

Prepared by the ALASKA COMMISSION ON POSTSECONDARY EDUCATION
SECTIONAL ANALYSIS

Amendments to CS for HB58\P 2/25/09ver—Alaska Qualified Employee Recruitment Loan Repayment Program
Alaska education loan repayment for programs in specified occupations in workforce shortage fields leading to employment in
Alaska

BILL SECTION	SECTION TITLE	PAGE	LINE	PURPOSE OF SECTION	COMMENTS/QUESTIONS	EFFECTIVE DATE
1	Findings and purpose	1	4-11	Describes the objectives/purpose of the proposed program		The Act takes effect July 1, 2009
2	ACPE authorized functions	1 2	12-14 1-9	Provides that the commission will perform assigned duties		
3	Executive Director and staff	2	10-13	Provides that executive director will administer the program		
4	Appropriation of funds	2	14-26	Provides that appropriation of the ASLC dividend to the state may be a fund source for the program		
5	Alaska Qualified Employee Recruitment Loan Repayment Program established	2 3	27-31 1 2 3-7 8-14	Provides for the repayment of education loans to qualified employees in specific occupations and fields if work in Alaska Provides that program is not a financial obligation of the ASLC Creates the program account in the general fund and designates it for repayment of eligible education loans and administrative costs Specifies the program account consists of ASLC dividend appropriations, contributions from other sources, interest and earnings, and general fund appropriations		
5	Administration	3	15-19 20-22	Provides that executive director administer the program with eligibility criteria provided in 14.43.830 Provides that the commission will establish standards for managing the program account		

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			23-24	Commission authority to adopt necessary regulations		
5	Eligibility	3 4	25-31 1-6	An eligible applicant must: <ul style="list-style-type: none"> • be a state resident • be hired as a qualified full-time employee in a qualified occupation or field on or after July 1, 2009, within four years of receiving the relevant degree • be employed during the loan repayment period • have an outstanding education loan debt with the corporation • agree to fulfill requirements of the program • had outstanding education loans from an Alaska institution 		
5		4	7-11	Applicant must be qualified for and employed in an occupation specified by the <u>commissioners of Admin and Labor</u> as having a shortage of qualified <u>employees working</u> for the state [workers].	Proposed language adds requirement that applicant qualifies for employment in a capacity for which the commissioners of Admin/Labor assert there is a shortage of qualified employees working for the state. There appears to be no stipulation that eligible applicants are only those <i>actually employed by the SOA</i> , just that they be otherwise qualified and working in an area in which SOA has a shortage.	
5	Conditions and limitations on loan payments	4 5	12-31 1-6	Provides for [annual] loan repayments, <u>capped at \$50,000 and paid pro rata for no more than six years</u> for qualified employment: <ul style="list-style-type: none"> • in rural areas, 25% of outstanding loan balance for each of four years of employment • in non-rural areas, 16.67% of outstanding loan 	It is unclear how the cap of \$50k interacts with the subsequent payment schedules. If the absolute cap is \$50k, then clarifying that the outstanding balance is paid down using the lesser of 1) % of outstanding	

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				balance for each of six years of employment.	balance, or the pro rata balance using either a 4 or 6 year schedule would resolve the issue. ACPE's finance officer recommends replacing "outstanding principal plus accrued interest" with "outstanding balance" throughout.	
			7-18	Directs the executive director to monitor funding for adequacy and enforce limitations when short funded; <u>clarifies that all payments are subject to appropriation</u>	Manage through self-certification on application.	
			19-21	Education loans are not eligible under this program if they are eligible for repayment under another source		
			22-?	<u>Amended to clarify that payment of benefits is not an entitlement of an individual and may be cancelled or modified by the commission at any time.</u>	Creates a "pay as you go" mode where benefits are only paid if: 1) funds are available, and, 2) if the area of employments continues to qualify as a shortage area.	
5	Definitions	5-6	?	Program account; Executive director of ACPE is ED of program; program is repayment; and, rural defined		
6	Transition language	6	?	Provides that commission may adopt necessary regulations to implement program, but they are not effective until 7/1/09.		Immediately
7	Effective Date	6	?	Provides authorization to adopt regulations immediately		Immediately
8	Effective Date	6	?	Except for Sec. 7, provisions of Act effective 7/1/09		7/1/09