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SENATE FILE

374

BY DELUHERY, GRONSTAL, DVORSKY,  
BLACK, McCOY, SOUKUP, KIBBIE,  
SHEARER, SZYMONIAK, HORN,  
DEARDEN, and BOLKCOM

Passed Senate, Date \_\_\_\_\_ Passed House, 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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SF 374  
BUSINESS & LABOR

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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