

HB

193

SFIN

FILE

SENATE FINANCE COMMITTEE REPORT

DATE: 2/24/98

REPORTED OUT OF
FURTHER: SFC 4/22/98

DATE TURNED
IN TO OFFICE: 23 April 1998

Finance Committee considered CS FOR HOUSE BILL NO. 193(FIN) am

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

and recommends:

- be replaced with 5 CS CSHB 193 (FIN)
- adopt previous _____ CS _____ (_____)
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to the _____ Committee

- Senate Bill:
 - same title
 - new title
- House Bill:
 - same title
 - technical title
 - new: SCR# _____

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	NR	DNP	AM
		<i>Bill E Hill</i>	✓		
		<i>Sean G. Stowell</i>	X		
		<i>Bill G. Adams</i>	X		
		<i>David A. Wiley</i>	X		
Co-Chair:		Co-Chair: <i>D</i>			
Co-Chair: <i>Chris May</i>		Co-Chair: <i>Peace</i>	✓		

NEW FISCAL NOTE(S):

Department	Date	Zero	Fiscal

PREVIOUS FISCAL NOTE(S):*

Department	Date	Zero	Fiscal
DOE/Student Loan	2/2/98		10.0

APPROPRIATION -- no fiscal note

*include fiscal notes accompanying Governor's bill

FISCAL NOTE

No: 2

STATE OF ALASKA
1998 LEGISLATIVE SESSION

Bill Version: CSHB 193 (FIN)

(H) Publish Date: 2/6/98

4/22/98

Revision Date (Note if correction)	Dept. Affected <u>Education</u>
Title "An Act relating to financial assistance for students attending certain graduate education programs, and providing for an effective date."	BRU <u>Alaska Commission on Postsecondary Education</u>
Sponsor <u>HHESS</u>	Component <u>Student Loan Operations</u>
Requester <u>(H) Finance</u>	Component Serial No. <u>213</u>

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
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						
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CHANGE IN REVENUES ()	0.0	0.0	0.0	*0.0	*0.0	*0.0
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipt's						
1003 GF Match						
1004 GF	10.0	5.0	5.0	5.0	5.0	5.0
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	10.0	5.0	5.0	5.0	5.0	5.0

Estimate of any current year (FY98) cost:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This legislation will convert the WWAMI Medical Education Program to a loan program. The proposed 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 received. The benefit proposed is 20% per year up to full forgiveness (5 years).

Continued

Prepared by Mike Maher, Director of Student Loan Operations
Division Student Loan Operations

Phone 465-6743

Date February 2, 1998

Approved by Executive Director:  Diane Barrans

Date: Feb 2, 1998

Agency: Alaska Commission on Postsecondary Education

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FISCAL NOTE

STATE OF ALASKA
1998 LEGISLATIVE SESSION

BILL NO. CSHB 193

ANALYSIS: *(Attach a separate page if necessary)*

The interest rate is based upon the 12th Federal Reserve District discount rate (currently 5%) plus 2%. A six-month grace period follows termination of studies, and payment does not begin as long as the borrower remains qualified for forgiveness.

Given the pass-through nature of the present WWAMI Medical Education Program, the cost and time necessary to administer the present 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.

It should be noted that a general fund appropriation of approximately the same level as requested here, will still be required for this program in future years. Because this is essentially being treated as a grant that becomes a loan if certain conditions are not satisfied, the revenue stream from loan repayment would not even begin for 4-5 years, and would be insufficient to support the program.

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SENATE FINANCE
COMMITTEE

Amendment Number: #1
Bill Number: HB 193
Sponsor: Pearce Date: 4/20/98
Logged In By: Mindy

0-I.S0395\KA.1
Ford
4/20/98

AMENDMENT

OFFERED IN THE SENATE
TO: CSHB 193(FIN) am

BY SENATOR PEARCE
*moved by Sen. Pearce
w/o objection, ADOPTED*

- 1 Page 2, lines 26 - 30:
- 2 Delete all material.
- 3 Insert "except that repayment shall be deferred for a person who (1) qualifies for
- 4 forgiveness under (b) of this section for as long as the person remains qualified for
- 5 forgiveness under (h) of this section; (2) is employed in a medical residency program for as
- 6 long as the person remains in the medical residency program; or (3) is performing a service
- 7 obligation imposed by the National Health Service Corps, Indian Health Service, or the
- 8 Uniformed Service Scholarship Program for as long as the person is performing the service.
- 9 Forgiveness under (b) of"