

[First Reprint]

ASSEMBLY, No. 955

STATE OF NEW JERSEY

215th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2012 SESSION

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Assemblywomen Riley, Spencer, Assemblymen Albano, Giblin, Burzichelli,
Coughlin, Conaway, Wimberly and Assemblywoman Mosquera**

SYNOPSIS

Establishes the Workforce Shortage Loan Redemption Program.

CURRENT VERSION OF TEXT

As reported by the Assembly Budget Committee on December 13, 2012,
with amendments.

(Sponsorship Updated As Of: 12/18/2012)

1 **AN ACT** establishing the Workforce Shortage Loan Redemption
2 Program and supplementing chapter 71C of Title 18A of the New
3 Jersey Statutes.

4
5 **BE IT ENACTED** *by the Senate and General Assembly of the State*
6 *of New Jersey:*

7
8 1. As used in this act:

9 "Authority" means the Higher Education Student Assistance
10 Authority.

11 "Eligible qualifying loan expenses" means the cumulative
12 outstanding balance of student loans covering the cost of attendance
13 at an in-State institution of higher education for an undergraduate
14 associate or baccalaureate degree at the time an applicant is selected
15 for the program, or for a graduate degree if the authority determines
16 that an advanced degree is required for a field in which a shortage
17 of qualified labor exists. Interest paid or due on qualifying loans
18 that an applicant has taken out for use in paying the costs of
19 attendance at the institution of higher education for the
20 undergraduate or graduate degree shall be considered eligible for
21 reimbursement under the program. The authority may establish a
22 limit on the total amount of qualifying loans which may be
23 redeemed for participants under the program.

24 "Executive director" means the executive director of the Higher
25 Education Student Assistance Authority.

26 "Program" means the Workforce Shortage Loan Redemption
27 Program established pursuant to section 2 of this act.

28 "Program participant" means a person who contracts with the
29 authority to perform services in a field in which there is a shortage
30 of qualified labor in the State in exchange for the redemption of
31 eligible qualifying loan expenses provided under the program.

32 "Qualifying loan" means a government or commercial loan for
33 the actual costs paid for tuition and reasonable education and living
34 expenses relating to the obtaining of a degree in an academic
35 discipline appropriately related to a field in which there is a
36 shortage of qualified labor in the State.

37 "Total and permanent disability" means a physical or mental
38 disability that is expected to continue indefinitely or result in death
39 and renders a participant in the program unable to perform that
40 person's service obligation, as determined by the executive director
41 or his designee.

42
43 2. There is established a Workforce Shortage Loan Redemption
44 Program within the Higher Education Student Assistance Authority.

EXPLANATION – Matter enclosed in bold-faced brackets [thus] in the above bill is
not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹Assembly ABU committee amendments adopted December 13, 2012.

1 The program shall provide for the redemption of a portion of the
2 eligible qualifying loan expenses of program participants for each
3 year of service in a field in which a shortage of qualified labor
4 exists in the State.

5
6 3. a. There shall be established a 13-member Workforce
7 Shortage Loan Redemption Council. The council shall consist of:
8 the Executive Director of the Economic Development Authority, the
9 Commissioner of Labor and Workforce Development, '1[the
10 Executive Director of the Commission on] Secretary of¹ Higher
11 Education, and the chairperson of the State Employment and
12 Training Commission, or their designees, who shall serve as ex
13 officio members; three public members appointed by the Governor,
14 one representing the business community, one representing the
15 labor community, and one representing the higher education
16 community; three public members appointed by the President of the
17 Senate, one representing the business community, one representing
18 the labor community, and one representing the higher education
19 community; and three public members appointed by the Speaker of
20 the General Assembly, one representing the business community,
21 one representing the labor community, and one representing the
22 higher education community. Appointments to the council shall be
23 made by the respective appointing authorities within 60 days of the
24 enactment of this act. The public members shall serve for a term of
25 five years and until a successor shall have been appointed and
26 qualified.

27 b. The council shall identify every five years no more than
28 three fields in which there is a shortage of qualified labor in the
29 State. The fields identified shall be ones that provide a public good
30 or benefit to the citizens of the State. The council shall upon
31 identifying the fields, submit a report to the Governor
32 recommending that the identified fields be included in the
33 Workforce Shortage Loan Redemption Program. The report shall
34 include supporting data and documentation for the council's
35 recommendation.

36 c. The Governor shall have 45 days from the receipt of the
37 report to review it and forward his recommendations on the fields to
38 be included in the program to the Legislature. In forwarding his
39 recommendations, the Governor shall also include a copy of the
40 council's report. If the Legislature does not disapprove the
41 Governor's recommendations by concurrent resolution within 60
42 days of their receipt, the recommendations of the Governor shall be
43 deemed approved.

44 d. The first report by the council recommending fields for the
45 Workforce Shortage Loan Redemption Program after the enactment
46 of this act shall be submitted to the Governor no later than 15

1 months after the appointment of the council's members. Thereafter,
2 the reports shall be submitted to the Governor every five years.

3

4 4. To be eligible to participate in the program an applicant
5 shall:

6 a. be a resident of the State;

7 b. be a graduate of an associate degree program, a
8 baccalaureate degree program or an advanced degree program from
9 an in-State institution of higher education in an academic discipline
10 appropriately related to a field in which there is a shortage of
11 qualified labor as determined pursuant to section 3 of this act;

12 c. agree to perform the required service obligation in a field in
13 which there is a shortage of qualified labor as determined pursuant
14 to section 3 of this act; and

15 d. satisfy any additional criteria the authority may establish.

16

17 5. A student who is eligible and interested in participating in
18 the program shall sign a contractual agreement with the authority
19 upon completion of the final year of undergraduate education or
20 graduate education, as appropriate. The agreement shall specify the
21 applicant's dates of required service and the total amount of eligible
22 qualifying loan expenses to be redeemed by the State in return for
23 service. The contract shall require the program participant to serve
24 at least an initial two-year period in a field in which there is a
25 shortage of qualified labor as determined pursuant to section 3 of
26 this act.

27

28 6. A program participant, as a condition of participation, shall
29 be required to adhere to performance standards established by the
30 executive director or his designee. The standards shall include, but
31 not be limited to, requirements that a program participant:

32 a. maintain residency in the State;

33 b. remain current with payments on student loans; and

34 c. report to the authority, on a form and in a manner prescribed
35 by the authority, on the program participant's performance of
36 services rendered prior to repayment of the annual amount eligible
37 for redemption.

38

39 7. a. Maximum redemption of loans under the program shall
40 amount to 18% of principal and interest of eligible qualifying loan
41 expenses in return for one full year of service in a field in which
42 there is a shortage of qualified labor as determined pursuant to
43 section 3 of this act, an additional 18% for a second full year of
44 service, an additional 19% for a third full year of service, and an
45 additional 20% for a fourth full year of service for a total
46 redemption of 75% of eligible qualifying loan expenses up to an
47 amount determined by the authority.

1 b. Service in a field in which there is a shortage of qualified
2 labor shall begin within one year of completion of the associate,
3 baccalaureate or graduate degree program, as appropriate.

4 c. If the field in which the program participant is performing
5 his service obligation is determined pursuant to section 3 of this act
6 to no longer be a field in which there is a shortage of qualified
7 labor, the program participant shall continue to be eligible to
8 participate in the program in accordance with his contractual
9 agreement with the authority.

10
11 8. The executive director or his designee shall select the
12 program participants from among those applicants who meet the
13 eligibility criteria established pursuant to section 4 of this act,
14 subject to available funds. According to standards established by
15 the authority, selection shall be based on the applicant's academic
16 accomplishment and financial need, and on the severity of the
17 shortage of qualified labor in the field in which the program
18 applicant seeks to fulfill his service obligation. In selecting
19 program participants, the executive director or his designee shall
20 accord priority to any applicant who is completing a fourth, third, or
21 second year of a loan redemption contract.

22
23 9. A program participant who has previously entered into a
24 contract with the authority may nullify the agreement by notifying
25 the authority in writing and reassuming full responsibility for the
26 remaining outstanding balance of the loan debt. In no event shall
27 service for less than the full calendar year of each period of service
28 in a field in which a shortage of qualified labor exists entitle the
29 program participant to any benefits under the program. A program
30 participant seeking to nullify the contract before completing a
31 second full year of service shall be required to pay 50% of the
32 redeemed portion of indebtedness in not more than one year
33 following nullification of the agreement.

34
35 10. In the case of a program participant's death or total and
36 permanent disability, the authority shall nullify the service
37 obligation of the program participant. The nullification shall
38 terminate the authority's obligations under the loan redemption
39 contract, except in the event that a program participant's death or
40 total and permanent disability occurs during the second year of
41 service, the authority shall not require repayment of the prior
42 redeemed portion of indebtedness. When continued enforcement of
43 the contract may result in extreme hardship, the authority may
44 nullify or suspend the service obligation of the program participant.

45
46 11. a. In the case of a program participant's conviction of a
47 crime or an act of gross negligence in the performance of service

1 obligations, or a program participant's breach of the standards
2 established pursuant to section 6 of this act, the executive director
3 or his designee is authorized to terminate the program participant's
4 service in the program.

5 b. A program participant who fails to repay an amount due to
6 the authority under the program may be subject to actions initiated
7 by the authority, which may include, but are not limited to, recovery
8 of the amount due by an action brought in a court of competent
9 jurisdiction or through the offset of State tax refunds or rebates,
10 making this information available to credit reporting agencies, and
11 exclusion from eligibility for any student assistance benefits
12 administered by the authority, to recover any amount due to it as
13 permitted by federal law. In any action brought by the authority in
14 a court of competent jurisdiction pursuant to this subsection, the
15 program participant shall be liable for: the debt incurred, interest on
16 the debt at the maximum legal prevailing rate as determined by the
17 United States Treasurer, and the administrative and court costs
18 associated with collection of the debt.

19

20 12. A person who knowingly or willfully furnishes any false or
21 misleading information for the purpose of receiving loan
22 redemption benefits under the program is guilty of a crime of the
23 fourth degree.

24

25 13. The authority shall adopt rules and regulations pursuant to
26 the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et
27 seq.), necessary to implement the provisions of this act.

28

29 14. This act shall take effect immediately.