

HB

43

FISCAL NOTE

STATE OF ALASKA
2001 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: CSHB 43(EDU)
(H) Publish Date: 2/16/01

Revision Date/Time (Note if correction): 2/14/01/4:20 PM Dept. Affected: Education
Title: An Act relating to forgiveness of certain loans; and providing for an effective date. BRU: ACPE
Sponsor: Rep. Green Component: Student Loan Operations
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		85.0	170.0	254.9	339.9	424.9
TOTAL OPERATING	0.0	85.0	170.0	254.9	339.9	424.9

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		85.0	170.0	254.9	339.9	424.9
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	0 0	85.0	170.0	254.9	339.9	424.9

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 a reimbursement 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. The costs shown assume 50% of eligible borrowers would teach in qualifying positions. Because this legislation, as amended, focuses the benefits of the forgiveness program on individuals who teach in designated shortage areas (either geographically or educational specialization), cost estimates must be considered very speculative.

Prepared by: Sheila Kinc, Finance Officer Phone 465-6757
Division: Finance Date/Time 2/14/01 4:20 PM
Approved by: Diane Barrans, Executive Officer Date 2/14/2001
Agency: Alaska Commission on Postsecondary Education

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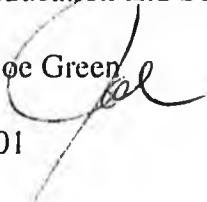
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Representative Joe Green
District 10

MEMORANDUM

To: The Honorable Fred Dyson, Chairman
House Health, Education and Social Services Committee

From: Representative Joe Green 

Date: February 19, 2001

Subject: CSHB 43 (EDU)
Forgiveness of Student Loans

I request that you schedule CSHB 43 (EDU) for a hearing before the House Health Education and Social Services Committee, as soon as possible, so that it can catch up to HB 37 on the same subject and provide maximum efficiency for members of your committee.

Attached are:

1. Committee Substitute for House Bill 43 (EDU)
2. House Bill 43
3. Sponsor Statement
4. Fiscal Note

Thank you for your consideration of this request.

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SPONSOR STATEMENT - CSHB 43 (EDU)

"An Act relating to forgiveness of certain student loans"

Alaska is facing a serious shortage of qualified teachers in both rural and urban areas. This shortage affects the quality of education for our young people, and in turn, jeopardizes their ability to meet the challenges that lay ahead of them.

CSHB 43 is being introduced as a method to attract and retain education professionals. In addition to attracting qualified teachers, it provides an incentive for individuals to attend a college or university located within the state of Alaska.

To be eligible for the forgiveness program an individual must:

1. Have completed 60 credit hours.
2. Obtain a degree or take coursework towards a teaching certificate or endorsement from an in-state college or university.
3. Be employed in the teaching profession at a public elementary or secondary school.
4. Teach in a geographical area where there is a shortage or in a subject matter that is underserved.

The amount forgiven would be up to 100% on any loan taken after the individual had accumulated 60 credit hours.

Passage of this bill should ease the financial burden of post-secondary education, aide the recruitment efforts for teachers by making Alaska a more desirable place for teachers to stay and earn a living, and it should make significant strides in relieving the current teacher shortage in Alaska.

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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 a reimbursement 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. The costs shown assume 50% of eligible borrowers would teach in qualifying positions. Because this legislation, as amended, focuses the benefits of the forgiveness program on individuals who teach in designated shortage areas (either geographically or educational specialization), cost estimates must be considered very speculative.

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 Division: Finance Date/Time 2/14/01 4:20 PM
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AMENDMENT

OFFERED IN THE HOUSE
TO: CSHB 43(EDU)

BY REPRESENTATIVE DYSON

1 Page 2, following line 25:

2 Insert a new subsection to read:

3 "(f) In this section, "teacher" includes a librarian, counselor, or other person
4 who possesses a valid teacher certificate issued under AS 14.20.020."

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