is a
34 resident of Iowa and meets all of the following conditions:

35 a. Is employed in a technical professional position in a

1 targeted occupation by an eligible business which operates a
2 targeted industry for the calendar year in which the
3 individual was employed.

4 b. Attended an eligible postsecondary institution and °
5 received from that institution a certificate, diploma, or
6 degree that meets the qualifications for the technical
7 professional position designated by the Iowa workforce
8 development board as a targeted occupation in accordance with
9 section 84A.1B, subsection 10, and who is employed in a
10 targeted occupation in a targeted industry operated by a
11 business located, or doing the majority of its business, in
12 Iowa.

13 c. Acquired a student loan for attendance at an eligible
14 postsecondary institution from which the certificate, diploma,
15 or degree identified in paragraph "b" was obtained.

16 d. Has entered into a student loan repayment agreement
17 with the eligible business and with the commission by June 30,
18 2004. The individual shall submit the agreement to the
19 department of economic development which shall review the
20 agreement for certification of the targeted industry and
21 targeted occupation. The agreement submitted shall contain a
22 commitment on the part of the eligible business of at least a
23 dollar-for-dollar match of the state moneys paid in accordance
24 with this section. Subsequent to review by the department,
25 the agreement shall be forwarded to the commission for loan
26 repayment servicing.

27 e. Graduates from an eligible postsecondary institution no
28 sooner than May 1, 1999.

29 3. An individual employed by an eligible business shall
30 not lose eligibility for student loan repayments under the
31 program solely because the Iowa economic development board,
32 subsequent to action on the agreement in accordance with
33 subsection 2, paragraph "d", ceases to identify as a targeted
34 industry the industry operated by the business in accordance
35 with section 15.104, subsection 7A.

1 4. An individual is ineligible for the student loan
2 repayment program and any agreement entered into as specified
3 in subsection 2 is null and void if the individual accepts
4 employment outside of the state of Iowa or in an industry not
5 identified by the Iowa economic development board as a
6 targeted industry in accordance with section 15.104,
7 subsection 7A, except as provided in subsection 3. If the
8 individual accepts employment in a similar targeted occupation
9 in an industry operated by another eligible business, the
10 individual shall continue to be eligible for loan repayments
11 if the individual, eligible business, and commission comply
12 with subsection 2, paragraph "d".

13 5. The commission shall make loan repayments on behalf of
14 an individual who meets the qualifications of subsection 2 in
15 the amount of twenty-five percent of the individual's total
16 loan amount, including principal and interest, or two thousand
17 five hundred dollars, whichever is less, for every two years
18 in which the individual remains an Iowa resident and is
19 employed in Iowa in a targeted occupation in a targeted
20 industry by an eligible business. However, the loan amount
21 shall also be limited by the amount of employer match
22 provided. The maximum amount of repayment allowed by the
23 commission shall be equal to the amount the eligible business
24 pays to the commission on behalf of the individual. The
25 maximum period for which loan repayments can be made on behalf
26 of an individual who meets the requirements of this section is
27 eight years.

28 6. The commission shall adopt rules pursuant to chapter
29 17A to administer this section and section 261.107.

30 7. It is the intent of the general assembly to
31 appropriate, commencing with the fiscal year beginning July 1,
32 2001, an amount from the general fund of the state sufficient
33 to provide for loan repayments for not more than one thousand
34 students under this section.

35 Sec. 4. NEW SECTION. 261.107 PROGRAM FUND.

1 A recruiting our own targeted students loan repayment fund
2 is created for deposit of payments by eligible businesses to
3 the commission and for the deposit of moneys appropriated by
4 the general assembly. Moneys in the fund shall be distributed
5 by the commission upon the receipt of agreements as provided
6 for in section 261.106, subsection 2, paragraph "d". If the
7 fund is depleted during a fiscal year, agreements shall not be
8 serviced until the subsequent fiscal year. For each fiscal
9 year in which moneys are appropriated for purposes of this
10 section, not more than one hundred fifty thousand dollars may
11 be distributed among the commission, the department of
12 economic development, and the department of workforce
13 development for administrative purposes.

14 Sec. 5. EFFECTIVE DATE. This Act, being deemed of
15 immediate importance, takes effect upon enactment.

16 EXPLANATION

17 This bill creates a recruiting our own targeted students
18 loan repayment program and fund under the control of the
19 college student aid commission if the general assembly makes
20 an appropriation for that purpose. The purpose of the program
21 is to offer to Iowa businesses a tool for the recruitment of
22 recent college graduates for positions in a targeted industry
23 located within Iowa. The bill states legislative intent that
24 beginning with fiscal year 2001-2002, the general assembly
25 will appropriate funds sufficient to provide for loan
26 repayments for not more than 1,000 students.

27 The program is intended to provide for the payment of
28 student loans for residents of Iowa who have received a
29 certificate, diploma, or degree from an accredited
30 postsecondary institution in Iowa on or after May 1, 1999, and
31 who work in the state in a targeted occupation and industry
32 for between two to eight years. However, the amount of loan
33 repayment is limited to 25 percent of the individual's total
34 loan amount, including principal and interest, or \$2,500,
35 whichever is less, for every two years in which the individual

1 remains an Iowa resident and is employed in Iowa in a targeted
2 occupation in a targeted industry by an eligible business.
3 The loan amount is further dependent on the amount of match
4 funds provided by the eligible business.

5 The individual must enter into a student loan repayment
6 agreement with the eligible business and with the commission
7 by June 30, 2004. The agreement submitted must contain a
8 commitment on the part of the eligible business of at least a
9 \$1-for-\$1 match of the state loan repayment moneys paid.

10 The Iowa workforce development board is directed to
11 designate annually, in consultation with the Iowa economic
12 development board, targeted occupations for the program, while
13 the Iowa economic development board is directed to designate
14 annually, in consultation with the Iowa workforce development
15 board, targeted industries for the program. If the Iowa
16 economic development board ceases to designate as a targeted
17 industry an industry in which an individual participating in
18 the program is employed, the individual shall not lose
19 eligibility solely for that reason.

20 An individual is ineligible for the program and any program
21 agreement entered into is null and void if the individual
22 accepts employment outside of the state of Iowa or in an
23 industry not identified as a targeted industry. If the
24 individual accepts employment in a similar targeted occupation
25 in an industry operated by another eligible business, the
26 individual remains eligible for the program if the individual
27 enters into an agreement with the new employer.

28 For each fiscal year in which moneys are appropriated for
29 purposes of the program, not more than \$150,000 may be
30 distributed among the commission, the department of economic
31 development, and the department of workforce development for
32 administrative purposes.

33 The bill takes effect upon enactment.
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