

**CS FOR HOUSE BILL NO. 58(EDC)**

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SIXTH LEGISLATURE - FIRST SESSION

BY THE HOUSE EDUCATION COMMITTEE

Offered: 4/1/09

Referred: Finance

Sponsor(s): REPRESENTATIVES THOMAS, PEGGY WILSON, AND MILLETT, Harris, Ramras, Kerttula, Johnson, Seaton, Tuck

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act relating to a student loan repayment program for occupations or fields in  
2 which a shortage of qualified employees exists; and providing for an effective date."

3 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

4 \* **Section 1.** The uncodified law of the State of Alaska is amended by adding a new section  
5 to read:

6 FINDINGS; PURPOSE. (a) The legislature finds that a shortage of qualified  
7 employees in certain occupations and fields exists in this state.

8 (b) The purpose of this Act is to establish the Alaska qualified employees recruitment  
9 loan repayment program to provide financial incentives through the repayment, in whole or  
10 part, by the state of education loans from the corporation for qualified applicants upon the  
11 completion of a term of employment in the state.

12 \* **Sec. 2.** AS 14.42.030(b) is amended to read:

13 (b) The commission shall

14 (1) administer the financial aid and interstate education compact

1 programs under AS 14.43.091 - 14.43.920 and 14.43.990, and AS 14.44;

2 (2) administer the provisions of AS 14.48 concerning regulation of  
3 postsecondary educational institutions;

4 (3) resolve disputes under a consortium or other cooperative agreement  
5 between institutions of public and private higher education in the state; [AND]

6 (4) serve as the state agency required under 20 U.S.C. 1001 - 1155;

7 **and**

8 **(5) perform duties assigned under AS 14.43.800 - 14.43.849**

9 **(Alaska qualified employee recruitment loan repayment program).**

10 \* **Sec. 3.** AS 14.42.040 is amended by adding a new subsection to read:

11 (c) The executive director of the commission shall administer the Alaska  
12 qualified employee recruitment loan repayment program under AS 14.43.800 -  
13 14.43.849 in accordance with standards and eligibility criteria set by the commission.

14 \* **Sec. 4.** AS 14.42.295(a) is amended to read:

15 (a) The board may elect to pay the state a return of contributed capital, or a  
16 dividend, for each base fiscal year that the corporation's net income equals or exceeds  
17 \$2,000,000. The payment may not be less than 10 percent nor more than 35 percent, as  
18 approved by the board, of the corporation's net income for the base fiscal year, and is  
19 subject to the provisions of any applicable bond indentures of the corporation. If a  
20 payment is authorized under this section, payment must be made available by the  
21 corporation before the end of the fiscal year in which payment has been authorized.  
22 The corporation shall notify the commissioner of revenue when the amount of the  
23 payment authorized under this section is available for appropriation. **The money**  
24 **made available under this subsection may be appropriated for the Alaska**  
25 **qualified employee recruitment loan repayment program under AS 14.43.800 -**  
26 **14.43.849.**

27 \* **Sec. 5.** AS 14.43 is amended by adding new sections to read:

28 **Article 11A. Alaska Qualified Employee Recruitment Loan Repayment Program.**

29 **Sec. 14.43.800. Program established.** (a) There is established the Alaska  
30 qualified employee recruitment loan repayment program to provide financial  
31 incentives for qualified employees in certain occupations and fields to work in this

1 state through the repayment of education loans.

2 (b) The program is not a financial obligation of the corporation.

3 **Sec. 14.43.810. Alaska qualified employee recruitment loan repayment**  
4 **program account.** (a) The Alaska qualified employee recruitment loan repayment  
5 program account is created in the general fund. The account shall be used for the  
6 repayment of education loans from the corporation under the program and to pay for  
7 the costs of administering the program.

8 (b) The account includes money that the legislature appropriates from the  
9 corporation's dividend to the state under AS 14.42.295, the interest and earnings on  
10 money that are appropriated to the account, and funds contributed from federal or  
11 other sources and appropriated by the legislature to the account. If money available is  
12 inadequate to finance the requests from eligible applicants under this program for a  
13 fiscal year, additional money may be requested from the general fund and appropriated  
14 to the account for the program.

15 **Sec. 14.43.820. Administration.** (a) The Alaska qualified employee  
16 recruitment loan repayment program shall be administered by the executive director  
17 using

18 (1) the standards and eligibility criteria of the program established by  
19 the commission under AS 14.43.830; and

20 (2) the financial management standards for proper administration of  
21 the Alaska qualified employee recruitment loan repayment program account as  
22 established by the commission.

23 (b) The commission may adopt regulations to carry out its duties and the  
24 executive director's duties under the program.

25 **Sec. 14.43.830. Eligibility criteria.** (a) An applicant for loan repayment under  
26 AS 14.43.800 - 14.43.849 must meet the following criteria:

27 (1) the applicant was hired by the state as a qualified full-time  
28 employee in an occupation or field specified under (b) of this section in this state on or  
29 after July 1, 2009, and within four years after attaining a degree that qualifies the  
30 applicant for the specified occupation or field;

31 (2) the applicant is employed by the state as a qualified employee in a

1 specified occupation or field in this state during the loan repayment period;

2 (3) the applicant owes an outstanding education loan debt obligation to  
3 the corporation;

4 (4) the applicant shall agree to fulfill any requirement of the program.

5 (b) An applicant under this section must have completed a postsecondary  
6 program that qualifies the applicant to be employed and licensed by the state, if a  
7 license is required by state law, in an occupation or field specified jointly by the  
8 commissioner of administration and the commissioner of labor and workforce  
9 development as having a shortage of qualified persons available to be employed by the  
10 state.

11 **Sec. 14.43.840. Conditions and limitations on loan payments.** (a) The  
12 executive director shall repay a loan under this section directly to the corporation in an  
13 amount not to exceed \$50,000, payable by dividing that amount into annual payments  
14 to be paid over a period of not more than six years, as follows:

15 (1) for qualified employment in rural areas of the state,

16 (A) after one year of employment, 25 percent of the  
17 outstanding loan balance;

18 (B) after two years of employment, 25 percent of the  
19 outstanding loan balance;

20 (C) after three years of employment, 25 percent of the  
21 outstanding loan balance;

22 (D) after four years of employment, the remaining outstanding  
23 loan balance;

24 (2) for employment in areas of the state that are not rural,

25 (A) after one year of employment, 16.67 percent of the  
26 outstanding loan balance;

27 (B) after two years of employment, 16.67 percent of the  
28 outstanding loan balance;

29 (C) after three years of employment, 16.67 percent of the  
30 outstanding loan balance;

31 (D) after four years of employment, 16.67 percent of

1 outstanding loan balance;

2 (E) after five years of employment, 16.67 percent of the  
3 outstanding loan balance;

4 (F) after six years of employment, the remaining outstanding  
5 loan balance.

6 (b) A repayment benefit must be conditioned on the availability of money for  
7 the program and is subject to appropriation. The executive director shall monitor the  
8 outstanding repayment benefits made under the program to ensure the adequacy of the  
9 balance of the account to meet program needs. If the executive director finds that the  
10 balance of the account is

11 (1) sufficient to pay for existing repayment benefits but insufficient for  
12 new or pending applicants, the executive director shall pay existing benefits and shall  
13 approve repayment benefits available for new or pending applicants according to  
14 criteria approved by the commission; or

15 (2) insufficient to pay for existing repayment benefits, the executive  
16 director shall prorate the money available in the account among all existing benefit  
17 recipients and shall suspend the acceptance of new applications and the processing of  
18 pending applications under the program.

19 (c) An education loan or interest on a loan is not eligible for repayment under  
20 the program if the loan or interest is eligible for repayment under another source,  
21 including another loan repayment or forgiveness program.

22 (d) A repayment benefit approved under this section may not be construed as  
23 an entitlement and is subject to cancellation or modification by the commission at any  
24 time.

25 **Sec. 14.43.849. Definitions.** In AS 14.43.800 - 14.43.849, unless the context  
26 otherwise requires,

27 (1) "account" means the Alaska qualified employee recruitment loan  
28 repayment program account established in AS 14.43.810;

29 (2) "executive director" means the executive director of the  
30 commission;

31 (3) "program" means the Alaska qualified employee recruitment loan

1           repayment program;

2                       (4) "rural" means a community with a population of 5,500 or less that  
3           is not connected by road or rail to Anchorage or Fairbanks or with a population of  
4           1,500 or less that is connected by road or rail to Anchorage or Fairbanks.

5       \* **Sec. 6.** The uncodified law of the State of Alaska is amended by adding a new section to  
6 read:

7           TRANSITION: REGULATIONS. The Alaska Commission on Postsecondary  
8 Education may immediately proceed to adopt regulations necessary to implement this Act.  
9 The regulations take effect under AS 44.62 (Administrative Procedure Act), but not before  
10 July 1, 2009.

11       \* **Sec. 7.** Section 6 of this Act takes effect immediately under AS 01.10.070(c).

12       \* **Sec. 8.** Except as provided in sec. 7 of this Act, this Act takes effect July 1, 2009.