

**SB**

**174**

<target><bill>SB 174</bill><subject>SB  
174</subject><comm>SFIN26</comm></target>

# SENATE FINANCE COMMITTEE REPORT

DATE: 4/8/09

FURTHER:

DATE TURNED  
IN TO OFFICE: \_\_\_\_\_

Finance Committee considered SENATE BILL NO. 174

## SB 174 PROF STUDENT EXCHANGE LOAN FORGIVENESS

"An Act relating to professional student exchange program availability and conditions for loan forgiveness."

and recommends:

- be replaced with  SCS or  CS SB 174 (FIN)
- adopt **previous**  SCS or  CS \_\_\_\_\_ (\_\_\_\_\_)
- attached amendment(s)
- adopt \_\_\_\_\_ Letter of Intent
- further referral to \_\_\_\_\_ Committee

<b>SENATE BILL:</b>	
<input type="checkbox"/>	Same Title
<input type="checkbox"/>	New Title
<hr/>	
<b>HOUSE BILL:</b>	
<input type="checkbox"/>	Same Title
<input type="checkbox"/>	Technical Title Change
<input type="checkbox"/>	New Title w/ SCR # _____

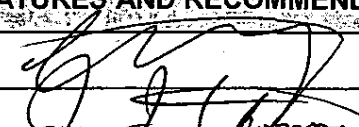
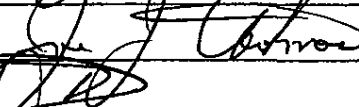

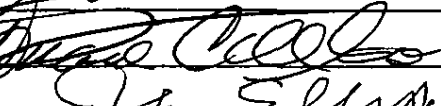
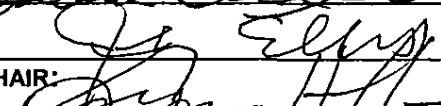

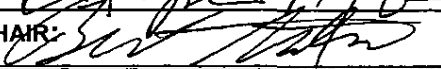
**NEW FISCAL NOTE(S):**

Department	Date	Fiscal	Indet.	Zero	FN#
EED	4/12/10	✓			
Univ	4/10/10	✓			

**PREVIOUS FISCAL NOTE(S):**

Department	Date	Fiscal	Indet.	Zero	FN#

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS	PRINTED LAST NAME	DO PASS	DO NOT PASS	NO REC	AMEND
	Huggins			X	
	Thomas				✓
	EGAG			✓	
	OLSOW			X	
	ELVIS	✓			
CO-CHAIR: 	Hoffman	✓			
CO-CHAIR: 	Stedman				✓

# FISCAL NOTE

STATE OF ALASKA  
2010 LEGISLATIVE SESSION

Fiscal Note Number: \_\_\_\_\_  
 Bill Version:       CSSB 174 (Fin)        
 ( ) Publish Date: \_\_\_\_\_

Identifier (file name): \_\_\_\_\_ Dept. Affected:       University        
 Title       An Act relating to scholarships       RDU       Statewide Programs and Services        
 Component       Statewide Services        
 Sponsor       Senate Finance Committee        
 Requester       Senate Finance Committee       Component Number       730      

**Expenditures/Revenues** (Thousands of Dollars)

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

	Appropriation Required	Information						
		FY 2011	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
<b>OPERATING EXPENDITURES</b>								
Personal Services								
Travel								
Contractual								
Supplies								
Equipment								
Land & Structures								
Grants & Claims		7,732.2	7,732.2	5,537.8	6,468.8	7,369.6	8,202.4	9,256.7
Miscellaneous								
<b>TOTAL OPERATING</b>		<b>7,732.2</b>	<b>7,732.2</b>	<b>5,537.8</b>	<b>6,468.8</b>	<b>7,369.6</b>	<b>8,202.4</b>	<b>9,256.7</b>

<b>CAPITAL EXPENDITURES</b>								
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<b>CHANGE IN REVENUES ( )</b>								
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**FUND SOURCE** (Thousands of Dollars)

	FY 2011	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
1002 Federal Receipts							
1003 GF Match							
1004 GF	7,732.2	7,732.2	5,537.8	6,468.8	7,369.6	8,202.4	9,256.7
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
<b>TOTAL</b>	<b>7,732.2</b>	<b>7,732.2</b>	<b>5,537.8</b>	<b>6,468.8</b>	<b>7,369.6</b>	<b>8,202.4</b>	<b>9,256.7</b>

Estimate of any current year (FY2010) cost: \_\_\_\_\_

**POSITIONS**

	FY 2011	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Full-time	0.0	0.00	0	0	0	0	0
Part-time	0.0	0	0	0	0	0	0
Temporary	0.0	0	0	0	0	0	0

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

This bill creates Alaska scholars program based on the existing University of Alaska scholars program, increases the annual awards to students, and increases the number of students eligible for the program. The appropriations listed would be in addition to the existing \$3,800.0 funded by the University of Alaska from the Land Grant Trust Fund and currently budgeted within the university's budget. Key assumptions: Tuition rates for FY11 and FY12 as approved by the Board of Regents; tuition rates for FY13-FY14 increasing by 10% each year and FY15-FY16 by 5% each year. Student numbers assume 3% annual growth in the number of students accepting the award, and that 60% of current recipients are in the top 5% of their class and 40% are in the next 5% of their class, and assume the number of new freshman in the third 5% of the class who accept the award will be half the number of the top 10%. As is the case with the current program, all four years of award are reserved in the year of award.

Prepared by: \_\_\_\_\_  
 Division \_\_\_\_\_  
 Approved by:       Wesley Redman      

Phone \_\_\_\_\_  
 Date/Time \_\_\_\_\_  
 Date       4/10/10

# FISCAL NOTE

STATE OF ALASKA  
2010 LEGISLATIVE SESSION

Fiscal Note Number: \_\_\_\_\_  
Bill Version: CSSB174(FIN)  
( ) Publish Date: \_\_\_\_\_

Identifier (file name): SB174CS-EED-ACPE-04-12-10 Dept. Affected: Education  
Title An Act relating to the Alaska scholars program administered by the Board of Regents of the University of Alaska... RDU ACPE  
Sponsor Senator Menard Component Program Administration and Operations  
Requester \_\_\_\_\_ (S)FIN Component Number \_\_\_\_\_

**Expenditures/Revenues** (Thousands of Dollars)

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

	Appropriation Required	Information						
		FY2011	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
<b>OPERATING EXPENDITURES</b>								
Personal Services								
Travel								
Contractual								
Supplies								
Equipment								
Land & Structures								
Grants & Claims		11,700.1	11,700.1	13,100.0	14,024.0	15,001.0	16,050.0	17,223.0
Miscellaneous		0.0		0.0	0.0	0.0	0.0	0.0
<b>TOTAL OPERATING</b>		<b>11,700.1</b>	<b>11,700.1</b>	<b>13,100.0</b>	<b>14,024.0</b>	<b>15,001.0</b>	<b>16,050.0</b>	<b>17,223.0</b>

<b>CAPITAL EXPENDITURES</b>								
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<b>CHANGE IN REVENUES ( )</b>								
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts								
1003 GF Match								
1004 GF		11,700.1	11,700.1	13,100.0	14,024.0	15,001.0	16,050.0	17,223.0
1005 GF/Program Receipts								
1037 GF/Mental Health								
Other Interagency Receipts								
<b>TOTAL</b>		<b>11,700.1</b>	<b>11,700.1</b>	<b>13,100.0</b>	<b>14,024.0</b>	<b>15,001.0</b>	<b>16,050.0</b>	<b>17,223.0</b>

Estimate of any current year (FY2010) cost: 0.0

**POSITIONS**

Full-time								
Part-time								
Temporary								

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

This bill amends the existing AlaskAdvantage Education Grant program by 1) proposing a minimum of \$10 million in grants be distributed annually, 2) providing that the grants may be used at career and technical school programs approved and published by the Department of Labor and Workforce development, and 3) increasing the monetary range of annual grant awards to between \$1,000 and \$5,000 per recipient. The bill also modifies Alaska's participation in the Western Interstate Commission on Higher Education's (WICHE) Professional Student Exchange Program (PSEP) by setting an annual minimum number of supported Alaska participants in the pharmacy, dentistry, and optometry fields of study.

Prepared by: Diane Barrans, Executive Director Phone 465-6740  
Division: Alaska Commission on Postsecondary Education Date/Time 4/12/10 8:30 AM  
Approved by: Diane Barrans, Executive Director Date 4/12/2010  
Alaska Commission on Postsecondary Education

**FISCAL NOTE**

**STATE OF ALASKA  
2010 LEGISLATIVE SESSION**

**BILL NO. CSSB174(FIN)**

**ANALYSIS CONTINUATION**

Notwithstanding the proposed funding level contained in the bill, this fiscal note was prepared based on the historical pool of eligible AlaskAdvantage Education Grant applicants and using the last four-year average in the growth in that pool (7%) as a growth factor. Over the past four years there has been an average of 4,934 grant-eligible applicants. Using an average grant amount of \$2,500, the costs in year one is estimated to be \$12.3 million. ACPE has \$620,000 remaining in GF appropriated in the FY09 capital budget for funding grants in FY11

There are no costs anticipated relative to the changes to the PSEP.

# FISCAL NOTE

*replaced*

STATE OF ALASKA  
2010 LEGISLATIVE SESSION

Fiscal Note Number: \_\_\_\_\_  
 Bill Version: CSSB174  
 () Publish Date: \_\_\_\_\_

Identifier (file name): SB174CS(EDC)-EED-ACPE-02-03-10 Dept. Affected: Education  
 Title An Act relating to professional student exchange program RDU ACPE  
availability and conditions for loan forgiveness Component Program Administration and  
 Sponsor Senator Menard Operations  
 Requester (S) FIN Component Number 2738

**Expenditures/Revenues** (Thousands of Dollars)

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

	Appropriation Required	Information						
		FY 2011	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
<b>OPERATING EXPENDITURES</b>								
Personal Services								
Travel								
Contractual								
Supplies								
Equipment								
Land & Structures								
Grants & Claims								
Miscellaneous		230.5		466.0	721.5	944.0	1,028.0	1,063.0
<b>TOTAL OPERATING</b>		<b>230.5</b>	<b>0.0</b>	<b>466.0</b>	<b>721.5</b>	<b>944.0</b>	<b>1,028.0</b>	<b>1,063.0</b>

<b>CAPITAL EXPENDITURES</b>								
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<b>CHANGE IN REVENUES ( )</b>								
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**FUND SOURCE** (Thousands of Dollars)

	FY 2011	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
1002 Federal Receipts							
1003 GF Match							
1004 GF	230.5		466.0	721.5	944.0	1,028.0	1,063.0
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
<b>TOTAL</b>	<b>230.5</b>	<b>0.0</b>	<b>466.0</b>	<b>721.5</b>	<b>944.0</b>	<b>1,028.0</b>	<b>1,063.0</b>

Estimate of any current year (FY2010) cost: 0.0

**POSITIONS**

Full-time							
Part-time							
Temporary							

**ANALYSIS:** (Attach a separate page if necessary)  
 This legislation establishes an education loan for Alaska residents participating in certain professional programs of study in the Western Interstate Commission on Higher Education's (WICHE) Professional Student Exchange Program (PSEP). The loan terms include periods of interest-free borrowing, fixes the interest rate at 5% during the repayment period, and entitles the borrower to forgiveness benefits under certain conditions. The bill sets a minimum number of students to be funded on an annual basis. The PSEP operates as a multi-state student exchange program by which compact member states that have institutions that offer certain professional programs of study agree to provide preferential consideration for admission to residents of member states without those programs. WICHE facilitates the collection of a per resident fee for each person accepted into a participating institution. The amount of the Support Fee varies by professional field of study and is arrived at through a negotiated

Prepared by: Diane Barrans, Executive Director  
 Division: Alaska Commission on Postsecondary Education  
 Approved by: Diane Barrans, Executive Director  
Alaska Commission on Postsecondary Education

Phone 907-465-6740  
 Date/Time 1/25/10 9:00 AM  
 Date 1/25/2010

FISCAL NOTE

STATE OF ALASKA  
2010 LEGISLATIVE SESSION

BILL NO. CSSB174

**ANALYSIS CONTINUATION**

process facilitated by WICHE staff and all receiving institutions.

The terms by which the Support Fee is provided as a loan to each Alaska participant are such that state general funds would need to be appropriated to fund the loans. The Alaska Student Loan Corporation would not be able to finance the proposed loans in the capital markets through the issuance of bonds.

Although there is no effective date included in the bill, the fiscal impact is shown as beginning with the first cohort of five students per specified field enrolling in Fall 2011. The cost steps up over a four-year timeframe as five additional students are enrolled in the successive years, from 15 students in year one to a total of 60 students in year four. Costs thereafter are projected to increase by 3.4% per year which has been the historical average annual increase in Support Fees.

Within five years of program implementation, there would be an income stream back to the general fund as program participants complete their program and enter repayment. The standard repayment is a fifteen-year term.

# Senator Linda Menard

**Session**  
State Capitol, Room 9  
Juneau, Alaska 99801  
Phone: (907) 465-6600  
Fax: (907) 465-3805



**Interim**  
600 E. Railroad Ave.  
Wasilla, Alaska 99654  
Phone: (907) 376-3370  
Fax: (907) 376-3157

## Alaska State Legislature

Senate Bill 174 will boost the number of Alaska's health care providers by making it more financially feasible and attractive for a recent graduate to come back to the state.

We now have the WAMI program, which provides educational opportunities for medical students. But for dentists, there is a massive gap in educational opportunities.

This is where Senate Bill 174 comes in.

There's no doubt about Alaska's shortage of dentists. This has been a long-time problem in rural Alaska. In other areas of the state there are an extremely small percentage of providers taking Medicaid. As the exodus of retiring dentists continues, and recent graduates are wooed by Lower 48 medical clinics, the problem worsens and Alaska loses.

A well crafted loan forgiveness program will entice Alaskans graduating in dentistry, pharmacy and optometry to come home for their careers.

Senate Bill 174 accomplishes this by setting requirements for loan forgiveness.

Working with the Western Interstate Commissions for Higher Education, also known as WICHE, Alaska residents will be able to attend professional health care programs not offered in the Alaska university system. WICHE is a regional organization adopted in the 1950s. Its purpose is to create resource sharing among higher education systems in the American west.

This bill establishes a minimum number of supported Alaska participants in dentistry, pharmacy and optometry. The bill also sets the loan interest rate for the PSE loan in statute at 5 percent and provides zero percent interest during the participants' in school period.

Senate Bill 174 will establish a forgiveness program entitlement of up to 25 percent loan forgiveness for the participants who meet this criteria: They must accept Medicaid for not less than 5 percent of their total average gross billings for the year.

Participants in the program could get an additional 25 percent loan forgiveness if they maintain a practice in rural areas.

Please help me support retaining new dentists and other medical professionals in Alaska, for the entire state's benefit.

\_\_\_\_\_  
Senator\_Linda\_Menard@legis.state.ak.us

# Senator Linda Menard

**Session**  
State Capitol, Room 9  
Juneau, Alaska 99801  
Phone: (907) 465-6600  
Fax: (907) 465-3805



**Interim**  
600 E. Railroad Ave.  
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## Alaska State Legislature

February 2, 2010

To: Sen. Bert Stedman

From: Sen. Linda Menard

Re: Changes to SB 174 since its introduction

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Below, please find the changes to Senate Bill 174 since its introduction:

Section One: The professions this bill addresses has been reduced. In its original format, the bill covered dentistry, occupational therapy, optometry, physician assistant, podiatry and pharmacy. The bill before the Finance Committee now covers only dentists, pharmacists and optometrists.

Section Two: the bill previously addressed the set interest rate amount to repay the loan. The language in the original bill set into statute the loan repayment interest amount of 7.5 percent. In the version before the Finance Committee, the bill no longer sets into statute the interest rate. Loan repayment now is governed by AS 14.43.510:

AS 14.43.510 reads: Except as provided under (b) and (c) of this section, as a condition of participating in a medical education program under AS ~~14.42.030~~(d), a program participant shall agree to either return to the state and actively engage in professional medical practice or repay financial support provided by the state on behalf of the program participant. The financial support to be repaid is equal 50 percent of the amount paid for each program participant by the state to the contracting postsecondary institution, plus interest. The rate of interest is equal to the 12th Federal Reserve District discount rate in effect on March 1 of the year in which the financial support is provided plus two percentage points. Interest imposed under this subsection begins to accrue when the person terminates studies under the medical education program. Accrued interest shall be added to the principal balance of the repayment obligation at the time the borrower is obligated to commence repayment and at the end of a deferment period.

Those are the only changes to take place.

\_\_\_\_\_  
Senator\_Linda\_Menard@legis.state.ak.us

~~Adopted~~ 4/11/10

26-LS0764\U  
Mischel  
4/10/10

**CS FOR SENATE BILL NO. 174(FIN)**

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SIXTH LEGISLATURE - SECOND SESSION

BY THE SENATE FINANCE COMMITTEE

Offered:

Referred:

Sponsor(s): SENATOR MENARD

*Replaced*

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act relating to the Alaska scholars program administered by the Board of Regents  
2 of the University of Alaska and to scholarship information; repealing provisions related  
3 to University of Alaska scholarships; relating to the AlaskAdvantage Education Grant  
4 Program; and relating to professional student exchange program availability and  
5 conditions for loan repayment under that program and the medical education  
6 program."

7 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

8 \* Section 1. AS 14.43 is amended by adding new sections to read:

9 **Sec. 14.43.011. Creation of the Alaska scholars program.** The Alaska  
10 scholars program is created as a scholarship program to be administered by the Board  
11 of Regents of the University of Alaska.

12 **Sec. 14.43.021. Scholarship eligibility.** (a) To be eligible for a scholarship  
13 from the Alaska scholars program, a student shall

1 (1) be a United States citizen or an alien lawfully admitted for  
2 permanent residence in the United States; and

3 (2) be academically ranked in the top 15 percent of the student's  
4 secondary class at the end of the student's junior year as determined by each qualified  
5 high school in the state.

6 (b) To receive a scholarship disbursement from the Alaska scholars program,  
7 the student shall

8 (1) have a high school diploma from a qualified high school in the  
9 state;

10 (2) by the fall semester that begins within 16 months following the  
11 student's high school graduation, be accepted to a certificate or degree program of the  
12 University of Alaska; and

13 (3) be enrolled as a full-time student at the University of Alaska.

14 (c) To maintain eligibility for a scholarship disbursement under AS 14.43.026,  
15 the student shall

16 (1) successfully complete at least 12 credit hours of courses of the  
17 University of Alaska each semester;

18 (2) be in good standing in accordance with University of Alaska  
19 institutional and program standards; and

20 (3) be making progress toward completion of a certificate or degree  
21 program.

22 **Sec. 14.43.026. Scholarship award.** (a) The president of the University of  
23 Alaska shall award to an eligible student under the Alaska scholars program a  
24 scholarship of

25 (1) 100 percent of the cost of 15 credit hours of regular tuition at the  
26 University of Alaska for a student who is in the top five percent of the student's  
27 secondary class;

28 (2) 75 percent of the cost of 15 credit hours of regular tuition at the  
29 University of Alaska for a student who is below the top five percent and in the top 10  
30 percent of the student's secondary class;

31 (3) 50 percent of the cost of 15 credit hours of regular tuition at the

1 University of Alaska for a student who is below the top 10 percent and in the top 15  
2 percent of the student's secondary class.

3 (b) Disbursements under this section may not be made for more than eight  
4 semesters or for enrollment commencing more than five years after initial enrollment  
5 at the University of Alaska.

6 (c) The award may be used only for tuition, fees, room, board, books,  
7 supplies, necessary transportation, and other costs incurred for attendance at the  
8 University of Alaska.

9 (d) The board of regents may adjust the amount of the scholarship award and  
10 disbursement to reflect changes in the cost of education or the amount of funding  
11 provided by the state.

12 **Sec. 14.43.031. Financing; administration.** (a) The Alaska scholars program  
13 account is established, to be administered by the board of regents. The Alaska scholars  
14 program is financed from the account. The account consists of money appropriated to  
15 the account by the legislature, which may include appropriations from the endowment  
16 trust fund established under AS 14.40.400, from income and earnings of the account,  
17 and from any other source. Appropriations to the account do not lapse.

18 (b) The board of regents shall provide not less than \$3,800,000 annually to  
19 contribute to the awards provided under AS 14.43.026(a).

20 (c) The board of regents shall make information about the scholarship  
21 program available in each school district in the state and at each campus of the  
22 University of Alaska.

23 (d) The board of regents may adopt rules, orders, and plans to implement  
24 AS 14.43.011 - 14.43.049. The rules may include provisions for discretionary  
25 eligibility consideration and leaves of absence that are consistent with the purposes of  
26 the Alaska scholars program.

27 **Sec. 14.43.049. Definitions.** In AS 14.43.011 - 14.43.049,

28 (1) "accredited" means a school that has been accredited by the  
29 Northwest Association of Accredited Schools;

30 (2) "board of regents" means the Board of Regents of the University of  
31 Alaska;

1 (3) "department" means the Department of Education and Early  
2 Development;

3 (4) "qualified high school" means a public or private secondary school  
4 located in the state that is authorized by the department to issue a diploma and that is  
5 accredited by the Northwest Association of Schools and Colleges or registered with  
6 the department;

7 (5) "scholarship program" means the Alaska scholars program.

8 \* Sec. 2. AS 14.43.410 is amended by adding a new subsection to read:

9 (c) The commission shall annually distribute not less than \$10,000,000 or, if  
10 available funding from appropriations and other sources is less than that amount, the  
11 full amount available in grant awards on behalf of eligible students under  
12 AS 14.43.415. Payments shall be made directly to the postsecondary or lending  
13 institution if feasible. If available funds are insufficient to fully fund grants to eligible  
14 students, the commission shall distribute funds to eligible applicants on a pro rata  
15 basis.

16 \* Sec. 3. AS 14.43.415(a) is amended to read:

17 (a) For an applicant to be eligible for a grant under AS 14.43.400 - 14.43.420,  
18 the applicant must be

19 (1) a resident of this state;

20 (2) enrolled or about to be enrolled

21 (A) at an institution [APPROVED TO PARTICIPATE IN  
22 FEDERAL FINANCIAL AID PROGRAMS UNDER 20 U.S.C. 1070 - 1099-  
23 2, AS AMENDED,] located in this state that

24 (i) is approved to participate in federal financial aid  
25 programs under 20 U.S.C. 1070 - 1099c-2, as amended; or

26 (ii) has been included on a list of certified career and  
27 technical school programs approved and published by the  
28 Department of Labor and Workforce Development; and

29 (B) on at least a half-time basis; and

30 (3) able to demonstrate financial need in accordance with standards for  
31 determining financial need established by the commission under 20 U.S.C. 1070c-2, as

1 amended.

2 \* **Sec. 4.** AS 14.43.415(b) is repealed and reenacted to read:

3 (b) The commission shall give an applicant eligible under (a) of this section  
4 priority for a grant award if that applicant is, or is about to be, enrolled in a  
5 postsecondary education program that prepares the applicant for employment in an  
6 occupation or profession for which there is a severe shortage of trained individuals in  
7 the state. In this subsection,

8 (1) "occupation or profession" means a job for which specific  
9 postsecondary certification is a prerequisite for entry-level placement;

10 (2) "severe shortage" means a current or recurring job vacancy rate of  
11 15 percent or greater, as determined by the Department of Labor and Workforce  
12 Development or by another workforce data source determined reliable by the  
13 commission.

14 \* **Sec. 5.** AS 14.43.420(a) is amended to read:

15 (a) A grant made under AS 14.43.400 - 14.43.420 may not be in an amount  
16 less than \$1,000 [\$500] nor more than \$5,000 [\$2,000] for each school year.

17 \* **Sec. 6.** AS 14.43.420(c) is amended to read:

18 (c) A student may receive not more than a total of \$20,000 [\$8,000] in grants  
19 awarded under AS 14.43.400 - 14.43.420.

20 \* **Sec. 7.** AS 14.43.510(g) is amended to read:

21 (g) This section does not apply to scholarships received by a person under  
22 AS 14.43.011 - 14.43.049 or 14.43.050 - 14.43.075, to free tuition and fees at a  
23 state-supported educational institution authorized by AS 14.43.085, or to loans  
24 received by a person under AS 14.43.091 - 14.43.160 [AS 14.43.010 - 14.43.160] or  
25 14.43.710 - 14.43.750.

26 \* **Sec. 8.** AS 14.43.930(b) is amended to read:

27 (b) By October 1 [SEPTEMBER 15] before each annual graduation, a  
28 qualified high school in the state with a high school graduating class shall provide

29 (1) to the board a list of the names, dates of birth, telephone  
30 numbers, and addresses of students in the graduating class who meet scholarship  
31 eligibility requirements for each scholarship program; and

1 (2) a notice of eligibility for the scholarship program to those students  
2 on the list prepared under (1) of this subsection.

3 \* **Sec. 9.** AS 14.43.930(e) is amended to read:

4 (e) In this section,

5 (1) "board" means the Board of Regents of the University of Alaska;

6 (2) "qualified high school" **has the meaning given in AS 14.43.049**

7 [MEANS A PUBLIC HIGH SCHOOL, A HIGH SCHOOL ACCREDITED BY THE  
8 NORTHWEST ASSOCIATION OF SCHOOLS AND COLLEGES, OR A HIGH  
9 SCHOOL REGISTERED WITH THE DEPARTMENT].

10 \* **Sec. 10.** AS 14.44.025 is amended by adding a new subsection to read:

11 (b) Notwithstanding the funding priorities established under (a) of this section,  
12 the Alaska Commission on Postsecondary Education shall provide adequate funding  
13 for not fewer than five students to attend four-year programs in each of the following  
14 fields:

15 (1) dentistry;

16 (2) optometry; and

17 (3) pharmacy.

18 \* **Sec. 11.** AS 14.44.040(a) is amended to read:

19 (a) As a condition of eligibility for receiving financial support from the state  
20 under the Professional Student Exchange Program of the Western Interstate  
21 Commission **for** [ON] Higher Education, a program participant shall agree to repay to  
22 the state the support provided by the state on behalf of that person. **Except as**  
23 **otherwise provided in this chapter, the terms of loan repayment must be**  
24 **consistent with the terms provided under AS 14.43.510** [, PLUS INTEREST].

25 \* **Sec. 12.** AS 14.43.010, 14.43.015, 14.43.020, 14.43.025, and 14.43.030 are repealed.

26 \* **Sec. 13.** The uncodified law of the State of Alaska is amended by adding a new section to  
27 read:

28 APPLICABILITY. Section 1 of this Act applies to students who were in their senior  
29 year of high school of a public or accredited school in the state with a high school graduating  
30 class in the 2009 - 2010 or a subsequent school year.

31 \* **Sec. 14.** The uncodified law of the State of Alaska is amended by adding a new section to

1 read:

2 REVISOR'S INSTRUCTION. The revisor of statutes is instructed to change the  
3 heading of art. 1 of AS 14.43 from the "University of Alaska Scholarships for High School  
4 Graduates" to "Alaska Scholars Program."

WORK DRAFT

WORK DRAFT

WORK DRAFT

*Replaced  
Adopted  
4/1/10  
4/11/10*

26-LS0764VT  
Mischel  
2/1/10

**CS FOR SENATE BILL NO. 174( )**

**IN THE LEGISLATURE OF THE STATE OF ALASKA**

**TWENTY-SIXTH LEGISLATURE - SECOND SESSION**

**BY**

**Offered:  
Referred:**

**Sponsor(s): SENATOR MENARD**

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act relating to professional student exchange program availability and conditions**  
2 **for loan forgiveness."**

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

4 **\* Section 1.** AS 14.44.025 is amended by adding a new subsection to read:

5 (b) Notwithstanding the funding priorities established under (a) of this section,  
6 the Alaska Commission on Postsecondary Education shall provide adequate funding  
7 for not fewer than five students to attend four-year programs in each of the following  
8 fields:

- 9 (1) dentistry;
- 10 (2) optometry; and
- 11 (3) pharmacy.

12 **\* Sec. 2.** AS 14.44.035 is amended to read:

13 **Sec. 14.44.035. Administration.** The Alaska Commission on Postsecondary  
14 Education shall administer the state's participation in the Western Regional Higher

1 Education Compact. The Alaska Commission on Postsecondary Education may adopt  
2 regulations to implement AS 14.44.010 - 14.44.041 [AS 14.44.010 - 14.44.040].

3 \* Sec. 3. AS 14.44.040(a) is amended to read:

4 (a) As a condition of eligibility for receiving financial support from the state  
5 under the Professional Student Exchange Program of the Western Interstate  
6 Commission for [ON] Higher Education, a program participant shall agree to repay to  
7 the state the support provided by the state on behalf of that person. Except as  
8 otherwise provided in this chapter, the terms of loan repayment must be  
9 consistent with the terms provided under AS 14.43.510 [, PLUS INTEREST].

10 \* Sec. 4. AS 14.44 is amended by adding a new section to article 1 to read:

11 **Sec. 14.44.041. Loan forgiveness for program participants.** (a) The Alaska  
12 Commission on Postsecondary Education shall annually, for not more than five years,  
13 forgive five percent of the outstanding principal on a loan made under the Professional  
14 Student Exchange Program of the Western Interstate Commission for Higher  
15 Education if the participant

16 (1) is a resident of the state;

17 (2) practices in the state in a field of study listed in AS 14.44.025(b)  
18 for not less than 750 hours during the year; and

19 (3) maintains the participant's license in good standing in the state.

20 (b) In addition to other loan forgiveness benefits available to a participant, the  
21 Alaska Commission on Postsecondary Education shall annually, for not more than five  
22 years, forgive 10 percent of the outstanding principal on a loan made under the  
23 Professional Student Exchange Program of the Western Interstate Commission for  
24 Higher Education if the participant

25 (1) is a resident of the state;

26 (2) is in a practice that serves an underserved population

27 (A) in a geographical area the commissioner of health and  
28 social services has designated as underserved; or

29 (B) by serving patients who are covered under the medical  
30 assistance program in the state, if billings for services provided to those  
31 patients are not less than five percent of the participant's average gross billings

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for the year; and  
(3) maintains the participant's professional license in good standing in the state.

(c) A participant may receive aggregate loan forgiveness benefits in an amount that is not more than 50 percent of the original principal on a loan made under the Professional Student Exchange Program of the Western Interstate Commission for Higher Education.



## Alaska Pharmacists Association

January 11, 2010

RE: Support of SB174/HB235- Professional Student Exchange Program

Pharmacists improve patient care. Chronic diseases cost the health care system about 75 cents on every health care dollar spent. Inappropriate use of medications leads to adverse events, costing the health care system \$177 billion each year. Trained clinically, with expertise in medication use, pharmacists can and do ensure patients properly utilize their medications, improving health care outcomes, reducing overall health care costs. Every person has a right to have access to pharmacists and pharmacist provided care.

Because the health care workforce shortage in Alaska is reducing health care access for our state's residents, putting Alaskans in jeopardy, the Alaska Pharmacists Association strongly supports the concept of a state-sponsored loan repayment and incentive program to allow Alaska to compete with the lower 48 in recruitment of pharmacists from a limited and shrinking national pool.

The shortage will continue with the aging of the population and the increase in medication use needed as more state residents decide to retire in Alaska. Alaska is the only state currently without a School of Pharmacy and one of 5 states without loan repayment program. These are all factors contributing to the difficulty in recruiting and retaining pharmacists, including our own residents to relocate to Alaska.

The Alaska Pharmacists Association (AkPhA) supports SB174 and its companion HB235 that would provide funding for loan forgiveness in professional programs currently not offered at the University of Alaska. Alaska students wishing to pursue a post graduate program in dentistry, optometry and pharmacy must attend an out of state school incurring higher tuition and loan debt. SB174 would provide incentives for Alaska residents to return to Alaska upon completion of the above post graduate programs with a service commitment in the state. Alaska continues to have a cycle of a shortage of pharmacists with a 25% vacancy rate in 2007.

Amber L. Briggs, Pharm.D., President

E-mail: [akphrmcy@alaska.net](mailto:akphrmcy@alaska.net)

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**Alaska Dental Society, Inc.**

9170 Jewel Lake Road, Suite 203  
Anchorage, Alaska 99502-5390  
(907) 563-3003 • FAX: 563-3009  
akdental@alaska.net

April 6, 2009

Sen. Donald Olson  
Senate Education Committee  
State Capitol Rm. 514  
Juneau, AK 99801 + 1182

Dear Sen. Olson,

The Alaska Dental Society urges members of the Senate Education Committee to pass SB174 out of committee.

SB174 will reestablish funding and program guidelines for Alaska's participation in the Western Interstate Commission on Higher Education (WICHE) in healthcare professions for which in-state programs are not available:

- Dentistry
- Optometry
- Pharmacy; and
- Physical therapy.

SB174 will establish a low interest loan that will be partially forgiven if the graduate returns to Alaska. An additional amount can be forgiven if the graduate practices in an underserved area in Alaska or provides a percentage of care under the state's Medicaid system.

Alaska has long faced a shortage of healthcare providers in rural areas. An increasingly aging workforce combined with a lack of new providers to replace retiring practitioners is rapidly leading to a shortage in Alaska's urban areas. The cost to attend professional school has rapidly escalated in recent years resulting in heavy loan repayment burdens for graduating professionals. Forty-four states have at least one or more incentive programs to entice health professionals to establish a practice in those states – Alaska is one of 6 states without a program.

Encouraging Alaskan residents to seek careers in healthcare fields will pay several dividends. Returning Alaskan residents are more likely to remain in Alaska for their practicing careers providing a stable source of healthcare providers. In a troubled economy healthcare fields provide stable, well paying jobs and healthcare providers will employ additional people providing an economic boost for communities.

Sincerely,

Mark Prator, DDS  
President, Alaska Dental Society

April 6, 2009

Members of the Senate Education Committee:

The Alaska Dental Society urges members of the Senate Education Committee to pass SB174 out of committee.

SB174 will reestablish funding and program guidelines for the Alaska's participation in the Western Interstate Commission on Higher Education (WICHE). The WICHE program will provide a partial tuition incentive for Alaskan residents to attend health care programs not offered in Alaska: dentistry, pharmacy, optometry and physical therapy. The program would provide support in the form of a low interest loan that would be partially forgiven if the graduate returns to Alaska and an additional amount would be forgiven if the graduate practices in an underserved area or provides a percentage of care under the Medicaid system.

Alaska has long faced a shortage of health care providers in rural areas. A rapidly graying workforce and lack of providers to replace retiring practitioners is rapidly leading to a shortage in non-rural areas. The cost to attend professional school has rapidly escalated resulting in heavy loan repayment burdens for graduating professionals. 44 states have one or more incentive programs for health professionals – Alaska is one of 6 states without a program.

Encouraging Alaskan residents to seek careers in health care fields will pay several dividends. Returning Alaskan residents are more likely to remain in Alaska for their practicing careers providing a stable source of health care providers. In a troubled economy health care fields provide stable, well paying jobs and health care providers will employ additional people providing an economic boost for communities.

Sincerely,

Mark Prator, DDS  
President, Alaska Dental Society

Senator Olson:

SB174 will provide an incentive for Alaskan residents to attend dental school and return to Alaska. SB174 contains further incentives to practice in currently under served areas or provide care to Medicaid patients.

Alaska has long faced a shortage of health care providers in rural areas. The shortage is starting to affect the towns and cities in Alaska and unless rapidly addressed will limit the number of people with ready access to oral health care.

As a state we need to encourage Alaskan residents to seek a career in dentistry. Returning Alaskan residents are more likely to remain in Alaska for their practicing careers providing care for communities for 40 years. Good oral health is crucial to good overall health and unless the trend is reversed Alaska will continue to lose ground in the number of dentists providing care.

Sincerely,

Kim Hort  
3304 Pioneer Ave  
Juneau, AK 99801

Prepared by the ALASKA COMMISSION ON POSTSECONDARY EDUCATION  
SECTIONAL ANALYSIS

SB174—loan terms and forgiveness benefits for professional student exchange loans

BILL SECTION	SECTION TITLE	PAGE	LINE	PURPOSE OF SECTION	QUESTIONS/COMMENTS	EFFECTIVE DATE
1	Provisions of services	1	4-14	Adds a new subsection to establish a minimum number of supported Alaska participants in: 1) dentistry; 2) <del>optometry</del> ; 3) optometry; 4) <del>pharmacy</del> (sic); 5) <del>pharmacy</del> and 6) pharmacy	The composite changes made by this legislation substantially change the nature of the loans being financing to the extent that the Alaska Student Loan Corporation cannot finance the loans by the issuance of debt in the credit markets. In this section the Commission is required to fund a minimum number of students each year.	None specified
2	Repayment provisions for program participants	2	1-10	Sets the loan interest rate for the PSE loan in statute at 7.5% and provides of 0% interest during the participants' in school period	Postponement of interest accrual on these loans and setting a single fixed rate of interest by law, regardless of the cost of funds and administration, is another reason why these loans cannot be funded by ASLC.	Absent transition and effective date language, it is unclear whether individuals who have previously borrowed PSEP loans will be considered eligible for the forgiveness benefits.
3	Residency loan forgiveness for program participants.	2	12-20	Establishes a forgiveness entitlement of up to 25% of outstanding principal on the loan for program participants who: 1) are state residents; 2) practice in the state; and; 3) maintain their license to practice	As noted above, loans with forgiveness entitlements are not suitable for ASLC financing.	
3	Residency loan forgiveness for program participants.	2 3	21-31 1-4	Establishes a forgiveness entitlement of up to 25% of outstanding principal on the loan for program participants who: 1) are state residents; 2) practice in underserved areas as defined; and 3) maintain their license to practice	In regards to this provision, the determination of eligibility in accordance with the specified criteria is well outside the scope of ACPE's mission and internal expertise. Would require applicant's assertion of eligibility to be attested to by a reliable third-party (CPA, etc.)  With respect to eligibility for these benefits, it is unclear whether a participant can claim benefits under both provisions if, in fact, they qualify for both and giving them a total benefit of up to 50% of their outstanding loan principal.	