

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: CSHB 58(EDC)
 (H) Publish Date: 4/1/09

Identifier (file name): HB058-EED-ACPE-02-27-09 Dept. Affected: Education
 Title: An Act relating to a student loan repayment program for RDU: ACPE
specified occupations or fields in which a shortage of.... Component: Program Administration and
 Sponsor: Rep. Bill Thomas Operations
 Requester: (H)EDC Component Number: 2738

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information						
		FY 2010	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
OPERATING EXPENDITURES								
Personal Services	62.7		64.3	65.9	67.5	68.9	70.2	
Travel								
Contractual								
Supplies								
Equipment								
Land & Structures								
Grants & Claims	2,100.0		4,300.0	6,400.0	8,500.0	10,600.0	12,800.0	
Miscellaneous								
TOTAL OPERATING	2,100.0		4,364.3	6,465.9	8,567.5	10,668.9	12,870.2	
CAPITAL EXPENDITURES	150.0							
CHANGE IN REVENUES ()								

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts								
1003 GF Match								
1004 GF	2,100.0		4,364.3	6,465.9	8,567.5	10,668.9	12,870.2	
1005 GF/Program Receipts								
1037 GF/Mental Health								
Other Interagency Receipts								
TOTAL	2,100.0	0.0	4,364.3	6,465.9	8,567.5	10,668.9	12,870.2	

Estimate of any current year (FY2009) cost: _____

POSITIONS

Full-time	1.0							
Part-time								
Temporary								

ANALYSIS: (Attach a separate page if necessary)

As currently drafted, this bill provides for education loan repayment benefits to individuals who are hired on or after 7/1/09 in any one of nine professions in Alaska. The qualifying debt is incurred by the individual from a lending institution in the state for the purpose of pursuing the credential required for the qualifying education. In estimating potential costs of this program, AK Department of Labor projected numbers of annual job openings in the following occupational categories were used: biological sciences, zoologists, wildlife biologists, environmental scientists, foresters, teachers and allied education professions, dentist, and registered nurses (no separate category for practical nurse was noted). The aggregate number of annual openings was 8,360. Because no degree-specific

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BILL NO. CSHB 58(EDC)

ANALYSIS CONTINUATION

education debt load data is available, the estimate incorporates a statewide average debt load calculated by the Institute of College Access and Success, which regularly publishes this data on a state-by-state basis. For the most recent reported year, average education debt amount was \$25,000.

For the purpose of calculating annual program costs, the assumption is that approximately 5% of annual openings in the specified professions would be filled by individuals who: are Alaska residents, have qualifying debt, and, are hired on or after July 1, 2009. Also assumed is that the majority of these individuals would be employed in urban rather than rural locations resulting in the benefits being paid out over a longer period of time.

For FY10, assumes 419 participants at cost of \$2.1 million
For FY11, assumes 838 participants at cost of \$4.3 million
For FY12, assumes 1,257 participants at cost of \$6.4 million
For FY13, assumes 1,676 participants at cost of \$8.5 million
For FY14, assumes 2,095 participants at cost of \$10.6 million
For FY15, assumes 2,514 participants at cost of \$12.8 million

No adjustments are assumed for increases in average debt load or annual openings for this period. The interest rate on the debt is assumed to be 6.8% which is the standard rate on the unsubsidized federal Stafford Loan. Assuming repayment occurs over a reduced period of 6 years (normal repayment is ten years), total to be repaid per individual is \$30,500.

With respect to program administrative costs, these estimates assume that by developing a web-based program management tool, the program can be supported by one mid-level, Range 13 administrative position to manage intake and processing of applications, as well as to serve as liaison with program participants and their employers.

The costs estimate relating to the capital appropriation is based upon the commission's experience developing a web-based program management tool for the state's need-based grant program.