

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

2292

2001 SENATE EDUCATION

SB 2292

2001 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2292

Senate Education Committee

Conference Committee

Hearing Date 01-29-01

Tape Number	Side A	Side B	Meter #
1	x		49.5 - end
1		x	0 - 32.5
1 (02-05-01)	x		20.1 - 39.0
Committee Clerk Signature <i>Andrea Johnson</i>			

Minutes: VICE-CHAIRMAN FLAKOLL called the hearing on SB 2292 relating to students in veterinary medicine, optometry, and dentistry.

Testimony in support of SB 2292:

SENATOR JOEL HEITKAMP, Dist. 27, prime sponsor of the bill, stated this bill begins the debate on the process of which occupations in ND have shortages. He feels the state should maximize the investments they have in individuals in fields where there are shortages. In the past, individuals have been required to repay some of the money they have gotten from the state if they don't practice within the state. He feels the state has gotten away from collecting those dollars, which they could reinvest in others or other programs. SEN. WANZEK, O'CONNELL and KELSH discussed problems that may be encountered. The student, in trying to utilize the program, may go to work for a small wage just to practice in the state and have the debt forgiven. There also is the case of a small town dentist trying to sell his practice and not being able to find a buyer. This results in a loss of jobs to the town, the loss of a business and the

dollars attached to it, and the taxes paid by both the business and the employer and employees.

SEN. FLAKOLL asked if the intent is to have the debt paid in three years. Is this bill designed for shortages in ND or areas that are short? He further stated that this bill states that the note the student will sign with the Bank of ND is the amount that the tuition is reduced through a reciprocity agreement. This is what the student will be obligated to pay to the state. Then, for each year the student works in the state of ND, the debt shall be waived by one-third of the unpaid balance on the note and one-third of the interest on the note.

JOE CICHY, Executive Director of ND Dental Assn., stated the ND Dental Assn. is supporting a three point program in solving the problem:

1. Loan repayment program (SB 2276) (\$120 - 160 thousand is the debt of the dental student when they leave school.)
2. Shortage issue--there is a severe crisis (a survey completed in 1998 show that in 10 years 40% of the dentists would be retired)
3. There needs to be an incentive for people to come back to the state.

1. He feels the ability to contract with dental schools to provide guaranteed position after graduation would be a great idea. (this is four year down the road.)

He stated that 70% of the students in the (Western Interstate Commission on Higher Education) WICHE program return to ND. SENATOR WANZEK stated that currently the dental student is not required to sign this note and is not required to pay back any of the payments made on his behalf.

NANCY KOPP, Ex. Dir. ND Optometry Assn. and Ex. Sec. ND Veterinarians Assn., stated they support this bill because it is one means to try and solve the severe shortages in rural areas of the veterinarians and optometrists.

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Those in a neutral position on SB 2292:

KATHLEEN MANGSKAU, Oral Health Program, ND Dept. Of Health, testified neutral to this bill. The establishment of a note repayment option could provide the incentives necessary to help attract dentists to practice in ND. (see attached testimony).

Discussion followed on the shortage of dentists and the consequences of that shortage. Less than half the dentists in ND take Medicaid patients. Perhaps if we had more providers, there may not be such a long wait for Medicaid patients or others.

LARRY ISAAC, Chancellor for University Systems of ND, proposed an amendment to delete page 1, line 18, "Upon notification from the state board of higher education," and to delete page 2, line 1, "upon notification from the state board of higher education". He sees no need for two agencies to track the students. He stated there are 32 ND students enrolled in veterinary medicine through WICHE (6 in Minnesota through reciprocity where they pay the same as a resident and the state pays nothing for them), 36 ND students enrolled in a dentistry program (6 in the WICHE program) and 34 ND students in optometry (all in the WICHE program). He also provided information on colleges that participate in the WICHE program and a table listing the number of students supported by the program. (see attached).

There was no opposition to SB 2292.

The hearing was closed on SB 2292.

02-05-01, Tape 1, Side A, 20.1 -

Chancellor Isaac requested amendments for SB 2292. SENATOR COOK presented the amendments which removes the State Board of Higher Education from two lines of bill, pg. 1, line 18 and pg. 2, line 1. This eliminates the duplicating of services, two agencies tracking

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repayment of loans/waivers. Discussion on the bill. SENATOR COOK feels the area of dentistry is critical and feels this bill won't solve the problem because it does not have any language that places dental graduates in critical areas. SENATOR FREBORG stated that other people have told him there are other critical areas and they should be included also. SENATOR WANZEK feels this bill is only addressing nonresident tuition/resident tuition. This does not address the reciprocity agreements between states. This bill would require the student to sign a note for the difference in the cost of the education without the reciprocity agreement. This is why the fiscal note shows a positive, because some students will perhaps choose to leave the state after they have signed the agreement and will then have to pay back the loan. This is separate from the WICHE program.

SENATOR COOK proposed the amendment to eliminate the Board of Higher Education and put the onus on the bank to follow the loan of the student. SENATOR WANZEK seconded.

Roll Call Vote: 7 YES. 0 NO. 0 Absent. Motion Carried.

SENATOR KELSH moved a DO PASS as AMENDED. Seconded by SENATOR O'CONNELL.

Roll Call Vote: 7 YES 0 NO. 0 Absent. Motion Carried.

Carrier: SENATOR WANZEK

FISCAL NOTE
 Requested by Legislative Council
 01/23/2001

Bill/Resolution No.: SB 2292

Amendment to:

1A. State fiscal effect: *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	1999-2001 Biennium		2001-2003 Biennium		2003-2005 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues				\$22,000		\$35,000
Expenditures				\$22,000		\$35,000
Appropriations						

1B. County, city, and school district fiscal effect: *Identify the fiscal effect on the appropriate political subdivision.*

1999-2001 Biennium			2001-2003 Biennium			2003-2005 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2. Narrative: *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

The proposed payment mechanism does not fit readily within the Bank's current student loan servicing operations because: 1) many of the borrowers eligible for these payments are not currently customers of the Bank; 2) Bank systems do not currently track some of the data elements necessary to support the requirements of the proposal; and, 3) Bank systems do not provide the ability to post percentage reductions to account balances.

It appears as if the Bank's role under this program will be to service the loans. The principal and interest reductions, cash flows from the repayment of the loans, etc. impact the North Dakota University System.

Note that the requirement for reduction of the loan balances at one-third per year will not completely reduce the loan balances.

Borrower must establish eligibility annually.

What kind of notice of benefits do we need to provide to the borrower? We have assumed a simple letter.

Do we need to provide IRS 1099C reporting for cancellation of debt? We have assumed so.

3. State fiscal effect detail: *For information shown under state fiscal effect in 1A, please:*

A. Revenues: *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

We have assumed revenues from servicing of the loans would offset the costs of servicing.

B. Expenditures: *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

Expenditures for the Bank of North Dakota to implement this program in the remainder of the 1999-2001 biennium include salaries and wages for a portion of 2001 to implement the program. These expenditures have not been included in any appropriation for the Bank of North Dakota.

Expenditures for the 2001-2003 biennium include: .1 FTE Account Tech II; lease of personal computer equipment, postage, telephone, etc.

Expenditures for the 2003-2005 biennium include: .2 FTE Account Tech II's; lease of personal computer equipment, postage, telephone, etc. for a mild increase in volume from the previous biennium.

C. Appropriations: *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

None of the expenditures for the next biennium have been included in the appropriations request for the Bank of North Dakota; therefore, the funding has been requested under the other funds column. We assume that funding of the actual principal reductions as included under SB 2292 has been included in the appropriation of the North Dakota University System. We have not attempted to estimate those reductions herein.

Expenditures for the 2003-2005 biennium have been treated in the same manner.

Name:	Al Nosbusch	Agency:	Bank of North Dakota
Phone Number:	328-5742	Date Prepared:	01/26/2001

Prepared amendments to SB 2292

#.0101

Prepared for Sen. Flakoll

Page 1, line 18, remove "upon notification from the state board of higher education,"

Page 2, line 1, remove "upon notification from the state board of higher education,"

Renumber Accordingly

