

FILED MAR 10 1999

SENATE FILE 369

BY McCOY, KIBBIE, GRONSTAL,
CONNOLLY, DELUHERY, HORN,
HARPER, BLACK, DVORSKY,
HAMMOND, BOLKCOM, and FRAISE

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

A BILL FOR

1 An Act establishing a practitioner shortage forgivable loan
2 program and fund to replace the industrial technology
3 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:

6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22

SF 369
EDUCATION

1 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.

1 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.

24 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

1 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.

28 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.

34 The bill also includes a provision that directs that the
35 moneys remaining from the FY 1998-1999 appropriation for the

1 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.

- 5
- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22
- 23
- 24
- 25
- 26
- 27
- 28
- 29
- 30
- 31
- 32
- 33
- 34
- 35