

HB

471

HOUSE COMMITTEE REPORT

(7)

Date Referred to Committee: February 5, 1996

FURTHER REFERRALS:

Finance

Date of Committee Action: 2/22/96

The HEALTH, EDUCATION AND SOCIAL SERVICES Committee considered:

HB 471

HOUSE BILL NO. 471

REPAY GRADUATE EDUCATION AID

"An Act relating to financial assistance for students attending certain graduate education programs; and providing for an effective date."

recommends it be replaced with the following committee substitute

CS HB 471 (HES)

[X] the same title [] a new title

[] additional referral to _____ Committee [] attached amendment(s)

ADOPTS: _____ Letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept)

APPROVES PREVIOUS: (Dept/Date)

[X] fiscal note(s) Revenue

[] fiscal note(s)

[X] zero fiscal note(s) University

[] zero fiscal note(s)

SIGNING WITH RECOMMENDATIONS	DP	DNP	NR	AM
<i>[Signature]</i>			✓	
<i>[Signature]</i>	✓			
<i>[Signature]</i>	✓			
<i>[Signature]</i>	✓			
<i>[Signature]</i>			✓	

CHAIR'S SIGNATURE *[Signature]*

CS FOR HOUSE BILL NO. 471(HES)

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINETEENTH LEGISLATURE - SECOND SESSION

BY THE HOUSE HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE

Offered:

Referred:

Sponsor(s): HOUSE HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to financial assistance for students attending certain graduate
2 education programs; and providing for an effective date."

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

4 * Section 1. AS 14.42.030(d) is amended to read:

5 (d) The commission may enter into agreements with government or
6 postsecondary education officials of this state or other states to provide postsecondary
7 educational services and programs to Alaska residents pursuing a medical education. An
8 agreement with another state must be limited to services and programs that are
9 unavailable in Alaska. The commission shall require a person participating in a
10 medical education program offered under this subsection to agree to the repayment
11 condition imposed under AS 14.44.040.

12 * Sec. 2. AS 14.44 is amended by adding a new section to read:

13 Sec. 14.44.040. REPAYMENT CONDITION FOR PROGRAM
14 PARTICIPANTS. (a) Except as provided under (b) and (c) of this section, as a
15 condition of eligibility for receiving financial aid under AS 14.44.010 - 14.44.040, a

1 program participant shall agree to repay to the state the financial aid received by the
2 person from the state plus interest as required for scholarship loans under
3 AS 14.43.120(f). Interest under this section begins to accrue six months after the person
4 terminates studies under the graduate education program.

5 (b) If a person required to repay financial aid under (a) of this section has
6 graduated from the graduate education program for which the person received financial
7 aid, is employed within the state, and is employed in the field for which the person
8 received financial aid, a portion of the financial aid required to be reimbursed to the state
9 shall be forgiven in an amount equal to the following percentages of the total financial
10 aid received from the state plus interest up to a total of 100 percent of the total financial
11 aid received from the state plus interest

12 (1) one year employment, 20 percent;

13 (2) two years employment, an additional 20 percent;

14 (3) three years employment, an additional 20 percent;

15 (4) four years employment, an additional 20 percent;

16 (5) five years employment, an additional 20 percent.

17 (c) Repayment under (a) of this section is required to begin not later than six
18 months after the person terminates studies under the graduate education program, except
19 that a person who qualifies for forgiveness under (b) of this section is not required to
20 begin repayment to the state as long as the person remains qualified for forgiveness
21 under (b) of this section. Forgiveness under (b) of this section only applies to financial
22 aid received by a person that the person has not repaid to the state.

23 * Sec. 3. APPLICABILITY. This Act applies to a person who begins a graduate education
24 program and who receives financial aid from the state on or after July 1, 1996.

25 * Sec. 4. This Act takes effect July 1, 1996.

FISCAL NOTE

**STATE OF ALASKA
1996 LEGISLATIVE SESSION**

BILL NO. HB 471

Revision Date: _____ Department Affected: **University of Alaska**
 Title: An Act relating to financial assistance for students attending certain graduate education programs; and providing for an effective date BRU: **University of Alaska Anchorage**
 Sponsor: Health, Education & Social Services Committee Component: **Anchorage Campus**
 Requestor: _____ COMPONENT SERIAL NO. _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY97	FY98	FY99	FY00	FY01	FY02
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL	0.0	0.0	0.0	0.0	0.0	0.0
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL						
----------------	--	--	--	--	--	--

REVENUE FD SOURCE						
--------------------------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

1002 FEDERAL FUNDS						
1003 GF MATCH						
1004 GENERAL FUND						
1006 GF/MHTIA						
OTHER						
TOTAL FUNDING	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:						
FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact: None

ANALYSIS: (Attach a separate page if necessary.)

The legislation does not have any direct fiscal impact on the WAMI program at the Anchorage Campus. If it is anticipated that the current general fund support for the WAMI program is to be offset in the future with program receipts from student repayment of financial aid, there may be some future funding source shifts that would be necessary, but they are beyond the scope of this fiscal note.

Prepared by: Wendy Redman *WR* Phone: 463-3086
 Division: Statewide Budget Office Date: 2/21/96
 Approved by: Wendy Redman, Vice President
 Agency: University Relations Date: 2/21/96

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE

ALASKA STATE LEGISLATURE
HOUSE OF REPRESENTATIVES



STATE CAPITOL, JUNEAU 99801
(907) 465-3759

SPONSOR STATEMENT

HB 471

“An Act relating to financial assistance for students attending certain graduate education programs; and providing for an effective date.”

There have been varying reports regarding the number of Alaskan graduates that return to the state to begin their medical practice after receiving financial assistance through the WAMI and WICHE programs. In an effort to encourage more of them to return to practice in Alaska, HB 471 would make the WAMI Medical Education Program (named for the participating states - Washington, Alaska, Montana and Idaho) and the Western Interstate Commission on Higher Education Student Exchange Program (WICHE) into loan programs.

If graduate medical professionals who have benefited by these programs choose to return to Alaska within one year, HB 471 has a forgiveness provision of 20% per year for up to five years of work in their field of study. Conversely, if the recipients decide not to return to the state after terminating studies or completing the requirements for graduation, repayment will be required to begin one year after the student terminates studies.

If the participant chooses to return to the state after more than one year following graduation, forgiveness would only apply to the financial aid that has not yet been repaid to the state.

Montana was the first state to make its WAMI program into a loan program. Alaska will be the next state to follow this trend.

I urge your support of this bill.

SPONSOR STATEMENT

STATE OF ALASKA

ALASKA COMMISSION ON POSTSECONDARY EDUCATION

TONY KNOWLES, GOVERNOR

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MEMORANDUM

TO: Lynne Smith, Staff
House Health, Education & Social Services Committee

FROM: Diane Barrans, Executive Director

DATE: February 7, 1996

SUBJECT: HB471; Legislation re: WAMI/WICHE Professional Student Exchange Program (PSEP) Loans

This is an update of the February 5 memo sent earlier this week. I have the additional information you requested and have incorporated it below. Per your request the following information is provided to indicate what the impact of HB471 would be from the borrower's perspective. I have assumed one change from the bill. Page 2, lines 18 and 19 state that repayment will begin one year following the program end. Minimum length of required residencies is generally three years. Currently the only residency program in Alaska is in psychiatry therefore few program graduates would be able to return to Alaska for that period. Also, as indicated below, the incomes earned during this residency period are extremely modest. **Members should note that the Fund source would have to continue to be General Fund due to covenants on use of Alaska Student Loan Corporation funds.**

Two WAMI calculations are provided. The first reflects the participants bearing the entire cost of the 2nd, 3rd & 4th year of the program, in FY97 approximately \$1.3 million. The second calculation assumes that the borrower would only be responsible for repaying the tuition differential represented by nonresident tuition costs, that is only a portion of the support fee. In this scenario, even though the 1st year costs are borne by the University of Alaska Anchorage, since the participants pay the resident rate of tuition for four years, I have included four years' differentials. Also assumed is an average increase of 8% a year in tuition. This is based on the average of the last five years at UWSM.

WAMI LOAN SCENARIOS

- Assumptions:
- 1) Individual begins program in 1996/97
 - 2) Program costs increase approximately 4% per year
 - 3) Interest Rate is 8.9%, accrues following six month grace period
 - 4) In-school period followed by 6 month grace period
 - 5) Typically loan is deferred for 3 years during residency when salaries generally range from \$25,000-30,000; Interest accrues during deferment but no payments are due
 - 6) 15-year repayment schedule

	Calculation #1	Calculation #2
1st year cost	----	= \$11,934
2nd year cost	= \$45,378	= \$12,888
3rd year cost	= \$47,193	= \$13,919
4th year cost	= \$49,080	= \$15,032
	<u>\$141,651</u>	<u>\$53,773</u>

Monthly payment:	#1 \$1,741	#2 \$660.82
Total to be repaid:	#1 \$313,332 (\$141,651, principal; \$171,681, interest);	
	#2 \$118,945 (\$53,773, principal; \$65,172, interest)	

Unknown factors: Average starting annual net income for Family Practitioner?
 Additional college/medical education debt averaging \$45,000-\$80,000.

WICHE PSEP LOAN SCENARIO

Assumptions: Participant begins program in 1996-97
 Program costs increase approximately 4% per year
 Interest on Loan is 8.9% and accrues from end of a six month grace period
 In-school period followed by 6 month grace period (3 year residency
 deferment for MD. Income during residency typically \$25,000-\$30,000
 per year.)
 Loans totaling < \$20,000 on a 10 year repay schedule
 Loans totaling > \$20,000 on a 15 year repay schedule
 Alaska's annual WICHE Compact dues (\$79,000 in FY96) paid by State

<u>PSEP FIELD *</u>	<u>Tot. Prin.</u>	<u>Tot. Int.</u>	<u>Mo. Pymt.</u>	<u>Tot. Repaid</u>
Vet Med (4 yrs)	\$84,500	\$112,808	\$1,096	\$197,308
Podiatry (4 yrs)	\$37,300	\$ 49,796	\$ 484	\$ 87,096
Phys Thrpy (3 yrs)	\$17,750	\$ 15,798	\$ 280	\$ 33,548
Dentistry (4 yrs)	\$60,650	\$ 80,968	\$ 787	\$141,618
Occ Thrpy (3 yrs)	\$16,200	\$ 14,418	\$ 255	\$ 30,618
Optometry (4 yrs)	\$35,550	\$ 47,459	\$ 461	\$ 83,009
Phys Asst (2 yrs)	\$ 7,950	\$ 7,076	\$ 125	\$ 15,026
Osteopathy (4 yrs)	\$53,500	\$ 71,423	\$ 694	\$124,923
Medicine (4 yrs)	\$96,800	\$117,321	\$1,190	\$214,121

*Parens contain the expected number of years, by field, that each participant is actively in the PSEP. Effective Fall 1996, annual "support fees" range from \$3,900 to \$22,800.



UNIVERSITY OF ALASKA ANCHORAGE

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BIOMEDICAL PROGRAM
WAMI Affiliate

Direct Costs of WAMI Program at UAA

Salaries & Fringe Benefits

Mike Dimino (65%)	\$ 82,103
Alice Brutschie (60%)	27,224
Ray Bailey (60%)	47,328
Tim Hinterberger (30%)	14,843
Mary Janis (30%)	22,112
Jesse Owens (30%)	16,456
Ram Srinivasan (30%)	22,957
Kandace Williams (30%)	14,843
Robert Fortune (100%)	23,976
Molly Southworth (100%)	17,949

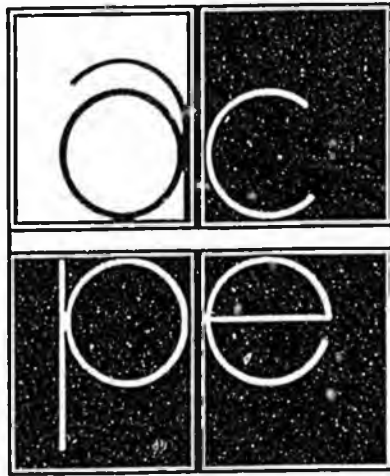
Note: Numbers in parentheses represent that portion of salary & fringe benefits directly associated with WAMI functions. Non-WAMI teaching, counseling, research and service are not included.

Travel	23,400
Contractual Services	67,102
Commodities	<u>45,012</u>

\$424,405

10 students

A DIVISION OF THE UNIVERSITY OF ALASKA STATEWIDE SYSTEM OF HIGHER EDUCATION



Frontiers

FY95 ANNUAL REPORT
OF
THE ALASKA COMMISSION
ON POSTSECONDARY EDUCATION

EXCERPTS FROM FRONTIERS FY95 ANNUAL REPORT

STUDENT FINANCIAL AID

As a result of organizational changes made in FY95, several additional functions are now included within the Student Financial Aid Division: Loan Origination, Customer Service, Operations, and Due Diligence. These staffs work together to provide Alaskans with service in the following areas:

- ▣ Educational and training opportunities through financial assistance;
- ▣ Customer assistance through a new 1-800 telephone

number and expanded customer services throughout the state;

- ▣ Rapid processing of student loan documents; and
- ▣ Assistance with payment options.

This report focuses on divisional goals and accomplishments in FY95, as staff have set and achieved new standards in customer service.

	Number of Awards	Amount
Alaska Student Loan	12,301	\$51,219,279
Half-Time Loan	1,093	\$1,052,568
Teacher Loan	209	\$1,200,570
Family Loan	217	\$947,392
SUBTOTAL	13,820	\$54,419,809
Winn Brindle	5	\$36,300
Paul Douglas	8	\$40,000
SEIG	304	\$422,348
WICHE PSEP	39	\$546,225
WAMI	30	\$1,262,400
WICHE WUE	735	\$0
WICHE WRGP	24	\$0
TOTAL	14,965	\$56,727,082

See Glossary of ACPE Student Aid Programs on pages 42-44.

** Participation in these student exchanges are possible through membership in the Western Interstate Commission on Higher Education - FY95 dues were \$79,000.

SPECIAL PROGRAMS

State Educational Incentive Grant Program

The State Educational Incentive Grant (SEIG) Program provides need-based grants to eligible students enrolled in their first undergraduate program at accredited postsecondary educational institutions. The grant awards are for up to \$1,500 for a maximum of four years. Funded by Federal and State matching dollars, this aid program operates under federal Title IV regulations.

An SEIG Program participant for more than 18 years, ACPE made the decision to transform a paper system into an electronic information center. With a PC-based system, staff now receive all need analysis information electronically at a cost of 21 cents a copy to the agency and a free service to the low-income grant applicants.

Use of new software resulted in a reduction of processing time. This year 1,858 Alaskans applied for grants.

Two hundred thirty-eight students in Alaska received \$300,348 in grants and 83 grant recipients used a total of \$122,000 out-of-state. The percentage of students receiving grants to attend in-state decreased to 71% in FY95 compared to 75% in the prior year.

Eighty-five percent of those awarded grants voluntarily identified their ethnicity. Of those responding,

58% were Caucasian, 24% were Alaska Native/Eskimo/American Indian, 7% were Asian American, 7% were African American, and 4% were Hispanic American.

Western Interstate Commission For Higher Education Professional Student Exchange Program

Since 1955, Alaska has provided residents with access to as many as 16 fields of professional education not available in-state through participation in the 14-state Western Interstate Commission for Higher Education (WICHE) compact. The WICHE Professional Student Exchange Program (PSEP) provides access at participating institutions, and makes them available at a reduced tuition from the out-of-state tuition rate at public colleges and universities and at a reduced tuition rate at private colleges and universities.

Alaskans certified for participation in this exchange program may also expect preferential admissions consideration by the schools. For this, Alaska pays the college or university in which the Alaskan exchange student enrolls, a fixed fee for a particular field of study. This fee, the "support fee," covers the nonresident portion of the tuition and is paid to the institution. The student does not receive any direct payment under this program.

Thirty-nine Alaskans were supported FY95:

Field of Study	No. of Students
Medicine	10
Veterinary Medicine	9
Physical Therapy	8
Dentistry	3
Osteopathy	3
Occupational Therapy	3
Optometry	3

WICHE Western Regional Graduate Program

The WICHE Western Regional Graduate Program (WRGP), also made possible through the WICHE compact, enables Alaska residents to enroll at reduced tuition rates in certain masters and doctoral programs selected by participating institutions in member states. Residents from the western states may, in turn, enroll at the University of Alaska Fairbanks in selected degree programs at in-state tuition rates. Eligible programs have been selected because they serve the western region in a distinctive way. Although students are not guaranteed admission, participating departments will give special admissions consideration to qualified students. In FY95, 24 Alaskans attended graduate programs as part of WRGP. No graduate students from other WICHE states attended at the University of Alaska during that same period.

Western Undergraduate Exchange Program

The Western Undergraduate Ex-

change (WUE) Program is available on a limited basis to Alaska residents enrolling at two-year and four-year institutions in participating states at reduced tuition level applicable only to WUE students. That special tuition level is the resident rate plus 50%. This is a considerable savings over nonresident charges at the 96 participating colleges and universities.

In FY95, 735 Alaskans participated in WUE. Eighty-four students from other WICHE states attended the University of Alaska during that period.

Participating states are:

Alaska	Montana	Oregon
Nevada	Colorado	South Dakota
Hawaii	Utah	New Mexico
Idaho	Wyoming	North Dakota

A.W. "Winn" Brindle Memorial Scholarship Loan Program

Established by the 1986 Alaska Legislature, the A.W. "Winn" Brindle Memorial Scholarship Loan Program is funded by private donations and contributions from fisheries businesses in exchange for tax credits. A fisheries business is entitled to a tax credit of up to 5% of its tax liability for contributions made during the tax year to this scholarship loan fund.

The funds provide educational loans to Alaska residents for full-time undergraduate or graduate study at accredited schools for degree or certificate programs in: fisheries, fishery

students with limited English proficiency; preschool children; children in inner city or rural school; in curricular or geographic areas where there is a demonstrated shortage of teachers; or, students from disadvantaged backgrounds. Eight awards of \$5,000 were made in FY95 to scholars from Anchorage, Galena, Wrangell, Fairbanks, Dutch Harbor, Sitka, Kotzebue and Kenai.

Scholarship recipients are generally required to teach at the elementary or secondary level for two years for each year of scholarship assistance they receive. However, teachers in underserved elementary or secondary schools are obligated to teach only one year for each year of scholarship assistance received.

WAMI (Washington, Alaska, Montana, Idaho) Medical Exchange Program

For more than 20 years, Alaska has participated in the WAMI Medical Exchange Program. Ten positions are reserved for Alaskans each year in the University of Washington School of Medicine's (UWSM) entering class.

The residents selected for entry attend the first year of their medical program at the University of Alaska Anchorage, as participants in the Biomedical Program. The final three years of study are spent on-site at UWSM where they pay in-state tuition rates of almost \$8,000 each year.

In addition to guaranteeing Alaskan residents access to a medical education, UWSM, through the WAMI program, provides benefits to the State from:

- Federal grants for the rural hospital projects.
- The Itinerant Genetics Clinic which has physician-geneticists visiting Alaska every four to six weeks, helping parents with questions about the potential of genetic problems in their future children. A team has visited Anchorage, Bethel, Fairbanks, Juneau, Kodiak and Sitka.
- A six-week Summer enrichment experience in Seattle for college level Alaska Natives to help them become more competitive in applying to medical school. UWSM is now among the top five medical schools with Alaska Natives/Native Americans in attendance.
- The MedCon line, used over 3,800 times each year by Alaska physicians, provides free telephone consultation with UWSM faculty for difficult patient cases. In the past year, calls were logged in from 35 different Alaskan communities.

In return for its access for residents

to a medical education, as well as these ancillary programs, Alaska pays a student/administrative support fee each year. This cost for 30 second, third, and fourth year Alaskan students in FY95 was \$1,262,400. This fee

covers the nonresident portion of tuition, a portion of the institution's administrative costs, and the cost for clinical unit sites for clerkships in Alaska for third- and fourth-year WAMI students.

GLOSSARY OF ACPE STUDENT AID PROGRAMS

Alaska Student Loan Program—

The largest of the aid programs, the ASL has been available to Alaskans for over 20 years. These are low-cost educational loans to both full- and half-time students. The annual loan maximum for full-time borrowers is \$5,500 (undergraduate) and \$6,500 (graduate). The maximum for half-time borrowers is \$2,000 and \$2,500, respectively. Loans for full-time attendance may be used at regionally and nationally accredited institutions in and outside of Alaska. Loans for half-time study may only be used in Alaska. The FY95 interest rate on loans was 9%. The normal repayment period on ASLs is ten years for full-time loans and five years for half-time loans.

Family Education Loan Program—

The FEL is distinguished from ACPE's other aid programs in that the borrower is the student's family member. Loan maximums are the same as in the ASL program. Interest on the FEL is fixed at 5%, repayment begins immediately following the first disbursement of funds to the student and is also on a ten year schedule.

Paul Douglas Teacher Scholarship Loan Program—PDTSL is a federally funded grant program for students pursuing a teacher education degree and certification. The awards are for

up to \$5,000 each year. Recipients are expected to teach two years for each year of aid received. If a recipient fails to teach, the grant becomes a loan which must be repaid. The interest varies each year but is capped at 14%.

Professional Student Exchange

Program— The PSEP is a regional resource sharing program, administered by the Western Interstate Commission on Higher Education (WICHE), which provides Alaskans with access to certain allied health professional training programs not available in the state. Currently residents enjoy access to programs of study in: Medicine, Osteopathic Medicine, Dentistry, Optometry, Occupational Therapy, Physical Therapy, Podiatry, and Veterinary Medicine.

State Education Incentive Grant

Program— The SEIG program is Alaska's only need-based grant program and is funded by State and Federal funds. Awards are for up to \$1,500 each year and may be received for up to four years of undergraduate study. Grants are not available to graduate students.

Teacher Scholarship Loan Pro-

gram— The TSL was established by the Alaska legislature to support Alaska high school graduates intending to teach in rural areas of the state.

Awards of up to \$7,500 are available to

nominees from rural school districts who are pursuing their elementary or secondary teaching credentials. If the recipient teaches in eligible rural schools in Alaska, they may have up to 100% of their loan forgiven. The FY96 interest rate was 9% and repayment is on a ten year schedule.

WAMI Medical Education Program— The University of Washington School of Medicine (UWSM) and the University of Alaska Anchorage (UAA) are the sites for this regional approach to medical education. UWSM reserves ten seats in each entering class for qualified Alaskan students. Program administration funds are transmitted directly to UAA for first year students and to UWSM for second, third, and fourth year students. Alaskans pay the resident tuition rate for each year of the program.

Western Regional Graduate Program— Another WICHE program, the WRGP provides access for residents to certain specialized graduate programs

within the western region. Currently over 111 master's and doctoral programs are available in 37 institutions in the west.

Western Undergraduate Exchange Program— The most active of the WICHE student exchanges, the WUE Program provides Alaskans with access to programs of study at almost 100 institutions in the west. Participants pay a reduced tuition rate if admitted to an institution under this program. The states of Washington, California and Arizona are the only western states which do not participate in WUE.

Winn Brindle Memorial Scholarship Loan Program— Funded by donations from fisheries businesses, this loan supports Alaskans pursuing certificates or degrees in fisheries-related programs. The terms of this loan are the same as the ASL with the exception of the maximum loan amount. These loans can be awarded for up to the total educational costs of a program.

TABLE 13

Professional Student Exchange Participants by Field
1984-85 through 1994-95

Field of study	84-85	85-86	86-87	87-88	88-89	89-90	90-91	91-92	92-93	93-94	94-95
Dentistry	15	20	21	29	27	20	16	11	6	4	3
Medicine	17	12	9	14	10	15	15	12	12	12	10
Occupational Therapy	36	6	4	7	7	6	9	10	10	7	3
Optometry	35	6	6	8	6	6	7	9	9	6	3
Osteopathy	10	10	9	8	6	4	2	3	4	4	3
Physical Therapy	0	6	6	8	10	12	17	10	7	11	8
Podiatry	0	0	0	0	1	1	2	1	1	1	-
Veterinary Medicine	20	22	20	21	22	23	23	25	20	14	9
TOTAL	287*	248*	151*	177*	91	88	91	81	69	59	39

*Totals also reflect former participants in fields not current funded: Architecture, Forestry, Graduate Library, Graduate Nursing, Law, Maritime Technology, Pharmacy, and Public Health.

**ALASKA COMMISSION ON
POSTSECONDARY EDUCATION**

**ALASKA STUDENT LOAN
CORPORATION**

FY 97 Budget Overview

**Diane Barrans
Executive Director**

January 1996
(1/23/96 Version)

ALASKA COMMISSION ON POSTSECONDARY EDUCATION
FY97 BUDGET SUMMARY AND COMPARISON
(Narrative Explanation of Budget Components to follow)

	<u>FY96 Budget Final</u>	<u>FY97 Budget Requested</u>
Operating Budget		
General Fund:		
WICHE Student Exchange	\$ 329,700	\$ 193,600
WAMI Medical Program	1,267,000	1,309,000
Federal Student Aid (State Match)	329,500	329,500
Total General Fund	<u>1,926,200</u>	<u>1,832,100</u>
Corporate Receipts:		
Postsecondary Commission:		
Program Administration	717,900	758,700
Loan Operations	6,451,500	6,241,400
Total Corporate Receipts	<u>7,169,400</u>	<u>7,000,100</u>
Federal Funds:		
Program Administration:		
Veterans Administration	148,100	151,800
State Postsecondary Review Entity (SPRE) Program	100,000	--
Federal Student Aid (SEIG)	163,500	125,000
Governors Council on Vocational Ed.	160,100	--
Total Federal Receipts	<u>571,700</u>	<u>276,800</u>
Total Operating	<u>\$ 9,667,300</u>	<u>\$ 9,109,000</u>

ACPE/ASLC OPERATIONAL BUDGET COMPONENTS

The budget is a continuing budget with no significant changes in services to be performed in FY97. Following is a summary of changes, by funding source, between the FY96 and FY97 budgets.

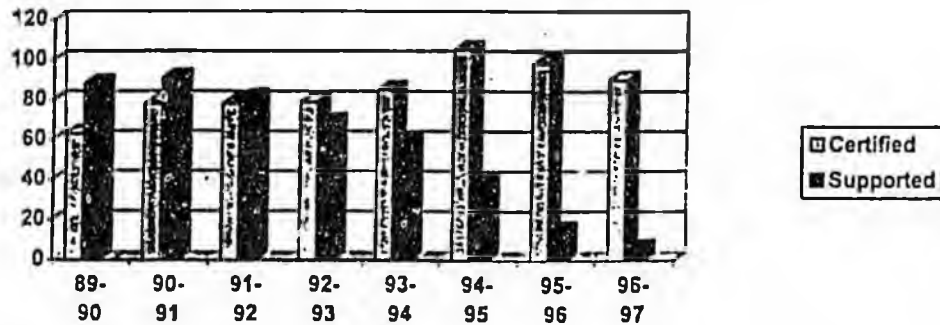
General Fund Programs

WICHE (Western Interstate Commission on Higher Education) Student Exchange Program

The Commission serves as Alaska's agency for coordinating activities in the 15-state WICHE Compact. The goal of this component is to provide undergraduate, graduate and professional educational opportunities to Alaskan students in fields for which there are no programs operating in Alaska. The component administers various WICHE programs operating in Alaska: 1) The Professional Student Exchange Program (PSEP); 2) The Western Undergraduate Exchange (WUE); and 3) The Western Regional Graduate Program (WRGP). Currently, in the PSEP (which is the only program requiring student-specific support fees) eight fields in human and animal medicine are available and supported through agreements with WICHE institutions.

FY96 funding (\$329,700) for this program pays WICHE compact membership dues and funds 15 continuing PSEP students. FY97 funding (\$193,600) will pay WICHE Compact membership dues and will fund six continuing students. The membership dues ensure that students also have continuing access to the WUE and WRGP programs in which approximately 800 Alaskans participate each year. New PSEP students have not been funded in several years and FY97 is the last year the Commission anticipates funding students.

WICHE PSEP STUDENTS



* Due to budget cuts, no new participants have been supported in several years.

WICHE Changes from FY96 authorized budget to FY97 requested budget:

\$ 42,000 Transfer to WAMI Medical Education to fund the cost of living increase in the 2nd, 3rd and 4th year contract obligation for FY97.

\$ 94,100 Reduction due to Professional Student Exchange program students completing their studies in supported fields.

WAMI (Washington, Alaska, Montana and Idaho) Medical Education Program

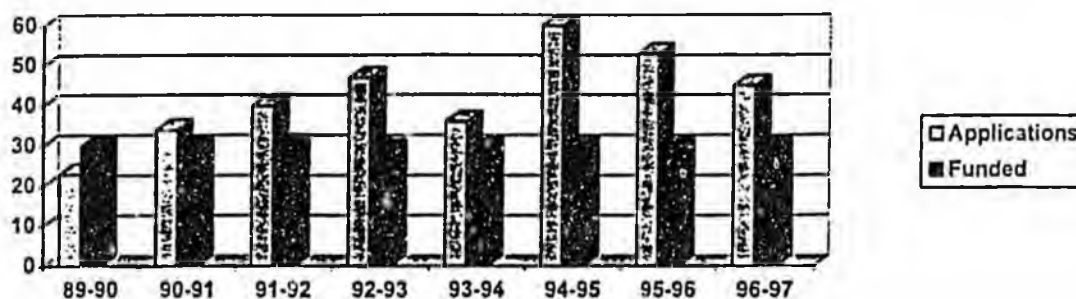
The WAMI program provides guaranteed access to a medical school for residents of Alaska. The University of Washington School of Medicine acts as the regional medical school for Washington, Alaska, Montana and Idaho by reserving a predetermined number of class places each year. Alaska currently contracts and pays for thirty places (30), ten in each of the 2nd, 3rd and 4th years of study.

FY96 funding (\$1,267,000) for this program covers the State's contractual obligation. FY97 funding (\$1,309,000) will again cover the contractual costs associated with this program.

WAMI Changes from FY 96 authorized budget to FY97 requested budget:

\$ 42,000 Transfer from the WICHE Student Exchange component to cover the cost of living increase that is factored into the contractual obligation.

WAMI STUDENTS



STATE OF ALASKA

ALASKA COMMISSION ON POSTSECONDARY EDUCATION

TONY KNOWLES, GOVERNOR

3030 VINTAGE BLVD.
JUNEAU, ALASKA 99801-7109
VOICE (800) 441-2952
In Juneau 465-6740
TDD (907) 465-3143
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MEMORANDUM

Amendment #1

TO: Lynne Smith, Staff
House HESS

FROM: Gillian R. Hays *grh*
Executive Assistant

DATE: February 21, 1996

RE: Request for Revision in HB 471

I noticed that there is conflicting language in regards to the terms of repayment in Section 2 of the bill. The drafting attorney may have drawn from some old language. Please consider revising lines 18 and 19, of page 2.

(c) repayment under (a) of this section is required to begin not later than six months [one year] after the person terminates studies

This change will make is consistent with line 4 of page 2.

. . . Interest under this section begins to accrue six months after the . . .

Mr. Kenneth Dodson, director of Information Support Services, said that programming the repayment start date would be much easier if not having to track six months of subsidized interest, and then six more months of *unsubsidized* interest.

STATE OF ALASKA

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MEMORANDUM

TO: Lynne Smith, Staff
House Health, Education & Social
Service Committee

FROM: Gillian R. Hays
Executive Assistant

DATE: February 21, 1996

RE: HB 471
WAMI: Additional Information

FEB 21 1996

The attached research paper was prepared by Dr. Rod Wilson, Executive Director of the Alaska State Medical Association, with the assistance of several University of Alaska students. This document may be a good source of information to the committee members as they discuss the future of the WAMI program. Please consider making it available to them for tomorrow's hearing. Thank you.

Attachment

Feb 20, 1995

WAMI
The Washington-Alaska-Montana-Idaho Medical School Program
of the
University of Washington

A great university has graduate and professional schools, usually schools of law, medicine, divinity, fine arts, political studies, engineering and the like. Graduate schools allow intellectually ambitious students who have completed undergraduate degrees either at the parent university or from other colleges to pursue a subject in great depth and to gain advanced degrees, such as masters, doctor of philosophy, law and medical degrees. They also provide loci for research. They attract teachers of renown. Their graduates are loyal and supportive.

Graduate schools are neither easy or cheap to establish. Among the most expensive are graduate schools of medicine. They require, among other features, classrooms, laboratories, a specialized library, a teaching hospital and a large and talented faculty.

It takes a population base of about a million people to justify and support a medical school, although Vermont with fewer than 600,000 people has a medical college. Delaware, Idaho, Montana, Wyoming and Alaska are states without colleges of medicine.

Alaska is at least 30 years away from having enough people and other resources to warrant establishment of a graduate school of medicine at the University of Alaska or otherwise.

Fortunately for the citizens of Alaska and particularly for those of its young people who aspire to become doctors, the University of Washington (UW) established the "WAMI" program 25 years ago. Under this plan, originally underwritten by The Commonwealth Foundation, a few highly selected students from Alaska, Montana and Idaho are admitted to the freshman class of the UW School of Medicine on an equal footing with students from the State of Washington.

They spend the first year of their four-year medical course at their home-state university taking basic first-year medical school courses such as anatomy, physiology, statistics, psychology and the like. After the first year they move to Seattle for the next three years of medical school.

The State of Wyoming is now seeking to join the program.

Alaska perennially has had 10 WAMI students each year, Idaho 16, and Montana 20.

Each state supports the education of its own students with appropriations from its legislature for the first year classes within the state and then the three years of matriculation in Seattle.

The WAMI program initially allowed the University of Washington to expand its fine school - presently considered one of the top six or seven in the nation - without commensurate capital outlay. WAMI is widely admired. There is nothing like it in the country.

WAMI has been a boon to Alaska. In effect, we have gained a school of medicine at a tiny fraction of the cost of establishing one at the University of Alaska. Since 1971, 134 Alaska WAMI students have finished medical school and have gone on to complete residency training. Current WAMI students and their towns of residence are listed in Attachment 1. Physicians now practicing in Alaska who were WAMI Alaska students are listed in Attachment 2. Physicians currently practicing in Alaska who were once WAMI students from another WAMI state are listed in Attachment 3. The latter two lists demonstrate that participation in WAMI induces students graduating from the program to practice in Alaska.

This is doubly important: One, Alaskans can be assured that a significant proportion of its doctors have been trained at one of the finest schools in the land - or indeed anywhere - and, two, because of the strong emphasis the University of Washington places on graduating physicians dedicated to careers primary care medicine (family practitioners, pediatricians and general internists), Alaska gets what it needs the most. It gets many more primary care physicians than it might otherwise. Some of these settle in the small communities of Alaska, bringing medical care to the underserved.

Alaskans are further at an advantage because competition for WAMI slots, though

intense, is not quite so fierce as if Alaskans were applying as out-of-state students to other medical schools. There is one WAMI position for every 4-6 applicants from Alaska. And because WAMI students receive a subsidy from the state, amounting to approximately \$40,000 per year per student, Alaskans can afford to go to medical school. Even so, WAMI students emerge from medical school and subsequent residency training in family medicine or other specialty with debts averaging \$60,000, but with some in debt over \$100,000.

In summary, without WAMI, Alaskans from only the richest families would be able to attend medical school. Even then, because of furious competition for enrollment, few would gain admission anywhere. And many of these would not return to Alaska, for it is well established that physicians tend to settle in places at or near to the place where they are trained. Alaska WAMI graduates have strong predilection to return to Alaska both because this is their home and because their training began here. Now that family practice residency training is scheduled to start here, attraction to practice in Alaska will be even stronger.

Without WAMI, recruitment of physicians to our cities, towns and rural areas would be difficult, for few young doctors would have had advance exposure to Alaska or know about the needs of the bush.

There are other advantages to WAMI. The teachers who conduct first year classes here for our medical students at UAA are funded by WAMI, but they also teach other UAA students. This amounts to at least 2 FTE faculty positions gratis to UAA. Moreover, the faculty of UW gives its time and advice unstintingly both to WAMI and to Alaska generally without extra charges to WAMI. Many travel to Alaska to share their knowledge and skill and to conduct medical research. For example, one area currently under investigation is telemedicine. UW is a leader in developing this promising modality. It has among other features the possibility of greatly reducing transportation costs for medical care. Without the close collegial tie between Alaska and UW through WAMI, UW's interest in Alaska would likely be far less. Finally, the high standards of the University of Washington School of Medicine and the entire UW Medical

Center and allied institutions are in truth the standards of medicine for Alaska, whether for family practice, cardiology, renal dialysis, cancer therapy, preventive medicine or a host of other areas of medical care.

WAMI has brought us a medical school, so to speak, without our paying for it - at least not paying for it in full. It has been a glory of American medical education for twenty-five years. We are fortunate to be a part of it.

Attachment 3

GRADUATES FROM OTHER WAMI STATES PRACTICING IN ALASKA

Alvarez, Rene MD	Homer
Brennan, Ronald MD	Anchorage
Brooke, Cynthia MD	Palmer
Clark, Christine MD	Anchorage
Doty, Barbara MD	Wasilla
Dull, Scott MD	Anchorage
Echo, Barbara MD	Fairbanks
Fernau, Walt MD	Fairbanks
Firth, Ronald MD	Bagley River
Herman, Daniel MD	Bethel
Hornbein, Lynn	Anchorage
Gross, Monica MD	Juneau
Jones, Lindy MD	Juneau
Kokesh, John MD	Anchorage
Lemagiz, Susan MD	Palmer
Linfield, Jana	Juneau
Lowney, Stephen MD	Ketchikan
Parr, Patrice MD	Anchorage
Slyter, Thomas MD	Eielson AFB
Swanson, David MD	Anchorage
Wagoner, Nell MD	Juneau
Winkle, R Keith MD	Anchorage
Zafren, Ken MD	Anchorage

FISCAL NOTE

STATE OF ALASKA

BILL NO. HB 471

1996 LEGISLATIVE SESSION

Revision Date: 2/21/96

Department Affected: Revenue

Title: An Act entitled Repay Graduate Education Aid

BRU: Alaska Student Aid Corporation

Component: WAMI Medical Education

Sponsor: (H)HES

Requester: (H)HES

COMPONENT SERIAL NO. 2115

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONAL SERVICES	14.6	14.9	15.1	15.8	16.1	16.4
TRAVEL						
CONTRACTUAL	10.0					
SUPPLIES						
EQUIPMENT						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	24.6	14.9	15.1	15.8	16.1	16.4

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	24.6	14.9	15.1	15.8	16.1	16.4
1005 GF/Program Receipts						
Other						
TOTAL						

POSITIONS:

FULL-TIME	1/3	1/3	1/3	1/3	1/3	1/3
PART-TIME						
TEMPORARY						

Estimate of current year (FY96) impact: \$ -0-

ANALYSIS: This bill allows the State to be reimbursed by students for funds sent to the institution on their behalf, if they decide not to return to Alaska. A student entering into the WAMI or WICHE program in September of 1996, would be expected to begin reimbursing the state in 2004. A student who graduates and returns to the state is eligible for forgiveness based on the length of time working and living in Alaska. In order to maintain the variety of services that come to Alaska as a result of the WAMI and WICHE partnerships, continued general fund support is necessary to pay compact dues and front-end support fees. The costs referenced above are associated with the initial programming and testing for future tracking of interest, deferments, and eligibility for forgiveness for up to 100 students each year. Due to the Alaska Student Loan Corporation indenture, corporate receipts can not be used for this purpose.

Prepared by: Gillian R. Hays, Legislative Liaison *Gillian Hays* Phone: 465-6718

Division: Alaska Student Aid Corporation Date: 2/21/96

Approved by Executive Director: *KB* Diane Barrans

Agency: Revenue Date: 2-21-96