

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: CSSB 174(EDC)
 (S) Publish Date: 4/8/09

Identifier (file name): SB174-EED-ACPE-04-03-09 Dept. Affected: Education
 Title: An Act relating to professional student exchange program RDU: ACPE
availability and conditions for loan forgiveness Component: Program Administration and
 Sponsor: Senator Menard Operations
 Requester: (S)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								
Travel								
Contractual								
Supplies								
Equipment								
Land & Structures								
Grants & Claims								
Miscellaneous		398.5		823.0	1,275.0	1,754.0	1,813.6	1,875.3
TOTAL OPERATING		398.5	0.0	823.0	1,275.0	1,754.0	1,813.6	1,875.3

CAPITAL EXPENDITURES							
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CHANGE IN REVENUES ()							
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts								
1003 GF Match								
1004 GF		398.5		823.0	1,275.0	1,754.0	1,813.6	1,875.3
1005 GF/Program Receipts								
1037 GF/Mental Health								
Other Interagency Receipts								
TOTAL		398.5	0.0	823.0	1,275.0	1,754.0	1,813.6	1,875.3

Estimate of any current year (FY2009) cost: 0.0

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: (Attach a separate page if necessary)

This legislation establishes an education loan for Alaska residents participating in certain professional programs of study through the Western Interstate Commission on Higher Education's (WICHE) Professional Student Exchange Program (PSEP). The terms of the loan include interest-free borrowing during the in-school period, fixes the interest rate at 7.5% during the repayment period, and entitles the borrower to forgiveness benefits under certain conditions. The bill sets a minimum number of students to be funded on an annual basis.

The PSE program operates as a multi-state student exchange program by which compact member states that have institutions that offer certain professional programs of study agree to provide preferential consideration for admission to residents of member states that do not have institutions that offer those programs. WICHE facilitates

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BILL NO. CSSB 174(EDC)

ANALYSIS CONTINUATION

the collection of a per resident fee for each person accepted into a participating institution. The amount of the Support Fee varies according to the professional field of study and is arrived at through a negotiated process facilitated by WICHE staff and involves all of the receiving institutions.

The terms by which the Support Fee is provided as a loan to each Alaska participant are such that state general funds would need to be appropriated to fund the loans. The Alaska Student Loan Corporation would not be able to finance the proposed loans in the capital markets through the issuance of bonds.

Although there is no effective date included in the bill, the fiscal impact is shown as beginning with the first cohort of five students per specified field enrolling in Fall 2009. The cost steps up over a four year time frame as five additional students are enrolled in the successive years, from 30 students in year one to a total of 120 students in year four. Costs thereafter are projected to increase by 3.4% per year which is the average annual increase in Support fees.

Within five years of program implementation, there would be an income stream back to the general fund as program participants complete their programs and enter repayment. The standard repayment is a fifteen-year term.