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EDUCATION

HOUSE FILE 546

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Passed House, Date _____ Passed Senate, Date _____

Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____

Approved _____

A BILL FOR

1 An Act relating to the establishment of an Iowa worker retraining
2 forgivable loan program and fund and making an appropriation.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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HF 546

1 Section 1. COLLEGE STUDENT AID COMMISSION. There is
 2 appropriated from the general fund of the state to the college
 3 student aid commission for the fiscal year beginning July 1,
 4 1999, and ending June 30, 2000, the following amount, or so
 5 much thereof as is necessary, to be used for the purpose
 6 designated:

7 For the Iowa worker retraining forgivable loan program, as
 8 established in section 261.114:

9 \$ 1,750,000

10 Sec. 2. NEW SECTION. 261.114 IOWA WORKER RETRAINING
 11 FORGIVABLE LOAN PROGRAM.

12 1. An Iowa worker retraining forgivable loan program is
 13 established to be administered by the college student aid
 14 commission. An individual is eligible for the forgivable loan
 15 program if the individual is a resident of this state who is
 16 enrolled at a community college as established under chapter
 17 260C, an institution of higher learning under the control of
 18 the state board of regents, or an accredited private
 19 institution as defined in section 261.9, in a designated skill
 20 area in which occupational shortages are anticipated as
 21 determined pursuant to subsection 2.

22 2. The governor's skills forecasting council shall
 23 annually designate the skill areas in which occupational
 24 shortages are anticipated. In designating skills areas in
 25 which occupational shortages are anticipated, the council
 26 shall consider the quality of the jobs in the occupational
 27 shortage area. In rating the quality of the jobs, the council
 28 shall place greater emphasis on those jobs that have a higher
 29 wage scale, have a lower turnover rate, are full-time or
 30 career-type positions, provide comprehensive health benefits,
 31 or have factors associated with them that are indicative of
 32 jobs higher in quality than jobs in other occupational
 33 shortage areas.

34 3. Each applicant shall, in accordance with the rules of
 35 the commission, do the following:

1 a. Complete and file an application, on forms provided by
2 the commission, for an Iowa worker retraining forgivable loan.
3 The individual shall be responsible for the submission of the
4 financial information required for evaluation of the
5 applicant's need for a forgivable loan, on forms determined by
6 the commission.

7 b. File a new application and financial information
8 annually on the basis of which the applicant's eligibility for
9 a renewed forgivable loan will be evaluated and determined.

10 4. Forgivable loans to eligible students shall not become
11 due until after the student graduates or leaves school. The
12 individual's total loan amount, including principal and
13 interest, shall be reduced by twenty-five percent for each
14 year in which the individual remains an Iowa resident and is
15 employed in Iowa in the skill shortage area for which the loan
16 was approved. If the commission determines that the person
17 does not meet the criteria for forgiveness of the principal
18 and interest payments, the commission shall establish a plan
19 for repayment of the principal and interest over a five-year
20 period. If a person required to make the repayment does not
21 make the required payments, the commission shall provide for
22 payment collection.

23 5. The amount of an Iowa worker retraining forgivable loan
24 shall not exceed one thousand five hundred dollars annually,
25 or the amount of the student's established financial need,
26 whichever is less. However, if the loan amount approved by
27 the commission exceeds the student's expenses for tuition,
28 room and board, and mandatory fees, the balance shall be
29 distributed to the student for whom the loan was made.
30 However, the commission may exceed the maximum loan amount
31 based upon the demand for loans or an extraordinary demand for
32 trained workers in a skill shortage area.

33 6. The commission shall prescribe by rule the interest
34 rate for the forgivable loan.

35 7. An Iowa worker retraining forgivable loan fund is

1 created for deposit of payments made by forgivable loan
2 recipients who do not fulfill the conditions of the forgivable
3 loan program, or by businesses who wish to contribute
4 financial assistance on behalf of current or former employees.
5 Notwithstanding section 8.33, moneys deposited in the fund
6 shall not revert to the general fund of the state at the end
7 of any fiscal year but shall remain in the forgivable loan
8 fund and be continuously available to make additional loans
9 under the program. Notwithstanding section 12C.7, subsection
10 2, interest or earnings on moneys deposited in the Iowa worker
11 retraining forgivable loan fund shall be credited to the fund.

12 8. The commission shall adopt rules for determining
13 financial need, defining tuition and mandatory fees, defining
14 residence for the purposes of this section, processing and
15 approving applications for loan forgiveness, and determining
16 priority of loan forgiveness. The commission shall give
17 priority to students who have the greatest demonstrated
18 financial need, who wish to upgrade their skills, and who are
19 earning not more than two dollars over the minimum wage as
20 established in section 91D.1. The commission shall also give
21 priority to a person whose present or former employer
22 contributes financial assistance as provided in subsection 7
23 on behalf of the person, and the level of priority shall be
24 based upon the amount of the present or former employer's
25 contribution.

26 Sec. 3. FISCAL YEAR 1999-2000 OCCUPATIONAL SHORTAGE AREAS.
27 Notwithstanding section 261.114, subsection 2, for the fiscal
28 year beginning July 1, 1999, and ending June 30, 2000, the
29 Iowa workforce development board, in consultation with the
30 departments of education and economic development and the
31 college student aid commission, shall designate skill shortage
32 areas for purposes of the Iowa worker retraining forgivable
33 loan program.

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EXPLANATION

35 This bill establishes an Iowa worker retraining forgivable

1 loan program and fund to be administered by the college
2 student aid commission, and appropriates \$1.75 million for the
3 program from the general fund of the state for fiscal year
4 1999-2000.

5 Under the bill, the program will be available to Iowa
6 residents who are enrolled in a community college, regents
7 university, or an accredited private postsecondary institution
8 in a designated skill area in which occupational shortages are
9 anticipated.

10 The bill requires the skills forecasting council to
11 annually designate the skill areas in which occupational
12 shortages are anticipated. However, for fiscal year 1999-
13 2000, the designated shortage areas are to be determined by
14 the Iowa workforce development board, in consultation with the
15 departments of education and economic development, and the
16 college student aid commission.

17 The commission is directed to give priority to students who
18 have the greatest demonstrated financial need, who wish to
19 upgrade their skills, and who are earning not more than two
20 dollars over the minimum wage as established in Code section
21 91D.1. The commission is also to give priority to a person
22 whose present or former employer contributes financial
23 assistance on behalf of the person, and the level of priority
24 shall be based upon the amount of the present or former
25 employer's contribution.

26 After the student graduates or leaves school, the
27 individual's total loan amount, including principal and
28 interest, is reduced by 25 percent for each year in which the
29 individual remains an Iowa resident and is employed in Iowa in
30 the skill shortage area for which the loan was approved. The
31 commission is required to establish a plan for repayment of
32 the principal and interest over a five-year period if an
33 individual does not meet the requirements for loan
34 forgiveness. If the individual does not repay as required,
35 the commission shall provide for payment collection.

1 The amount of an Iowa worker retraining forgivable loan
 2 shall not exceed \$1,500 annually, or the amount of the
 3 student's established financial need, whichever is less.
 4 However, the commission may exceed the maximum amount based
 5 upon the demand for loan forgiveness or an extraordinary
 6 demand for trained workers in a skill shortage area.

7 An Iowa worker retraining forgivable loan fund is created
 8 for deposit of payments made by forgivable loan recipients who
 9 do not fulfill the conditions of the forgivable loan program,
 10 or by businesses who wish to contribute financial assistance
 11 on behalf of current or former employees. Moneys deposited in
 12 the forgivable loan fund carry over to be continuously
 13 available to make additional loans under the program.

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