

RURAL AGRICULTURE RECRUITMENT ACT: STUDENT LOAN REPAYMENT PROGRAM

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Senate Bill 228 as passed by the Senate
Sponsor: Sen. Gerald Van Woerkom
House Committee: Agriculture
Senate Committee: Agriculture, Forestry and Tourism

Complete to 5-3-05

A SUMMARY OF SENATE BILL 228 AS PASSED BY THE SENATE 4-13-05

The bill would create a new act, known as the Rural Agricultural Recruitment Act, to establish a student loan repayment program for certain agricultural employees. Under the act, the Michigan Higher Education Assistance Authority would administer a partial repayment program for agricultural employees who have taken out qualified loans after July 1, 2001 to attend an associate's degree program, bachelor's degree program, or a vocational education program at a degree-granting or certificate-granting public or independent community college, college, or university in the state.

After each year of continuous agricultural employment, though for not more than 10 years, the authority could repay up to 2.5 percent of an agricultural employee's eligible debt, or \$750, whichever is less. The authority could not provide payments to more than 1,000 new individuals in each subsequent fiscal year. Recipients would be selected in the order applications are received by the authority.

Under the bill, eligible individuals would have to be either engaged in full-time employment at an agricultural facility located in a county with a population of 70,000 or less or be engaging in veterinary practice (primarily as a large animal veterinarian) in a county with a population 70,000 or less. An "agricultural facility" would be defined as a facility used for agricultural processing. The bill lists the wide range of tasks that fall under that category.

The authority would repay the eligible debt of an agricultural employee who meets the following criteria: has completed the period of eligible agricultural employment required by the bill; has received an associate's or bachelor's degree from an approved institution after the 2003-2004 academic year and before beginning the eligible agricultural employment; is a U.S. citizen or permanent resident of the U.S.; complies with the bill and related administrative rules; has not been convicted of a felony involving assault, physical injury, or death; and meets other eligibility criteria established by the authority.

Additionally, the authority, in its sole discretion, could pro-rate a payment for an agricultural employee who completes part of a year of agricultural employment if, before the year of employment is completed, the employee dies, is unable to continue the

employment because of a permanent disability, or if the authority finds other extenuating circumstances to warrant a partial payment.

The authority would determine the form of an application for payment under the bill, and could also promulgate rules necessary for the implementation of the bill, including additional eligibility standards. In addition, the authority could accept funds from any source for the operation of the repayment program.

FISCAL IMPACT:

The bill would provide up to \$750 in loan repayment for up to 1,000 recipients in the first year (for a maximum \$750,000), and would add up to 1,000 new recipients each year. Repayments could last for up to ten years for each recipient.

Legislative Analyst: Mark Wolf

■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.