

# LEGAL SERVICES

## DIVISION OF LEGAL AND RESEARCH SERVICES LEGISLATIVE AFFAIRS AGENCY STATE OF ALASKA

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### MEMORANDUM

January 12, 2010

**SUBJECT:** WICHE loan forgiveness (CSHB 235( ))  
(Work Order No. 26-LS0913\R)

**TO:** Representative Cathy Muñoz  
Attn: Kendra Kloster

**FROM:** Jean M. Mischel  
Legislative Counsel



You have requested a sectional summary of the above-described bill.

As a preliminary matter, note that a sectional summary of a bill should not be considered an authoritative interpretation of the bill and the bill itself is the best statement of its contents. If you would like an interpretation of the bill as it may apply to a particular set of circumstances, please advise.

**Section 1.** Adds a subsection that requires the Alaska Commission on Postsecondary Education to provide funding for no fewer than five students in each of three areas of a four year program in dentistry, optometry, and pharmacy under the existing Professional Student Exchange Program of the Western Interstate Commission on Higher Education (WICHE) loan program.

**Section 2.** Adds a cross-reference to section 4 (sec. 3 in the A version) of the bill for loan forgiveness in the existing administration section for WICHE loans.

**Section 3.** Amends repayment provision for WICHE loans by cross-referencing current law that provides for repayment terms and conditions for medical school loans provided by the state. This is a modification of version A that established an annual five percent interest rate and limiting accrual of interest to program completion period.

**Section 4.** Adds two types of loan forgiveness for WICHE loans: (1) a five year five percent loan forgiveness option for state residents who practice here in the areas of dentistry, optometry, and pharmacy; and (2) a five year ten percent loan forgiveness option for professionals practicing in geographically underserved areas or by providing a minimum amount in gross billings under medical assistance coverage in the state. The percentage for type (2) forgiveness was doubled from five to 10 percent from version A. In addition, version R adds a cumulative maximum of fifty percent forgiveness of the original loan principal.

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