

SENATE BILL 292

Introduced by Hammond, et al.

1/31	Introduced
1/31	Referred to Education & Cultural Resources
2/01	Fiscal Note Requested
2/09	Fiscal Note Received
2/10	Fiscal Note Printed
2/13	Heraing
2/16	Committee Report--Bill Not Passed
2/16	Adverse Committee Report Adopted

1 *Senate* BILL NO. *292*
 2 INTRODUCED BY *Hammond, Snyggood, Beck*
 3 *Neubauer, O'Connell, Thomas, Cady*
 4 A BILL FOR AN ACT ENTITLED: "AN ACT REQUIRING A STUDENT
 5 PARTICIPATING IN A PROGRAM OF INTERSTATE COMPACT
 6 PROFESSIONAL EDUCATION, SUCH AS THE WICHE, WAMI, OR
 7 MINNESOTA RURAL DENTISTRY PROGRAM, TO REPAY SUPPORT FEES
 8 PAID BY THE STATE ON THE STUDENT'S BEHALF; EXEMPTING
 9 STUDENTS CURRENTLY PARTICIPATING IN SUCH PROGRAMS; PROVIDING
 10 REPAYMENT METHODS; PROVIDING AN INTEREST RATE ON UNREPAID
 11 MONEY; PROVIDING ADMINISTRATION BY THE COMMISSIONER OF
 12 HIGHER EDUCATION; AND PROVIDING AN IMMEDIATE EFFECTIVE
 13 DATE."

14
 15 STATEMENT OF INTENT

16 A statement of intent is required for this bill because
 17 rulemaking authority is granted to the commissioner of
 18 higher education in [section 1]. Although the provisions of
 19 the Montana Administrative Procedure Act do not apply to the
 20 board of regents or the university system, 5-4-404 requires
 21 a statement of intent whenever a bill delegates authority.
 22 Since this bill delegates authority, a statement of intent
 23 is attached.

24 It is intended that the commissioner administer the
 25 repayment provisions to the greatest benefit to the state,

1 which includes the encouragement of professional training
 2 for its citizens as well as a partial payback of some of the
 3 state's investment. The commissioner shall explicitly define
 4 the interstate compact programs involved, with the
 5 legislature intending that WICHE, WAMI, and the Minnesota
 6 rural dentistry programs be covered. The commissioner shall
 7 have the ability to alter the rules to cover the status of
 8 the compacts. It is not intended that the commissioner pick
 9 and choose among defined programs; rather, all must be
 10 covered equally.

11 It is also intended that administrative procedures
 12 relating to payback and enforcement of payback be covered.
 13

14 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

15 NEW SECTION. Section 1. Partial repayment of state
 16 payments -- conditions -- administration. (1) A student who
 17 is supported by the state pursuant to an interstate compact
 18 for a professional education program shall repay the state
 19 for the support fees paid by the state on the student's
 20 behalf to a receiving out-of-state institution.

21 (2) Only those fees paid by the state after [the
 22 effective date of this act] are subject to the repayment
 23 provisions of this section.

24 (3) Students who are participating in an interstate
 25 compact professional education program on [the effective

1 date of this act] and who continue uninterrupted
2 participation are not required to repay as provided in
3 subsection (1). Students who enter or reenter study after
4 [the effective date of this act] shall repay in the manner
5 required by this section.

6 (4) A student may choose to repay either by the
7 practice of the financed profession in the state for a
8 period of 3 years or by repayment of 25% of the state
9 support paid on the student's behalf.

10 (5) (a) Repayment of money or practice of the
11 profession must begin within 3 years after the date on which
12 the student has:

13 (i) left the program;

14 (ii) graduated; or

15 (iii) completed the minimum professional residency
16 requirements necessary to begin professional practice that
17 are in addition to the 1-year internship required by
18 37-3-305.

19 (b) Repayment of money must be completed within 10
20 years from the date on which repayment begins pursuant to
21 subsection (5)(a). Interest is charged and computed at a
22 simple annual rate of 5% from the date on which repayment
23 begins pursuant to subsection (5)(a).

24 (6) The commissioner of higher education may implement
25 the provisions of this section through the adoption of rules

1 and policies as may be necessary for proper administration.

2 NEW SECTION. **Section 2.** Effective date. [This act] is
3 effective on passage and approval.

-End-

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for SB292, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

A bill for an act entitled: "An act requiring a student participating in a program of Interstate Compact Professional Education, such as the WICHE, WAMI, or Minnesota Rural Dentistry Program, to repay support fees paid by the state on the student's behalf; exempting students currently participating in such programs; providing repayment methods; providing an interest rate on unrepaid money; providing administration by the Commissioner of Higher Education; and providing an immediate effective date."

ASSUMPTIONS:

1. Fifty new students enter the WICHE/WAMI and related programs per year.
2. The average funding time of students in the WICHE/WAMI and related programs is three years.
3. The average residency time of students is three years.
4. Fifty percent of the students choose to repay their obligation through the service concept and 50 percent of the students choose to repay the obligations through repayment of funds. The payback period of students choosing to repay funds is ten years and the payback period of student repaying through the service concept is three years.
5. The costs of servicing the payback program are:
 - a. \$7 per account for creation of the account on the data base.
 - b. \$2.20 per month per account is the average servicing fee for students still in school or in grace.
 - c. \$2.60 per month per account is the average servicing fee for students during repayment.
6. The service payback program will reach maturity (i.e., the number of borrowers starting in the program equals the number of borrowers completing payment of their obligation) in year 16 (three years of funding + three years of residency + ten years of payback) and the number of students in the service payback program will be 625 at that time.

FISCAL IMPACT:

	<u>FY90</u>			<u>FY91</u>		
	Current	Proposed		Current	Proposed	
<u>Expenditures:</u>	<u>Law</u>	<u>Law</u>	<u>Difference</u>	<u>Law</u>	<u>Law</u>	<u>Difference</u>
Operating Expenses	\$ -0-	\$ 11,670	\$ 11,670	\$ -0-	\$ 2,990	\$ 2,990
<u>Funding:</u>						
General Fund	\$ -0-	\$ 11,670	\$ 11,670	\$ -0-	\$ 2,990	\$ 2,990

LONG-RANGE EFFECT:

Program will reach maturity in 16 years. Number of students will total 625: 75 repaying through service; 250 repaying with money; 300 in school and in grace period. Administrative costs at that time will be approximately \$18,460.

TECHNICAL NOTES:

Students would be unable to accept military scholarships under the current federal regulations.

Ray Shackleford

DATE 2/9/89

RAY SHACKLEFORD, BUDGET DIRECTOR
OFFICE OF BUDGET AND PROGRAM PLANNING

H. W. Hammond

DATE 2/4/89

H. W. HAMMOND, PRIMARY SPONSOR

Fiscal Note for SB292, as introduced

SB 292