

2013 SENATE EDUCATION

SB 2361

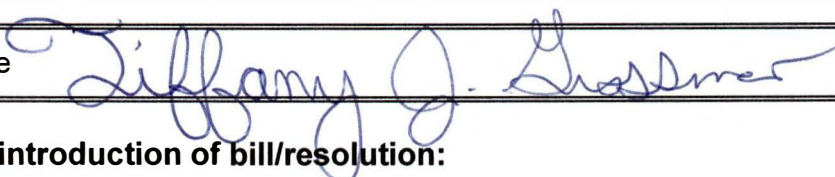
2013 SENATE STANDING COMMITTEE MINUTES

Senate Education Committee
Missouri River Room, State Capitol

SB 2361
2-6-13
18375

Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

Relating to a student loan consolidation program at the Bank of North Dakota and to provide for the Bank of North Dakota to evaluate the program

Minutes:

You may make reference to "attached testimony."

Chairman Flakoll opened the hearing on SB 2361

Senator George Sinner, District 46: I wish to testify in support SB 2361. (Written Testimony #1 attached) (4:10)

Chairman Flakoll: The bank could do this now but legislation requires it and validates it.

Senator George Sinner, District 46: Generally yes. We haven't seen this program done so this would push the Bank of North Dakota to start with it.

Senator Schneider District 42: I wish to testify in support of SB 2361. (Written Testimony #2 attached) (7:58)

Chairman Flakoll: Do you know what the debt is for physicians that come out of school UND Medical School?

Senator Schneider District 42: I can only imagine it is upwards of \$100,000.

Vice Chairman Schaible: Is this interest buy down or refinancing the debts?

Senator Schneider District 42 It is just refinancing so it won't cost the treasury a thing.

Senator Luick: Would this be available to the people that have already gone through the program or is it new loans?

Senator Schneider District 42: That is up to the Bank of North Dakota. We struggled finding a balance so the intent is to authorize this program but allow the bank to start small. It would apply to anyone with existing debt if the bank determines they are eligible.

Senator Heckaman: Do you have any idea what the capacity the bank has for this? And do we have the language that they have the rule making authority?

Senator Schneider District 42: In drafting this legislation there was a concern for this. We feel this gives the bank enough to do what they need to while still providing meaningful relief.

Senator Heckaman: Do we have the correct language to allow them to implement this?

Senator Schneider District 42: I think it is broad enough.

Chairman Flakoll: In the case where we have students who graduated from International Institutes, come into a rural area and are a resident serving that rural area with a population under 2,500 they would be eligible?

Senator Schneider District 42: Tying it to the residency requirement makes sense.

Chairman Flakoll: If they were there for two years and consolidated their debt and moved to Grand Forks or Minneapolis, it would still be on the books as is.

Senator Schneider District 42: I suppose that is a good point. I don't know how you would go about getting that back.

Jody Ferris, Legislative Lobbyist for the North Dakota Student Association: I wish to testify in support of SB 2361 (Written Testimony #3 attached)

Chairman Flakoll: Mr. Hardmeyer would you come up? If we pass this, would it compromise the very large holdings of the bank? Do you have the money to do this?

Eric Hardmeyer, BND President: We had conversations with Senator Sinner and Senator Schneider about this. We have been working on a program like this for 9 months to a year. We understand there is a desire for students to consolidate into one loan. We have been studying that and have done some of that on a consolidation program already. Our concern with the fiscal note is that this has a potential to be a very significant amount of money. Last year alone there was over \$200 million dollars of loans for North Dakota Students. There is a lot of debt out there that could be consolidated. We are comfortable looking at a pilot program where we can test the waters. Changes will be needed to our student loan system. If we do it on a limited small scale it gives us the opportunities to work out the details. We don't have any issues with physicians. We had no input on that but if that is what the sponsors want to go with, we are fine with that. It would be important to look at the total market and intend to do it in any case. We were going down this path anyway. We just want to make sure we are not overwhelmed.

Chairman Flakoll: What is your category for physicians in terms of dollars or percent?

Eric Hardmeyer, BND President: I don't think we do at this point.

Chairman Flakoll: Would it be less than 1%.

Eric Hardmeyer, BND President: If I would throw something out there, it could be 5-10 million at the high.

Chairman Flakoll: What are you total for student loan portfolio?

Eric Hardmeyer, BND President: Slightly over a billion dollars including federal legacy loans plus the DEAL loans. We needed 2012 at 1 billion 60 million.

Chairman Flakoll: What is your default rate?

Eric Hardmeyer, BND President: We continue to be amongst the lowest in the nation.

Chairman Flakoll: Would there be any prohibition from you extending loans to a person without citizenship in terms of your overall lending authority as part of the consolidation because of their international status?

Eric Hardmeyer, BND President: If they are a US Citizen.

Senator Heckaman: Why is the language specific to physicians?

Eric Hardmeyer, BND President: We weren't involved in choosing physicians.

Senator Heckaman: Other bills needed rule making authority. Do you have all of the rule making authority you need or do we need that in there?

Eric Hardmeyer, BND President: I think we have the ability and authority. There are a few issues that would provide comfort by having this passed.

Chairman Flakoll: What is the default rate?

Shirley Glass, Student Loan Manager at the Bank of North Dakota: The bank's default rate for student loans is below 3%. We are better in our default and delinquency loans as a whole.

Chairman Flakoll: What is the national default rate?

Shirley Glass, Student Loan Manager at the Bank of North Dakota: I think it was in the range of 8%.

Senator Heckaman: Do you have an idea of what your write-off as uncollectible the past year was?

Shirley Glass, Student Loan Manager at the Bank of North Dakota: It is very low. I would estimate in the last year we have written off less than a few hundred thousand dollars.

Chairman Flakoll: Is there a greater default at certain levels? Is the default different for \$20,000 compared to \$120,000?

Shirley Glass, Student Loan Manager at the Bank of North Dakota: Just talking about the delinquency rates, I compared the federal program to our state program and in our state program we are at about 5.5%. The federal program is about 8.5% so our state is much lower. I compared our regular DEAL portfolio to a consolidation portfolio. Typically loans in the consolidation portfolio have a higher balance but our consolidation is much lower. That is because students are looking for the best way to repay those.

Senator Heckaman: What does DEAL stand for?

Shirley Glass, Student Loan Manager at the Bank of North Dakota: Dakota Education Alternative Loan

Eric Hardmeyer, BND President: It is important to keep in mind we have two separate programs. We have the DEAL program and the federal program. Are you specifically talking about one or the other programs?

Senator Heckaman: I was talking about the DEAL program more so because that concerns us here when we are looking at putting more assets into that. .

Eric Hardmeyer, BND President: The DEAL loans are 100% guaranteed by the North Dakota Guarantee Agency. There are defaults and claims that go to the guarantee agency that pays the BND for losses. There is a reserve set up for that. Last year there was close to a million dollars in claims on the deal program against the guarantor. The guarantor resides within the BND. It is a separate agency and separate funding but the reserve there is all paid for by fees we collect. Today there is a 10 million dollar reserve.

Senator Heckaman: Every time you do a deal loan besides the interest rate there is a fee charged per dollar loaned or how does that work?

Eric Hardmeyer, BND President: It is a fee charged on the total loan amount but for North Dakota residents and students there is no fee.

Vice Chairman Schaible: Can you explain the difference between the federal and DEAL program?

Eric Hardmeyer, BND President: The Federal Programs we have are about 98% guaranteed by the federal government so there is some loss there. That is directly against the bank's books. The federal loans are about 6.8%. Today our DEAL loan rates are 4.37% fixed or 1.81% variable. There is a significant benefit for a student today to refinance and consolidate. You take your loans from 6.8% to 4.3%. Those rates we offer do change. If you lock it in, it is locked in for life.

Vice Chairman Schaible: Are you consolidating federal loans?

Eric Hardmeyer, BND President: There is a significant benefit to consolidate. If you lock it in, it is locked in for life. That rate will rise in years ahead. There are benefits of the federal programs that we don't have. They have income based repayment and a loan forgiveness feature. Those are federal features that are expensive and we don't have. When we council students we want them to explore the federal programs and use those to the extent that it makes sense.

Vice Chairman Schaible: What is the term of your fixed rate?

Eric Hardmeyer, BND President: Initially it is 10 years but if they consolidate it could be 15-25 years.

Chairman Flakoll: Have you had any discussions of determining the composition of student loans including what is academic and what is lifestyle related costs?

Eric Hardmeyer, BND President: The way our program works, the money goes directly to the college for tuition. Years ago there was a lot of inappropriate student loan money. Specifically we don't have the components of that.

Shirley Glass, Student Loan Manager at the Bank of North Dakota: The school certifies how much they are eligible and we make the payment directly to the school.

Chairman Flakoll: Some schools have a bison card (NDSU) that is an in-house charge. Can they frontload the money with a student loan?

Shirley Glass, Student Loan Manager at the Bank of North Dakota: Any remaining forms are given to a student.

Chairman Flakoll: You can't consolidate credit card debt even if it is for educational purposes and you present receipts right?

Shirley Glass, Student Loan Manager at the Bank of North Dakota: Correct. Only eligible student loans are for educational purposes and the student confirms that.

Chairman Flakoll Closed hearing on SB 2361

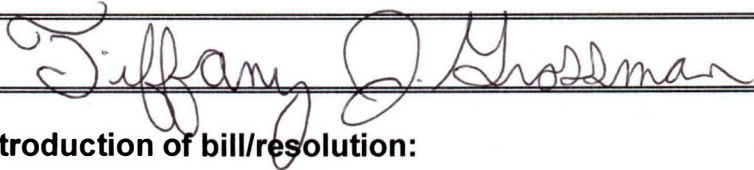
2013 SENATE STANDING COMMITTEE MINUTES

Senate Education Committee
Missouri River Room, State Capitol

SB 2361
2-6-13
18395

Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

Relating to a student loan consolidation program at the Bank of North Dakota and to provide for the Bank of North Dakota to evaluate the program

Minutes:

You may make reference to "attached testimony."

Senator Poolman: Move a Do Pass on SB 2361

Senator Luick: Second

Vice Chairman Schaible: I understand the logic but it seems to me the bank can do it is already. It sounds like they will do it without this bill. This will happen whether we do this or not. I don't think we need a law if they can do it and are going to do it. This will put some kind of restrictions on it so they have to do it.

A roll call vote was taken for a Do Pass on SB 2361: 5 yeas, 1 neas, 0 absent

Senator Marcellais: will carry

FISCAL NOTE
Requested by Legislative Council
01/29/2013

Amendment to: SB 2361

- 1 A. **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.*

	2011-2013 Biennium		2013-2015 Biennium		2015-2017 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						
Appropriations						

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

	2011-2013 Biennium	2013-2015 Biennium	2015-2017 Biennium
Counties			
Cities			
School Districts			
Townships			

- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

Proposed changes in SB 2361 will not have a fiscal impact to the State. The Bank of North Dakota could incur additional expenses during the 2013-15 biennium (not yet determinable) associated with our student loan lender system and staff costs to administer the proposed consolidation program.

- B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

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.*

- 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.*

- C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

Name: Robert A. Humann
Agency: Bank of North Dakota
Telephone: 328.5703
Date Prepared: 02/01/2013

FISCAL NOTE
Requested by Legislative Council
01/29/2013

Bill/Resolution No.: SB 2361

- 1 A. **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.*

	2011-2013 Biennium		2013-2015 Biennium		2015-2017 Biennium	
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Name: Robert A. Humann
Agency: Bank of North Dakota
Telephone: 328.5703
Date Prepared: 02/01/2013

2361

Date: 2-06-13
Roll Call Vote #: 1

2013 SENATE STANDING COMMITTEE
ROLL CALL VOTES

BILL/RESOLUTION NO.

Senate Education Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Do pass

Motion Made By Poolman Seconded By Luick

Senators	Yes	No	Senator	Yes	No
Chairman Tim Flakoll	✓		Senator Joan Heckaman	✓	
Vice Chairman Donald Schaible		✓	Senator Richard Marcellais	✓	
Senator Larry Luick	✓				
Senator Nicole Poolman	✓				

Total (Yes) 5 No 1

Absent 0

Floor Assignment Marcellais

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

SB 2361: Education Committee (Sen. Flakoll, Chairman) recommends DO PASS
(5 YEAS, 1 NAYS, 0 ABSENT AND NOT VOTING). SB 2361 was placed on the
Eleventh order on the calendar.

2013 HOUSE EDUCATION

SB 2361

2013 HOUSE STANDING COMMITTEE MINUTES

House Education Committee
Pioneer Room, State Capitol

SB 2361
03-20-13
Job # 20253

Conference Committee

Committee Clerk Signature

Jeanette Cook

Minutes:

Chairman Nathe brought the committee to order.

Senator Mac Schneider, District 42, introduced SB 2361. It establishes a student loan consolidation program at the Bank of North Dakota. Written testimony was provided. See attachment #1.

Chairman Nathe: Does this bill basically let students refinance their student loans at a lower rate?

Senator Mac Schneider: Yes, it would require the Bank of North Dakota to establish the program.

Chairman Nathe: On line 11 "licensed physician under Chapter 4317", do you know what that pertains to Senator?

Senator Mac Schneider: I think there is a definition of physician in the code.

Representative Koppelman: The first sentence creates the program. The second sentence essentially says that it must include the rural physician program. Why would that be necessary? Why does it need specific directive for rural physicians?

Senator Mac Schneider: The intent of the bill is to establish the program, but also give enough flexibility for Bank of North Dakota to do what it needs to do to manage in the best interest of the bank. Regarding the physician program, we understand that is what they are going to go forward with first. It is a small number, and it also serves a vital need in the state of North Dakota. It provided a little more specificity.

Chairman Nathe: There is no fiscal impact.

Representative Heilman: What has changed that would let us consolidate the student loans at the Bank of North Dakota? I was under the impression that could only be done federally.

Senator Mac Schneider: I have no indication from the bank that the Federal Health Care Reform Law or any other law would prevent this from happening.

Representative Rohr: Will there be fees incurred by the student to consolidate loans, and if so, how much would it be?

Senator Mac Schneider: I don't know that.

Representative Wall: I thought that the Bank of North Dakota had a vehicle to consolidate student loans now. Obviously, they do not. Is there some group that works with the Bank of North Dakota that does allow for consolidation of student loans?

Senator Mac Schneider: My understanding is someone who has loans now cannot consolidate with the Bank of North Dakota. I think the Bank would be able to answer that.

Shirley Glass, Student Loan Manager with Bank of North Dakota (neutral testimony-information only): The Bank of North Dakota does currently have a consolidation program. In the past we have only allowed the DEAL loan to be consolidated and other alternative private loans. There were no federal loans that could be consolidated into that program. We recently expanded that to allow Parent-Plus loans (a federal loan) to be included. Those loans in the past have typically been made at an interest rate of 7.9-8.5%. The reason that we elected the DEAL loans to include that is the high interest rates. The federal Parent Loan does not allow any type of loan forgiveness; there are no special repayment provisions. There is no downside to the parent taking the loan out of the federal program and consolidating it into our state loan program.

The rural physicians program gives the Bank of North Dakota the opportunity to start this program out slowly. By taking federal loans and losing the federal guarantee and making them a state loan, the borrower may be giving up some real benefits. The Stafford loans may have special repayment plans, or even forgiveness depending on the area of employment. It wouldn't be a good idea to move those loans and lose the federal guarantee. That is why we didn't open it up to all loans when we changed it in January. But, there are a lot of students that WOULD benefit. We think it is good idea to move forward in this in a slow and responsible way. We want to make sure that we can handle the volume of loans. Just by adding the PLUS loan as a loan option, we have doubled the volume of loans that we have been seeing in that portfolio in the last couple of months. If we were to open this up to all federal student loans, it could be a staggering number. Currently, we do not charge a fee for a North Dakota resident to consolidate loans. Our plan for the next year is to not charge a fee. That will be evaluated on an ongoing basis.

Chairman Nathe: Can you explain what a DEAL loan is?

Shirley Glass: DEAL, Dakota Education Alternative Loan, is a state sponsored loan program. It was developed when the funding for federal programs was no longer meeting the needs for North Dakota students.

Chairman Nathe: On line 13, it says, "...does not exceed 2,500 in a community." Why does it say that?

Senator Mac Schneider: I think that is to keep it rural. We don't want to provide a subsidy to a surgeon in Fargo who is making \$500,000 a year.

Representative Rust: What were the interest rates?

Shirley Glass: Currently the student has a choice between a fixed rate between 4.31 % or a variable rate of 1.81%, which changes quarterly with a cap of 10%, but once the student has locked in, it would be carried for the life of the loan.

Representative Rust: If this really explodes, are we looking at substantial system and staff costs in the future?

Shirley Glass: We are looking at the vendor of our loan system to do some automation. This program in the past has been a small program. Since it was started in 2009, we have only done

about \$50 million dollars in bill consolidations. We have seen it increase substantially already just from the recent changes and enhancements that we have made. Staffing might be an issue because there is a lot of back and forth counseling that needs to go on, especially when we open this up to federal loans. We want to make sure that the student isn't giving up benefits that are going to cost them down the road. The dollar amount of federal loans for North Dakota students last year was over \$200 million.

Representative Schatz: We used to have a student loan program in North Dakota, but now it is in the federal arena. Why did they do that?

Shirley Glass: It was part of the Health Care Bill. It was a cost savings on paper for the federal government and the Department of Education. We had no say in that. We do have a very busy student loan area at the Bank of North Dakota. We have an existing portfolio of over \$600 million of federal loans that we hold that we made prior to the change in 2010. We have an additional \$170 million dollars in DEAL loans. Last year we did over \$100 million in DEAL loans.

Chairman Nathe: When was that program discontinued?

Shirley Glass: That program was discontinued July 1, 2010.

Representative Rohr: I represent District 31 which is mostly rural. Although my communities are not oil producing, they are oil impacted. I am wondering how you arrived at the population figure of 2,500?

Shirley Glass: We didn't set that criteria for the population, but I think that was to get doctor's looking at smaller communities.

Representative Rohr: I think the number is too low.

Representative Rust: What is the interest rate on a CD at the Bank of North Dakota?

Stan Benson, Bank of North Dakota: The interest rate on a CD is less than 1%.

Representative Meier: What is the default rate currently on student loans?

Shirley Glass: That rate is low, when compared to the national average which is in the 9-11% area. We are down under 3%. It is the same with delinquency rates. We are way below the national average.

Representative Meier: Have the delinquent loans been climbing?

Shirley Glass: They have. We have seen our delinquency rates go up 1-2% in the last couple of years. It is representative of what is happening nation-wide.

Chairman Nathe: Can you repeat the delinquency numbers again?

Shirley Glass: Federal loans - national average was 12.31% for delinquencies of 90 days or greater.

At the Bank of North Dakota - 8.56% for federal loans. Alternative loans nation-wide - average 5.33%, and the Bank of North Dakota - average 3.64%.

Representative Mock: Do we have any loan forgiveness or incentive programs for rural physicians now?

Shirley Glass: There are definitely some in the health fields. There is a nursing provision that allows for forgiveness. There is also a public service loan forgiveness that certain physicians might possibly qualify for. In the past when we got a student loan, it was in the past scenario. This loan program is going to require us to ask if the applicant has investigated all of the avenues.

Representative Mock: Is the threshold of 2,500, as a definition of a rural community, used for any other programs or schools, for instance? I agree that the number may be a little low for some areas. I would like to see consistency in the code. If it is defined somewhere else, I would like to see it the same.

Chairman Nathe: How did you come up with the rate?

Shirley Glass: The fixed rate is based on the Federal Home Loan Bank, and the variable rate is based on a T-Bill.

Representative Heilman: Is this program only for rural physician student loans, or is it for statewide loan program? What I am hearing now is that it is just for rural physicians.

Shirley Glass: It is my understanding that the bank would immediately upon implementation need to be making these loans to the rural physicians as part of law. It is a *must*. We would continue to expand it beyond that, and this legislation allows us to do that, but it doesn't mandate that we have this in place August 1, 2013. It gives us time to build our systems and our staff to accommodate beyond the rural physicians. We have taken a step bringing in the Federal Plus Loans. It is a bit more difficult to open it completely up until we have all of the infrastructure in place.

Representative Heilman: What I am interpreting is when this becomes law; we are going to start with the rural physicians. This won't have anything to do with Joe Heilman's student loan that I have at Vermont, right away. It may if they decide to, but we have no guarantee that would happen. They will evaluate the program and see if they can expand it further before the next session. If no, we need to step in with legislation at that point.

Chairman Nathe: My interpretation is that it will include the Joe Heilmans of the world plus the physicians. Correct, Shirley?

Shirley Glass: It is that we *MUST* do it upon passage for the rural physicians. We *MAY* expand the program beyond that, but we would not be required to do so. I will, however, tell you, that it is the intent of the bank *TO* go down that path. We just want to make sure that we are not going to do a program that will get us into trouble down the road. We want to do this in a controlled way. If we introduce this program, we want to make sure that we will not be criticized later for taking and losing the federal guarantee of those loans. We want to make sure that this is a good program for the participants.

Representative Heilman: That makes sense to me. I wish it would go a little faster. You mentioned the federal loans made last year to North Dakota colleges was over \$200 million. Conceivably, you could add \$800 million if everyone wanted to consolidate with you, just in the time that you stopped consolidating federal loans.

Shirley Glass: Those numbers are directly from the Department of Education. You need to keep in mind that not everyone would do that. Our wanting to consolidate loans going forward would be limited. Our focus is for North Dakota residents. We think that this could be a good idea.

Representative Koppelman: Without this bill do you have any authority to start a program that does this today?

Shirley Glass: We believe that we do. Before we offered the Parents Plus Loans, we reached out to the Attorney General's office. We wanted to know if there was anything that would prohibit the bank from moving forward and consolidating a federal loan into our state loan program. They weren't able to find anything that would prohibit us from doing that.

Representative Koppelman: In the bill "shall" says all state, alternative education, and federal loans. I would say, strictly by the first sentence of the underscored starting on line eight, that you HAVE to create that program with this legislation. I could make an argument that that line alone suggests that you have to offer it to Joe Heilman. So, if that is the case, even if it says "shall administer..... and that it must include a rural physician student loan consolidation program." That makes it sound like it is a big umbrella that covers all of the loans listed, and that one branch must be for small town physicians. However, it does not say that the rest of it doesn't have to exist, whether it is day one or day thirty-one. I think this bill as written does more than what your interpretation is, or more than what the bill's sponsor intended.

Representative Rust: Hats off to the Bank of North Dakota for going down that road.

Johan Mahlum, lobbyist for the North Dakota Student, testified in support of SB 2361. Written testimony was provided. (33:10) See attachment #2.

There was no further support for SB 2361.

There was no opposing testimony for SB 2361.

The hearing was closed on SB 2361.

2013 HOUSE STANDING COMMITTEE MINUTES

House Education Committee
Pioneer Room, State Capitol

SB 2361
March 25, 2013
20393

Conference Committee

Committee Clerk Signature:

Minutes:

Ch. Nathe: Let's take a look at SB 2361.

Rep. Heller: I would like to amend the bill on line 13, instead of a community of 2,500, I want to strike 2,500 and insert 4,000. I move that amendment.

Rep. Rohr: Second the motion.

Rep. Mock: Are there any other definitions related to what rural in Code is. Does this conflict with other definitions in Code, or does it conflict with other loan programs offered by the Bank of ND that are intended to provide assistance to rural communities.

Rep. Wall: I remember that we grappled with that as others in the committee were here about three sessions ago, with the veterinarian program. I remember we raised the number there also because it was like 2,500 and I think we raised it to a population of 5,000.

Rep. Mock: I'll support the motion and if we find anything out, we can always change it in conference committee.

Rep. D. Johnson: I would also like to see a consistent number with other programs like this dealing with small communities.

Ch. Nathe: Rep. Heller, please try and get some additional information on this and we'll come back on this. We'll revisit the motion when we come back.

2013 HOUSE STANDING COMMITTEE MINUTES

House Education Committee
Pioneer Room, State Capitol

SB 2361
March 27, 2013
20533

Conference Committee

Committee Clerk Signature:



Minutes:

Ch. Nathe: Let's take a look at SB 2361.

Rep. Heller: I had a conversation with the president of the Bank of ND, Eric Hardmeyer, because I wanted to ask him some questions about this program. I asked if this program was already in existence and is this a duplication. He said that they can consolidate loans but have never been able to pull in the federal loans and consolidate them with the other loans that students have. This would be a very new program, and the reason that they picked out the physicians to start, is because they have to move very slowly and have to make sure when they present this option to students with federal loans won't be adversely affected by rolling them into a different program. They don't want them to lose any of their federal loan benefits.

Ch. Nathe: This is not a duplication; it is more or less for federal loans.

Rep. Heller: It is rolling all of their loans, wherever you may have gotten a loan.

Ch. Nathe: Currently they could roll all loans that they wanted together currently, except federal.

Rep. Heller: They can't roll the federals in.

Ch. Nathe: This will give them the opportunity to roll federal loans into this.

Rep. Heller: Yes. Another reason to move slowly is because there is a Consumer Financial Protection Bureau. This Bureau reports on whether a bank is harming a student by offering new loans and if it is harming what is already established. If that happened, the Bank of ND could get a "ding" in their ratings. They have to be very careful that this Bureau would look at this favorably. He thinks it has merit. There could be \$200-300 million of loan volume. They want to be prepared before they start this program. This bill would give them the opportunity to really study this and look into it and if it works and advantageous to do it with the physicians, and then there is wording in the bill that they would also open it to other student loans. I also talked to him about amending it to 4,000 members of a community; he had no problem with that. Regarding Rep. B. Koppelman's question about line 8 and 9 and

the correct order. When you get the engrossed copy you will see that Anita and I worked on that wording (see attached #1).

Rep. Rohr: I can understand the assistance for student consolidation of loans, but what's in it for the Bank of ND.

Ch. Nathe: It would be \$200-300 million of business.

Rep. Heller: They used to handle the federal loans and then they got taken away from them and now they are just kind of in the background. They really think this would help the students to just have to make one payment for all the loans and there has to be some sort of incentive in there to lower their payment or else why would anyone take advantage of it.

Ch. Nathe: As they said during testimony, not all students may benefit from this program at all. Some students may lose some other considerations with the current loans.

Rep. Rohr: So they are not increasing an FTE or anything to counsel these students relative to that.

Ch. Nathe: No, on the fiscal note, 2a, it says that proposed changes will not have a fiscal impact to the state. The Bank could incur additional expenses during the 13-15 biennium associated with student loan lender system. I think this is just something they will absorb within their budget.

Rep. Heller: I also called Josh Winn, the President of the UND Medical School, and I asked him if he had seen this, and he hadn't. I gave him a chance to look at it and we talked after that, he thought it looked really good and he wasn't aware of it, and he showed it to some of his other staff members, and they all thought it was fine. He just told me that the recent data of a UND medical school graduate has, on the average, loans in the amount of \$168,000 of debt. He wanted me to share that with the committee.

Ch. Nathe: Is that why they are looking at this group of physician students.

Rep. Heller: The Bank wants to start with a small group.

Ch. Nathe: Which are the physicians?

Rep. Heller: Yes. Mr. Hardmeyer called it a pilot group and further down in section 2, Anita and I changed the wording because I thought the original bill's wording was confusing as to who and what they really wanted to do. Once all the kinks were worked out, they might open it up to other groups of students.

Rep. Rust: In the questioning that we did, we found out that the Bank of ND has one of the lowest delinquent rates in the nation, 3.64%. We also look at the fixed rate of 4.31% and 1.81% for variable capped at 10%. Right now, the Bank of ND does a

significant volume of loans for students anyway. I can appreciate that what's in it for them is that they are going to be able to loan some money out, a little bit of profit and probably keep the people who are working on loans currently with them.

Ch. Nathe: I think it's a win-win. A win-win for the student to try and keep their payment down and make it more manageable for their own personal budget, and it's a win for the Bank of ND to offer this for students, not all students but quite a few, and for the Bank to do some business.

Rep. Mock: When we were discussing the original amendment, you wanted to move the population from 2,500 to 4,000. In the engrossed version of the bill it actually says 4,500. I actually think that is a good change; in looking at the population of communities, if it were 4,000, Beulah would be the largest community that would qualify at 3,130 but by moving it to 4,500, Grafton would also qualify and their population currently is 4,251. I think it is a respectable change; I'm going to support it. I wasn't sure if that was intentional or not.

Rep. Heller: It wasn't. But in talking with Dr. Winn and Eric, both of them thought that increasing the town size was wise and they both supported it.

Rep. Rohr: I have small communities like Mott and Elgin. Now I'm concerned that the number might be too high, because how are we going to push them back to the smaller communities that need physicians too, because that is where the need is, in the rural communities that are probably smaller than Beulah. Will these doctors gravitate to the higher populous that are right under the number. I wonder if that was why they left it at 2,500.

Rep. Heller: That is a good point. I had some Senators come to me that asked me to try and change the town size to increase it. They told me that 4,000 sounded good.

Rep. Mock: You're right; Mott has about 732, Elgin is 627. You've got communities like Lakota, Steele, Underwood, and Mohall that are all in that same size. The bill allows the program for consolidations of rural physicians, so by having it go up to 4,500 I don't think you are hurting anyone who chooses to practice in Mott. If there is a physician that wants to practice in Mott, and I can say that the UND School of Medicine and Health Sciences, recruits high school students that are interested in sciences to come to the university and to experience the medical program. The idea is to recruit them from their home communities; the likelihood of them returning to practice in that same community is much higher than it is if someone came to UND from Minneapolis and was looking for a place to practice.

Rep. Rohr: It doesn't incentivize the physician to go to someplace under that population. There won't be an incentive for someone to go to Elgin, if they can go to Beulah, which has a lot more to offer. That's already been proven.

Rep. Wall: I think some of the small towns that are really small, aren't going to get a physician because they probably don't have enough of a population to support a practice. I think raising it to 4,500 I think is more a cure than a curse, personally.

Rep. Rohr: Elgin has a population of 600, but they have a critical access hospital, so they do need physicians.

Rep. Meier: In the conversation with Mr. Hardmeyer, was there any thought about how many years that the physician will have to stay in a community. Was there any conversation about that, 3 or 5 years?

Rep. Heller: No we did not discuss that.

Rep. Meier: In the past, with some of the programs, we've had an amount of years for an individual to stay in our community.

Ch. Nathe: This is a test pilot program, and something we could always adjust down the road.

Rep. Heilman: I think we're going down the wrong road in this discussion. I don't think that the impetus for this bill was to incentivize physicians to be in small communities. This was to get a loan consolidation program started and we said let's start with rural physicians because they have a high debt load. I don't think that a physician who wants to practice in a rural setting, is going to say, "Boy this loan consolidation program, I'm going to go to Beulah" instead of wherever.

Ch. Nathe: I don't think this is a deal-breaker when it comes to decisions.

Rep. Heilman: I support the 4,500 because we'll give more physicians an opportunity to consolidate, the Bank will get more experience consolidating federal loans, bodabing, bodaboom.

Rep. B. Koppelman: I like the way the amendment is more direct in its approach for what they are starting with, but then I also wonder if we need to change this into a way of restricting the Bank from expanding until the next legislative session. At the bottom it restricts it until the next legislative session. "If expansion is determined to be desirable, the Bank shall prepare and submit the necessary legislation to the 64th legislative assembly". Now we've gone from the bank saying, their interpretation of this bill was, they started with the rural doctors, they could expand if they get up to speed, and now we're saying they may not expand unless they bring legislation that we decide to vote for as well then. I agree with Rep. Heilman, that does not appear to be the intent in the way the bill was written, regardless of their interpretation.

Rep. Heller: That portion was put on by Anita, without our discussing it. We could strike that section.

Rep. Mock: I think that was a rewrite of existing language in the bill. The previous sentence was overstruck and it has the same purpose. If it wishes to be expanded beyond the rural physician. I think it was more of a grammatical change.

Ch. Nathe: I personally don't have a problem with that. I think this has the Bank coming back to us, and tells us if it has been feasible, what works, what doesn't work, and will come up with bill to carry forward.

Rep. Mock: Since this will be in Code, it almost acts like its own sunset clause. It doesn't go away after two years, but it does require the Bank to come to us and let us know how everything went.

Ch. Nathe: Almost its own reporting mechanism.

Rep. Schatz: There are only three cities that fall between the 2500 and 4500 populations: Grafton, Beulah, and Rugby. With that I move the amendment 13.0801.02001.

Rep. D. Johnson: Second the motion.

Rep. B. Koppelman: I do think in section 2 it is a rewrite. If you read the original section 2, it says if legislation is necessary to expand the program, the Bank shall prepare and submit for introduction to a bill. This other amendment is saying, before they can expand, they shall... I just wonder, when we heard from the Bank that they can do some of this already, we are taking away their ability to expand if we accept this amendment as written. If they were able to do so without further legislation, because in the original bill, where it says the agency shall administer a student loan consolidation program, my original concern was the way it was suggesting the order was. It didn't suggest they were going to start a program, starting with the physicians and then expanding from there. Now we've changed the bill to say that they may not expand from there without further legislation. I mean if that's the committee's wishes that's fine, but I want to make sure that everybody understands the difference between the original and this.

Ch. Nathe: I like it, they will take it out for a test run, they'll see what works and what doesn't, and if they want to expand it, they come to us for approval/permission and go from there. I like the language.

Rep. Heller: After I got these amendments from Anita, with this new wording, I did not run it past Mr. Hardmeyer.

Ch. Nathe: We do not need Mr. Hardmeyer's permission. We will take a voice vote, motion carried. We now have the bill before us as amended.

Rep. Schatz: I move a Do Pass as amended.

Rep. Meier: Second the motion.

13 YES 0 NO 0 ABSENT DO PASS AS AMENDED CARRIER: Rep. Heilman

2013 HOUSE STANDING COMMITTEE MINUTES

House Education Committee
Pioneer Room, State Capitol

SB 2361
March 27, 2013
20548

Conference Committee

Committee Clerk Signature:

Minutes:

Ch. Nathe: Reopened SB 2361 for committee work. *The motion that was still open from 3/25/13, took a voice vote and the motion failed; the bill was changed to a population 4,500 in a community in the final version of the bill passed out of the House Education Committee meeting.* Meeting adjourned.

FISCAL NOTE
Requested by Legislative Council
01/29/2013

Amendment to: SB 2361

- 1 A. **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.*

	2011-2013 Biennium		2013-2015 Biennium		2015-2017 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						
Appropriations						

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

	2011-2013 Biennium	2013-2015 Biennium	2015-2017 Biennium
Counties			
Cities			
School Districts			
Townships			

- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

Proposed changes in SB 2361 will not have a fiscal impact to the State. The Bank of North Dakota could incur additional expenses during the 2013-15 biennium (not yet determinable) associated with our student loan lender system and staff costs to administer the proposed consolidation program.

- B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

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.*
- 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.*
- C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

Name: Robert A. Humann
Agency: Bank of North Dakota
Telephone: 328.5703
Date Prepared: 02/01/2013

FISCAL NOTE
Requested by Legislative Council
01/29/2013

Bill/Resolution No.: SB 2361

- 1 A. **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.*

	2011-2013 Biennium		2013-2015 Biennium		2015-2017 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						
Appropriations						

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	2011-2013 Biennium	2013-2015 Biennium	2015-2017 Biennium
Counties			
Cities			
School Districts			
Townships			

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- C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

Name: Robert A. Humann
Agency: Bank of North Dakota
Telephone: 328.5703
Date Prepared: 02/01/2013

PROPOSED AMENDMENTS TO SENATE BILL NO. 2361

Page 1, line 3, after "for" insert "an evaluation of the student loan consolidation program by"

Page 1, line 3, remove "to evaluate the program"

Page 1, line 8, remove "student loan consolidation program that allows the agency to"

Page 1, remove line 9

Page 1, line 10, after "for" insert "the"

Page 1, line 10, remove "as a"

Page 1, line 11, replace "rural physician, the applicant" with "under this section, an individual"

Page 1, line 12, remove "shall work as"

Page 1, line 12, after the second "a" insert "practicing"

Page 1, line 12, replace "community in the state which has" with "city in this state having"

Page 1, line 13, replace "two" with "four"

Page 1, line 14, after "**DAKOTA**" insert "**STUDENT**"

Page 1, line 14, after "**PROGRAM**" insert "- **EVALUATION**"

Page 1, line 15, after "program" insert "established in section 1 of this Act"

Page 1, line 16, remove "beyond the rural physician student loan consolidation"

Page 1, line 17, replace "program. If legislation is necessary to expand the program," with ". If expansion is determined to be desirable,"

Page 1, line 18, replace "for introduction a bill" with "the necessary legislation"

Renumber accordingly

Date: 3/27/13

Roll Call Vote #: _____

2013 HOUSE STANDING COMMITTEE
ROLL CALL VOTES

BILL/RESOLUTION NO. 2361

House EDUCATION Committee

Check here for Conference Committee

Legislative Council Amendment Number Change pop. from 2500 to 4000

Action Taken: Do Pass Amended Rerefer to Appropriations

Do Not Pass Adopt Amendment

Motion Made By Rep. Heller Seconded By Rep. Rohr

Representatives	Yes	No	Representatives	Yes	No
Chairman Mike Nathe			Rep. Bob Hunsakor		
Rep. Mike Schatz			Rep. Jerry Kelsh		
Rep. Joe Heilman			Rep. Corey Mock		
Rep. Brenda Heller					
Rep. Dennis Johnson					
Rep. Ben Koppelman					
Rep. Lisa Meier					
Rep. Karen Rohr					
Rep. David Rust					
Rep. John Wall					

TOTAL (YES) _____ (NO) _____ (ABSENT) _____

FLOOR ASSIGNMENT _____

If the vote is on an amendment, briefly indicate intent:

Voice vote on 3/27/13 - motion failed.

Date: 3/27/13

Roll Call Vote #: —

2013 HOUSE STANDING COMMITTEE
ROLL CALL VOTES

BILL/RESOLUTION NO. 2361

House EDUCATION Committee

Check here for Conference Committee

Legislative Council Amendment Number 13.0801.02001

Action Taken: Do Pass Amended Rerefer to Appropriations
 Do Not Pass Adopt Amendment

Motion Made By Rep. Schatz Seconded By Rep. Johnson

Representatives	Yes	No	Representatives	Yes	No
Chairman Mike Nathe			Rep. Bob Hunsakor		
Rep. Mike Schatz			Rep. Jerry Kelsh		
Rep. Joe Heilman			Rep. Corey Mock		
Rep. Brenda Heller					
Rep. Dennis Johnson					
Rep. Ben Koppelman					
Rep. Lisa Meier					
Rep. Karen Rohr					
Rep. David Rust					
Rep. John Wall					

TOTAL (YES) _____ (NO) _____ (ABSENT) _____

FLOOR ASSIGNMENT _____

If the vote is on an amendment, briefly indicate intent:

Voice Vote: Motion Carried.

Date: 3/27/13

Roll Call Vote #: 1

2013 HOUSE STANDING COMMITTEE
ROLL CALL VOTES

BILL/RESOLUTION NO. 2361

House EDUCATION Committee

Check here for Conference Committee

Legislative Council Amendment Number 13. 0801. 02001

Action Taken: Do Pass Amended Rerefer to Appropriations
 Do Not Pass Adopt Amendment

Motion Made By Rep. Schatz Seconded By Rep. Meier

Representatives	Yes	No	Representatives	Yes	No
Chairman Mike Nathe	✓		Rep. Bob Hunsakor	✓	
Rep. Mike Schatz	✓		Rep. Jerry Kelsh	✓	
Rep. Joe Heilman	✓		Rep. Corey Mock	✓	
Rep. Brenda Heller	✓				
Rep. Dennis Johnson	✓				
Rep. Ben Koppelman	✓				
Rep. Lisa Meier	✓				
Rep. Karen Rohr	✓				
Rep. David Rust	✓				
Rep. John Wall	✓				

TOTAL (YES) 13 (NO) 0 (ABSENT) 0

FLOOR ASSIGNMENT Rep. Heilman

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

SB 2361: Education Committee (Rep. Nathe, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (13 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2361 was placed on the Sixth order on the calendar.

Page 1, line 3, after "for" insert "an evaluation of the student loan consolidation program by"

Page 1, line 3, remove "to evaluate the program"

Page 1, line 8, remove "student loan consolidation program that allows the agency to"

Page 1, remove line 9

Page 1, line 10, after "for" insert "the"

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Renumber accordingly

**2013 CONFERENCE COMMITTEE
SB 2361**

2013 SENATE STANDING COMMITTEE MINUTES

Senate Education Committee
Missouri River Room, State Capitol

SB 2361
4-10-13
21089

Conference Committee

Committee Clerk Signature

Explanation or reason for introduction of bill/resolution:

Relating to a student loan consolidation program at the Bank of North Dakota and to provide for the Bank of North Dakota to evaluate the program

Minutes:

You may make reference to "attached testimony."

Chairman Luick: Luick: opened the conference committee on SB 2361

Representative Heller: Section two is still on there, that they had to come back and tell us how the program went and if it was determined to be desirable they should prepare and submit necessary legislation to the next legislative assembly. Inadvertently we left out the option for them to expand it to other loans. The 3000 version only allows them to work with physicians. I had Anita Thomas draw up an amendment and it took section two off.

Shirley Glass, BND Student Loan Manager: The prior version allowed us to go forward with an expansion of the program but in order to do that we would have had to come back to the next legislative assembly and request the permission to move forward with that. It limited our ability to do it today or in the upcoming couple of years.

Chairman Luick: Which version are you talking about?

Shirley Glass: The 3,000 version. The very last sentence says if expansion is determined to be desirable, the bank shall prepare and submit the necessary legislation to the 64th Legislative assembly. It put us on hold for the next couple of years. We have an amendment to correct that. (Attachment #1) The most important change is under subsection two.

Rep Heller: We understood this was a pilot program and this physician program would be totally new.

Shirley Glass: Yes. The part we implemented is only a parent's loan. Parents can get a federal parent plus loan. This program we are going to start with physicians would allow the physicians to consolidate their other federal loans. Students have Stafford loans that are both subsidized and unsubsidized. It is new because the student loans like the Stafford loans offer loan forgiveness, repayment based on the student's income, etc. A lot of

provisions with student loans are different. This medical consolidation program and any additional expansion we make is entirely different because those loans do have special repayment forgiveness, interest benefits, etc. It is not a one size fits all. Last year alone to the University Systems in North Dakota over \$200,000,000 in loans were made.

Chairman Luick: What interest rate are you looking at?

Shirley Glass: Our DEAL loans are at 4.62% fixed, 1.79 variable. A North Dakota resident has the option of choosing one or the other.

Rep. Hunskor: Are the amendments one option or the other?

Shirley Glass: The shall is saying we must implement that. Option number two says if option one goes okay and you want to expand it, we could take it a step farther and offer it to other professions. We have started working with our vendor. We are taking the steps. If they have Stafford loans and they are a teacher, they could have

Senator Marcellais: What is the term on those loans?

Shirley Glass: The repayment term is based on the amount they owe and it can vary anywhere from 10-25 years. The borrower can prepay at any time with no penalty.

Rep. Heller: Anita is confused why we need section two. Why do we need that?

Shirley Glass: I don't think you do. I think we could do this today. We have already started down this path before the bill originally came in. We aren't opposed to having it in there. It doesn't require us to move forward. There are constituents this may be beneficial for.

Chairman Luick: We discussed that earlier and decided it was a good function to have in there to strengthen your position also.

Rep. Hunskor: It appears number two is in number one.

Shirley Glass: Number one absolutely requires us to do this for the medical community. Number two allows us to expand it beyond those individuals. There is a slight difference.

Senator Poolman: I feel like we put that section in for that same purpose, to provide clarity. I think we wanted to make sure you don't need our permission to slowly expand this.

Rep. Heller: Does the 2000 version have what you want?

Shirley Glass: Yes. The population change we expected to see was in the next version. It went a little beyond that, and that is where we had problems.

Senator Marcellais: Which version are we going to accept?

Chairman Luick: If we can reach an agreement on the idea of the bill, we'll fix whatever we have to.

Senator Marcellais: If we take out that 64th legislative assembly, when will they report on the expansion of the program? How will we find out if the program is working?

Chairman Luick: We can put that in wherever we wish. We need to look at all of the options and find the best option.

Rep. Hunskor: If we agree, wouldn't the amendment just get plugged in.

Chairman Luick: I am assuming the same thing.

Rep. Hunskor: Is there a need for section 2 on the 3000 version?

Senator Poolman: This looks great after we amend it. You have combined them.

Chairman Luick: Do we want this to be evaluated during the next session?

Rep. Johnson: Wasn't that the bank's concern?

Chairman Luick: It would be in our best interest to have them come back and give us a report as to what is happening.

Rep Hunskor: Couldn't there be something we add to say they report to the next legislative assembly.

Chairman Luick: That would work fine.

Rep. Heller: Can we talk about this and come back and talk about the final version?

Chairman Luick: Yes that is fine.

Rep. Hunskor: As a committee are we on the same page?

Senator Marcellais: How do we get a report?

Chairman Luick: We can add that in. Rep. Heller please have Anita draft that amendment.

Chairman Luick: Closed the conference committee.

2013 SENATE STANDING COMMITTEE MINUTES

Senate Education Committee
Missouri River Room, State Capitol

SB 2361
4-16-13
21162

Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

Relating to a student loan consolidation program at the Bank of North Dakota and to provide for the Bank of North Dakota to evaluate the program

Minutes:

You may make reference to "attached testimony."

Chairman Luick: opened the conference committee on SB 2361. All members were present.

Rep. Heller: I have an amendment to pass out (Attachment #1) The two representatives from the Bank of North Dakota and I went to Legislative Council and discussed with her what we wanted. This is the result of our meeting with her. The BND is in agreement with the wording. It allows them to consolidate the physician loans and then from there move on to other loans. It kept the city size at \$4,500 and also they will report on the progress to the next Legislative Assembly or the interim committee report.

Senator Poolman: Looks great. Does the House need to recede since it says that in the amendment?

Senator Luick: No it doesn't matter.

Senator Poolman: I would move to accede from the senate version and further amend.

Senator Marcellais: Second

Senator Luick: We want to further amend the bill so this motion would take care of all of that.

***(It was later realized that the amendment (Attachment #1) stated the House would recede and further amend, so the chairman had the report corrected to reflect what was agreed to in the amendment)

Senator Luick: We want to further amend the bill so this motion would take care of all of that.

Senate Education Committee

SB 2361

4-16-13

Page 2

A roll call vote was taken to recede from the House amendments and further amend SB 2361: 6 yeas, 0 neas, 0 absent.

Senator Luick: We will close the conference committee.

FISCAL NOTE
Requested by Legislative Council
01/29/2013

Amendment to: SB 2361

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	2011-2013 Biennium		2013-2015 Biennium		2015-2017 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						
Appropriations						

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Name: Robert A. Humann
Agency: Bank of North Dakota
Telephone: 328.5703
Date Prepared: 02/01/2013

FISCAL NOTE
Requested by Legislative Council
01/29/2013

Bill/Resolution No.: SB 2361

- 1 A. **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.*

	2011-2013 Biennium		2013-2015 Biennium		2015-2017 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						
Appropriations						

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

	2011-2013 Biennium	2013-2015 Biennium	2015-2017 Biennium
Counties			
Cities			
School Districts			
Townships			

- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

Proposed changes in SB 2361 will not have a fiscal impact to the State. The Bank of North Dakota could incur additional expenses during the 2013-15 biennium (not yet determinable) associated with our student loan lender system and staff costs to administer the proposed consolidation program.

- B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

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.*

- 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.*

- C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

Name: Robert A. Humann
Agency: Bank of North Dakota
Telephone: 328.5703
Date Prepared: 02/01/2013



Handwritten signature and date: 4-16-13

PROPOSED AMENDMENTS TO SENATE BILL NO. 2361

That the House recede from its amendments as printed on pages 942 and 943 of the Senate Journal and page 1092 of the House Journal and that Senate Bill No. 2361 be amended as follows:

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to create and enact a new section to chapter 15-62.1 of the North Dakota Century Code, relating to a student loan consolidation program at the Bank of North Dakota; and to provide for a report.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. A new section to chapter 15-62.1 of the North Dakota Century Code is created and enacted as follows:

Student loan consolidation program - Requirements - Authority to expand.

1. The agency shall develop and administer a student loan consolidation program under which the agency may refinance state, federal, and alternative education loans for eligible physicians. In order to be eligible under this subsection, a physician must:
 - a. Be licensed in accordance with chapter 43-17; and
 - b. Be a resident of and practice in a North Dakota city having a population that does not exceed four thousand five hundred.
2. The agency may expand the student loan consolidation program to serve individuals other than those referenced in subsection 1.

SECTION 2. STUDENT LOAN CONSOLIDATION PROGRAM - REPORT. The Bank of North Dakota shall provide a written report regarding the implementation of the student loan consolidation program to the legislative management at the biennial meeting during which interim committee reports are presented."

Renumber accordingly

Date 4-16-13

Roll Call Vote # 1

**2013 SENATE CONFERENCE COMMITTEE
ROLL CALL VOTES**

BILL/RESOLUTION NO. 2361 as (re) engrossed

Senate Education Committee

- Action Taken**
- SENATE accede to House Amendments
 - SENATE accede to House Amendments and further amend
 - HOUSE recede from House amendments
 - HOUSE recede from House amendments and amend as follows
 - Unable to agree**, recommends that the committee be discharged and a new committee be appointed

Motion Made by: Poolman Seconded by: Marcellais

Senators	Y	N	Yes	No	Representatives	Y	N	Yes	No
Senator Luick	✓	✓	✓		Rep. Heller	✓	✓	✓	
Senator Poolman	✓	✓	✓		Rep. Johnson	✓	✓	✓	
Senator Marcellais	✓	✓	✓		Rep. Hunskor	✓	✓	✓	
Total Senate Vote					Total Rep. Vote				

Vote Count Yes: 6 No: 0 Absent: 0

Senate Carrier Marcellais House Carrier Heller

LC Number 13-0801 . 02005 of amendment

LC Number _____ of engrossment

REPORT OF CONFERENCE COMMITTEE

SB 2361: Your conference committee (Sens. Luick, Poolman, Marcellais and Reps. Heller, D. Johnson, Hunskor) recommends that the **HOUSE RECEDE** from the House amendments as printed on SJ pages 942-943, adopt amendments as follows, and place SB 2361 on the Seventh order:

That the House recede from its amendments as printed on pages 942 and 943 of the Senate Journal and page 1092 of the House Journal and that Senate Bill No. 2361 be amended as follows:

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to create and enact a new section to chapter 15-62.1 of the North Dakota Century Code, relating to a student loan consolidation program at the Bank of North Dakota; and to provide for a report.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

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 - a. Be licensed in accordance with chapter 43-17; and
 - b. Be a resident of and practice in a North Dakota city having a population that does not exceed four thousand five hundred.
2. The agency may expand the student loan consolidation program to serve individuals other than those referenced in subsection 1.

SECTION 2. STUDENT LOAN CONSOLIDATION PROGRAM - REPORT.

The Bank of North Dakota shall provide a written report regarding the implementation of the student loan consolidation program to the legislative management at the biennial meeting during which interim committee reports are presented."

Renumber accordingly

SB 2361 was placed on the Seventh order of business on the calendar.

2013 TESTIMONY

SB 2361

#1

Testimony to the Senate Education Committee

Wednesday, February 6, 2013

Mr. Chairman and members of the committee,

My name is George Sinner, I am the Senator from District 46.

Thank you for allowing me to come before you today to present my testimony on Senate Bill 2361.

Senate Bill 2361 came about as a result of some frustration I experienced with my own children's college education financing.

And, while I doubt that this bill will ever provide any relief to my children because neither resides in North Dakota, the purpose is to provide reduced interest rates to qualified borrowers who are North Dakota residents.

Senate Bill 2361 provides for a student loan refinancing program through the Bank of North Dakota. Some of you might be familiar with the Stafford loan program available through our federal government. This program provides student loans for borrowers who complete the Federal Application for Financial Student Aid or the FAFSA form. It is a comprehensive application that analyzes family income to determine

the student's eligibility for subsidized loans. From my personal experience, most borrowers do not qualify for subsidized loans but they are eligible for the unsubsidized loans. Today, these loans are underwritten at 6.8%.... and that's where the problem comes in.

You might also know that the Bank of North Dakota offers student loans through a program called the DEAL program.... And I am not sure what that acronym stands for Dakota Education Assistance Loan????

Long story short, in this environment of very low interest rates, we can help our graduates by allowing them to re-finance those higher interest rate loans with the Bank of North Dakota..... but there are some caviats.

How much student loan debt is our there? And can the Bank of North Dakota handle the amount? How do they deal with the conditions or terms of the Stafford Loans? Thus, the purpose of the pilot program and the study.

Mr. Chairman and members of the committee.. please give this bill a do-pass and assist our resident college graduates by providing a vehicle that will lower their payments on their student loans. Thank you.

#2

TESTIMONY OF SENATOR MAC SCHNEIDER (DISTRICT 42 - GRAND FORKS)

SENATE BILL 2361 - SENATE EDUCATION COMMITTEE - FEBRUARY 6, 2013

Mr. Chairman, members of the committee, my name is Mac Schneider and I represent District 42 in the North Dakota Senate. I am the prime sponsor of Senate Bill 2361, which would establish a student loan consolidation program at the Bank of North Dakota.

As you are aware, Mr. Chairman, I represent a unique district that encompasses the University of North Dakota. As a result, about half of my constituents are college students. While these bright young people are North Dakota's most valuable natural resource, they also lead the nation in one unenviable category

According to the Project on Student Debt, 83 % of North Dakota students will leave school with at least some debt -- more than any other state. On average, these students will enter the workforce with a \$27,425 in debt (13th nationally). Though debt burdens students and graduates throughout the whole state, the University of North Dakota itself ranks in the top twenty public schools when it comes to total debt carried by graduates.

This debt makes it harder to buy a first home and raise a family. It also limits career options in many cases.

The best way to reduce student debt is to continue our efforts to make college more affordable and lessen the need for debt in the first place. However, this bill would provide meaningful relief to those who have already taken out loans to finance their education.

For example, allowing a student with \$27,425 in debt to refinance from the current Stafford Loan rate of 6.8% to the Bank of North Dakota's fixed rate of 4.3% for student loans would constitute a savings of over \$3,500 to that student over the lifetime of a loan if paid off in 10 years. If the student opts for the Bank of North Dakota's variable rate, the reduction in interest rate could be even greater. That is real relief for those struggling with debt.

Additionally, the program includes a rural physician student loan consolidation program, making licensed physicians eligible for loan consolidation should they choose to practice medicine in rural North Dakota upon graduation.

Importantly, the bill does not constitute an unworkable legislative mandate, but rather gives BND flexibility to take measured steps in establishing this program. I wish to publicly thank BND President Eric Hardmeyer and his staff for the tremendous cooperation they showed us as we drafted this legislation.

Mr. Chairman, members of the committee, this bill will provide meaningful relief to recent college graduates at no cost to the treasury. Thank you for your consideration.

HIGH-DEBT COLLEGES

The colleges on the following lists are notable for having very high average debt levels for the Class of 2011. Because public colleges generally have significantly lower costs and lower debt levels than private colleges, we list public and private colleges separately on these high-debt lists. The high-debt public colleges listed here have average debt ranging from \$31,750 to \$45,100. While some have high in-state tuition relative to other public colleges, the majority have in-state tuition and fees under \$10,000.¹⁷ The high-debt private nonprofit colleges listed here have average debt ranging from \$40,600 to \$46,700. Tuition and fees at these colleges range from \$16,550 to \$38,450, with seven of the 20 colleges charging less than the national average for this sector.¹⁸

TABLE 4

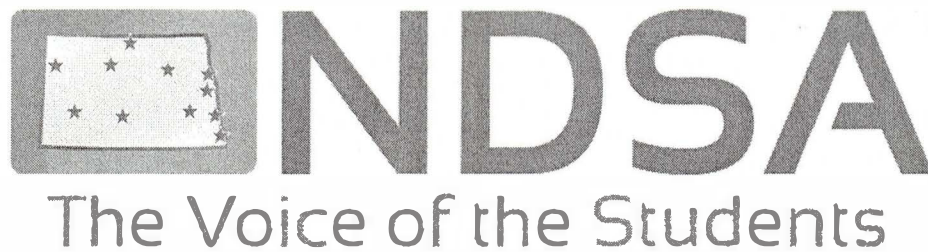
HIGH-DEBT PUBLIC COLLEGES (ALPHABETICAL BY NAME)	
Alabama A & M University	AL
Albany State University	GA
Bowling Green State University-Main Campus	OH
Delaware State University	DE
Ferris State University	MI
Indiana University of Pennsylvania-Main Campus	PA
Kentucky State University	KY
Maine Maritime Academy	ME
Michigan Technological University	MI
Morgan State University	MD
Pennsylvania State University (mult. campuses)	PA
Rowan University	NJ
Southern Illinois University Carbondale	IL
Temple University	PA
The College of New Jersey	NJ
The Richard Stockton College of New Jersey	NJ
University of Alaska Fairbanks	AK
University of New Hampshire-Main Campus	NH
University of North Alabama	AL
University of North Dakota	ND

TABLE 5

HIGH-DEBT PRIVATE NONPROFIT COLLEGES (ALPHABETICAL BY NAME)	
College of Mount St. Joseph	OH
Curry College	MA
Dominican University of California	CA
Franklin Pierce University	NH
Green Mountain College	VT
Johnson C Smith University	NC
La Salle University	PA
La Sierra University	CA
Lawrence Technological University	MI
Minneapolis College of Art and Design	MN
New England College	NH
Nova Southeastern University	FL
Robert Morris University	PA
Rose-Hulman Institute of Technology	IN
Sacred Heart University	CT
Salve Regina University	RI
The College of Saint Scholastica	MN
University of New Haven	CT
Wheelock College	MA
Widener University-Main Campus	PA

¹⁷ In-state tuition and fees at the public colleges listed ranges from \$4,600 to \$15,250. A high proportion of out-of-state students paying a much higher non-resident tuition may also be a factor for some public colleges on the high-debt list.

¹⁸ The weighted average for tuition and fees at private nonprofit colleges is \$28,007. Calculations by the Project on Student Debt on 2010-11 student charges from U.S. Department of Education, Integrated Postsecondary Education System (IPEDS).



#3

Chairman Flakoll and members of the Senate Education Committee:

My name is Jody Ferris and I am the legislative lobbyist for the North Dakota Student Association and a student at Dickinson State University. Today I am here to testify in support of S.B. 2361 on behalf of the students of the North Dakota University System.

A resolution passed by our General Assembly consisting of student government representatives from the 11 North Dakota University System institutions on January 25, 2013, expressed concern about the high level of debt facing North Dakota college graduates and support for a potential loan consolidation program through the Bank of North Dakota.

We are in favor the evaluation of the rural physician consolidation program proposed in Section 2 of S.B. 2361 as a good first step towards a possible expansion of the consolidation program if the Bank of North Dakota deems such an expansion feasible.

The consolidation of student loans would improve interest rates for graduates who remain in the state, and would be a valuable incentive that will encourage graduates to choose to live and work in North Dakota.

Chairman Flakoll and members of the committee, this concludes my testimony. Thank you for your time and I will now stand for any questions.

Jody Ferris

Legislative Lobbyist, North Dakota Student Association

TESTIMONY OF SENATOR MAC SCHNEIDER (DISTRICT 42 - GRAND FORKS)

SENATE BILL 2361 - HOUSE EDUCATION COMMITTEE - MARCH 20, 2013

Mr. Chairman, members of the committee, my name is Mac Schneider and I represent District 42 in the North Dakota Senate. I am the prime sponsor of Senate Bill 2361, which would establish a student loan consolidation program at the Bank of North Dakota.

I represent a unique district that encompasses the University of North Dakota. As a result, about half of my constituents are college students. While these bright young people are North Dakota's most valuable natural resource, they also lead the nation in one unenviable category.

According to the Project on Student Debt, 83 % of North Dakota students will leave school with at least some debt -- more than any other state. On average, these students will enter the workforce with a \$27,425 in debt (13th nationally). Though debt burdens students and graduates throughout the whole state, the University of North Dakota itself ranks in the top twenty public schools when it comes to total debt carried by graduates.

This debt makes it harder to buy a first home and raise a family. It also limits career options in many cases.

The best way to reduce student debt is to continue our efforts to make college more affordable and lessen the need for debt in the first place. However, this bill would provide meaningful relief to those who have already taken out loans to finance their education.

For example, allowing a student with \$27,425 in debt to refinance from the current Stafford Loan rate of 6.8% to the Bank of North Dakota's fixed rate of 4.3% for student loans would constitute a savings of over \$3,500 to that student over the lifetime of a loan if paid off in 10 years. If the student opts for the Bank of North Dakota's variable rate, the interest rate deduction could be even greater. That is real relief for those struggling with debt.

Additionally, the program includes a rural physician student loan consolidation program, making licensed physicians eligible for loan consolidation should they choose to practice medicine in rural North Dakota upon graduation.

Importantly, the bill does not constitute an unworkable legislative mandate, but rather gives BND flexibility to take measured steps in establishing this program. I wish to publicly thank BND President Eric Hardmeyer and his staff for the tremendous cooperation they showed us as we drafted this legislation.

Mr. Chairman, members of the committee, this bill will provide meaningful relief to recent college graduates at no cost to taxpayers and no burden to BND. Thank you for your consideration.

HIGH-DEBT COLLEGES

The colleges on the following lists are notable for having very high average debt levels for the Class of 2011. Because public colleges generally have significantly lower costs and lower debt levels than private colleges, we list public and private colleges separately on these high-debt lists. The high-debt public colleges listed here have average debt ranging from \$31,750 to \$45,100. While some have high in-state tuition relative to other public colleges, the majority have in-state tuition and fees under \$10,000.¹⁷ The high-debt private nonprofit colleges listed here have average debt ranging from \$40,600 to \$46,700. Tuition and fees at these colleges range from \$16,550 to \$38,450, with seven of the 20 colleges charging less than the national average for this sector.¹⁸

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Ferris State University	MI
Indiana University of Pennsylvania-Main Campus	PA
Kentucky State University	KY
Maine Maritime Academy	ME
Michigan Technological University	MI
Morgan State University	MD
Pennsylvania State University (mult. campuses)	PA
Rowan University	NJ
Southern Illinois University Carbondale	IL
Temple University	PA
The College of New Jersey	NJ
The Richard Stockton College of New Jersey	NJ
University of Alaska Fairbanks	AK
University of New Hampshire-Main Campus	NH
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Robert Morris University	PA
Rose-Hulman Institute of Technology	IN
Sacred Heart University	CT
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¹⁷ In-state tuition and fees at the public colleges listed ranges from \$4,600 to \$15,250. A high proportion of out-of-state students paying a much higher non-resident tuition may also be a factor for some public colleges on the high-debt list.

¹⁸ The weighted average for tuition and fees at private nonprofit colleges is \$28,007. Calculations by the Project on Student Debt on 2010-11 student charges from U.S. Department of Education, Integrated Postsecondary Education System (IPEDS).

View or download these data in a [sortable table](#) at  **CollegeInSight**
from the Institute for College Access & Success

	Public 4-Year Institutions and Private Non-Profit 4-Year Institutions			
	Average Debt **	Rank **	Proportion with Debt **	Rank **
State Average	\$ 27,425	13	83%	1

#2



Chairman Nathe and members of the House Education Committee,

My name is Johan Mahlum and I am here as the elected lobbyist for the North Dakota Student Association. On behalf of the 48,203 students of the North Dakota University System that our organization represents, I testify today in favor of Senate Bill 2361.

Attached to my testimony is a copy of the resolution my organization passed unanimously in January before this particular bill had been submitted and numbered. I and the members of my organization are extremely grateful to Senators Mac Schneider and George Sinner and everyone else whose efforts made this bill possible.

The question at hand with this particular legislation is certainly not one of whether or not the students of the North Dakota need assistance with paying back their student loans. I believe the numbers in the attached resolution make it eminently clear that North Dakota is lagging far behind in the amount our students pay for school after graduation. Meanwhile, our state government maintains near the largest budget surplus of all state governments in the nation. I think that we all can agree that the time for action to help students is present and immediate.

With the potential to lower interest on student loans by 2.5% APR this piece of legislation has far too great of benefits for students to be ignored. I urge you to move DO PASS on SB 2361.

I would like to thank the committee for their time, I will now stand for any questions.

Johan Mahlum

North Dakota Student Association

Lobbyist



SLAC 11-1213

Date: January 25, 2013

From: State and Legislative Affairs Committee

RE: Consolidation of Student Loan Debt

WHEREAS, The North Dakota Student Association(NDSA) is the voice of the students, and

WHEREAS, in 2010-11 school year, nationwide 57% of all graduates left school with a median of \$23,065 in both private and federal loan debt, and 56% of all graduates holding a median of \$19,944 in exclusively federal loan debt; and

WHEREAS, in stark contrast, during that same timeframe, 83% of North Dakota University System (NDUS) graduates left with a burdensome median debt of \$27,802 from private and federal loans, 82% with a median of \$20,743 in debt from exclusively federal loans; and

WHEREAS, in 2009 the NDUS's retention rate for all graduates from four-year institutions was 63%, and for Masters graduates it was 53%; and

WHEREAS, Senators Mac Schneider and George Sinner plan to submit legislation before the North Dakota Legislative Assembly that would consolidate federal student loan debt to the Bank of North Dakota; and

WHEREAS, the program proposed would, at least initially, only consolidate debt held by NDUS graduates who remain employed in-state after graduation, and

WHEREAS, such an action by the Legislative Assembly would lower the interest rates of student loans from 6.7% APR to an estimated 4.2% APR; and

WHEREAS, this lower interest rate would greatly assist North Dakota graduates in paying off their loans with the North Dakota median starting salary of \$45,692; and

WHEREAS, in addition to making the initial cost of higher education affordable for all students, it is also essential for the North Dakota State Government to assist these retained graduates with the continually burgeoning amount of debt they hold, and

THEREFORE, BE IT RESOLVED, that NDSA supports action by the Legislative Assembly to consolidate federal student loan debt to the Bank of North Dakota, and

BE IT FURTHER RESOLVED, that the passage of such legislation be set as one of NDSA lobbying goals for the 2013 legislative session.

Respectfully Submitted,

Ian Godfrey, State and Legislative Affairs Committee Chair

#7

PROPOSED AMENDMENTS TO SENATE BILL NO. 2361

Page 1, line 3, after "for" insert "an evaluation of the student loan consolidation program by"

Page 1, line 3, remove "to evaluate the program"

Page 1, line 8, remove "student loan consolidation program that allows the agency to"

Page 1, remove line 9

Page 1, line 10, after "for" insert "the"

Page 1, line 10, remove "as a"

Page 1, line 11, replace "rural physician, the applicant" with "under this section, an individual"

Page 1, line 12, remove "shall work as"

Page 1, line 12, after the second "a" insert "practicing"

Page 1, line 12, replace "community in the state which has" with "city in this state having"

Page 1, line 13, replace "two" with "four"

Page 1, line 14, after "**DAKOTA**" insert "**STUDENT**"

Page 1, line 14, after "**PROGRAM**" insert "**- EVALUATION**"

Page 1, line 15, after "program" insert "established in section 1 of this Act"

Page 1, line 16, remove "beyond the rural physician student loan consolidation"

Page 1, line 17, replace "program. If legislation is necessary to expand the program," with ". If expansion is determined to be desirable,"

Page 1, line 18, replace "for introduction a bill" with "the necessary legislation"

Renumber accordingly

Introduced by

Senators Schneider, Poolman, Sinner

Representatives Beadle, Heilman, Oversen

1 A BILL for an Act to create and enact a new section to chapter 15-62.1 of the North Dakota
2 Century Code, relating to a student loan consolidation program at the Bank of North Dakota;
3 and to provide for an evaluation of the student loan consolidation program by the Bank of North
4 Dakota to evaluate the program.

5 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

6 **SECTION 1.** A new section to chapter 15-62.1 of the North Dakota Century Code is created
7 and enacted as follows:

8 **Student loan consolidation program.**

9 The agency shall administer a student loan consolidation program that allows the agency to
10 refinance all state, alternative education, and federal loans. The program must include a rural
11 physician student loan consolidation program. To qualify for the consolidation of student loans
12 as a rural physician, the applicant under this section, an individual must be licensed as a
13 physician under chapter 43-17 and must be a resident of and shall work as a practicing
14 physician in a community in the state which has city in this state having a population that does
15 not exceed twofour thousand five hundred.

16 **SECTION 2. BANK OF NORTH DAKOTA STUDENT LOAN CONSOLIDATION**

17 **PROGRAM - EVALUATION.** The Bank of North Dakota shall evaluate the student loan
18 consolidation program established in section 1 of this Act to determine the feasibility of
19 expanding the program beyond the rural physician student loan consolidation program. If
20 legislation is necessary to expand the program, If expansion is determined to be desirable, the
21 Bank shall prepare and submit for introduction a bill the necessary legislation to the sixty-fourth
22 legislative assembly.

PROPOSED AMENDMENTS TO SENATE BILL NO. 2361

That the House recede from its amendments as printed on pages 942 and 943 of the Senate Journal and page 1092 of the House Journal and that Senate Bill No. 2361 be amended as follows:

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to create and enact a new section to chapter 15-62.1 of the North Dakota Century Code, relating to a student loan consolidation program at the Bank of North Dakota.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. A new section to chapter 15-62.1 of the North Dakota Century Code is created and enacted as follows:

Student loan consolidation program.

1. The agency shall develop and administer a physician student loan consolidation program. To qualify for the consolidation of student loans under this section, an individual must be licensed as a physician under chapter 43-17 and must be a resident of and a practicing physician in a city in this state having a population that does not exceed four thousand five hundred. State, alternative education, and federal loans.
2. After implementing the program required by subsection 1, The agency may develop and administer a student loan consolidation program that allows the agency to refinance all state, alternative education, and federal loans."

Renumber accordingly

Expand the program beyond the ~~first~~ program ~~physician~~ as required by subsection 1, to

Clarify 1

PROPOSED AMENDMENTS TO SENATE BILL NO. 2361

That the House recede from its amendments as printed on pages 942 and 943 of the Senate Journal and page 1092 of the House Journal and that Senate Bill No. 2361 be amended as follows:

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SECTION 2. STUDENT LOAN CONSOLIDATION PROGRAM - REPORT. The Bank of North Dakota shall provide a written report regarding the implementation of the student loan consolidation program to the legislative management at the biennial meeting during which interim committee reports are presented."

Renumber accordingly