

SENATE BILL NO. 32

IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-FIFTH LEGISLATURE - FIRST SESSION

BY SENATOR WILKEN

Introduced: 1/16/07

Referred: Health, Education and Social Services, Finance

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to postsecondary educational services and programs for Alaska**
2 **residents; relating to a student loan repayment program for medical doctors, and**
3 **amending the duties of the State Medical Board that relate to the program; relating to a**
4 **student loan repayment program for registered nurses, and amending the duties of the**
5 **Board of Nursing that relate to the program; and providing for an effective date."**

6 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

7 * **Section 1.** The uncodified law of the State of Alaska is amended by adding a new section
8 to read:

9 FINDINGS; PURPOSE. (a) The legislature finds that a shortage of qualified medical
10 doctors and registered nurses exists in this state.

11 (b) The purpose of this Act is to establish the Alaska medical doctors and registered
12 nurse recruitment loan repayment programs to provide financial incentives through the
13 repayment, in whole or part, by the state of education loans for medical doctors and registered

1 nurses completing a term of employment as a medical doctor or a registered nurse in the state.

2 * **Sec. 2.** AS 08.64.101 is amended by adding a new paragraph to read:

3 (6) in consultation with the Alaska Commission on Postsecondary
4 Education, establish standards and eligibility criteria for the Alaska medical doctor
5 recruitment loan repayment program under AS 14.43.512 - 14.43.520, including the
6 adoption of necessary regulations and determinations of areas of the state that have a
7 shortage of medical doctors.

8 * **Sec. 3.** AS 08.68.100(a) is amended by adding a new paragraph to read:

9 (11) in consultation with the Alaska Commission on Postsecondary
10 Education, establish standards and eligibility criteria for the Alaska registered nurse
11 recruitment loan repayment program under AS 14.43.530 - 14.43.590, including the
12 adoption of necessary regulations and determination of areas of the state that have a
13 shortage of registered nurses.

14 * **Sec. 4.** AS 14.42.030(b) is amended to read:

15 (b) The commission shall

16 (1) administer the financial aid and interstate education compact
17 programs under AS 14.43.091 - 14.43.920 and 14.43.990, and AS 14.44;

18 (2) administer the provisions of AS 14.48 concerning regulation of
19 postsecondary educational institutions;

20 (3) resolve disputes under a consortium or other cooperative agreement
21 between institutions of public and private higher education in the state; [AND]

22 (4) serve as the state agency required under 20 U.S.C. 1001 - 1155;

23 **and**

24 **(5) perform duties assigned under AS 14.43.512 - 14.43.520**
25 **(Alaska medical doctor recruitment loan repayment program) and AS 14.43.530 -**
26 **14.43.590 (Alaska registered nurse recruitment loan repayment program).**

27 * **Sec. 5.** AS 14.42.030(d) is amended to read:

28 (d) The commission **shall** [MAY] enter into agreements with government or
29 postsecondary education officials of this state or other states to provide postsecondary
30 educational services and programs to **at least 20** Alaska residents pursuing a medical
31 education degree. An agreement with another state must be limited to services and

1 programs that are unavailable in Alaska. The commission shall require a person
 2 participating in a medical education program offered under this subsection to agree to
 3 the repayment condition imposed under AS 14.43.510.

4 * **Sec. 6.** AS 14.42.040 is amended by adding a new subsection to read:

5 (c) The executive director of the commission shall administer the Alaska
 6 medical doctor recruitment loan repayment program under AS 14.43.512 - 14.43.520
 7 in accordance with standards and eligibility criteria set by the State Medical Board
 8 under AS 08.64.101 and the Alaska registered nurse recruitment loan repayment
 9 program under AS 14.43.530 - 14.43.590 in accordance with standards and eligibility
 10 criteria set by the Board of Nursing under AS 08.68.100.

11 * **Sec. 7.** AS 14.42.295(a) is amended to read:

12 (a) The board may elect to pay the state a return of contributed capital, or a
 13 dividend, for each base fiscal year that the corporation's net income equals or exceeds
 14 \$2,000,000. The payment may not be less than 10 percent nor more than 35 percent, as
 15 approved by the board, of the corporation's net income for the base fiscal year, and is
 16 subject to the provisions of any applicable bond indentures of the corporation. If a
 17 payment is authorized under this section, payment must be made available by the
 18 corporation before the end of the fiscal year in which payment has been authorized.
 19 The corporation shall notify the commissioner of revenue when the amount of the
 20 payment authorized under this section is available for appropriation. **The money**
 21 **made available under this subsection may be appropriated for the Alaska**
 22 **medical doctor recruitment loan repayment program under AS 14.43.512 -**
 23 **14.43.520 and the Alaska registered nurse recruitment loan repayment program**
 24 **under AS 14.43.530 - 14.43.590.**

25 * **Sec. 8.** AS 14.43 is amended by adding new sections to read:

26 **Article 9A. Alaska Medical Doctor Recruitment Loan Repayment Program.**

27 **Sec. 14.43.512. Program established.** (a) There is established the Alaska
 28 medical doctor recruitment loan repayment program to provide financial incentives for
 29 qualified doctors to work in this state through the repayment of education loans.

30 (b) The program is not a financial obligation of the corporation.

31 **Sec. 14.43.513. Alaska medical doctor recruitment loan repayment**

1 **program account.** (a) The Alaska medical doctor recruitment loan repayment
 2 program account is created in the general fund. The account shall be used to provide
 3 financial awards for the repayment of education loans under the program and to pay
 4 for the costs of administering the program.

5 (b) The account includes money that the legislature appropriates from the
 6 corporation's dividend to the state under AS 14.42.295, the interest and earnings on
 7 money that are appropriated to the account, and funds contributed from federal or
 8 other sources.

9 **Sec. 14.43.514. Administration.** (a) The Alaska medical doctor recruitment
 10 loan repayment program shall be administered by the executive director using

11 (1) the standards and eligibility criteria of the program established by
 12 the State Medical Board under AS 08.64.101 and the eligibility criteria established
 13 under AS 14.43.515; and

14 (2) the financial management standards for proper administration of
 15 the Alaska medical doctor recruitment loan repayment program account as established
 16 by the commission.

17 (b) After consultation with the State Medical Board, the commission may
 18 adopt regulations to carry out its duties and the executive director's duties under the
 19 program.

20 **Sec. 14.43.515. Eligibility criteria.** In addition to program standards and
 21 eligibility criteria established under AS 08.64.101, an applicant must meet the
 22 following criteria:

23 (1) the applicant was hired as a medical doctor in this state on or after
 24 July 1, 2007;

25 (2) the applicant is employed as a medical doctor in this state during
 26 the loan repayment period;

27 (3) the applicant has the required license to practice as a medical
 28 doctor in this state;

29 (4) the applicant agrees to fulfill any requirement of the program;

30 (5) the applicant has outstanding education loans from a lending
 31 institution to be repaid under the program.

1 **Sec. 14.43.516. Conditions and limitations on loan payments.** (a) An award
2 under this section shall be paid annually over a period of not more than 10 years. The
3 maximum annual award under this section is 10 percent of the total loan and interest
4 amount owed by the program participant.

5 (b) An award must be conditioned on the availability of money for the
6 program. The executive director shall monitor the outstanding financial awards made
7 under the program to ensure the adequacy of the balance of the account to meet
8 program needs. If the executive director finds that the balance of the account is

9 (1) insufficient to pay for existing awards, the executive director shall
10 prorate the money available in the account among all existing award recipients and
11 shall suspend the acceptance of new applications and the processing of pending
12 applications under the program; or

13 (2) sufficient for existing awards but insufficient for new or pending
14 applicants, the executive director shall pay existing awards and shall award the money
15 available for new or pending eligible applicants according to criteria established by the
16 State Medical Board.

17 (c) An educational loan or interest on a loan is not eligible for repayment
18 under the program if the loan or interest is eligible for repayment from another source,
19 including another loan repayment or forgiveness program or repayment by an
20 employer.

21 **Sec. 14.43.520. Definitions.** In AS 14.43.512 - 14.43.520, unless the context
22 otherwise requires,

23 (1) "account" means the Alaska medical doctor recruitment loan
24 repayment program account established in AS 14.43.512;

25 (2) "executive director" means the executive director of the
26 commission;

27 (3) "medical doctor" means a person licensed to practice medicine
28 under AS 08.64.230(a);

29 (4) "program" means the Alaska medical doctor recruitment loan
30 repayment program.

31 * **Sec. 9.** AS 14.43 is amended by adding new sections to read:

1 **Article 9B. Alaska Registered Nurse Recruitment Loan Repayment Program.**

2 **Sec. 14.43.530. Program established.** (a) There is established the Alaska
3 registered nurse recruitment loan repayment program to provide financial incentives
4 for qualified nurses to work in this state through the repayment of education loans.

5 (b) The program is not a financial obligation of the corporation.

6 **Sec. 14.43.540. Alaska registered nurse recruitment loan repayment**
7 **program account.** (a) The Alaska registered nurse recruitment loan repayment
8 program account is created in the general fund. The account shall be used to provide
9 financial awards for the repayment of education loans under the program and to pay
10 for the costs of administering the program.

11 (b) The account includes money that the legislature appropriates from the
12 corporation's dividend to the state under AS 14.42.295, the interest and earnings on
13 money that are appropriated to the account, and funds contributed from federal or
14 other sources.

15 **Sec. 14.43.550. Administration.** (a) The Alaska registered nurse recruitment
16 loan repayment program shall be administered by the executive director using

17 (1) the standards and eligibility criteria of the program established by
18 the Board of Nursing under AS 08.68.100 and the eligibility criteria established under
19 AS 14.43.560; and

20 (2) the financial management standards for proper administration of
21 the Alaska registered nurse recruitment loan repayment program account as
22 established by the commission.

23 (b) After consultation with the Board of Nursing, the commission may adopt
24 regulations to carry out its duties and the executive director's duties under the
25 program.

26 **Sec. 14.43.560. Eligibility criteria.** In addition to program standards and
27 eligibility criteria established under AS 08.68.100, an applicant must meet the
28 following criteria:

29 (1) the applicant was hired as a nurse in this state on or after July 1,
30 2007;

31 (2) the applicant is employed as a registered nurse in this state during

1 the loan repayment period;

2 (3) the applicant has the required license to practice as a registered
3 nurse in this state;

4 (4) the applicant agrees to fulfill any requirement of the program;

5 (5) the applicant has outstanding education loans from a lending
6 institution to be repaid under the program.

7 **Sec. 14.43.570. Conditions and limitations on loan payments.** (a) The total
8 amount of education loans and interest on loans repaid for an individual may not
9 exceed \$10,000 in a lifetime for a nurse. An award under this section shall be paid
10 annually over a period of at least five years. The maximum annual award under this
11 section is the lesser of

12 (1) \$2,000; or

13 (2) 20 percent of the total loan and interest amount owed by the
14 program participant.

15 (b) An award must be conditioned on the availability of money for the
16 program. The executive director shall monitor the outstanding financial awards made
17 under the program to ensure the adequacy of the balance of the account to meet
18 program needs. If the executive director finds that the balance of the account is

19 (1) insufficient to pay for existing awards, the executive director shall
20 prorate the money available in the account among all existing award recipients and
21 shall suspend the acceptance of new applications and the processing of pending
22 applications under the program; or

23 (2) sufficient for existing awards but insufficient for new or pending
24 applicants, the executive director shall pay existing awards and shall award the money
25 available for new or pending eligible applicants according to criteria established by the
26 Board of Nursing.

27 (c) An educational loan or interest on a loan is not eligible for repayment
28 under the program if the loan or interest is eligible for repayment from another source,
29 including another loan repayment or forgiveness program or repayment by an
30 employer.

31 **Sec. 14.43.590. Definitions.** In AS 14.43.530 - 14.43.590, unless the context

1 otherwise requires,

2 (1) "account" means the Alaska registered nurse recruitment loan
3 repayment program account established in AS 14.43.540;

4 (2) "executive director" means the executive director of the
5 commission;

6 (3) "nurse" means a person licensed as a registered nurse under
7 AS 08.68.170;

8 (4) "program" means the Alaska registered nurse recruitment loan
9 repayment program.

10 * **Sec. 10.** The uncodified law of the State of Alaska is amended by adding a new section to
11 read:

12 TRANSITION: REGULATIONS. The State Medical Board, the state Board of
13 Nursing, and the Alaska Commission on Postsecondary Education may immediately proceed
14 to adopt regulations necessary to implement their respective duties under secs. 1 - 4 and 6 - 9
15 of this Act. The regulations take effect under AS 44.62 (Administrative Procedure Act), but
16 not before July 1, 2007.

17 * **Sec. 11.** Section 10 of this Act takes effect immediately under AS 01.10.070(c).

18 * **Sec. 12.** Except as provided in sec. 11 of this Act, this Act takes effect July 1, 2007.