

**Interim Health Services Committee
Professional Student Exchange Program (PSEP)
Wednesday, July 30, 2014**

**Presented By:
North Dakota University System**

This report is a follow-up to the Professional Student Exchange Program directed by Senate Bill 2160 that was presented to the committee on January 8, 2014. That study presented information surrounding the program in relation to accessibility, the provision of state funding for the program, indebtedness of students in the professional programs and workforce needs. This report serves as a further summary of key areas where opportunities to improve the program might exist, including funding formulas, the application process, eligibility and program structure.

Review of Funding Formulas

State support payments under the PSEP programs are made for fall and spring semesters. North Dakota supports summer terms of study at the University of MN in both dentistry and veterinary medicine as well as at Iowa State in veterinary medicine. WICHE payments are made based on fall/spring charges, however, WICHE schools do have the option to spread the state payment over the entire academic year when summer terms exist.

- A. University of Minnesota – Dentistry
 - a. Awards are made for fall and spring semesters and for the summer terms following the freshman, sophomore and junior years.
 - b. State support = (non-resident tuition) X (.25)

- B. WICHE – Dentistry
 - a. Awards are made for fall and spring semesters.
 - b. State support = flat rate

- C. WICHE – Optometry
 - a. Awards are made for fall and spring semesters.
 - b. State support = flat rate

- D. University of Minnesota – Veterinary Medicine
 - a. Awards are made for fall and spring semesters and for the summer term following the junior year.
 - b. State support = (non-resident tuition X .75) – (resident tuition)

- E. University of Iowa – Veterinary Medicine
 - a. Awards are made for fall and spring semesters and for the summer term following the junior year.
 - b. State support = (resident tuition rate) – (non-resident tuition rate)

- F. Kansas State University – Veterinary Medicine
 - a. Awards are made for fall and spring semesters only. No summer funding awarded.
 - b. State support = flat rate based on the percentage increase to tuition.

- G. WICHE – Veterinary Medicine
 - a. Awards are made for fall and spring semesters.
 - b. State support = flat rate

Estimated 2013-14 Program Costs, State Support and Student Responsibility

School	2013/14 Non-Res. Rate New Freshmen fall/spring only	State Support	Est. Student Responsibility Tuition/Fees	Est. % of Tuition Covered By State
University of Minnesota Veterinary Medicine	\$58,346 X .75 = \$43,760	\$11,226	\$32,534	25.7%
Kansas State University Veterinary Medicine	\$45,322	\$26,059	\$20,764	57.5%
Iowa State University Veterinary Medicine	\$43,918	\$23,688	\$20,230	53.9%
Colorado State University Veterinary Medicine	\$54,269	\$30,600	\$26,451	56.4%
Washington State University Veterinary Medicine	\$54,464	\$30,600	\$22,790	56.2%
University of Minnesota Dentistry	\$60,960	\$14,156	\$46,804	23.2%
Creighton University Dentistry	\$64,242	\$23,900	\$40,342	37.2%
University of Colorado Dentistry	\$70,183	\$23,900	\$44,880	34.1%
Oregon Health & Science University Dentistry	\$86,322	\$23,900	\$61,634	27.7%
Midwestern University (Glendale) Dentistry	\$81,421	\$23,900	\$57,521	29.4%
Marshall B. Ketchum University, Southern CA College of Optometry	\$36,579	\$16,400	\$20,179	44.8%
Illinois College Optometry	\$38,087	\$16,400	\$21,687	43.1%
Pacific University Optometry	\$39,495	\$16,400	\$23,095	41.5%
Midwestern University (Glendale) Optometry	\$43,741	\$16,400	\$27,341	37.5%

Data excludes summer charges and summer support payments. Estimated costs are based on the published non-resident rate at respective institutions. The student responsibility may not equate exactly to the differential cost of resident rate – nonresident rate.

Update: 2014/15 New Slots Funded:

Veterinary Medicine:

University of IA	6
Kansas State	3
University of MN	0
WICHE	1

Dentistry:

University of MN	5
WICHE	2

Optometry:

WICHE	8
-------	---

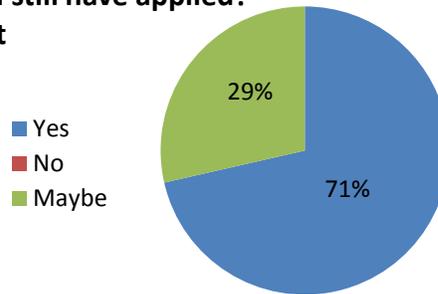
By profession, where are PSEP alumni practicing and where did they study (2014 PSEP Study)?

	State practicing	Where studied?
Dentistry	ND (10)	Creighton (3) Marquette (1) U of CO (2) U of MN (1) U of NE (3)
	MN (2)	U of MN (2)
	TX (1)	U of MN (1)
	WI (1)	U of MN (1)
Optometry	ND (8)	Pacific U (8)
	MN (7)	Pacific U (3) Illinois College (3) SOCA College (1)
	AZ (3)	Pacific U (2) No Response (1)
	CT (1)	Pacific U (1)
	IA (2)	Illinois College (1) Pacific U (1)
	IN (1)	Illinois College (1)
	MT (1)	Pacific U (1)
	OK (1)	Pacific U (1)
	OR (3)	Pacific U (3)
	WI (1)	Pacific U (1)
	WY (1)	Pacific U (1)
Veterinary Medicine	ND (10)	Iowa State (3) Kansas State (4) U of MN (1) WA State (1) CO State (1)
	MN (1)	Kansas State (1)
	IA (3)	Iowa State (3)
	AZ (1)	Iowa State (1)
	CO (1)	Kansas State (1)
	MT (1)	Iowa State (1)
	NE (1)	Iowa State (1)
	NH (1)	CO State (1)
SD (1)	Iowa State (1)	

Summarize comments regarding a service “payback” feature

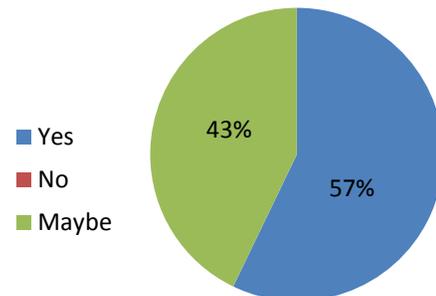
If a repayment feature for non-service to ND was part of your application, would you still have applied?

2014 Cohort



Are you planning to return to ND to work post-graduation?

2014 Cohort



2014 Survey –PSEP Alumni

- 71% would have still applied for the PSEP support had a payback feature been in place.
- 48% currently practice in ND or did practice in ND at one point in time.
- WICHE return rate – places ND at 31% average between veterinary medicine, optometry and dentistry, with the highest return rate in veterinary medicine (54%).
- 2013 ND PSEP alumni – 48% return rate based on ND licenses.

Application Process/Communication

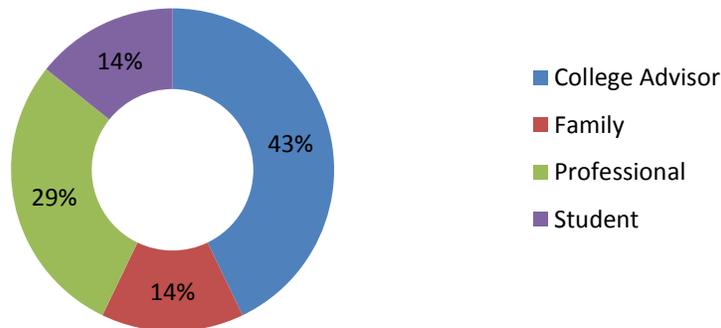
Application for admission to the respective institutions is made directly to the institution. The institution makes the determination as to which applicants will be offered admission. Applicants must complete and submit the Application for Certification for the Professional Student Exchange Program to the NDUS office if they are interested in receiving state support. Applicants must also complete and submit the Application for Resident Student Status to the NDUS office. Taken together, these two documents provide the data needed to determine if the applicant could be approved. The application deadline is October 15.

The NDUS touches the applicants at various steps in the process.

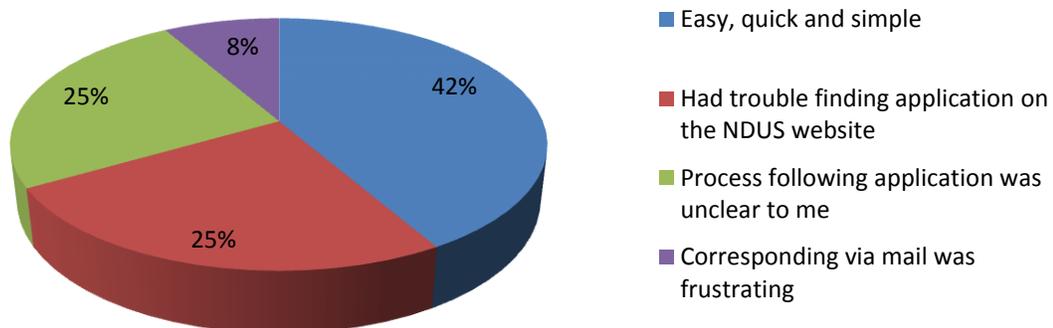
- Upon receipt of the application – applicants with missing documents are contacted
- October 15th – all applicants receive a letter explaining the process and their status as a qualifying or non-qualifying applicant
- November – April – NDUS receives rankings for 3 programs and begins the process of awarding and notifying recipients

The process of applying to colleges and the PSEP application process is generally considered straight forward and easy, however, respondents did note that they had difficulty locating information on the NDUS website regarding the application. Additionally, they did not have a clear understanding of the process after application and would have benefited from timelier communication from NDUS.

How did you find out about PSEP?



How did you feel about the PSEP application process?



Eligibility

- ND resident (based on tuition residency guidelines)
 - 5 of 11 states require more than 1 year to establish residency for PSEP.
 - All PSEP recipients must meet ND residency guidelines as defined in NDCC, Section 15-10-19.1. Although not factually supported, concerns have been raised regarding students moving to North Dakota to establish the minimum residency guidelines specifically for the purpose of gaining access to the PSEP program. In the 2014 survey of PSEP alumni, ninety-five percent of the respondents graduated from a ND high school. Three of the 63 respondents did not graduate from a ND high school, however, no data existed to suggest that they established residency only for the purpose of gaining access to PSEP support dollars.
- Apply by October 15 of the year preceding the year they plan to attend graduate studies for priority consideration.
- Be accepted to an eligible institution; rank is a consideration.

State and Federal Student Loan Forgiveness Programs

Federal and state loan forgiveness programs currently exist. These programs can serve as a foundation for establishing parameters for all ND loan forgiveness programs. As the ND Legislature contemplates a service payback feature for the PSEP programs, a consistent repayment structure can add clarity for applicants and legislators. Current programs could act as a foundation for establishing a new service repayment feature.

The state legislature created and funded the following loan forgiveness programs:

- Dentists' Loan Repayment Program (Chapter 43-28.1) and Dental Nonprofit Public Health Program (Chapter 43-28.1-01.1).
 - Encourages practice in areas of greatest need or in public health/nonprofit dental clinics.
 - Communities with populations under 2,500 have highest priority.
 - Must show demonstrated need for dental services.
- Veterinarian Loan Repayment Program (Chapter 43-29.1).
 - Supports defined areas of need in the state.

Federal loan repayment options exist through:

- National Health Service Corps (dental)
 - Must practice within a health shortage area.
- American Veterinary Medical Association Loan Repayment Program
 - Must practice within designated shortage areas.
- Loan Forgiveness for Public Service Employees
 - Specific discipline area not defined, however, must work with a federal, state or local government agency, entity or organization, or for a not-for-profit organization.

PSEP "payback" service requirement - VS - loan forgiveness:

The Professional Student Exchange Program (PSEP) provides support payments for students in programs that are not offered in the state. These programs are highly competitive in enrollment and guaranteed slots give North Dakota residents greater access to professional programs. Ultimately, the state is looking to support workforce needs in the state in these areas. A "payback" feature would still continue to allow resident of the state to pursue these highly competitive fields of study because the state's payment is a more reliable revenue source and would be guaranteed. Converting the program into a back-end "loan forgiveness program" and eliminating front-end PSEP support would jeopardize the slots currently reserved for ND applicants. Therefore, loan forgiveness should be considered separate from creating a PSEP service payback requirement.

Recommendations

- A. **NDUS** to improve PSEP application process and communication –
- Create a more prominent location for the PSEP program on the NDUS website with clear and concise information so applicants are able to understand the full application process.
 - Develop an online application process.
 - Work with pre-health advisors and professional associations to market the PSEP program.
 - Clarify the amount of the support payment and establish consistent funding formulas in non-WICHE contracts.
- B. **Legislative Assembly** consider PSEP eligibility –
Consider establishing eligibility guidelines in accord with service feature, if any, to lower the possibility of an out-of-state student establishing minimal residency parameters for purpose of gaining access to PSEP funding.
- C. **Professional State Associations** identify workforce needs –
- Develop a reliable reporting system to determine workforce needs 4-6 years out.
 - Encourage the professional associations to develop a comprehensive mentoring and recruiting plans for students throughout their education.
- D. **Legislative Assembly** consider PSEP service/payback structure options –
Pay-back feature options (Appendix D attached for structure comparison state-by-state):
- a) No service required but 100% payback of state support payment – low interest loan
- Alaska - All awards made are considered a loan with 100% payback; no service requirement.
 - Pros: Guaranteed resource for the state to continually fund new applicants; provides a low-interest loan option for students
 - Cons: Adds to student debt load without any opportunity for service; no incentive to return to the state; option does not support the state's workforce needs
- b) Pro-rate repayment of state support payment based on year-for-year service to ND on all funds received – 6 of 11 states have this structure
- i. 0 years 100%
 - ii. 1 year 75%
 - iii. 2 years 50%
 - iv. 3 years 25%
 - v. 4 years 0%
- Pros: State has increased opportunity to retain talent and support professions in the state; student has opportunity to provide service to the state to fulfill service commitment
 - Cons: Workforce needs in the state might not support graduates; limited income &/or employment opportunities in the state might exist at graduation; added student loan debt for non-service
- c) Combination of scholarship and repayment of state support payment. Pro-rate based on year-for-year service to ND on a portion of state funds received – Provide a “scholarship” equivalent to state subsidy that other NDUS students receive and require a “payback” feature on the balance, based on service requirements.
- Pros: Student carries less of a risk; state has increased opportunity to retain talent and support professions in the state; student has opportunity to provide service to the state to fulfill the service commitment
 - Cons: Workforce needs in the state might not support graduates; limited income &/or employment opportunities in the state might exist at graduation; added student loan debt for non-service
- d) No payback – status quo – 4 of 11 states, including ND, currently have this structure
- Pros: Does not add to the debt load of students and provides a no-risk opportunity for the student to pursue professional studies
 - Cons: No obligation for students to return to the state; does not support the state's workforce needs

Additional PSEP service payback considerations for Legislative Assembly:

- Structure of payback feature, including defining appropriate work opportunities, establishing parameters and special considerations must be developed.
- Develop a consistent structure to repayment program provisions that are clear, concise and not in conflict with other state or federal programs.
- Costs of administering a payback program exist.
- Administering agent.
- Can additional programs, such as loan forgiveness on the back-end, be developed to support the opportunities in the state for new graduates who return?

Appendix D

Professional Student Exchange Program: Structure by State

Revised Sept 2013

STATE	WHERE CERTIFYING OFFICER HOUSED	HOW FUNDED	SERVICE REQUIREMENT?	FAILURE TO SERVE PAYBACK TERMS	FINANCIAL NEED CONSIDERED	STUDENT SURCHARGE?	RESIDENCY REQUIREMENT FOR PARTICIPATION	# OF FIELDS STATE IS SUPPORTING
AK	AK Commission on Postsecondary Ed.	Line item in Board budget	No	Full amount with interest	No	No	1 year prior to application	7
AZ	AZ Board of Regents	2 line items in Board budget for dues and fees	Year for year of support; 1/2 year for each year if in underserved area	Full amount with interest	No	No	5 years prior to enrollment; US citizenship	5
CO	CO Dept. of Higher Ed.	Line item in Commission budget	Year for year of support	Full amount with interest	No	No	1 year prior to application	1
HI	HI University System Office	Line item in Univ. budget	Year for year of support.	Full amount with interest plus fees	No	No	5 years prior to application; parents or self	5
MT	MT University System Office	System budget	No	N/A	No	Allopathic and osteopathic medical students pay a percentage of their support fee to fund the Montana Rural Physician Incentive Program (MR PIP)	2 years prior to application	7
NV	NV System of Higher Education Office	State general fund + student surcharge	Year for year of support; 1 year reduction for service in an underserved area, or as a state employee	Full amount with interest	No	25% of support fee + interest. Pas 10% of support fee + interest	1 year min. prior to application; US citizenship	4
NM	NM Higher Ed. Dept.	Line item	Effective Fall 97 entering; year for year of support (3 yr. max. return)	New: up to 3 times the principal plus 18% interest	No	No	3 years prior to application, or must have graduated from a NM high school & 1 yr residency	2
ND	ND University System Office	System budget	No	N/A	No	No	1 year prior to application	3
UT	UT Board of Regents	Line item	No; moral obligation to return	N/A	No	No	5 years prior to application	2
WA	Washington Student Achievement Council	Line item in agency budget	Greater of either 3 years, or 1 year for each year of support	Full amount plus interest	Yes; 1st year of support only	No	1 year prior to application	2 (Funding for new students currently on hold.)
WY	U. of Wyoming	Line item to agency	Yes, 3 years for students matriculating 2013 and later. Veterinary medicine students are exempt	Full amount plus interest	No	No	1 year prior to enrollment	9

NOTE: States determine the fields and the number of seats to be supported in each field.

G:\SEF\PSEP\PSEPManual\Appendices\AppendixD - PSEPStructure in Each State.docx