

HOUSE BILL NO. 234

IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-FIFTH LEGISLATURE - SECOND SESSION

BY REPRESENTATIVES JOHNSON, Buch, Kawasaki

Introduced: 4/13/07

Referred: Health, Education and Social Services, Finance

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to the education loan repayment program and establishing the**
2 **education loan repayment fund."**

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

4 *** Section 1.** AS 14.43 is amended by adding new sections to read:

5 **Article 8A. Education Loan Repayment Program.**

6 **Sec. 14.43.430. Program established.** The education loan repayment program
7 is established to recruit individuals in occupations or professions for which there is a
8 severe shortage of qualified individuals in this state. The program provides education
9 loan repayment grants to eligible individuals who have obtained associate or higher
10 level college or university degrees required for employment in occupations or
11 professions for which there are identified severe shortages of qualified individuals in
12 the state workforce. The program shall be administered by the commission.

13 **Sec. 14.43.432. Education loan repayment fund.** (a) There is established in
14 the corporation the education loan repayment fund consisting of appropriations to the

1 fund. The appropriations are not one-year appropriations and do not lapse under
 2 AS 37.25.010. Income from the fund may be appropriated to the fund. The corporation
 3 shall administer the fund and may use money in it for the costs of administration.

4 (b) The commission may use money in the education loan repayment fund for
 5 grants under AS 14.43.434 - 14.43.449. The corporation and the commission may
 6 enter into agreements relating to the administration of the fund and the education loan
 7 repayment program.

8 **Sec. 14.43.434. Education loan repayment grants.** (a) The commission may
 9 award an education loan repayment grant to an eligible individual for one or more
 10 years in an amount not to exceed \$7,500 for each year. The commission shall use the
 11 grant money to make payments on behalf of the grant recipient on the principal and
 12 interest of education loans owed by the recipient in obtaining an associate or higher
 13 level college or university degree if the degree is required to engage in an occupation
 14 or profession for which there is a severe shortage of qualified individuals in this state.

15 (b) A grant or cumulative grants may not be awarded for more than five years,
 16 and total grant money awarded may not exceed 50 percent of the balance, including
 17 principal and interest, outstanding on educational loans owed by the recipient at the
 18 time the recipient is awarded the first grant.

19 (c) To be eligible for an education loan repayment grant, the individual shall

20 (1) apply on a form prepared by the commission and submit all
 21 information required by the commission for purposes of determining eligibility;

22 (2) be a state resident on the date the application is filed;

23 (3) have been employed or otherwise engaged full time in this state in
 24 the occupation or profession for which there is a severe shortage of qualified
 25 individuals for at least 12 months immediately before the month the application is
 26 filed;

27 (4) be employed or otherwise engaged full time in this state in the
 28 occupation or profession for which there is a severe shortage of qualified individuals
 29 on the date the application is filed; and

30 (5) meet any additional eligibility requirements imposed under
 31 regulations adopted by the commission.

1 **Sec. 14.43.436. Continuing eligibility.** (a) A recipient may continue to receive
2 benefits under an education loan repayment grant only while the recipient maintains
3 state residency and continues to be employed or otherwise engaged full time in this
4 state in the occupation or profession for which there is a severe shortage of qualified
5 individuals. A recipient shall immediately inform the commission when the recipient
6 becomes ineligible to continue to receive grant benefits under this section.

7 (b) If the commission makes a loan payment on behalf of a recipient who has
8 ceased to be eligible for grant benefits, the recipient shall repay the amount of the
9 improper payment immediately. This subsection is in addition to any remedy or
10 penalty that may be imposed according to another provision of law.

11 **Sec. 14.43.438. Pre-eligibility determinations.** The commission may
12 establish a procedure under which an individual may seek a determination by the
13 commission as to whether the individual engaged in a particular occupation or
14 profession or course of study will become eligible for an education loan repayment
15 grant, together with suggestions to ensure future eligibility.

16 **Sec. 14.43.449. Definition.** For purposes of AS 14.43.430 - 14.43.449, "severe
17 shortage" has the meaning given in AS 14.43.415(b).