

HB

37

HFIN

FILE

FISCAL NOTE

STATE OF ALASKA
2001 LEGISLATIVE SESSION

Fiscal Note Number: _____
Bill Version: CSHB37(EDU)
() Publish Date: _____

Revision Date/Time (Note if correction): 2/12/2001 Dept. Affected: Education
Title: An Act relating to forgiveness of certain student BRU: Student Loan Operations
loan and providing for an effective date. Component: _____
Sponsor: Rep. Stevens
Requester: (H) HESS Component Number: 213

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous		169.9	339.9	509.8	679.8	849.7
TOTAL OPERATING	0.0	169.9	339.9	509.8	679.8	849.7

CAPITAL EXPENDITURES

CHANGE IN REVENUES ()

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Matc.						
1004 GF		169.9	339.9	509.8	679.8	849.7
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	0.0	169.9	339.9	509.8	679.8	849.7

Estimate of any current year (FY2001) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2002 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This legislation prospectively changes the terms and conditions of loans issued under the Alaska Student Loan Program to allow for forgiveness of loan principal and interest for a borrower, under certain conditions.

Alaska Student Loans are made available through the sale of bonds issued and subject to the terms of a Trust Indenture. Bond covenants would prevent use of corporation cash to fund the reimbursement proposed.

Operationally, a data management process would need to be developed and staff designated to track the employment status of borrowers remaining or returning to Alaska.

To estimate the cost of this legislation, loan originations are assumed to be \$50,000,000 each year beginning with the 2001-2002 academic year. A percentage of eligible borrowers was estimated based on the number of Alaska teachers currently in repayment of an Alaska Student Loan. In the event that increasing numbers of borrowers are motivated by this benefit to become teachers in Alaska, the associated costs would therefore increase as well.

Prepared by: Sheila King, Finance Officer Phone 465-6757
Division: Finance Date/Time 2/12/01 9:00 AM
Approved by: Diane Barrans, Executive Director Date 2/12/2001
Agency: Alaska Commission on Postsecondary Education

For distribution information, call the Governor's Legislative Office

lowanne

FISCAL NOTE

STATE OF ALASKA
2001 LEGISLATIVE SESSION

Fiscal Note Number: _____
Bill Version: CSHB37(EDU)
() Publish Date: _____

Revision Date/Time (Note if correction): 2/12/2001 Dept. Affected: Education
Title: An Act relating to forgiveness of certain student BRU: Student Loan Operations
loans; and providing for an effective date. Component: _____
Sponsor: Rep. Stevens
Requester: (H) HESS Component Number: 213

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous		169.9	339.9	509.8	679.8	849.7
TOTAL OPERATING	0.0	169.9	339.9	509.8	679.8	849.7

CAPITAL EXPENDITURES

CHANGE IN REVENUES ()

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF		169.9	339.9	509.8	679.8	849.7
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	0.0	169.9	339.9	509.8	679.8	849.7

Estimate of any current year (FY2001) cost: 0.0
Check this box (X) if funding for this bill is included in the Governor's FY 2002 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This legislation prospectively changes the terms and conditions of loans issued under the Alaska Student Loan Program to allow for forgiveness of loan principal and interest for a borrower, under certain conditions.

Alaska Student Loans are made available through the sale of bonds issued and subject to the terms of a Trust Indenture. Bond covenants would prevent use of corporation cash to fund the reimbursement proposed.

Operationally, a data management process would need to be developed and staff designated to track the employment status of borrowers remaining or returning to Alaska.

To estimate the cost of this legislation, loan originations are assumed to be \$50,000,000 each year beginning with the 2001-2002 academic year. A percentage of eligible borrowers was estimated based on the number of Alaska teachers currently in repayment of an Alaska Student Loan. In the event that increasing numbers of borrowers are motivated by this benefit to become teachers in Alaska, the associated costs would therefore increase as well.

Prepared by: Sheila King, Finance Officer Phone 465-6757
 Division: Finance Date/Time 2/12/01 9:00 AM
 Approved by: Diane Barrans, Executive Director Date 2/12/2001
 Agency: Alaska Commission on Postsecondary Education

For distribution information, call the Governor's Legislative Office

FISCAL NOTE

REPORTED OUT OF HFC _____

STATE OF ALASKA
2001 LEGISLATIVE SESSION

Fiscal Note Number: _____
Bill Version: CSHB37(EDU)
() Publish Date: _____

Revision Date/Time (Note if correction): 2/12/2001 Dept. Affected: Education
Title: An Act relating to forgiveness of certain student BRU: Student Loan Operations
loans; and providing for an effective date. Component: _____
Sponsor: Rep. Stevens
Requester: (H) HESS Component Number: 213

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous		169.9	339.9	509.8	679.8	849.7
TOTAL OPERATING	0.0	169.9	339.9	509.8	679.8	849.7

CAPITAL EXPENDITURES						
----------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()						
------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF		169.9	339.9	509.8	679.8	849.7
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	0.0	169.9	339.9	509.8	679.8	849.7

Estimate of any current year (FY2001) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2002 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This legislation prospectively changes the terms and conditions of loans issued under the Alaska Student Loan Program to allow for forgiveness of loan principal and interest for a borrower, under certain conditions.

Alaska Student Loans are made available through the sale of bonds issued and subject to the terms of a Trust Indenture. Bond covenants would prevent use of corporation cash to fund the reimbursement proposed.

Operationally, a data management process would need to be developed and staff designated to track the employment status of borrowers remaining or returning to Alaska.

To estimate the cost of this legislation, loan originations are assumed to be \$50,000,000 each year beginning with the 2001-2002 academic year. A percentage of eligible borrowers was estimated based on the number of Alaska teachers currently in repayment of an Alaska Student Loan. In the event that increasing numbers of borrowers are motivated by this benefit to become teachers in Alaska, the associated costs would therefore increase as well.

Prepared by: Sheila King, Finance Officer Phone 465-6757
Division: Finance Date/Time 2/12/01 9:00 AM
Approved by: Diane Barrans, Executive Director Date 2/12/2001
Agency: Alaska Commission on Postsecondary Education

For distribution information, call the Governor's Legislative Office

STATE OF ALASKA

ALASKA COMMISSION ON POSTSECONDARY EDUCATION

3030 VINTAGE BLVD.
JUNEAU, ALASKA 99801-7109
VOICE (800) 441-2962
In Juneau 465-2962
TDD (907) 465-3143
FAX (907) 465-5316

February 16, 2001

The Honorable Gary Stevens
Alaska House of Representatives
Alaska State Capital
Juneau, Alaska 99801-1182

SUBJECT: Proposed Modification to HB37

Dear Representative Stevens:

I am writing in response to your request for information regarding the financial impact of amending CSHB37 (EDU) to extend the proposed forgiveness benefits to borrowers graduating on or after January 1, 2000.

For purposes of estimating potential costs, I've assumed the percentage of eligible borrowers will remain consistent with the current percentage of Alaska teachers in repayment of an Alaska Student Loan. However, were the actual number to increase, the estimate would also increase.

The potential costs of applying this forgiveness to eligible borrowers who graduated on or after 1/1/00 for FY2002 through FY2007 are as follows:

FY2002	\$1.4 million
FY2003	1.6 million
FY2004	1.9 million
FY2005	2.4 million
FY2006	3.0 million
FY2007	3.0 million

As you know, Alaska Student Loan Corporation's bond covenants prevent the use of Corporation cash for funding a program of this nature. Program benefits could only be paid to qualifying borrowers to the extent that funding is appropriated.

Thank you for the opportunity to provide comment. If you have any questions, you can contact me by phone at 465-6757 or email at sheila_king@acpc.state.ak.us.

Sincerely,


Sheila King
Finance Officer

cc: Diane Barrans, Executive Director

Resolution of the
State Board of Education & Early Development
on
Teacher Loan Forgiveness

Whereas, quality teachers and administrators are a crucial component for raising student achievement; and

Whereas, Alaska is experiencing a statewide shortage of teachers and administrators; and

Whereas, teacher and administrator turnover is at best disruptive and at worst disabling to education reform, and an especially acute problem in rural Alaska; and

Whereas, the need for committed, quality teachers and administrators has never been greater; and

Whereas, the Alaska Student Loan program serves a valuable public purpose by enabling thousands of Alaska students to attend colleges and universities each year; and

Whereas, Alaska Student Loan Program terms have been higher than those available through private lenders and have only recently been reduced and remain more expensive than those offered by federal loan programs; and

Whereas, the Teacher Scholarship Loan program serves only a limited number of students each year, and those are limited to rural districts; and

Whereas, the Alaska student loan forgiveness program that ended in the 1980s enticed many educated Alaskans to return to our state where, by the time the forgiveness cycle had run its course, those young people had established homes and families; and

Whereas, Alaska Student Loans currently provide no incentive to return to the state after completing a degree; and

Whereas, Alaska benefits when Alaskans return to make their homes in our state; and

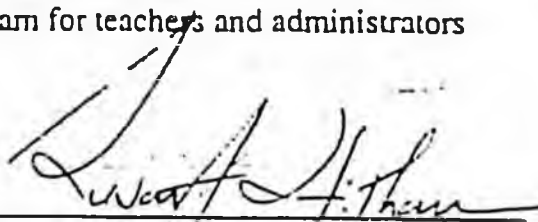
Whereas, states all across America are going to great lengths to attract and retain teachers and administrators, offering a wide variety of incentives; and

Whereas, demographic trends make it unlikely that Alaska educational institutions will, even under the best of circumstances, be able to produce more than one third of the teachers our schools need each year; and

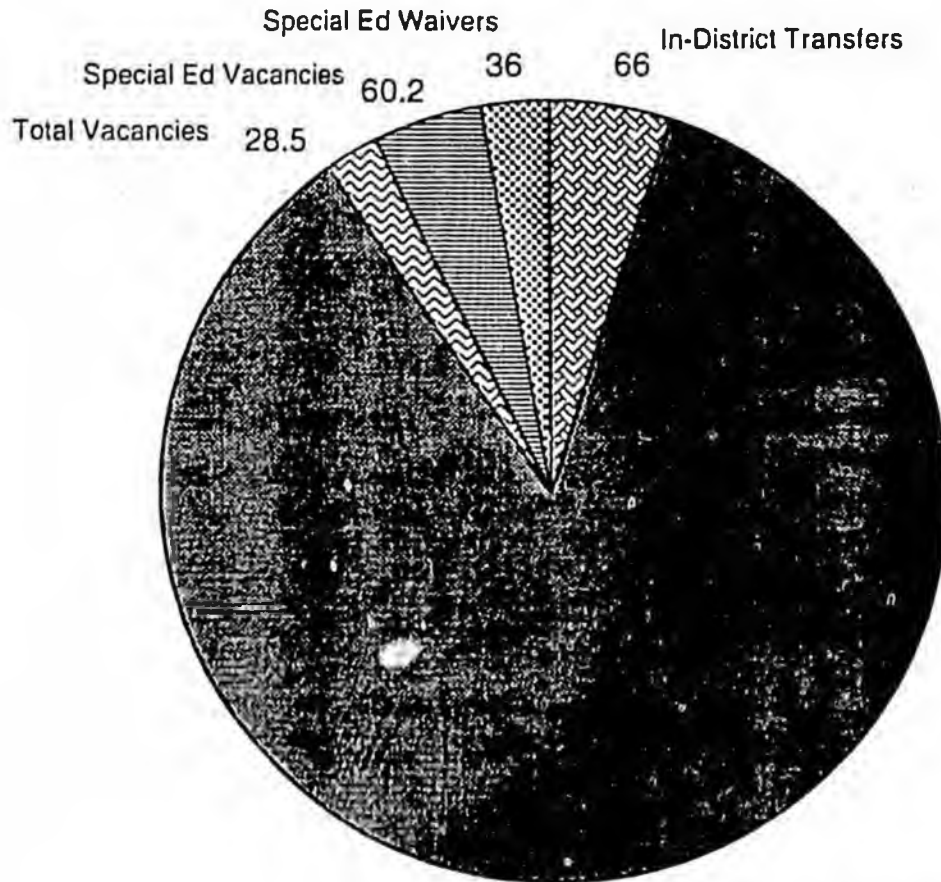
Whereas, the investment needed to fund a teacher loan forgiveness program would pay great dividends to Alaska in the form of better schools, teachers, and more capable students;

Now therefore be it resolved: The State Board of Education & Early Development calls upon the Alaska Commission on Postsecondary Education, the Governor, and the Legislature to reinstate a loan forgiveness program for teachers and administrators working under contract in Alaska schools.

Sept. 19, 2000
Date


Susan Stitham, Chair

Total Vacancies for 2000



- ▣ TOT.
- TOT.
- ▣ TOT.
- ▣ TOT.
- ▣ TOT.

1118.39 Full Time Equivalency

- ▣ TOTAL IN-DISTRICT TRANSFERS
- TOTAL FULL TIME EQUIVALENCY
- ▣ TOTAL VACANCIES 2000
- ▣ TOTAL VACANCIES-SPECIAL ED
- ▣ TOTAL WAIVERS FOR SPECIAL ED

1999 UA Placement Trends

Region	Total Vacancies	UA New		UA		Percent Placed		
		Grads Placed	Alumni Placed	UA Total Placed	Other Placed	% New UA	% UA	% Other
Interior	227	16	52	68	159	10.1%	30%	70%
Fairbanks	87	9	39	48	39	23.1%	55%	45%
Northwest	172	11	25	36	136	8.1%	21%	79%
South Central	592	92	130	222	370	24.9%	38%	63%
Anchorage	300	68	71	139	161	42.2%	46%	54%
Southeast	170	18	44	62	108	16.7%	36%	64%
Southwest	255	26	37	63	192	13.5%	25%	75%

Region	Total Vacancies	UA New Grads Placed	UA Alumni Placed	% New UA	% UA Alum	% Other
Interior	227	16	52	7%	23%	70%
Fairbanks	87	9	39	10%	45%	45%
Northwest	172	11	25	6%	15%	79%
South Central	592	92	130	16%	22%	63%
Anchorage	300	68	71	23%	24%	54%
Southeast	170	18	44	11%	26%	64%
Southwest	255	26	37	10%	15%	75%
Totals	1416	316	288	12%	20%	68%

February 20, 2001

Dear HESS Committee Members,

I am writing to urge your support of House Bill 37 and the amendment that clarifies its application to certified school librarians.

Teachers are in high demand throughout the nation and I am pleased to see the legislature addressing teacher shortage in such a positive manner - one that encourages more interest in the teaching profession and helps assure that the benefits of teacher education programs will be put to work here in Alaska. Although schools need fewer librarians than classroom teachers to complete their staffs, the shortage of school librarians is perhaps even more pronounced

than for teachers in general. Each year more Alaska school districts, unable to recruit certified school librarians, are forced to fill these critical positions with untrained, classified staff. In an age where "information is power", school librarians who are true information specialists, are too few to fill the number of advertised vacancies.

Today's school librarian is a certified elementary or secondary teacher with an added endorsement of approximately 30 additional credits in the field of school librarianship. Each day, school librarians instruct students, and often their teachers, on use of reference materials and information technologies. They also teach a process for learning that can be used in every area of study to ensure success in locating, understanding, evaluating and applying the new information they encounter.

Please support House Bill 37, but please include wording that clarifies that certified school librarians will receive the same loan forgiveness as their fellow teachers.

Thanks so much for your support of this important bill to help ensuring a quality educational program in Alaska's schools.

Sincerely,

Lois A. Petersen

Subject: Loan rebates for School Librarians

Date: 20 Feb 2001 10:57:33 MST

From: brita rice <britarice@usa.net>

To: Randy_Lorenz@legis.state.ak.us

Hi Randy,

I certainly support including school librarians in the teacher loan rebate program. Most school districts in Alaska won't hire a certificated school librarian unless they carry a type A teacher's certificate as well as the specialized certificate for school librarians only. The reason, of course, is that districts need to have the flexibility to place their certificated staff in classrooms when the need arises.

Therefore, beginning school librarians usually need more education than regular classroom teachers.

Please include school librarians in HB 37.

Thanks,
Brita Rice, Librarian
Alyeska Central School

Get free email and a permanent address at <http://www.netaddress.com/?N=1>

Subject: HB 37

Date: Fri, 23 Feb 2001 07:20:51 -0900

From: Robin Turk <rturk@fle.mat-su.k12.ak.us>

To: <Randy_Lorenz@legis.state.ak.us>

Dear Mr. Lorenz,

It has recently come to my attention that the Legislature is reviewing HB 37 language to include school librarians. YES! I have wanted to get my Masters in Library Science, but the expense is overwhelming. It does require leaving Alaska to get the degree, even if you do a distance ed program they all require a yearly on-compass term.

I currently am a classroom teacher, formerly a librarian without a degree, and would love to return to continue in the field of library science.

I am also on the local public library board, and between the schools and the public libraries there is a dire lack of trained librarians in this state.

Finally, many people don't realize that librarians are high tech! A fresh influx of trained librarians would also help bring practical use of technology to the classroom and the families in Alaska.

Thanks for your efforts in this area! Please call on me for further testimony if needed.

Sincerely,
Robin Turk

Robin Turk
Finger Lake Elementary

Alaska State Legislature

SESSION ADDRESS:
Alaska State Capitol
Juneau, Alaska 99801-1182
(907) 465-4925
Fax: (907) 465-3517
Toll Free: 1-800-821-4925



INTERIM ADDRESS:
112 Mill Bay Road
Kodiak, Alaska 99615
(907) 486-4925
Fax: (907) 486-5264

Representative Gary Stevens

SPONSOR STATEMENT - HB 37

HB 37, "An Act Relating to reimbursement of certain student loans; and providing for an effect date," allows the state reimburse a borrower who has received an undergraduate degree from a college or university, is employed at a public elementary or secondary school within the state as a teacher, and has complied with AS 14.43.120. The amount to be reimbursed under this section is the portion of the payments made by the borrower for a loan made under AS 14.43.110 equal to the following percentages of the total loan received plus interest, up to a total of 50 percent of the total loan plus interest:

- (1) one year employment, 10 percent;
- (2) two years employment, an additional 10 percent;
- (3) three years employment, an additional 10 percent;
- (4) four years employment, an additional 10 percent;
- (5) five years employment, an additional 10 percent.

The loan amount reimbursed to the borrower may not exceed the loan amount paid by the borrower to the state.

School Districts throughout the state, primarily rural school systems, are currently experiencing great difficulties in recruiting teachers. Currently, the Teacher Scholarship Loan program is available to rural Alaska high school graduates who declare an interest in teaching in rural Alaska and are nominated by their local school districts. HB 37 would allow students of any academic discipline to receive reimbursement of their Alaska student loan upon meeting the criteria of the bill.

With the passage of this bill, students who decide to pursue a teaching career after enrolling in college will benefit from reducing their student loan burden. HB 37 will also give school districts an added resource in attracting new teachers.