

HOUSE BILL NO. 58

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SIXTH LEGISLATURE - SECOND SESSION

**BY REPRESENTATIVES THOMAS, PEGGY WILSON, AND MILLETT, Harris, Ramras, Kerttula,
Johnson, Seaton, Kawasaki**

Introduced: 1/20/09

Referred: Education, Finance

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to a student loan repayment program for specified occupations or**
2 **fields in which a shortage of qualified employees exists."**

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 specified 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 for qualified applicants upon the completion of a term of
11 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 specified 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 to provide
6 financial awards for the repayment of education loans under the program and to pay
7 for 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. If money available is inadequate to finance the requests from eligible
12 applicants under this program for a fiscal year, additional money may be requested
13 from the general fund and appropriated to the account for the program.

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

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

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

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

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

26 (1) the applicant was hired as a qualified employee in an occupation or
27 field specified under (b) of this section in this state on or after July 1, 2009;

28 (2) the applicant is employed as a qualified employee in a specified
29 occupation or field in this state during the loan repayment period;

30 (3) the applicant has accrued a debt for an education loan in the state
31 for the purpose of obtaining a degree from a postsecondary institution that qualifies

1 the applicant to be employed in an occupation or field specified under (b) of this
2 section;

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

4 (5) the applicant has outstanding education loans from a lending
5 institution in the state to be repaid under the program.

6 (b) An applicant under this section must have completed a postsecondary
7 program that qualifies the applicant to be employed and licensed in the state, if a
8 license is required by state law, in one of the following specified occupations or fields:

9 (1) biologist or a division of the biological sciences, including

10 (A) aquatic and fishery science;

11 (B) wildlife management;

12 (C) wildlife resources;

13 (D) limnology;

14 (E) biometrics;

15 (F) oceanography;

16 (2) education;

17 (3) dentist;

18 (4) registered or practical nurse.

19 **Sec. 14.43.840. Conditions and limitations on loan payments.** (a) The
20 executive director shall pay an award under this section on an annual basis over a
21 period of not more than six years. The maximum annual award under this section is

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

23 (A) for one year of employment, 25 percent of the original loan
24 amount plus accrued interest;

25 (B) for two years of employment, an additional 25 percent of
26 the original loan amount plus accrued interest;

27 (C) for three years of employment, an additional 25 percent of
28 the original loan amount plus accrued interest;

29 (D) for four years of employment, an additional 25 percent of
30 the outstanding loan amount plus accrued interest;

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

1 (A) for one year of employment, 16.67 percent of the original
2 loan amount plus accrued interest;

3 (B) for two years of employment, an additional 16.67 percent
4 of the original loan amount plus accrued interest;

5 (C) for three years of employment, an additional 16.67 percent
6 of the original amount loan plus accrued interest;

7 (D) for four years of employment, an additional 16.67 percent
8 of the outstanding loan amount plus accrued interest;

9 (E) for five years of employment, an additional 16.67 percent
10 of the outstanding loan amount plus accrued interest;

11 (F) for six years of employment, an additional 16.67 percent of
12 the outstanding loan amount plus accrued interest.

13 (b) An award must be conditioned on the availability of money for the
14 program. The executive director shall monitor the outstanding financial awards made
15 under the program to ensure the adequacy of the balance of the account to meet
16 program needs. If the executive director finds that the balance of the account is

17 (1) insufficient to pay for existing awards, the executive director shall
18 prorate the money available in the account among all existing award recipients and
19 shall suspend the acceptance of new applications and the processing of pending
20 applications under the program; and

21 (2) sufficient for existing awards but insufficient for new or pending
22 applicants, the executive director shall pay existing awards and shall award the money
23 available for new or pending applicants according to criteria approved by the
24 commission.

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

28 **Sec. 14.43.849. Definitions.** In AS 14.43.800 - 14.43.849, unless the context
29 otherwise requires,

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

1 (2) "executive director" means the executive director of the
2 commission;

3 (3) "program" means the Alaska qualified employee recruitment loan
4 repayment program;

5 (4) "rural" means a community with a population of 5,500 or less that
6 is not connected by road or rail to Anchorage or Fairbanks or with a population of
7 1,500 or less that is connected by road or rail to Anchorage or Fairbanks.

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

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

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

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