## MAR 8 1999

**EDUCATION** 

HOUSE FILE 548

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Passed	House,	Date		Passed	Senate,	Date	
Vote:	Ayes _	Na	/s	Vote:	Ayes _	Nays	
	i	Approved					

## A BILL FOR

- 1 An Act establishing a practitioner shortage forgivable loan
- 2 program and fund to replace the industrial technology
- forgivable loan program and fund, making an appropriation, and
- 4 providing an effective date.
  5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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- Section 1. Section 261.25, subsection 4, Code 1999, is
- 2 amended to read as follows:
- 3 4. There is appropriated from the general fund of the
- 4 state to the commission for each fiscal year the sum of ninety
- 5 two hundred fifty thousand dollars for the industrial
- 6 technology practitioner shortage forgivable loan program
- 7 established in section 261.111.
- 8 Sec. 2. Section 261.111, Code 1999, is amended by striking
- 9 the section and inserting in lieu thereof the following:
- 10 261.111 PRACTITIONER SHORTAGE FORGIVABLE LOAN PROGRAM.
- 11 1. A practitioner shortage forgivable loan program is
- 12 established to be administered by the college student aid
- 13 commission. An individual is eligible for the forgivable loan
- 14 program if the individual is a resident of this state who is
- 15 enrolled as a sophomore, junior, senior, or graduate student
- 16 in an approved practitioner preparation program, in a
- 17 designated professional area in which practitioner shortages
- 18 are anticipated, at an institution of higher learning under
- 19 the control of the state board of regents or an accredited
- 20 private institution as defined in section 261.9.
- 21 2. The director of the department of education shall
- 22 annually designate the professional areas in which
- 23 practitioner shortages are anticipated. The director shall
- 24 periodically conduct a survey of school districts, accredited
- 25 nonpublic schools, and approved practitioner preparation
- 26 programs to determine current shortage areas and predict
- 27 future shortage areas.
- 28 3. Each applicant shall, in accordance with the rules of
- 29 the commission, do the following:
- 30 a. Complete and file an application for a practitioner
- 31 shortage forgivable loan. The individual shall be responsible
- 32 for the submission of any financial information required by
- 33 the commission.
- 34 b. Report promptly to the commission any information
- 35 requested.

- c. File a new application and submit financial information

  2 as required by the commission annually on the basis of which
- 3 the applicant's eligibility for a renewed forgivable loan will 4 be evaluated and determined.
- 5 4. Forgivable loans to eligible students shall not become
- 6 due until after the student graduates or leaves school. The
- 7 individual's total loan amount, including principal and
- 8 interest, shall be reduced by twenty percent for each year in
- 9 which the individual remains an Iowa resident and is employed
- 10 in Iowa by a school district or an accredited nonpublic school
- 11 as a practitioner in a professional shortage area. If the
- 12 commission determines that the person does not meet the
- 13 criteria for forgiveness of the principal and interest
- 14 payments, the commission shall establish a plan for repayment
- 15 of the principal and interest over a ten-year period. If a
- 16 person does not make the payments as required, the commission
- 17 shall provide for payment collection.
- 18 5. The amount of a practitioner shortage forgivable loan
- 19 shall not exceed three thousand dollars annually, or the
- 20 amount of the student's established financial need, whichever
- 21 is less.
- 22 6. The commission shall prescribe by rule the interest
- 23 rate for the forgivable loan.
- 7. A practitioner shortage forgivable loan repayment fund
- 25 is created for deposit of payments made by forgivable loan
- 26 recipients who do not fulfill the conditions of the forgivable
- 27 loan program. Notwithstanding section 8.33, moneys deposited
- 28 in the fund shall not revert to the general fund of the state
- 29 at the end of any fiscal year but shall remain in the
- 30 forgivable loan repayment fund and be continuously available
- 31 to make additional loans under the program. Notwithstanding
- 32 section 12C.7, subsection 2, interest or earnings on moneys
- 33 deposited in the loan repayment fund shall be credited to the
- 34 fund.
- 35 8. For purposes of this section, unless the context

- 1 otherwise requires, "practitioner" means the same as defined
- 2 in section 272.1.
- 3 Sec. 3. REMAINING INDUSTRIAL TECHNOLOGY FORGIVABLE LOAN
- 4 PROGRAM BALANCE. Notwithstanding section 8.33 or section
- 5 261.25, subsection 4, Code 1999, or any other provision to the
- 6 contrary, unencumbered or unobligated funds remaining on June
- 7 30, 1999, for purposes of the industrial technology forgivable
- 8 loan program established in section 261.111, shall be
- 9 available to the college student aid commission for
- 10 expenditure for the fiscal year beginning July 1, 1999, and
- 11 for succeeding fiscal years for the purposes of promoting the
- 12 practitioner shortage forgivable loan program established in
- 13 section 261.111, and Iowa worker retraining forgivable loan
- 14 program established in section 261.114, if the Seventy-eighth
- 15 General Assembly, 1999 Session, enacts legislation
- 16 establishing the program.
- 17 Sec. 4. Section 261.112, Code 1999, is repealed.
- 18 Sec. 5. EFFECTIVE DATE. Section 3 of this Act, relating
- 19 to the remaining industrial technology forgivable loan program
- 20 balance, being deemed of immediate importance, takes effect
- 21 upon enactment.
- 22 EXPLANATION
- 23 This bill replaces the industrial technology forgivable
- 24 loan program with a practitioner shortage forgivable loan
- 25 program. However, because industrial technology is a
- 26 designated shortage area, students who received loans under
- 27 the industrial technology forgivable loan program will still
- 28 qualify for loan forgiveness. The college student aid
- 29 commission shall administer the program. The bill
- 30 appropriates from the general fund of the state annually for
- 31 the program.
- 32 Under the bill, the program will be available to Iowa
- 33 residents who are enrolled as sophomores, juniors, seniors, or
- 34 graduate students in approved practitioner preparation
- 35 programs, in a designated professional area in which

- l practitioner shortages are anticipated, at a regents
- 2 university, or an accredited private institution.
- 3 The bill requires the director of the department of
- 4 education to annually designate the professional areas in
- 5 which practitioner shortages are anticipated and to
- 6 periodically conduct a survey of school districts, accredited \*
- 7 nonpublic schools, and approved practitioner preparation
- 8 programs to determine current shortage areas and predict
- 9 future shortage areas.
- 10 Forgivable loans to eligible students shall not become due
- 11 until after the student graduates or leaves school. The
- 12 individual's total loan amount, including principal and
- 13 interest, shall be reduced by 20 percent for each year in
- 14 which the individual remains an Iowa resident and is employed
- 15 in Iowa by a school district or an accredited nonpublic school
- 16 as a practitioner in a professional shortage area. If the
- 17 commission determines that the person does not meet the
- 18 criteria for forgiveness of the principal and interest
- 19 payments, the commission shall establish a plan for repayment
- 20 of the principal and interest over a 10-year period. If a
- 21 person does not make the required payments, the commission
- 22 shall provide for payment collection.
- 23 The amount of a practitioner shortage forgivable loan shall
- 24 not exceed \$3,000 annually, or the amount of the student's
- 25 established financial need, whichever is less. The commission
- 26 is directed to prescribe by rule the interest rate for the
- 27 forgivable loan.
- A practitioner shortage forgivable loan repayment fund is
- 29 created for deposit of payments made by forgivable loan
- 30 recipients who do not fulfill the conditions of the forgivable
- 31 loan program. Moneys deposited in the forgivable loan
- 32 repayment fund shall carryover to be continuously available to
- 33 make additional loans under the program.
- The bill also includes a provision that directs that the
- 35 moneys remaining from the FY 1998-1999 appropriation for the

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l industrial technology forgivable loan program to be used to
2 promote the practitioner shortage forgivable loan program and,
3 if enacted, the Iowa worker retraining forgivable loan
4 program. This provision takes effect upon enactment.
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