

SENATE BILL NO. 52—COMMITTEE ON
COMMERCE, LABOR, AND ENERGY

(ON BEHALF OF THE DEPARTMENT OF EMPLOYMENT,
TRAINING AND REHABILITATION)

PREFILED DECEMBER 20, 2012

Referred to Committee on Commerce, Labor, and Energy

SUMMARY—Requires the adoption of regulations to establish a student loan program to assist unemployed persons in obtaining certain job-related certifications and credentials. (BDR S-374)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State: Contains Appropriation not included in Executive Budget.

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EXPLANATION – Matter in *bolded italics* is new; matter between brackets ~~omitted material~~ is material to be omitted.

AN ACT relating to employment; creating the Workforce Development Student Loan Revolving Fund; requiring the Director of the Department of Employment, Training and Rehabilitation to adopt regulations to establish a student loan program to assist unemployed persons in obtaining certain job-related certifications and credentials; requiring the Director to contract with a nonprofit entity to administer the student loan program; making an appropriation; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Under existing law, the purpose of the Department of Employment, Training and Rehabilitation is to plan, coordinate and carry out various services and activities designed to achieve and support employment and economic independence for residents of this State who are disadvantaged, displaced or disabled. (NRS 232.910) Existing law also requires the Governor's Workforce Investment Board to identify industry sectors which are essential to this State and to establish a council for each industry section. (NRS 232.935)

Section 3 of this bill requires the Director of the Department to adopt regulations to establish a student loan program that must be administered by a nonprofit entity which contracts with the Director. The loans must be made



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available to unemployed persons seeking training towards certain certifications or credentials required for employment in the industry sectors identified by the Governor's Workforce Investment Board. The regulations must specify: (1) the manner in which the Department will, in cooperation with the industry sector councils, determine the certifications or credentials and the programs or courses designed to provide training towards those certifications or credentials for which a person may obtain a loan from the program; (2) eligibility criteria for persons applying for a loan from the program; (3) requirements concerning the use of the proceeds of a loan, with a preference for institutions of the Nevada System of Higher Education; (4) procedures for issuing a request for proposals and identifying a nonprofit entity to administer the loan program; (5) the duties of the administrator of the loan program; (6) a procedure to account for and verify the costs of administering the program, with the administrator to be reimbursed for those costs up to a limit of 10 percent of the amount of money loaned under the program; (7) the terms and requirements applicable to the loans and repayment; (8) requirements under which an unpaid loan balance may be submitted by the administrator to a collection agency; and (9) the manner in which the Director may forgive a loan in certain circumstances.

Section 4 of this bill requires the Director to develop and issue a request for proposals on which a nonprofit entity may bid to administer the loan program.

Section 4 also authorizes the Director to contract with the successful bidder for the administration of the loan program and requires such an administrator to administer the program in compliance with the provisions of the contract and the regulations adopted by the Director.

Section 2 of this bill establishes the Workforce Development Student Loan Revolving Fund and requires the money in the Fund to be used solely for the purpose of the loan program. **Section 1** of this bill appropriates \$2,000,000 from the State General Fund to the Workforce Development Student Loan Revolving Fund. **Section 5** of this bill expires the provisions of this bill by limitation on June 30, 2015, and requires any money remaining in the Fund on that date to be reverted to the State General Fund on or before September 18, 2015.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. There is hereby appropriated from the State General Fund to the Workforce Development Student Loan Revolving Fund created by section 2 of this act the sum of \$2,000,000 for use by a nonprofit entity which contracts with the Director of the Department of Employment, Training and Rehabilitation pursuant to section 4 of this act to provide student loans to unemployed persons pursuing certifications or credentials in the industry sectors identified by the Governor's Workforce Investment Board pursuant to NRS 232.935.

Sec. 2. 1. There is hereby established a special fund to be known as the Workforce Development Student Loan Revolving Fund. The Fund must consist of, and there must be deposited in the Fund:

(a) The sum appropriated thereto pursuant to section 1 of this act; and



(b) All other money received for the Fund from any other source.

2. Money in the Fund must be used solely for the purpose of the student loan program established pursuant to section 3 of this act.

3. The Fund must be administered by a nonprofit entity which contracts with the Director of the Department of Employment, Training and Rehabilitation pursuant to section 4 of this act.

Sec. 3. As soon as practicable, the Director of the Department of Employment, Training and Rehabilitation shall adopt regulations to establish a student loan program, administered by a nonprofit entity which contracts with the Director pursuant to section 4 of this act, to issue loans from the Workforce Development Student Loan Revolving Fund created by section 2 of this act. The loans must be made by the administrator to unemployed persons seeking training to obtain certifications or credentials in the industry sectors identified by the Governor's Workforce Investment Board pursuant to NRS 232.935. The regulations must include, without limitation:

1. The manner in which the Department will, in cooperation with industry sector councils established pursuant to NRS 232.935, create a list of the certifications or credentials for which a borrower may use a loan and the programs or courses intended to provide training towards those certifications or credentials.

2. Eligibility criteria for persons to participate in the program, including, without limitation, a requirement that a person:

(a) Be unemployed and demonstrate financial need.

(b) Have a high school diploma or a general educational development certificate.

(c) Have a valid social security number.

(d) Be a United States citizen or have lawful immigration status.

(e) Pass a skills assessment designated by the Department of Employment, Training and Rehabilitation.

(f) Be registered with the Selective Service System, if required by the Military Selective Service Act, 50 U.S.C. App. §§ 451 et seq., as amended.

(g) Sign a statement certifying that the person:

(1) Is not in default on any student loan;

(2) Is not under obligation to repay any or all of a federal grant of student aid; and

(3) Will use any funds loaned solely to obtain the certifications and credentials specified in section 1 of this act.

(h) Make satisfactory academic progress in the programs or courses for which the loan was granted.

3. A requirement that a person seeking a loan from the program must use the proceeds of the loan for a program or course for



1 training at an institution of the Nevada System of Higher Education,
2 except that if such a program or course is not available to the person
3 at an institution of the Nevada System of Higher Education, the
4 person may, with the approval of the Director, use the proceeds of
5 the loan at an institution that is not a part of the Nevada System of
6 Higher Education to obtain the training.

7 4. Procedures for issuing a request for proposals pursuant to
8 section 4 of this act and reviewing bids received to determine the
9 successful bidder to administer the program.

10 5. The duties of the administrator of the program, including,
11 without limitation, the duty to:

12 (a) Develop and make available to unemployed persons:

13 (1) Information about the program, including, without
14 limitation, the approved programs and courses and eligibility
15 criteria; and

16 (2) A form on which to apply to the program for a loan.

17 (b) Approve loans up to an amount determined by the Director
18 pursuant to paragraph (a) of subsection 7.

19 (c) Obtain the approval of the Director or a designee of the
20 Director for any loan that exceeds the amount determined by the
21 Director pursuant to paragraph (a) of subsection 7.

22 (d) Establish a procedure by which an applicant for a loan may
23 appeal the denial of his or her application. The procedure must
24 provide for the creation of a panel which must hold meetings as
25 needed to resolve those appeals in a timely manner.

26 (e) Deposit any interest earned on money loaned under
27 the program in a separate account established and maintained by the
28 administrator for the purpose of administering the program. The
29 money may not be commingled with any other money or accounts.

30 6. A procedure to account for and verify the costs of
31 administering the program, which may be reimbursed to the
32 administrator of the program in an amount which must not exceed
33 10 percent of the total amount of money loaned by the administrator
34 under the program.

35 7. The terms and requirements applicable to any loan made
36 under the program, including, without limitation:

37 (a) The maximum amount that may be loaned to a borrower.

38 (b) The manner in which the administrator of the program must
39 obtain approval from the Director or a designee of the Director for a
40 loan that exceeds the amount determined pursuant to paragraph (a).

41 (c) A requirement that a loan made under the program:

42 (1) Is free from interest for 1 year after the date of the loan;

43 (2) Is subject to an interest rate of 3 percent simple interest
44 per annum if not paid in full within 1 year after the date of the loan;
45 and



(3) Must be repaid in full to the administrator of the program not more than 5 years after the earlier of:

(I) The date the borrower obtains the certification or credential sought; or

(II) The date the borrower withdraws from the program or course for which the loan was given.

8. The requirements under which the administrator of the program may submit for collection any unpaid balance on a loan to a person who engages in the business of a collection agency pursuant to chapter 649 of NRS.

9. The manner in which the Director may forgive the outstanding balance on a loan if the Director determines that:

(a) The loan was not secured, either in whole or in part, based on any misrepresentation or fraud by the borrower;

(b) The borrower demonstrates an inability to repay the loan; and

(c) Demanding repayment of the loan would be against equity and good conscience.

Sec. 4. 1. The Director of the Department of Employment, Training and Rehabilitation may enter into a contract to administer the student loan program created pursuant to section 3 of this act with a nonprofit entity which the Director determines is the successful bidder based upon a request for proposals developed and issued pursuant to subsection 2.

2. Before entering into a contract pursuant to subsection 1, the Director shall develop and issue a request for proposals on which a nonprofit entity may submit a bid to administer the student loan program established pursuant to section 3 of this act. The request for proposals must include, without limitation, a requirement that the nonprofit entity must:

(a) Be a nonprofit entity formed for educational or charitable purposes that is recognized as exempt under section 501(c)(3) of the Internal Revenue Code, 26 U.S.C. § 501 (c)(3), as amended; and

(b) Administer the program pursuant to regulations adopted by the Director pursuant to section 3 of this act and the provisions of the contract, including, without limitation, provisions as set forth in subsection 3.

3. The contract entered into pursuant to subsection 1 must include, without limitation, provisions which:

(a) Require that a loan may not be made after June 30, 2015;

(b) Require that, after June 30, 2015, the Director is authorized to continue to supervise the nonprofit entity and perform all functions with regard to the contract, the loans, the nonprofit entity and the borrowers as before June 30, 2015, until completion of the contract;



1 (c) To the extent deemed necessary by the Director, incorporate
2 the provisions of this act and the regulations adopted pursuant to
3 section 3 of this act; and

4 (d) Require that, after June 30, 2015, all money which, on or
5 before June 30, 2015, would have been deposited in the Workforce
6 Development Student Loan Revolving Fund must be deposited into
7 the State General Fund.

8 **Sec. 5.** Any remaining balance of the appropriation made by
9 section 1 of this act must not be loaned or otherwise committed for
10 expenditure after June 30, 2015, by the Department of Employment,
11 Training and Rehabilitation or the nonprofit entity which contracts
12 with the Director of the Department pursuant to section 4 of this act
13 or otherwise transferred in any manner, and any portion of the
14 appropriated money remaining on that date must not be spent for
15 any purpose after September 18, 2015, and must be reverted to the
16 State General Fund on or before September 18, 2015.

17 **Sec. 6.** This act becomes effective upon passage and approval
18 and expires by limitation on June 30, 2015.

