

HB

193

STATE OF ALASKA
1997 LEGISLATIVE SESSION

BILL NO. HB 193

Revision Date: _____
Title: "An Act relating to financial assistance for students attending certain graduate education programs, and providing for an effective date."

Department Affected: Education
BRU: _____

Sponsor: HHESS
Requester: HHESS

Component: Student Loan Operations

COMPONENT SERIAL NO. 213

EXPENDITURES/REVENUES:

OPERATING EXPENDITURES	FY98	FY99	FY00	FY01	FY02	FY03
PERSONAL SERVICES	10.0	5.0	5.0	5.0	5.0	5.0
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	10.0	5.0	5.0	5.0	5.0	5.0

CAPITAL EXPENDITURES

CHANGE IN REVENUE ()

(Thousands of Dollars)

FUND SOURCE:

1002 Federal Receipts						
1003 GF Match						
1004 GF	10.0	5.0	5.0	5.0	5.0	5.0
1005 GF/Program Receipts						
1006 GF/MHTIA						
OTHER						
TOTAL						

Estimate of any current year (FY 97) cost: \$

POSITION:

FULL-TIME						
PART-TIME						
TEMPORARY						

Analysis: Attach a separate page if necessary.

This legislation will convert the WAMI Medical Education Program to a loan program. The new loan program will have forgiveness benefits based on the number of years the borrower is employed within the state, in the field for which the financial aid was borrowed for. The benefit proposed is 20% per year up to full forgiveness (5 years).

Prepared by: Mike Maner, Dir. of Student Loan Operations Phone: 465-6743
Division: Student Loan Operations Date: March 21, 1997

Approved by Executive Director: Diane Barrans
Agency: Alaska Commission on Postsecondary Education Date: March 21, 1997

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ANALYSIS: (continued)

The interest rate would be the same as the Alaska Student Loan Program, and tied to the cost of bonds. It provides for a 6 month grace period upon terminating studies, and payment does not begin as long as the borrower remains qualified for forgiveness.

Given the pass-through nature of the present WAMI Medical Education Program, the cost and time necessary to administer the program has been minimal. However, ACPE will incur costs for programming, establishing control records, and testing. It is estimated that testing will require two staff between 2-3 weeks of work, prior to a new loan program being added to the recently implemented loan management system, HELMS.

It would be inappropriate to continue to utilize ACPE's primary operating funding source, corporate receipts, to administer a general fund loan program.

HOUSE COMMITTEE REPORT

(7)

Date Referred to Committee: March 14, 1997

FURTHER REFERRALS:

Finance

Date of Committee Action: 4/30/97

The HEALTH, EDUCATION AND SOCIAL SERVICES Committee considered:

HB 193

HOUSE BILL NO. 193

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 193 (HES) the same title a new title

additional referral to _____ Committee
 attached amendment(s)

ADOPTS: _____ Letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept) Education APPROVES PREVIOUS: (Dept/Date) _____
 fiscal note(s) _____ fiscal note(s) _____
 zero fiscal note(s) _____ zero fiscal note(s) _____

SIGNING WITH RECOMMENDATIONS	DP	DNP	NR	AM
<i>Paul Ryan</i>			✓	
<i>Don Bunde</i>	✓			
<i>Don Bunde</i>	✓			
<i>Don Bunde</i>	✓			
<i>Tom Bunde</i>			✓	
	✓			

CHAIR'S SIGNATURE *Don Bunde*

CS FOR HOUSE BILL NO. 193(HES)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTIETH LEGISLATURE - FIRST 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.
8 An 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
11 repayment condition imposed under AS 14.44.040.

12 * Sec. 2. AS 14.44 is amended by adding a new section to article 1 to read:

13 Sec. 14.44.040. Repayment condition for medical education program
14 participants. (a) Except as provided under (b) and (c) of this section, as a condition

1 of eligibility for receiving financial aid under AS 14.44.010 - 14.44.040, a program
2 participant shall agree to receive a portion of the financial aid as a loan, to be repaid
3 to the state. The portion of the financial aid received as a loan to be repaid to the
4 state is equal to the difference between resident and nonresident tuition at the
5 contracting postsecondary institution plus interest. The rate of interest is equal to the
6 12th Federal Reserve District discount rate in effect on March 1 of the year in which
7 the financial aid is received plus two percentage points. Interest imposed under this
8 subsection begins to accrue when the person terminates studies under the graduate
9 education program. Accrued interest shall be added to the principal balance of the
10 loan at the time the borrower is obligated to commence repayment and at the end of
11 a deferment period.

12 (b) If a person required to repay a loan under (a) of this section has graduated
13 from the graduate education program for which the loan was received and is employed
14 within the state in the field for which the person received the loan, including
15 employment within the state in a medical residency program, the loan shall be forgiven
16 and considered a grant in an amount equal to the following percentages plus accrued
17 interest:

- 18 (1) one year employment, 20 percent;
- 19 (2) two years employment, an additional 20 percent;
- 20 (3) three years employment, an additional 20 percent;
- 21 (4) four years employment, an additional 20 percent;
- 22 (5) five years employment, an additional 20 percent.

23 (c) Repayment under (a) of this section is required to begin not later than six
24 months after the person terminates studies under the graduate education program,
25 except that a person who qualifies for forgiveness under (b) of this section is not
26 required to begin repayment to the state as long as the person remains qualified for
27 forgiveness under (b) of this section. A person employed in a medical residency
28 program is not required to begin repayment to the state as long as the person remains
29 in the medical residency program. Forgiveness under (b) of this section only applies
30 to that portion of the loan that has not been repaid to the state.

31 (d) If a person meets the qualifying conditions under this section for

1 forgiveness after beginning repayment, the repayment requirement is deferred in the
2 month following qualification for forgiveness. Repayment shall be deferred as long
3 as the person remains qualified or until the balance of the loan has been fully forgiven.
4 If the person is delinquent or in default on the person's regular repayment schedule,
5 repayment shall continue until the person is current in payments. A period of time
6 during which the person is making past due payments may not be considered as a
7 qualifying period for the purpose of calculating forgiveness benefits.

8 (e) For purposes of qualifying for forgiveness under this section, a person must
9 be a full-time employee for a period of at least six months in order to qualify for a
10 prorated forgiveness benefit. In this subsection, "full-time employee" does not include
11 seasonal or temporary employment.

12 (f) A person's obligation to repay the loan under this section ends if the person
13 dies and is deferred during any period in which a physician certifies that the person
14 is totally disabled.

15 (g) This section does not apply to loans received by a person under AS 14.43.

16 (h) The commission may adopt regulations to implement this section. Except
17 as provided in this section, regulations adopted under this subsection may not exempt
18 or defer a repayment required under this section.

19 * Sec. 3. APPLICABILITY. This Act applies to a person who begins a graduate education
20 program and who receives financial aid from the state under AS 14.44.010 - 14.44.040, or for
21 a medical education program under AS 14.42.030(d), on or after July 1, 1997.

22 * Sec. 4. This Act takes effect July 1, 1997.

RE: CSHB193(H)/CSSB170(H)

The following information is provided to indicate what the impact of a WAMI loan would be from the borrower's perspective. Program fund source would continue to be General Fund due to covenants on use of Alaska Student Loan Corporation funds. Any repayment income would be deposited into State General Fund.

Two WAMI calculations are provided. Calculation #1 reflects the participants' borrowing the non-resident tuition differential loan for all four years of the program. Calculation #2 assumes that the borrower would be borrowing the tuition differential loan for 2nd– 4th years of the program which take place in Seattle at the University of Washington School of Medicine. Also assumed is an average tuition increase of 4% a year and an interest rate of 7% (current 12th Federal Reserve District discount rate plus two percentage points).

WAMI LOAN SCENARIOS

- Assumptions:
- 1) Individual begins program in 1997/98
 - 2) Interest rate is 7%, accrues following in-school period
 - 3) In-school period followed by 6-month grace period and 3-year deferment during residency. Interest accrues during deferment but no payments are due.
 - 4) 15-year repayment schedule (To be set by regulation—Possible that 20-year schedule would be allowed.)
- These calculations are only estimates based on currently available tuition information.

	Calculation #1	Calculation #2
1 st year loan	\$13,000	---
2 nd year loan	\$13,520	\$13,520
3 rd year loan	\$16,200	\$16,200
4 th year loan	<u>\$16,898</u>	<u>\$16,898</u>
Original Principal Balance	\$59,618	\$46,618
Deferment Interest	<u>\$14,606</u>	<u>\$11,421</u>
Capitalized Principal Bal.	\$74,254	\$58,039
Monthly payment:	\$643.93	\$503.32
Total to be repaid:	#1 \$123,638 (\$74,254, principal; \$49,384, interest); #2 \$ 96,638 (\$58,039, principal; \$38,599, interest)	

Unknown Factors Average starting annual net income for Family Practitioners
Additional college/medical education debt (without WAMI Loan) averaging
\$45,000-\$80,000.

ALASKA

TONY KNOWLES, GOVERNOR

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ALASKA COMMISSION ON POSTSECONDARY EDUCATION

MEMORANDUM

TO: Senator Gary Wilken, Chair
 Senate HESS Committee

FROM: Diane Barrans, Executive Director
 Alaska Commission on Postsecondary Education

DATE: April 29, 1997

SUBJECT: CSSB 170 (II)

RECEIVED
 APR 29 1997

At last Friday's committee hearing, Senator Leman posed a question regarding the potential tax implication, to a participant in the proposed WAMI loan program, of receiving forgiveness benefits.

I have received information from a peer organization in Wyoming that currently administers student aid programs with work-related loan forgiveness provisions. While this memorandum should not be construed as a legal opinion, my colleagues in Wyoming cited Internal Revenue Code Sec. 108. Income from discharge of indebtedness:

f) Student loans

(1) In general

In the case of an individual, gross income does not include any amount which (but for this subsection) would be includible in gross income by reason of the discharge (in whole or in part) of any student loan if such discharge was pursuant to a provision of such loan under which all or part of the indebtedness of the individual would be discharged if the individual worked for a certain period of time in certain professions for any of a broad class of employers.

I was also informed that the Wyoming administrators do not report the annual forgiveness benefits to the Internal Revenue Service and have no record of ever being asked to do so. It appears that so long as this provision remains in federal tax code, program participants may expect to receive forgiveness benefits under a WAMI loan program without negative tax implications.

I hope this is helpful to the committee in your deliberations. Please don't hesitate to contact me if I can be of further assistance.

Cc: Senator Robin Taylor

TONY KNOWLES, GOVERNOR

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ALASKA COMMISSION ON POSTSECONDARY EDUCATION

Memorandum

TO: Honorable Con Bunde, Chair
Members, HESS Committee
Alaska State House of Representatives

FROM: Diane Barrans, ^{Executive Director}
Alaska Commission on Postsecondary Education

DATE: March 27, 1997

SUBJECT: Comments/Questions RE: HB 193 (WAMI Loan)

The members of the Commission have not reviewed this legislation nor have they taken a position with respect to supporting or opposing this substantive program change. Staff have reviewed the bill and respectfully offer the following questions and comments for your consideration:

- While this bill, under certain conditions, provides for 100% grant benefits, because interest is charged and the loan may have to be repaid—it should be consistently referred to as a loan that may become a grant (or similar language). The loan contract will be subject to the requirements of federal consumer truth-in-lending laws that require extensions of credit to be clearly identified as a loan.
- What portion of program funding will be directly borne by participants? Currently the UWSM charges WAMI states for the full cost of training rather than subsidize non-resident students with Washington taxpayers' dollars. Are participants individually responsible for all costs or something less such as the tuition differential between resident rate (approximately \$8,000 per year) and nonresident rate which is currently \$20.6 thousand per year for years one and two of the program and \$27.5 for years three and four? Truth-in-lending requires not only that the principal loan amount be disclosed prior to disbursing funds but also that total finance charges be disclosed.
- If the intent of the program is to increase access for Alaskans to a medical education and increase the pool of 'home grown' Alaskan physicians, the legislature may wish to recommend an increase in Alaska's level of participation from ten students in each class to 15 or 20. This would assist in achieving the goals of the program while at the same time reduce the per participant costs through efficiency of scale. UWSM has indicated that while the overall costs would likely increase, the cost per student

actually decreases. Alaska has the lowest participation level relative to Montana, Idaho and possibly Wyoming.

- No terms/conditions of repayment are set out: length of repayment; deferment allowances due to periods of: full-time study, medical disability, military service, unemployment, etc.; capitalization of interest, etc. These elements must be known and disclosed by the loan servicer. If the terms are to be determined by the Commission, it may be necessary to specifically authorize the Commission to do so through the regulatory process.
- Assuming that the general fund will continue as the program's fund source (Alaska Student Loan Corporation [ASLC] Funds cannot be used due to covenants to bondholders), the interest rate on WAMI loans might more reasonably be tied to prime rate plus some additional percentage each year rather than based on a formula driven by the rate ASLC pays to bondholders.
- The bill proposes an interest-free six-month period following termination of studies under this program. Why provide an interest benefit to participants who withdraw without completing or fail to return and work in the state? If interest is to accrue it should be capitalized prior to the beginning of any repayment period. If the participant is eligible for debt forgiveness—that will include interest.
- Bill refers to 'repaying' and 'reimbursing' the aid. To avoid confusion and ensure clarity, the statute should use consistent language. Regardless of the language, the administering agency will have to report the benefits to the Internal Revenue Service and participants will be responsible for any resulting tax liability.
- Bill references forgiveness of 'financial aid' from the state. Language should clarify that any additional loans made to, or on behalf of, the individual under AS 14.43 would not be subject to forgiveness benefits—or somehow identify that the scope of the benefit is limited to this WAMI program funding specifically.
- If a participant begins repayment of the loan and later qualifies for forgiveness benefits, is repayment suspended at the time they are employed in their field in the state or at the end of the first qualifying year?
- What is the minimum period of qualifying time for the purposes of prorating a forgiveness benefit?
- What is considered 'employed within the state'? Does the participant qualify if they perform interim work in Alaska that is seasonal, temporary or otherwise less than "full-time"? To what extent would a medical specialist who does 'visits' or 'clinics' in Alaska be considered eligible for forgiveness? Will the participant be considered qualified if acting in an administrative capacity in the state?

- Under what, if any, circumstances would a participant be held harmless from provisions of this bill?: 100% permanent disability; death; inability to find employment in their field in Alaska; need to provide family medical care; military reservist called to active duty; etc.

Staff is prepared to review and provide feedback as this bill is developed and these issues are addressed or, alternatively, as legislative intent is clarified for the Commission to implement through the regulatory process, should the bill be enacted.

HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE

ALASKA STATE LEGISLATURE
HOUSE OF REPRESENTATIVES

STATE CAPITOL, JUNEAU 99801
(907) 465-3759



SPONSOR STATEMENT

HB 193

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

In FY 97, \$1,309,000 was authorized for the WAMI Medical Education Program and the budget request for FY 98 is \$1,350,400. There have been varying reports regarding the number of Alaskan graduates that return to the state to begin their medical practice after receiving this financial assistance. In an effort to encourage more of them to return to practice in Alaska, HB 193 would make the WAMI program (named for the participating states - Washington, Alaska, Montana and Idaho) into a loan program.

If graduate medical professionals who have benefited by this program choose to return to Alaska to work within six months, HB 193 has a forgiveness provision of 20% per year for up to five years of work in their field of study. Conversely, if the recipient decides not to return to the state after terminating studies under the graduate education program, repayment will be required to begin six months after the student completes studies and is no longer in a medical residency program.

If the participant chooses to return to the state later than six months, 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 can be the next state to follow this trend.

I urge your support of this bill.

SPONSOR STATEMENT

The following information is provided to indicate what the impact of a WAMI loan would be from the borrower's perspective. This data assumes the borrower will experience the average residency period for Family Practitioners which is three years. Incomes earned during this residency period are extremely modest. 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 borrower bearing the entire cost of the 2nd, 3rd & 4th year of the program, 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 through the 1st year costs are borne by the University of Alaska Anchorage, since the participants pay the resident rate of tuition for four years, four years' differentials are included. Also assumed is an average tuition increase of 8% a year. This is based on the average of the last five years at UWSM.

WAMI LOAN SCENARIOS

- Assumptions:
- 1) Individual begins program in 1997/98
 - 2) Program costs increase approximately 4% a year
 - 3) Interest rate is 8.6%, accrues following in-school 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
1 st year cost	----	= \$12,435
2 nd year cost	= \$40,612	= \$13,429
3 rd year cost	= \$42,231	= \$14,504
4 th year cost	= \$43,925	= \$15,664
	<u>\$126,773</u>	<u>\$56,032</u>

Monthly payment:	#1 \$1,524.50	#2 \$673.79
Total to be repaid:	#1 \$274,416 (\$126,773, principal; \$147,643, interest)	#2 \$121,291 (\$56,032, principal; \$65,259, interest)

Unknown Factors Average starting annual net income for Family Practitioners?
 Additional college/medical education debt (without WAMI Loan) averaging
 \$45,000-\$80,000.

CODE	CONTRACTUAL SERVICES CLASSIFICATION	FY 96 ACTUAL	FY 97 AUTHORIZED	FY 98 ADJ BASE	FY 98 GOVERNOR
73000	Total Contractual Services	1,267.0	1,309.0	1,309.0	1,350.4
	Interagency Transfers (non-add)				

FUNDING SOURCES

1002	Federal Receipts				
1003	General Fund Match				
1004	General Fund	1,267.0	1,309.0	1,309.0	1,350.4
1005	General Fund Program Receipts				
1037	General Fund Mental Health				
1007	Interagency Receipts				

CODE	EXPLANATION	FY 97 AUTHORIZED	FY 98 ADJ BASE	FY 98 GOVERNOR												
73100	<p>The WAMI agreement governing the administration of this program states, "It is the intent of the Agreement that the State of Alaska pay the full operating costs of this program for those students who are residents of the State of Alaska . . .". Accordingly the anticipated program costs for FY98 are broken out as:</p> <p>Cost breakdown (estimated):</p> <table style="margin-left: 40px;"> <tr> <td>10 - 2nd year students</td> <td style="text-align: right;">417,872</td> </tr> <tr> <td>10 - 3rd year students</td> <td style="text-align: right;">413,371</td> </tr> <tr> <td>10 - 4th year students</td> <td style="text-align: right;">268,719</td> </tr> <tr> <td>WAMI Program Admin.</td> <td style="text-align: right;">163,026</td> </tr> <tr> <td>Community Clinical Units</td> <td style="text-align: right;">87,412</td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black;">1,350,400</td> </tr> </table>	10 - 2nd year students	417,872	10 - 3rd year students	413,371	10 - 4th year students	268,719	WAMI Program Admin.	163,026	Community Clinical Units	87,412		1,350,400	1,309.0	1,309.0	1,350.4
10 - 2nd year students	417,872															
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10 - 4th year students	268,719															
WAMI Program Admin.	163,026															
Community Clinical Units	87,412															
	1,350,400															

CONTRACTUAL SERVICES
Form C300

AGENCY Department of Education

BRU Alaska Postsecondary Education Commission

COMPONENT WAMI Medical Education #953

Page 1 of 1
Revised Date:

FY 98



ALASKA STATE LEGISLATURE

PLEASE ENTER INTO THE RECORD MY TESTIMONY TO THE House Hogg
COMMITTEE NAME

COMMITTEE ON HB 193 DATED 3/27/97
BILL SUBJECT

As a lifetime resident of Alaska, I cheer the committee's efforts to benefit the ~~then~~ residents of the state both by providing a shot at medical education for qualified students and providing highly qualified doctors to the population. The proposed changes to the WAMI program (requiring recipients to practice in the state or repay funds provided for them) are both fair and reasonable, increasing the program's value to state residents in general while maintaining opportunities for excellent Alaskan students in particular.

HB 193 would make a difference for a whole generation of Alaskan physicians.

SIGNED [Signature] (Helam K. Helms)
TESTIFIER

REPRESENTING (OPTIONAL)
3030 Davis Rd. HC-62 Fairbanks, 459-7491
ADDRESS/PHONE NUMBER



UNIVERSITY OF ALASKA FAIRBANKS

Associated Students University of Alaska Fairbanks
Fairbanks, Alaska 99775-0220 • (907) 474-7255

Dear Representative Bunde,

As a pre-medical student studying at the University of Alaska Fairbanks, I am writing to express my support for your WAMI reform bill.

I think your proposition is an excellent way to maximize the state's benefit from the WAMI program, by ensuring that every student who participates in the program gives something back to Alaska, either by practicing medicine in the state, or by repaying at least a portion of the state's investment in their education.

I also feel that this bill will benefit the students who attend Alaskan universities and plan to stay in Alaska. The purpose of the WAMI program is to provide an opportunity for students who live in states without medical schools to attend medical school without paying non-resident tuition. The spirit of the program is not honored when 80% of the students who participate finish medical school, then become residents of other states. Those students who wish to leave Alaska after medical school don't really need the WAMI program, since they could easily leave Alaska to establish residency in another state before attending medical school.

With your proposed reforms, fewer students who plan to leave Alaska would apply, so those students who benefit most from the program, and who return the greatest benefit to the state by returning after medical school, would not have to compete for a place in the program against students who plan to leave Alaska anyway.

Finally, as the Vice-President of the student body here at UAF, I am aware of the difficult financial situation the state is in. Alaska is still a wealthy state, but, as our revenues decline, our spending must also decline. I am very appreciative that the legislature recognizes the value of the WAMI program, and that you seek to maximize the program's returns, rather than eliminating it.

Thank you for your support of the University.

Sincerely,


Jean J. Richardson

SUPPORT

Tuesday, March 18, 1997

To: Rep. Con Bunde
Alaska State Legislature
Juneau, Alaska

From: Adam K. Holmes
University of Alaska, Fairbanks
Fairbanks, AK

For over twenty years the Washington, Montana, Idaho and Alaska medical school program has provided tremendous opportunities for Alaska residents to pursue their dreams of becoming physicians. This program has already benefited the residents of Alaska greatly, and the proposed changes to it (stipulating 5 years of medical practice in the state or partial repayment of the cost of the student's medical education) would only increase its benefit. These changes are both reasonable and fair, with both the students and the state receiving a good return on their investment.

Please vote to retain the WAMI program in some form. It would make a world of difference for a whole generation of aspiring Alaskan doctors.

Sincerely,

Adam Holmes

March 16, 1997

Dear Representative Bunde,

I am writing to show support for, and raise some concerns about, the proposed changes to the WAMI program you have set out in your bill. In general, I believe these changes will be a positive thing for the State of Alaska as a whole and the students involved in the program. I think that it is only fair that if a student receives the benefits of the WAMI program, the funding for which comes from the State, he or she should be obligated to give something back, whether it is in the form of service or repayment.

As a future medical student who has applied to medical school through WAMI, I realize the importance of keeping such a program in place. Admission to medical schools throughout the nation is becoming increasingly competitive, a fact which is doubly true for Alaskan residents. A recent letter I received from the George Washington School of Medicine in Washington D.C. stated that the school had received 10,096 applicants for only 113 positions, some of which were earmarked for residents of the D.C. area. The vast majority of medical schools in this country, both public and private, show a preference for in-state students. Though most hold a few slots open for students from out of state, competition for these positions is fierce, with hundreds of students competing for the same spot. For students from Alaska, who do not have the benefit of an in-state medical school, this makes the process of gaining admission even more difficult. The WAMI program attempts to address this problem by allowing Alaskan students who want a medical education to be given special consideration for admission, giving us a much higher chance at getting into medical school than we would receive by competing for the few out-of-state spots available at other schools. For this reason, it is important to maintain this program.

Though I, and many other pre-med. students would find it preferable to retain the WAMI program in its current form, the condition of the State budget demands that compromises be made by all. I realize that the WAMI budget represents a large sum of money to spend on relatively few students and that the State of Alaska deserves some sort of guarantee that its citizens will somehow benefit from this expenditure. The compromise being proposed

would certainly help to give this guarantee. I believe that it is only fair that if the State of Alaska, and thus the citizens of Alaska, are spending money on my medical education that I should be obligated to serve them in some way. Though I know that I want to return to Alaska after completing my education, some students taking advantage of the program may not. By requiring students to either spend five years practicing medicine in Alaska or pay back part of the State's investment, students will be obligated to give something back to the communities that helped to finance their education. In fact, this requirement will not only help the state, it will also help pre-medical students such as myself. Imposing such restrictions on the WAMI program might help to weed out aspiring medical students who have no intention of returning to Alaska who take advantage of the excellent deal WAMI provides. These students would then seek positions elsewhere, rather than facing repayment. This would make the odds of gaining admission better for those of us who are committed to this state and its people.

Though overall I am pleased with this compromise on the WAMI program, I have several concerns. First, I am somewhat concerned about the timing of payback. The first year after a new doctor finishes his or her residency is often a difficult one. The pressures of beginning to pay back medical school loans which, even with this program, can add up to over \$100,000; finding a job; and getting established in a new community can be rather taxing. Much of this first year is often, in fact, spent just looking for a permanent job. Though Alaska is always in need of doctors to serve in its hospitals now, there is no guarantee that a new doctor straight out of residency will be able to gain an in-state position early in his or her first year. Such a doctor might be forced to begin payback even though he or she is actively looking for a job in this state. This concern also applies to doctors who, for one reason or another, decide to seek out of state positions.

A second concern I have applies to medical students who choose a specialty which is not currently in demand in this state. If a doctor graduating with such a specialty makes a good-faith effort to get a job here within his or her field but fails due to lack of demand, I do not believe he or she should be penalized for this. It is for these reasons that I suggest that the changes in the WAMI program be worded such that there is a one year grace period after residency in which a new doctor can attempt to find a job and get established without facing repayment.

My final concern pertains to doctors who, for one reason or another, decide to practice out of state for several years, perhaps to gain valuable skills in their field which cannot be attained here, then return to serve Alaska. These doctors will, of course, be obligated to make payments to the State of Alaska for the years they spend away, but what of the time after they return? One would suppose that repayment obligations would end, but what of the money the doctors have already repaid? The same question applies to doctors who practice in this state for several years, go away for training or other opportunities, then come back. These situations might seem to be hypothetical speculations, but they are fairly common scenarios for doctors just out of residency. I believe that these issues must be addressed so that doctors who wish to serve Alaska will be able to take advantage of opportunities which arise in the early stages of their careers and still discharge their obligation to the state.

Overall, I believe the proposed changes to the WAMI program are a good move for the State of Alaska and its students. These changes ensure that Alaska will get a return on its investment in Alaskan medical students' educations while maintaining the WAMI program which so many students rely on. Though I have some concerns, I believe that they can be fairly easily addressed so that this compromise can serve all involved.

Sincerely,

A handwritten signature in black ink, appearing to read "Laura E. Burleson", with a long, sweeping horizontal line extending to the right across the page.

Laura E. Burleson
Pre-Med. Student
University of Alaska, Fairbanks