

**ALASKA STATE LEGISLATURE
HOUSE HEALTH, EDUCATION AND SOCIAL SERVICES
STANDING COMMITTEE**

February 20, 2001

3:03 p.m.

MEMBERS PRESENT

Representative Fred Dyson, Chair
Representative Peggy Wilson, Vice Chair
Representative John Coghill
Representative Gary Stevens
Representative Vic Kohring
Representative Sharon Cissna

MEMBERS ABSENT

Representative Reggie Joule

COMMITTEE CALENDAR

HOUSE BILL NO. 101

"An Act relating to charter schools; and providing for an effective date."

- HEARD AND HELD

HOUSE BILL NO. 37

"An Act relating to reimbursement of certain student loans; and providing for an effective date."

- MOVED CSHB 37(EDU) OUT OF COMMITTEE

HOUSE BILL NO. 41

"An Act repealing the termination date of changes made by ch. 87, SLA 1997 and ch. 132, SLA 1998 regarding child support enforcement and related programs; repealing the nonseverability provision of ch. 132, SLA 1998; repealing certain requirements for applicants for hunting and sport fishing licenses or tags, and for certain hunting permits, to provide social security numbers for child support enforcement purposes; and providing for an effective date."

- HEARD AND HELD

PREVIOUS ACTION

BILL: HB 101

SHORT TITLE:CHARTER SCHOOLS

SPONSOR(S): REPRESENTATIVE(S)DYSON

Jrn-Date	Jrn-Page		Action
02/02/01	0225	(H)	READ THE FIRST TIME - REFERRALS
02/02/01	0225	(H)	EDU, HES, FIN
02/12/01	0303	(H)	EDU REFERRAL WAIVED
02/20/01		(H)	HES AT 3:00 PM CAPITOL 10

BILL: HB 37

SHORT TITLE:STUDENT LOAN FORGIVENESS

SPONSOR(S): REPRESENTATIVE(S)STEVENS

Jrn-Date	Jrn-Page		Action
01/08/01	0033	(H)	READ THE FIRST TIME - REFERRALS
01/08/01	0034	(H)	EDU, HES, FIN
01/17/01		(H)	EDU AT 9:00 AM HOUSE FINANCE 519
01/17/01		(H)	Heard & Held
01/17/01		(H)	MINUTE(EDU)
01/31/01		(H)	EDU AT 8:00 AM CAPITOL 106
01/31/01		(H)	Heard & Held
01/31/01		(H)	MINUTE(EDU)
02/07/01		(H)	EDU AT 8:00 AM CAPITOL 106
02/07/01		(H)	Moved CSHB 37(EDU) Out of Committee
02/07/01		(H)	MINUTE(EDU)
02/09/01	0279	(H)	EDU RPT CS(EDU) NT 3DP 4NR
02/09/01	0279	(H)	DP: PORTER, WILSON, STEVENS; NR: GREEN,
02/09/01	0279	(H)	GUESS, JOULE, BUNDE
02/09/01	0279	(H)	FN1: (EED)
02/20/01		(H)	HES AT 3:00 PM CAPITOL 106

BILL: HB 41

SHORT TITLE:CHILD SUPPORT ENFORCEMENT/SOC SEC. #

SPONSOR(S): RLS BY REQUEST OF THE GOVERNOR

Jrn-Date	Jrn-Page		Action
01/10/01	0046	(H)	READ THE FIRST TIME - REFERRALS
01/10/01	0046	(H)	HES, JUD, FIN
01/10/01	0047	(H)	FN1: ZERO(REV)
01/10/01	0047	(H)	GOVERNOR'S TRANSMITTAL LETTER

01/25/01	(H)	HES AT 3:00 PM CAPITOL 106
01/25/01	(H)	Heard & Held
01/25/01	(H)	MINUTE(HES)
02/15/01	(H)	HES AT 3:00 PM CAPITOL 106
02/15/01	(H)	Heard & Held
		MINUTE(HES)
02/20/01	(H)	HES AT 3:00 PM CAPITOL 106

WITNESS REGISTER

DIANE BARRANS, Executive Director
 Postsecondary Education Commission
 Department of Education and Early Development
 3030 Vintage Boulevard
 Juneau, Alaska 99801
 POSITION STATEMENT: Testified and answered questions on HB 37.

BETH NORDLUND, Special Assistance
 Office of the Commissioner
 Department of Education and Early Development
 801 West 10th Street
 Juneau, Alaska 99801
 POSITION STATEMENT: Testified and answered questions on HB 37.

DOUG LETCH, Staff
 to Representative Gary Stevens
 Alaska State Legislature
 Capitol Building, Room 428
 Juneau, Alaska 99801
 POSITION STATEMENT: Answered questions on HB 37.

SEAN REILLY
 1106 C Street
 Juneau Alaska 99801
 POSITION STATEMENT: Testified in support of HB 37.

LOIS PETERSON, School Library Media Coordinator
 Libraries, Archives & Museums
 Department of Education and Early Development
 344 West 3rd Avenue
 Anchorage, AK 99501
 POSITION STATEMENT: Testified on HB 37 for the recognition of librarians as certified teachers.

VERNON MARSHALL, Executive Director
 National Education Association-Alaska
 114 Second Street

Juneau, Alaska 99801

POSITION STATEMENT: Testified in support of HB 37.

BARBARA MIKLOS, Director
Child Support Enforcement Division
Department of Revenue
550 West 7th Avenue
Anchorage, AK 99501

POSITION STATEMENT: Testified in support of HB 41.

RANDY LORENZ, Staff
to Representative Fred Dyson
Alaska State Legislature
Capitol Building, Room 104
Juneau, Alaska 99801

POSITION STATEMENT: Explained the proposed amendment for HB 41.

JOHN MALLONEE, Data Processor Manager
Child Support Enforcement Division
Department of Revenue
550 West 7th Avenue
Anchorage, AK 99501

POSITION STATEMENT: Answered questions on HB 41.

SHARRON O'DELL, Staff
to Representative Vic Kohring
Alaska State Legislature
Capitol Building, Room 24
Juneau, Alaska 99801

POSITION STATEMENT: Testified on HB 41.

ACTION NARRATIVE

TAPE 01-16, SIDE A
Number 0001

CHAIR FRED DYSON called the House Health, Education and Social Services Standing Committee meeting to order at 3:03 p.m. Members present at call to order were Representatives Dyson, Wilson, Coghill, Stevens, and Cissna. Representative Kohring joined the meeting as it was in progress.

HB 101-CHARTER SCHOOLS

CHAIR DYSON announced that the committee would hear testimony on HOUSE BILL NO. 101, An Act relating to charter schools; and providing for an effective date."

CHAIR DYSON stated his intention to open the hearing on HB 101 but not to act on it today. [Chair Dyson asked later in the meeting whether anyone was available to testify, but there was no response. HB 101 was held over.]

HB 37-STUDENT LOAN FORGIVENESS

CHAIR DYSON announced that the committee would hear testimony on HOUSE BILL NO. 37, "An Act relating to reimbursement of certain student loans; and providing for an effective date." [Before the committee was CSHB 37(EDU). In the packets, but not adopted as a work draft, was version 22-LS0287\J, Ford, 2/16/01.]

Number 0195

REPRESENTATIVE STEVENS, speaking as the sponsor of HB 37, stated:

Public education is truly at the crossroads. We're demanding more of our students, such as the exit exam, and we're trying to raise student achievement, while at the same time we are facing an all-time shortage of teachers, especially in rural Alaska. As you know, the Alaska Student Loan Forgiveness Program ended in 1980 and has succeeded in encouraging many students to return to Alaska as teachers. Today there is no incentive in the Alaska Student Loan Program that would encourage Alaskans to return home after finishing their education and becoming certificated teachers.

REPRESENTATIVE STEVENS continued, stating:

As you also know, other states are doing their best to attract and retain teachers. They are using a wide variety of incentives such as higher salaries, signing bonuses, a down payment on homes, mortgage subsidies, as well as student loan forgiveness. You may have heard, Broadner's Alaska Legislative Digest of February 2, 2001, it included a couple of very telling charts. The first one was the percent change in average teacher salary from 1989 to 1999. It showed that in current dollars the U.S. average was 37.3 percent, while in Alaska it was 12.2 percent. A second chart showed the percent change in average teacher salary from 1989 to 1999 in constant dollars,

and this chart showed the U.S. average at 2.8 percent, while in Alaska it was minus 16 percent. Clearly, we're headed in the wrong direction.

Number 0359

REPRESENTATIVE STEVENS stated that this indicates that Alaskan teacher salaries are becoming less and less competitive in the face of a national teacher shortage.

REPRESENTATIVE STEVENS remarked that in this past year there were unfilled positions across the state in math, special education, and speech pathology. For the 1999/2000 school year, 1,335 new teachers were hired in Alaska. On the first day of school, 84 teaching positions were still unfilled; some remained unfilled for several months. Districts were forced to hire unqualified teachers on emergency certificates and teachers with minimal qualifications. He said this bill would forgive 10 percent a year, up to a total of 50 percent, for Alaskans who return to teach in Alaska. Forgiveness will only be given if an Alaskan student has returned home and taught for a year. He clarified that this is a credit on the student loan, not a reimbursement.

Number 0489

CHAIR DYSON asked if there is any incentive for someone who gets a commercial loan or uses his or her own funds, instead of getting a state loan.

REPRESENTATIVE STEVENS replied that someone could only receive forgiveness through the state loan program, not through a bank loan.

Number 0665

CHAIR DYSON asked what the present forgiveness rate is.

REPRESENTATIVE STEVENS replied that there is no forgiveness rate.

Number 0740

DIANE BARRANS, Executive Director, Postsecondary Education Commission, Department of Education and Early Development (EED), came forth and stated that there is not, in the Alaska Student Loan Program (ASLP), a forgiveness benefit under the contracts

that are currently being issued. There are some existing benefits from the pre-1988 loans that are still paid out as they are claimed. The only programs that have some forgiveness benefits are those such as the Alaska Teacher Scholarship Loan Program, which requires that the student have graduated from a high school in Alaska and have been nominated by a rural school district in Alaska; the student would then have to teach in a rural or Bush school to receive the benefits under that program, which are 100 percent forgiveness of debt.

Number 0821

REPRESENTATIVE COGHILL asked how the contract [under HB 37] would prove the [teacher's] employment time.

REPRESENTATIVE STEVENS stated that the person would have had to teach one year in an Alaskan school district to be able to apply for forgiveness. It takes a period of six years for the person to be forgiven the whole 50 percent.

MS. BARRANS replied that teachers who want to receive the benefit are required to file and claim that benefit. The EED could verify a person's employment as a teacher in Alaska.

Number 0908

REPRESENTATIVE WILSON asked, if this bill passes, whether a teacher teaching this year would qualify [for the forgiveness].

REPRESENTATIVE STEVENS stated that he does not believe so. The person would have to start teaching the next school year, since it takes effect July 1, 2001.

MS. BARRANS remarked that the in latest version of the bill, page 2, line 11, states: "This Act applies to loans entered on or after July 1, 2001". She said that unless current borrowers continue to borrow in the next loan year, they would not have a loan that qualified for a benefit.

Number 1020

REPRESENTATIVE WILSON asked: If a person has one more year of school, applies for a loan for that last year, and then teaches for a year, could he or she, two years from now, get the last year of school [loan] forgiven?

MS. BARRANS answered that the last year's loan would be subject to up to 50 percent forgiveness if the person taught for a total of five years.

CHAIR DYSON asked when the loan recipient starts making payments.

MS. BARRENS, replied that the repayment period begins six months after the separation from school. In response to a comment by Representative Dyson, she explained that because the borrower would only receive up to 50 percent forgiveness, he or she will still have to repay the other 50 percent balance on his or her loan. Therefore, the individual should get the full benefit available if he or she teaches for all five years.

CHAIR DYSON asked how 50 percent was decided upon as the right percentage of forgiveness.

Number 1160

REPRESENTATIVE STEVENS explained that he had hoped that the legislature would be willing to pay the bill of 50 percent and didn't think they would be willing to pay 100 percent.

CHAIR DYSON stated that there is a crisis in getting and keeping special education teachers in Alaska. He asked if that was a problem in Representative Stevens' area [Kodiak] and if the crisis with special education is disproportionate to the other education categories mentioned [math and speech pathology].

REPRESENTATIVE STEVENS responded that there are particular problems throughout the state in special education and math. He stated that this occurs in his district as well as every other area in Alaska.

Number 1241

REPRESENTATIVE COGHILL asked what the possibilities of refinancing the loans were for instance, if someone started teaching but wanted to combine the first two years of the loan with the last two years.

MS. BARRENS stated that the commission has the statutory authority to offer consolidated loans; however, it has not developed a product to do this. The financial implications and the implications on the legislative willingness to finance any

forgiveness benefits that could accrue to someone through a refinanced loan would have to be considered.

REPRESENTATIVE COGHILL noted that this is up to a GF (general fund) number that's decided by the finance committee at the end of the day.

MS. BARRANS stated that there would be a general fund appropriation to finance this program. The limitations as to how far it will go and how many people it will affect will be based on that fiscal note. If the program were put into statute and did not receive subsequent appropriations, it would become an unfunded mandate, but not one that the corporation would put itself in a position of being liable for.

Number 1359

REPRESENTATIVE WILSON asked if this forgiveness would include school librarians. She stated that one of her constituents wrote her: "Today's school librarians are certified elementary or secondary school teachers with endorsements from approximately 30 additional credits in the field of school. Each day librarians instruct students and often they're teachers on the use of reference materials."

REPRESENTATIVE STEVENS stated that this would apply to any certificated teacher, which includes librarians.

BETH NORDLUND, Special Assistance, Office of the Commissioner, Department of Education and Early Development, came forth to discuss HB 37.

CHAIR DYSON asked Ms. Nordlund to give an idea of the magnitude of shortages in specific education categories.

Number 1475

MS. NORDLUND said that she could testify only about the overall teacher shortage. She stated that the Alaska Teacher Placement Center has a report coming out this month that would give a better update on the areas of shortage around the state.

CHAIR DYSON asked if she could speak generally about the problem.

MS. NORDLUND answered that she has heard that science is another area of shortage. She added that she couldn't give additional

categories because it's dependant on the area. She said there are serious regional shortages, and that some of the urban areas are suffering in the area of special education. She added that there are some regions of Alaska that are having difficulties hiring teachers all together.

CHAIR DYSON asked if the Alaska Teacher Scholarship Loan is aimed at addressing the rural student.

MS. NORDLUND replied that it addresses the supply of rural teachers for the rural areas.

Number 1564

REPRESENTATIVE STEVENS commented that the student scholarship program [Alaska Teacher Scholarship Loan] is wonderful and does zero in on rural districts, but it requires a student to decide at the age of 17 to become a teacher.

CHAIR DYSON asked what would happen in the "out years" if this [ASLP] is successful and there is a glut of teachers and no demonstrable public need in the state.

REPRESENTATIVE STEVENS stated that there is a cycle, but it [the shortage] does seem to be particular bad right now, across the nation.

Number 1700

MS. NORDLUND referred to the "Resolution of the State Board of Education & Early Development on Teacher Loan Forgiveness" [in packet]. She read:

Quality teachers and administrators are a crucial component for raising student achievement; Alaska is experiencing a statewide shortage of teachers and administrators; teacher and administrator turnover is at best disruptive and at worst disabling to education reform, an especially acute problem in rural Alaska; states all across America are going to great lengths to attract and retain teachers and administrators, offering a wide variety of incentives; and demographic trends make it unlikely that Alaska educational institutions will be able to produce more than one third of the teachers our schools need each year.

MS. NORDLUND noted that Alaska's educational institutions currently supply Alaska's public schools with only 30 percent of the teachers that are needed.

Number 1735

MS. NORDLUND read from the "Public School Funding Formula, Educational Adequacy' [in packet]:

Many states and outside school districts offer incentives [such] as: signing bonus, down payment on a home, mortgage subsidy, and student loan prepayment programs. Due to limited resources, Alaska school districts continue to struggle to be competitive with other states and outside school districts when recruiting teachers.

MS. NORDLUND stated that as part of the Educational Adequacy Funding Formula there is a list of teacher incentives offered in other states.

Number 1795

MS. NORDLUND concluded that the next report that the legislature will receive from the EED is the Education Funding Task Force report. There is a concept in the report called Teacher Loan Assumption, which is a hiring tool whereby a school district offers to take over a teacher's loan from any accredited loan [institution] in the nation. For a teacher in Alaska the state would take over that loan payment of up to \$2,000 a year or \$10,000 in total. This is different from loan forgiveness because it costs more and is an incentive for people to come to Alaska to be teachers. She added that more than 70 percent of teachers in the state are from [out-of-state] institutions.

Number 1930

CHAIR DYSON referred to a pie chart from the Alaska Teacher Placement Organization and asked if there are 1,100 full-time school vacancies in Alaska.

DOUG LETCH, Staff to Representative Gary Stevens, came forth and stated that the information on the pie chart was collected from Melissa Hill, Director of the Alaska Teacher Placement program at the University of Alaska Fairbanks. He stated that the last total, from early January, showed 136.5 vacancies that hadn't

been filled. The pie chart is referring to the total amount of teacher positions that are out there.

Number 1983

REPRESENTATIVE STEVENS, in response to remark made by a staff member, stated that anyone who is a certificated teacher and is working in a school district in a certificated position, which includes librarians, would be able to apply for forgiveness.

Number 2042

SEAN REILLY came forth to testify in support of HB 37. He said that he went back to school to pursue a teaching degree. He stated:

A lot of times when a good bill comes aboard, a lot of people want to hop aboard with it. For example, you say, "Well, gee, what about some other fields, and what about people who have gone to school and are presently in school. "Why can't they jump aboard also?" Well, as you all know you have to be fiscally responsible and I think the Representative wrote this bill [to be] fiscally responsible. Therefore, instead of putting too many people on the raft and sinking it, if we just keep hold of the people that address this bill, we'll do well. Also, I don't think that there is a friction between whether you address those needs by forgiveness of loans, as opposed to loan incentive programs, bringing people in from the other states. In other words, I think that there are so many teaching positions that are needed in this state that not only do we need the teacher scholarship loan program, not only do we need the loan forgiveness clause, but we also do need those incentive programs.

Number 2154

LOIS PETERSON, School Library Media Coordinator, Libraries, Archives & Museums, Department of Education and Early Development, testified via teleconference that school librarians play the roll of teacher every day. She stated that there are more positions than there are qualified school librarians to fill those positions, so any encouragement for teachers to go back to school to become librarians should be addressed in the bill. She stated that school librarians are certified teachers and have additional training in order to qualify as librarians.

In their contracts they are listed as school librarian or as "district librarian". Unless the note is made that they should be considered as teachers, they may be overlooked. She expressed that she hoped the language would include teachers and school librarians who are teacher certificated.

REPRESENTATIVE STEVENS stated that there is no intention to exclude school librarians, and that he has no objection to amending this. He asked Ms. Peterson if there are other areas that have been omitted.

MS. PETERSON said that perhaps it should say: "school district employee hired under a teacher contract".

REPRESENTATIVE STEVENS stated that he is concerned because sometimes people who are not certificated are hired for positions that are intended for certificated teachers.

CHAIR DYSON asked if line 8 on 22-LS028\C of the bill could be changed to: "hired as a certified teacher".

MS. PETERSON replied that it would be clearer if it said: "someone hired under a certified teacher contract".

REPRESENTATIVE STEVENS stated that he would have no problem with that, as long as it covers counselors and principals who are also certificated and have been hired in those positions.

TAPE 01-16, SIDE B
Number 2396

VERNON MARSHALL, Executive Director, National Education Association-Alaska (NEA-Alaska), came forth to testify in support of HB 37. He said that counselors should also be included, particularly with all the work that is being done with standards and testing.

CHAIR DYSON asked if librarians would not be qualified because of language in the bill.

MR. MARSHALL stated that that was a concern raised by NEA-Alaska. He said that he thinks it would be clarified if the bill stated: "employed as a teacher or a librarian or a counselor".

REPRESENTATIVE STEVENS asked if that would also include principals.

MR. MARSHALL answered that principals may have a teaching certificate; therefore, the bill perhaps should include administrators, such as principals.

CHAIR DYSON noted that this could be offered as a conceptual amendment.

REPRESENTATIVE WILSON stated that a section of the bill includes the meaning of "teacher" and asked if that could be incorporated.

REPRESENTATIVE STEVENS asked Representative Wilson to read that section.

REPRESENTATIVE WILSON read from version 22-LS0287\J, page 2, subsection (c):

In this section, "teacher" means a person who for compensation instructs students in a public or private elementary or secondary school and who possesses a valid teacher certificate; "teacher" also includes a person employed as a public or private elementary or secondary school librarian.

Number 2279

MR. MARSHALL referred to the applicability section on page 2, line 11, [CSHB 37 (EDU)]. He stated that, assuming that the student is in a four-year program and achieves a degree, that individual is going to be out of school in 2005. The student will then teach five years and achieve 50 percent loan forgiveness in 2010. Therefore, NEA-Alaska recommends that a person who applies for a loan on or after July 2001, or who is enrolled in an undergraduate or graduate program entered into on or after July 1, 1997 qualify, for the Alaska Student Loan Program. He stated that the reason for 1997 is that if a person is in education now, he or she could have enrolled in academic year 1997/98. He added that if the individual knew that he or she was eligible for loan forgiveness in 2001/2002, this might immediately enhance the teaching pool.

REPRESENTATIVE COGHILL asked what the impact would be if the [ASLP] did go back and capture [those enrolled on or after July 1, 1997].

Number 2148

MS. BARRANS replied that the GF impact would be considerable. She stated that Representative Stevens had requested that the EED look at a slight retrospective application of the benefits to the individuals who graduated on or after January of 2000. In FY (fiscal year) '02, the estimated impact would be a \$1.4 million GF appropriation, in '03 it would be \$1.6 million, in '04 it would be \$1.9 million, and by '07 it would be \$3 million a year.

CHAIR DYSON asked how many education majors are currently in the University of Alaska system.

MS. BARRANS answered that because the forgiveness doesn't limit the benefits to people in the University of Alaska, the EED looked at the entire database of education majors and those that graduated with education majors. As a result, the estimates are based on the current number of educators who had loans and are teaching in Alaska.

CHAIR DYSON asked if the EED's fiscal note is based on the assumption that a person who is teaching, and who has loans, would apply and stay teaching.

MS. BARRANS stated that he was correct. It is based on individuals who are borrowers, have a certain level of debt, and are teaching in Alaska.

Number 2033

MS. BARRANS noted that if the bill clarifies that other professionals who are not actually teaching but are certificated were to be included, there would be an effect on the fiscal note. She informed the committee that the current version of the bill states that someone must be employed as a teacher.

CHAIR DYSON asked if the fiscal note includes librarians or counselors.

MS. BARRANS replied that it does not.

Number 1993

REPRESENTATIVE STEVENS stated that the governor's Loan Assumption Program that will be presented to the committee is not exclusive of this bill. It may very well assist many of the same people, he said, but he thinks the cost will be a lot

higher. He remarked that a third of the teachers each year apparently come from the University of Alaska and that people have a tendency to stay where they were educated. He stated that this bill would be a very effective way to bring back the Alaskans who have gone outside of the state to receive their education. He concluded by saying he believes that once people have taught in Alaska for five years, there's a good chance that they will teach their entire careers here.

CHAIR DYSON passed the gavel to Vice-Chair Wilson, and made a motion to CS for HB 37, version 22LS0287\J, Ford, 2/16/01, with an amendment on page 2, line 20, adding "or counselor" after secondary school librarian.

REPRESENTATIVE COGHILL objected for the sake of discussion.

CHAIR DYSON stated that he would also add on page 2, line 6 after the phrase "if the borrower is a special education teacher", the phrase "or teaches in a rural school". He then asked if "rural" is a term that means anything in the state statute.

MS. NORDLUND answered that it means REAA (Rural Education Attendance Area).

CHAIR DYSON responded, "or is employed in an REAA school."

REPRESENTATIVE STEVENS stated that there is a problem with that. For example, in his district there are urban schools and rural schools; the latter are considered small village schools and not part of REAA.

REPRESENTATIVE WILSON stated that her school district, Wrangell, is considered the same way.

Number 1758

MS. BARRANS remarked that there is actually a definition of rural, used in the Alaska Teacher Scholarship Loan Program, that describes a community's size and its relationship on road or rail to Anchorage, Fairbanks, or Juneau.

CHAIR DYSON remarked that the conceptual amendment would raise the incentive level of the loan forgiveness to 75 percent for special education teachers and those teaching in rural schools, as per Ms. Barrans' definition. And it would include librarians and counselors.

Number 1634

REPRESENTATIVE COGHILL stated that he thinks this will cause a significant rise in the fiscal cost beyond what can be handled. He expressed that there is a teacher shortage, so this should aim at the teachers.

REPRESENTATIVE STEVENS remarked that he respects what the amendment says, but fears that once additional elements are added the bill will become less and less likely to see itself through the legislative process. In response to Representative Coghill, he stated that he has amended his thinking and thinks the bill should aim at teachers, and be as simple and as clean as possible. He confirmed that he would vote against the amendment.

Number 1333

A roll call vote was taken. Representatives Kohring and Dyson voted in favor of the committee substitute. Representatives Cissna, Wilson, Coghill and Stevens voted against it. [Representative Joule was absent.] Therefore, the motion failed by a vote of 2 to 4.

REPRESENTATIVE STEVENS stated that the committee's current version, 22-LS028\C [CSHB 37(EDU)], includes 50 percent forgiveness, and does not include 75 percent forgiveness for special education teachers or include librarians and counselors.

Number 1228

REPRESENTATIVE COGHILL made a motion to move CSHB 37(EDU) from committee with individual recommendations and the attached fiscal note. There being no objection, CSHB 37(EDU) moved from the House Health, Education and Social Services Standing Committee.

HB 41-CHILD SUPPORT ENFORCEMENT/SOC SEC. #

Number 1222

CHAIR DYSON announced that the final item of business would be HOUSE BILL NO. 41, "An Act repealing the termination date of changes made by ch. 87, SLA 1997 and ch. 132, SLA 1998 regarding child support enforcement and related programs; repealing the nonseverability provision of ch. 132, SLA 1998; repealing

certain requirements for applicants for hunting and sport fishing licenses or tags, and for certain hunting permits, to provide social security numbers for child support enforcement purposes; and providing for an effective date."

[In packets but not yet adopted was Version F, 22-GH1002\F, Lauterbach, 2/16/01. As a result of being amended at the previous hearing, Version F rolled CSSB 19(HES), except for the title, into HB 41.]

Number 1160

BARBARA MIKLOS, Director, Child Support Enforcement Division (CSED), Department of Revenue, testified via teleconference. She stated that the CS for HB 41, Version F, changes the recent legislation's sunset provision relating to social security numbers as well as provisions that deal with the financial institutional data match program, which is a program CSED has just begun to implement. She said it also adds some provisions from the Senate Health, Education and Social Services (HES) Standing Committee; if an employer did not provide information on new hire reporting, there would not be a separate cause for civil action. She remarked that for the most part, CSED has no trouble with the changes. She noted that the current committee is asking for the legislation to sunset in two years; although CSED supports having it be five years, there would be no objection to the two-year sunset.

Number 1110

CHAIR DYSON stated that he has a proposed amendment of his own and asked Randall Lorenz, staff, to explain it. That amendment to Version F, 22-GH1002\F.1, Lauterbach, 2/16/01, read:

Page 1, line 3, following "**institutions**":
Insert "**; relating to child support payments**"

Page 5, following line 4:
Insert a new bill section to read:
"*** Sec. 12.** AS 25.27.103 is amended to read:
Sec. 25.27.103. Payments to agency. An obligor shall make child support payments to the agency if the agency is enforcing a duty of child support under AS 25.25 or this chapter. The agency shall disburse that portion of a payment that exceeds the amount of money necessary to satisfy the obligor's immediate duty of support in accordance with state and

federal requirements. Unless the obligor indicates in writing that all or part of the payment should be credited toward the obligor's arrears, the agency shall credit a payment received in the last 10 days of a calendar month against the immediate duty of support that is due in the next calendar month if the immediate duty of support for the current month has been satisfied. The agency shall credit money disbursed under this section [SUBSECTION] toward satisfaction of the obligor's duty of support."

Renumber the following bill sections accordingly.

Page 6, line 2:

Delete "11 and 14"

Insert "11, 12, and 15"

RANDALL LORENZ, Staff to Representative Fred Dyson, Alaska State Legislature, stated that presently, if an individual makes a payment through the employer - for example, during the first couple of days in February - and then, because of automatic pay cycles, his or her March paycheck falls around the 25th, 26th or 27th of February, then that's considered by CSED an overpayment. It would then go towards any back pay to either the state or federal government, and would not be forwarded to the March payment, which was the intent. As a result, the individual learns, in March, that he or she is in arrears for not paying in March. The problem is that CSED's computers are not forward-looking to make sure that it has been taken care of prior to making the state or federal payments. Mr. Lorenz stated that this amendment, therefore, requires that any payment that comes in the last ten days of the month be placed towards the next month's fiscal requirement, if the current month has been taken care of, unless that individual signs a waiver allowing it to go to the federal or state arrearages.

Number 0954

REPRESENTATIVE WILSON remarked that she thinks that this is an excellent idea and asked what Barbara Miklos thinks of it.

MS. MIKLOS stated that she doesn't think CSED disagrees with the intent, but she thinks that there are a few cases where this becomes a problem. She explained that if there are no arrearages on the case, then the money is applied to future payments. She added that arrearages on a case are monies owed to the custodial parent, not to the state or federal government.

In fact, CSED's new distribution requirements state that the custodial parent must be paid first. The biggest concern, she said, is that this is not consistent with CSED's requirements with the federal government in terms of how it distributes the money collected. She deferred to Mr. Mallonee to speak to that.

Number 0960

JOHN MALLONEE, Data Processor Manager, Child Support Enforcement Division (CSED), Department of Revenue, testified via teleconference. He explained that Title 45, CFR (Code of Federal Regulations) 302.51(a)(1), states:

For the purpose of distribution in a IV-D case, amounts collected, except as provided under paragraph (a)(3) of this section, shall be treated first as a payment on the required support obligation for the month in which the support was collected and if any amounts are collected which are in excess of such amount, these excess amounts shall be treated as amounts which represent payment on the required support obligation for previous months.

MR. MALLONEE said that there is also a (b) to that same section that states:

If an amount collected as support represents payment of the required support obligation for future months, the amount shall be applied to such future months. However, no such amounts shall be applied to future months unless amounts have been collected which fully satisfy the support obligation assigned under section 403(a)(8) of the Act for the current month and all past months.

MR. MALLONEE stated that this is in contradiction to what the federal distribution requirement has CSED doing.

REPRESENTATIVE WILSON asked: Currently, when funds come in and are first applied to the current month, if the individual were two months in arrears, would the money go to that [back pay] before it would go forward?

MR. MALLONEE replied that that is correct.

REPRESENTATIVE COGHILL said the obligor is asked to write a statement saying that that's the case. He asked if there were

cases in which arrearages would be in contest in such a way that this be effective in getting the money to the next forward months.

MR. MALLONEE answered that a case where it might arise is if the noncustodial parent were contesting what the arrearages were on the case, and felt that that money was really being paid ongoing and didn't agree with the arrears.

REPRESENTATIVE COGHILL asked if having the noncustodial parent sign an affidavit, or some kind of letter affirming that that could happen, is just bringing him or her into the loop.

MR. MALLONEE answered that that's all it would do. He added that he doesn't think that would solve the problem with the federal requirement because the individual is just telling what his or her intentions happen to be at that moment, but CSED's distribution is based on when it collects the money and how the case appears at that particular time.

REPRESENTATIVE CISSNA stated that it's her understanding from the amendment language that the individual would always be paying forward, so the public money would never get recuperated.

Number 0576

CHAIR DYSON stated that the intent is for the money to go to the support of the children. Any money that is intended to pay back obligations would be separate. Chair Dyson asked Mr. Mallonee when checks would be coming from the employer as opposed to directly from the obligor.

MR. MALLONEE replied that part of the problem is that the distribution rules are a little more specific for things that come from an employer versus those things that come from an individual. Checks that come from the employer must be distributed by the distribution requirements within two days of CSED receiving them. It is somewhat longer if it is paid individually. He stated that there are times when the employer's checks could be considered for the prior month.

Number 0460

CHAIR DYSON asked why the employers are sending checks for the support of children that aren't theirs.

MS. MIKLOS answered that in 1994 or 1996 Congress required from all states that child support be automatically carried out through wage withholding. She said she thinks the intent in having the employer withhold the money, which made a dramatic increase in terms of child support, was that it would be more consistent to withholding on federal income tax.

CHAIR DYSON asked: If the employer mails the check on the 22nd or 23rd and CSED applies that to the month in which it is received, takes the difference on any overages, and applies it to back debts, would the obligor get a penalty in interest the next month when the person isn't paid up to date?.

MS. MIKLOS replied that first of all, this is referring to a person who is already behind in his or her child support payments. The penalties would not increase in future months when the person continues to be behind. If he or she were never behind, then there would be absolutely no penalties because that money would be applied to the future.

Number 0305

CHAIR DYSON asked if CSED is using any of the arrearages to reimburse the state for welfare and ATAP (Alaska Temporary Assistance Program) funds that have been given to the custodial parents.

MS. MIKLOS answered yes, some of the money may go to the state or federal government and some may go to the custodial parents. Under CSED's new distribution requirement from the federal government, it is required to pay the custodial parent first for the arrearages. If the custodial parent is on public assistance, the state would provide the child support payments.

CHAIR DYSON asked if there is any way to craft this so if the obligor is behind on child support payments, any overpayments would go to the custodial parent and the children, and not reimburse the state for welfare or ATAP until the obligor authorized money from his or her paycheck deductions or wrote a check to make up those arrearages that are owed to the state.

MS. MIKLOS answered that child support payments that people pay now, unless there's an instance of hardship, do include SS (social security) money to pay back on arrears. Therefore, its not that CSED doesn't collect the monthly support ongoing. If the obligors are continually paying on future months and never paying on the arrears, they will then be gathering more interest

as the money moves along. She added that in some ways this would work to their disadvantage.

Number 0100

SHARRON O'DELL, Staff to Representative Vic Kohring, Alaska State Legislature, came forth and stated that in 1999 Representative Kohring's office handled two cases like this, which were garnishment cases with ATAP debt. In one case, CSED would not reverse the second payment, stating it couldn't get the money back from the public assistance office. In the second case, CSED backed out the posting, re-receipted it, and reissued a payment to the custodial parent. Because it was a military check, CSED said it could do that. When CSED applies the second payment received in the calendar month, because the first one is received in the beginning of the month and the second is received in the end of the month, the state robs the kids of the very support that is says it gives them.

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MS. O'DELL stated that there must be some type of mechanism in place that lets CSED distinguish money that is received that way.

Number 0102

REPRESENTATIVE CISSNA asked Ms. Miklos if there is a way that this could be addressed.

Number 0200

MS. MIKLOS clarified that it doesn't matter where CSED gets the money from, it must always be paid to the ongoing monthly support first. Child Safety Enforcement Division's position on whether there's a way to fix the problem has been that the most important thing is to collect money for the children, although CSED does believe people have an obligation to pay back the state. Child Safety Enforcement Division would be interested in trying to figure out a way for payments that happen to come in late to be used for the next month. This [amendment] is not the way, however, because it does not meet federal requirements and it does not consider the money CSED gets from the Permanent Fund Dividend Division or the IRS (Internal Revenue Service), which must be applied to arrears.

Number 0327

CHAIR DYSON called an at-ease at 4:47 p.m. The meeting was called back to order at 4:48 p.m.

CHAIR DYSON referred to the amendment, 22-GH1002\F.1. Beginning on line 11 of the amendment, he asked Ms. Miklos how it would work to delete the language, "Unless the obligor indicates in writing that all or part of the payment should be credited toward the obligor's arrears", and to have it read as follows, beginning on line 9:

The agency shall disburse that portion of a payment that exceeds the amount of money necessary to satisfy the obligor's immediate duty of support in accordance with state and federal [requirements]. The agency shall credit a payment received in the last 10 days of a calendar month against the immediate duty of support that is due in the next calendar month if the immediate duty of support for the current month has been satisfied and the moneys will not be used to satisfy past debts to the state.

Number 0429

MS. MIKLOS responded that there would be some real problems with the expectation of the federal government in terms of being able to satisfy not just the debt to the state but also the debt to CSED. She emphasized the complexity of dealing with the IRS and the permanent fund, for example.

CHAIR DYSON stressed the intent of keeping the money going to the kids, and not having money arbitrarily siphoned off to pay a back debt to the state. He suggested that there could be a conceptual amendment sent to the drafters, or this could be postponed until the beginning of the next meeting. He asked Ms. Miklos what she would prefer.

MS. MIKLOS answered that she would rather wait until the next meeting, to possibly come up with some language.

REPRESENTATIVE CISSNA suggested that the amendment state that the amount required for the future month be satisfied first, before back payments. In that way, there would be an opportunity for money to be paid backwards. She asked Ms. Miklos whether that would work.

CHAIR DYSON stated that he thinks this is on the right track.

Number 0609

MS. MIKLOS remarked that the reason CSED has introduced this legislation is to avoid a federal penalty. Referring to CFR 302.51, she said the federal government has been pretty clear regarding what CSED is expected to do with the money.

CHAIR DYSON suggested the language should be crafted to say that the money is part of what happens every month, so that it purposely excludes permanent fund dividends or income tax refunds, for example. He said he is not interested in this amendment precluding CSED's collection of back debts to the custodial parent; rather, his concern is with the back debts to the state that keep money from going to the kids.

REPRESENTATIVE KOHRING noted that he wouldn't be present at the next meeting. He commented that normally he'd be reluctant to vote for extending the sunset date of CSED, but he believes that Ms. Miklos and her staff have done a good job. He said he would support this legislation, at least in its current version. He added that he thinks the issue on social security numbers was handled better in this committee than in the Senate House Health, Education and Social Services Standing Committee. [HB 41 was held over.]

ADJOURNMENT

There being no further business before the committee, the House Health, Education and Social Services Standing Committee meeting was adjourned at 4:55 p.m.