SENATE, No. 2158

STATE OF NEW JERSEY

219th LEGISLATURE

INTRODUCED MARCH 16, 2020

Sponsored by:
Senator JOSEPH F. VITALE
District 19 (Middlesex)

SYNOPSIS

Establishes the Workforce Shortage Loan Redemption Program.

CURRENT VERSION OF TEXT

As introduced.

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

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

1. As used in this act:

"Authority" means the Higher Education Student Assistance Authority.

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

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

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

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

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

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

2. There is established a Workforce Shortage Loan Redemption Program within the Higher Education Student Assistance Authority. The program shall provide for the redemption of a portion of the eligible qualifying loan expenses of program participants for each year of service in a field in which a shortage of qualified labor exists in the State.

3. a. There shall be established a 13-member Workforce Shortage Loan Redemption Council. The council shall consist of: the Executive Director of the Economic Development Authority, the Commissioner of Labor and Workforce Development, the Secretary of Higher Education, and the chairperson of the State Employment and Training Commission, or their designees, who shall serve as ex officio members; three public members appointed by the Governor, one representing the business community, one representing the labor community, and one representing the higher education community; three public members appointed by the President of the Senate, one representing the business community, one representing the labor community, and one representing the higher education community; and three public members appointed by the Speaker of the General Assembly, one representing the business community, one representing the labor community, and one representing the higher education community. Appointments to the council shall be made by the respective appointing authorities within 60 days of the enactment of this act. The public members shall serve for a term of five years and until a successor shall have been appointed and qualified.

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

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

d. The first report by the council recommending fields for the Workforce Shortage Loan Redemption Program after the enactment of this act shall be submitted to the Governor no later than 15 months after the appointment of the council's members. Thereafter, the reports shall be submitted to the Governor every five years.

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

a. be a resident of the State;

b. be a graduate of an associate degree program, a baccalaureate degree program, or an advanced degree program from

an in-State institution of higher education in an academic discipline appropriately related to a field in which there is a shortage of qualified labor as determined pursuant to section 3 of this act;

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

d. satisfy any additional criteria the authority may establish.

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

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

a. maintain residency in the State;

b. remain current with payments on student loans; and

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

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

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

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

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

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

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

11. a. In the case of a program participant's conviction of a crime or an act of gross negligence in the performance of service obligations, or a program participant's breach of the standards established pursuant to section 6 of this act, the executive director or his designee is authorized to terminate the program participant's service in the program.

b. A program participant who fails to repay an amount due to the authority under the program may be subject to actions initiated by the authority, which may include, but are not limited to, recovery of the amount due by an action brought in a court of competent jurisdiction or through the offset of State tax refunds or rebates, making this information available to credit reporting agencies, and exclusion from eligibility for any student assistance benefits

administered by the authority, to recover any amount due to it as permitted by federal law. In any action brought by the authority in a court of competent jurisdiction pursuant to this subsection, the program participant shall be liable for: the debt incurred, interest on the debt at the maximum legal prevailing rate as determined by the United States Treasurer, and the administrative and court costs associated with collection of the debt.

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

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

14. This act shall take effect immediately.

STATEMENT

This bill establishes the Workforce Shortage Loan Redemption Program within the Higher Education Student Assistance Authority. The program will provide for the redemption of a portion of the eligible qualifying loan expenses of program participants for each year of service in a field in which a shortage of qualified labor exists in the State.

To be eligible to participate in the program an applicant must: be a resident of the State; be a graduate of an associate, a baccalaureate, or an advanced degree program from an in-State institution of higher education in an academic discipline appropriately related to a field in which there is a shortage of qualified labor; and agree to perform the required service obligation.

The bill also establishes a 13-member Workforce Shortage Loan Redemption Council. The council will consist of: the Executive Director of the Economic Development Authority, the Commissioner of Labor and Workforce Development, the Secretary of Higher Education, and the chairperson of the State Employment and Training Commission, or their designees. The council will also include nine public members, three each appointed by the Governor, the President of the Senate, and the Speaker of the General Assembly. The public members will represent persons from the business community, the labor community, and the higher education community. The first report recommending employment fields which lack qualified labor will be submitted to the Governor no later than 15 months after the appointment of the committee members, and then every five years thereafter. Every five years the council will identify no more than three

fields in which there is a shortage of qualified labor in the State and recommend that these fields be included in the program. The Governor will review the recommendations and forward to the Legislature recommendations on which fields to include. If the Legislature does not disapprove the recommendations by concurrent resolution within 60 days, then the Governor's recommendations are deemed approved.

An eligible student interested in participating in the program will sign a contract with the authority upon the completion of the final year of studies. Maximum redemption of loans under the loan redemption program will amount to 18 percent of principal and interest of eligible qualifying loan expenses in return for one full year of service, an additional 18 percent for a second full year of service, an additional 19 percent for a third full year of service, and an additional 20 percent for a fourth full year of service. A program participant will be able to redeem loans up to a maximum of 75 percent of eligible qualifying loan expenses. The bill, however, provides that the authority may establish a limit on the total amount of qualifying loans which may be redeemed by a program participant.