

State of Misconsin 2015 - 2016 LEGISLATURE

LRB-4163/1 MDK:amn

## 2015 ASSEMBLY BILL 661

January 7, 2016 – Introduced by Representatives SPREITZER, JORGENSEN, BERCEAU, BROSTOFF, DANOU, JOHNSON, MEYERS, OHNSTAD, SARGENT, SINICKI, SUBECK, WACHS and ZEPNICK, cosponsored by Senators LASSA, C. LARSON, HARRIS DODD, L. TAYLOR, RINGHAND, VINEHOUT and WIRCH. Referred to Committee on Colleges and Universities.

1 AN ACT to create 20.235 (1) (fr), 39.51 and 227.01 (13) (Lw) of the statutes; 2 relating to: providing student loan assistance for individuals employed in 3 critical industry sectors, providing an exemption from rule-making 4 procedures, and making an appropriation.

### Analysis by the Legislative Reference Bureau

This bill requires the Higher Educational Aids Board (HEAB) to make student loan assistance payments to certain individuals employed in sectors of industry that are critical to the state's economy and that offer employment with wages and benefits that provide for self-sufficiency. The bill requires the secretary of workforce development and the chief executive office (CEO) of the Wisconsin Economic Development Corporation to identify the sectors. In addition, the secretary and CEO must consult with the following in identifying the sectors: the state superintendent of public instruction, the Board of Regents of the University of Wisconsin System, the technical college system board, and local workforce investment boards established under the federal Workforce Investment Act.

An individual is eligible for the payments if he or she was enrolled in an institution of higher education on or after the bill's effective date. In addition, prior to applying for the payments, the individual must have obtained a technical college embedded pathway certificate, technical college short-term, one-year, or two-year technical diploma, or an associate, bachelor's, or graduate degree. The individual must also have an outstanding balance on a student loan. Finally, within 18 months

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after obtaining the required degree, he or she must be employed in a sector identified as described above.

The bill requires HEAB to make payments to eligible individuals who submit an application prescribed by HEAB that identifies lenders and outstanding student loan balances. Except when the appropriation for the payments is not sufficient, which is discussed below, the bill requires that the total amount of payments to an individual must equal 20 percent of the outstanding balance on the individual's student loans, or \$15,000, whichever is less. HEAB must make five annual payments of equal amounts to the lenders identified on the individual's application. If more than one lender is identified, HEAB must prorate the payments among the lenders. If an individual pays the entire balance of a student loan before HEAB makes all the required payments to the lender, HEAB must pay directly to the individual the amounts HEAB would have paid to the lender. However, HEAB may not make any annual payment to a lender or individual unless the individual submits proof that he or she is a state resident who is employed in a sector identified as described above.

The bill requires HEAB to determine whether the amounts appropriated for the payments are sufficient to make payments to eligible individuals. If the amount is not sufficient, HEAB must prorate the payments and notify the joint committee on finance that the amount is not sufficient. The bill also provides that the bill does not relieve an individual of any contractual duty to make scheduled payments on a student loan. Finally, the bill requires HEAB to prepare and distribute informational and promotional material about the student loan assistance available, and the sectors identified, under the bill to all private, public, and tribal high schools in the state.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

# The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

**SECTION 1.** 20.005 (3) (schedule) of the statutes: at the appropriate place, insert

2 the following amounts for the purposes indicated:

2015-16 2016-17

- 4 20.235 Higher educational aids board
- 5 (1) Student support activities

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- 6 (fr) Student loan assistance for criti-

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1	<b>SECTION 2.</b> 20.235 (1) (fr) of the statutes is created to read:
2	20.235 (1) (fr) Student loan assistance for critical industry sectors. Biennially,
3	the amounts in the schedule for student loan assistance under s. 39.51.
4	<b>SECTION 3.</b> 39.51 of the statutes is created to read:
5	39.51 Student loan assistance for critical industry sectors. (1)
6	DEFINITIONS. In this section:
7	(a) "Institution of higher education" has the meaning given in s. 39.32 (1) (a).
8	(b) "Lender" means any person to whom a student loan is repayable, including
9	an agency, subdivision, or agent of the federal or state government with respect to
10	a student loan made under a federal or state student loan program.
11	(2) ELIGIBILITY. An individual is eligible for payments under sub. (4) if all of the
12	following apply:
13	(a) The individual was enrolled in an institution of higher education on or after
14	the effective date of this subdivision [LRB inserts date].
15	(b) The individual has submitted to the board a complete application and, at
16	the time of application, has an outstanding balance on any student loan made to the
17	individual.
18	(c) The individual obtained an embedded pathway certificate granted by a
19	technical college, a short-term, one-year, or two-year technical diploma granted by
20	a technical college, or an associate degree, bachelor's degree, or graduate degree
21	prior to submitting the application under par. (b).
22	(d) The individual is employed in this state within 18 months after obtaining
23	the degree required under par. (c). in a sector of industry identified under sub. (5).
24	(3) APPLICATION. The board shall prescribe the form of the application required
25	under sub. (2) (b). Each application shall identify all of the following:

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1 All student loans made to the applicant for which there remains an (a)  $\mathbf{2}$ outstanding balance as of the date of the application. 3 (b) For each student loan identified under par. (a), the outstanding balance of 4 the loan as of the date of the application, the payment schedule for the loan, and the  $\mathbf{5}$ scheduled maturity date of the loan. 6 (c) For each student loan identified under par. (a), the name of the lender and 7 the address for sending student loan payments to the lender. 8 (4) PAYMENTS. (a) Except as otherwise provided in this subsection, for each 9 eligible individual under sub. (2) from whom the board receives an application, the 10 board shall make 5 annual student loan payments of equal amounts to the 11 individual's lender as identified under sub. (3) (c). Subject to pars. (d) and (e), the 12total amount of payments for an individual under this paragraph shall be equal to 1320 percent of the outstanding balance of the individual's student loans, or \$15,000, 14whichever is less. 15(b) If the individual for whose benefit payments are to be made under par. (a) 16 has identified more than one student loan under sub. (3) (a), the board shall prorate 17its payments among all student loans identified by the individual. (c) If an individual pays the entire outstanding balance of a student loan prior 18 19 to the board making payments to the lender under this subsection, the board shall 20pay directly to the individual the amounts that the board would have paid to the 21lender. 22(d) The board may not make a payment to an individual or the individual's

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(d) The board may not make a payment to an individual or the individual's
lender under this subsection unless the individual submits proof to the satisfaction
of the board that the individual is a state resident who is employed in a sector of
industry identified under sub. (5).

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(e) All payments made by the board under this subsection shall be made from 1  $\mathbf{2}$ the appropriation account under s. 20.235 (1) (fr). In each fiscal year, the board shall 3 determine the projected total amount of payments to individuals under this 4 subsection. If the moneys appropriated under s. 20.235 (1) (fr) are not sufficient to  $\mathbf{5}$ provide the projected amount, the board shall prorate payments under this 6 subsection in the proportion that the moneys available bears to the projected amount 7 and shall notify the joint committee on finance that the appropriation under s. 20.235 8 (1) (fr) is insufficient to fully fund payments under this subsection.

9 (5) CRITICAL INDUSTRY SECTORS. The secretary of workforce development and the 10 chief executive officer of the Wisconsin Economic Development Corporation, in 11 consultation with the state superintendent of public instruction, the Board of 12Regents of the University of Wisconsin System, the technical college system board, 13 and local workforce investment boards established under 29 USC 2832, shall 14identify sectors of industry that are or, based on projections of at least 4 years, will 15be critical to the state's economy and that offer employment with wages and benefits 16 that provide for self-sufficiency.

(6) DISSEMINATION TO HIGH SCHOOLS. The board shall prepare and distribute
informational and promotional material about the student loan assistance available
under this section and the sectors identified under sub. (5) to all private, public, and
tribal high schools in this state.

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(7) CONTRACTUAL DUTY. Nothing in this section relieves an individual of any contractual duty to a lender to make scheduled payments on a student loan.

23 **SECTION 4.** 227.01 (13) (Lw) of the statutes is created to read:

24 227.01 (13) (Lw) Identifies a sector of industry under s. 39.51 (5).

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(END)

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