

MINUTES
SENATE FINANCE COMMITTEE
March 13, 2007
9:02 a.m.

CALL TO ORDER

Co-Chair Bert Stedman convened the meeting at approximately [9:02:29 AM](#).

PRESENT

Senator Lyman Hoffman, Co-Chair
Senator Bert Stedman, Co-Chair
Senator Charlie Huggins, Vice Chair
Senator Kim Elton
Senator Donny Olson
Senator Joe Thomas
Senator Fred Dyson

Also Attending: DOUG LETCH, Staff to Senator Gary Stevens; DARWIN PETERSON, Staff to Senator Lyda Green; DENNIS EGAN, President and General Manager, Alaska Juneau Communication, past President and current Board Member, Alaska Broadcasters Association; RICHARD BENEVIDES, Staff to Senator Bettye Davis; PAT DAVIDSON, Director, Division of Legislative Audit; MIKE PAWLOWSKI, Staff to Representative Kevin Meyers;

Attending via Teleconference: From Ketchikan: BOB KERN, President, TLP Communications Inc.; From offnet locations: JAKE LIBBY, President, Palmer Rotary Club; SCOTT SMITH, President, Alaska Broadcasters Association; MIKE HOGAN, Executive Director, Alaska Physicians and Surgeons, Inc.; DENNIS VALENZENO, PhD, Director, Alaska WWAMI [Washington, Wyoming, Alaska, Montana and Idaho] Biomedical Program, University of Alaska-Anchorage; SUZANNE TRYCK, WWAMI

SUMMARY INFORMATION

SB 59-BROADCASTING PROMOTING CHARITABLE GAMING

The Committee heard from the sponsor, a service organization, a business association and a private business. A committee

substitute was adopted and amended. The bill was reported from Committee.

SB 81-EXTEND BOARD OF MIDWIVES

The Committee heard from the sponsor and the Division of Legislative Audit. The bill was reported from Committee.

HB 18-POSTSECONDARY MEDICAL & OTHER EDUC. PROG.

The Committee heard from the sponsor and the University of Alaska. The bill was held in Committee.

#SB59

[9:03:52 AM](#)

SENATE BILL NO. 59

"An Act relating to the use of broadcasting to promote charitable raffles and lotteries."

This was the first hearing for this bill in the Senate Finance Committee.

Co-Chair Stedman announced intent to report this bill from Committee barring any issue raised at this hearing.

[9:04:26 AM](#)

Senator Huggins moved for adoption of CS SB 59, 25-LS0410\C, as a working document.

There was no objection and the committee substitute was ADOPTED.

[9:05:24 AM](#)

DOUG LETCH, Staff to Senator Gary Stevens, sponsor of the bill, testified to the portion of the bill that relates to the use of broadcast media to promote raffles and lotteries.

[9:06:27 AM](#)

Mr. Letch expressed the intent of this bill to "level the playing field" for Alaska broadcasters. Currently statute

prohibits broadcasters from airing "truthful and non-misleading advertisements" of lawful charitable gaming activity. Because of this, those involved in local charitable organizations, including Boy Scouts of America, Girl Scouts of America, senior centers, football leagues, little leagues, and others, are not allowed to utilize radio and television to advertise raffles and other fundraising events. Such advertisement is allowed in print media.

Mr. Letch remarked that existing statute could impede "positive governmental interests" because the Alaska Broadcasting Association member stations are not allowed to assist non-profit organizations in efforts to generate funding.

[9:07:10 AM](#)

Mr. Letch furthered that the current law could deny broadcasters equal protection under the federal and State constitutions because it prohibits "without rational basis" broadcast media from engaging in conduct allowed for print media. This includes third-party advertising promoting charitable gaming activities.

Mr. Letch gave as an example the prohibition against the Boy Scouts of America from advertising its raffles on local radio stations.

Mr. Letch spoke of his experience in broadcasting in Alaska and emphasized its importance.

[9:07:52 AM](#)

Mr. Letch attested that promotion of small raffles is simple. However, larger raffles such as the football league in Kodiak require more promotion, which this legislation would allow.

[9:08:59 AM](#)

Co-Chair Stedman requested an explanation of the language of Section 5 adding a new paragraph to AS 05.15.690 pertaining to a "cabbage classic" at the Alaska State Fair in Palmer.

[9:09:25 AM](#)

Mr. Letch deferred to Senator Green's staff.

[9:09:37 AM](#)

DARWIN PETERSON, Staff to Senator Lyda Green, testified that this language was "selected as a policy call by the Senate President working with the Palmer Rotary Club." The existing language of AS 05.15.690 lists the classics for charitable events permitted by law. Many specify the venue and the administrator of the classic, including the Kenai River Classic, which specifies that the Kenai Chamber of Commerce administers that event.

Mr. Peterson qualified that the cabbage classic location would not have to be limited to the Alaska State Fair, nor would it have to be administered by the Palmer Rotary Club. The Palmer Rotary Club has historically operated the contest and the contest has always been held at the Alaska State Fair. Senator Green determined that the language of Section 5 would therefore be consistent with the remainder of the statute. However, the Committee could delete such specification from the bill. The existing classic would be allowed to continue and other cabbage classics would be allowed as well.

[9:11:14 AM](#)

JAKE LIBBY, President, Palmer Rotary Club, testified via teleconference from an offnet location to the logic of identifying the cabbage classic as the event held at the Alaska State Fair. This event is already nationally recognized in conjunction with the Giant Cabbage Weigh-Off at the Alaska State Fair. Few other opportunities for a cabbage classic exist.

[9:12:30 AM](#)

Senator Olson surmised from the language of Section 3 that youth organizations in general are unable to participate in charitable events unless those events are listed as exceptions. He asked the reason for this.

[9:13:02 AM](#)

Mr. Peterson responded that, as a "policy call of the state", such activities have been closely managed. Specific statutory authority allows for this oversight.

[9:13:21 AM](#)

Senator Olson asked the difference between a raffle and "outright gambling".

Mr. Peterson answered that the profits of a raffle are paid to charity.

[9:13:34 AM](#)

Senator Elton pointed out that because the provision of Section 5 limits the cabbage classic to the one event held at the Alaska State Fair, the language of Section 3 referring to "cabbage classics" should be in the singular rather than plural.

[9:14:01 AM](#)

Mr. Peterson agreed.

[9:14:06 AM](#)

Amendment #1: This conceptual amendment deletes "cabbage classics" and inserts "cabbage classic" where it appears in Section 1 on page 1, line 10; in Section 2 on page 2 line 4; and in Section 3 on page 2, line 10. The amended language reads as follows.

Section 1. AS 05.15.100(a) is amended to read:

(a) The department may issue a permit to a municipality or qualified organization. The permit gives the municipality or qualified organization the privilege of conducting bingo, raffles and lotteries, pull-tab games, ice classics, race classics, rain classics, goose classics, mercury classics, deep freeze classics, canned salmon classics, salmon classics, king salmon classics, dog mushers' contests, snow machine classics, fish derbies, animal classics, crane classics, cabbage classic, Calcutta pools, and contests of skill.

Section 2. AS 05.15.115(c) is amended to read:

(c) A permittee may not contract with more than one operator at a time to conduct the same type of activity. For the purposes of this subsection, bingo games, raffles and lotteries, pull-tab games, ice classics, race classics, rain classics, goose classics, mercury classics, deep freeze classics, canned salmon classics, salmon classics,

king salmon classics, dog mushers' contests, snow machine classics, fish derbies, animal classics, crane classics, cabbage classic, Calcutta pools, and contests of skill are each a different type of activity.

Section 3. AS 05.15.180(b) is amended to read:

(b) With the exception of raffles, lotteries, bingo games, pull-tab games, rain classics, goose classics, mercury classics, deep freeze classics, dog mushers' contests, snow machine classics, canned salmon classics, salmon classics, animal classics, crane classics, cabbage classic, Calcutta pools, and king salmon classics, an activity may not be licensed under this chapter unless it existed in the state in substantially the same form and was conducted in substantially the same manner before January 1, 1959. A snow machine classic may not be licensed under this chapter unless it has been in existence for at least five years before the licensing. An animal classic may not be licensed under this chapter unless it was in existence before November 1, 2002.

Senator Elton offered a motion for adoption.

Without objection the amendment was ADOPTED.

[9:15:52 AM](#)

SCOTT SMITH, President, Alaska Broadcasters Association, testified via teleconference from an offnet location to reiterate the Association's desire to better serve the needs of communities. Currently broadcasters are unable to promote these charitable events in any way. Broadcasters would like to help promote and provide outreach to organizations to assist in these fundraising efforts.

[9:17:00 AM](#)

BOB KERN, President, TLP Communications Inc., testified via teleconference from Ketchikan, that the corporation operates KFMJ Radio and publishes the local newspaper. He also serves a member of the Alaska Public Broadcasting Commission (APBC), and although he was not speaking on its behalf, this legislation would "favorably impact" the 26 public radio and television stations overseen by the APBC. Those stations would be allowed

to assist nonprofit groups and organizations in promoting activities in their communities.

Mr. Kern stated that this bill would also eliminate a "huge amount of confusion that exists between Alaska and the other states in the union and FCC [Federal Communications Commission] regulations." Alaska is one of two states in which stations are unable to broadcast gaming or lottery announcements.

Mr. Kern told of a situation in which a local radio station in Ketchikan and the American Diabetes Association "ran afoul" of State and federal statutes. In a written statement, the FCC informed it would not prosecute or fine the station because the Association held a gaming permit issued by the State and the raffle was not in violation of FCC regulations. State and FCC rules are not consistent with each other and should be clarified.

[9:20:37 AM](#)

DENNIS EGAN, President and General Manager, Alaska Juneau Communication, past President and current Board Member, Alaska Broadcasters Association, testified in Juneau in support of the bill, reading his testimony into the record as follows.

SB 59 affords a solution to the disparate treatment currently being imposed on Alaska's broadcasters by current Alaska statute.

Alaska statute prohibits, but only via radio and television, the advertising of lawful charitable gaming or conduct. Newspapers and related media are free to advertise the very same activity and conduct that radio and television stations may not advertise.

Recognizing the unfair burden placed upon broadcasters, Congress passed the Charity Games Advertising Clarification Act of 1988. It has been in effect since 1990. Congress opened the door for broadcasters to advertise for a charity, not to conduct charitable gaming.

The new federal law left it up to the individual states to ratify the federal law. To this date, nearly every state has allowed broadcasters in their respective states to become fully consistent with federal law.

Under the Charity Games Advertising Act signed into law by President Regan in 1988, federal law prohibits the acceptance of any advertising from a business if primary purpose is the conducting of a gaming activity... charitable or otherwise.

We feel that being allowed to announce that the local volunteer fire department is having a raffle to raise funds for CPR equipment, or the senior center is selling tickets on an afghan to raise funds for the senior citizen Care-A-Van, or the high school sports teams are selling tickets for a raffle to raise funds for travel, is not detrimental to anyone.

Alaska's broadcasters are not trying to suggest to you what activities should be permissible in the state. What we are asking is that all media including print, electronic, direct mail and even the signs we see on municipal buses have the same ground rules when it comes to promotion. Congress recognized this inequity with passage of the 1988 Charity Games Clarification Act.

As a federal licensee, broadcasters are one of the most highly regulated industries in the United States.

We urge you to provide equity, and give your favorable consideration of SB 59.

[9:23:44 AM](#)

Senator Olson requested clarification that Alaska is one of only two states that allow "blanket charitable events being advertised."

[9:23:54 AM](#)

Mr. Egan affirmed.

[9:24:19 AM](#)

Co-Chair Stedman pointed out that the fiscal note may need modification to account for increased fee generation from the cabbage classic.

[9:25:16 AM](#)

Mr. Letch did not oppose this.

[9:25:28 AM](#)

Senator Huggins offered a motion to report CS SB 59, 25-LS0410\C, as amended from Committee with individual recommendations and a forthcoming fiscal note.

There was no objection and CS SB 59 (FIN) was REPORTED from Committee with a forthcoming fiscal note from the Department of Revenue.

AT EASE [9:26:05 AM](#) / [9:27:57 AM](#)

#SB81

[9:28:01 AM](#)

SENATE BILL NO. 81

"An Act extending the termination date for the Board of Certified Direct-Entry Midwives; and providing for an effective date."

This was the first hearing for this bill in the Senate Finance Committee.

Co-Chair Stedman announced intent to report this bill from Committee.

[9:28:57 AM](#)

RICHARD BENEVIDES, Staff to Senator Bettye Davis, sponsor of the bill, read the sponsor statement into the record as follows.

Senate Bill 81 extends the sunset date of the Board of Certified Direct-Entry Midwives until June 30, 2015, in accordance with the recommendations of the Legislative Auditor. The legislative auditor has concluded the Board of Certified Direct-Entry Midwives meets the statutory requirements of public need and is in compliance with AS 08.01.065(c), which requires occupational licensing fees to cover the regulatory costs of that occupation.

The board has served as a means to make people practicing Midwifery aware of the level of experience and education expected of them. It consists of five members appointed by the Governor: one public member, two certified direct-entry midwives (CDMs), one certified nurse midwife, and one physician licensed by the Alaska State Medical Board who is either an obstetrician or who has specialized obstetric training.

Their duties include examining and certifying applicants, permitting apprentices, holding hearings and ordering disciplinary sanctions. They maintain all educational records; approve curricula, training, and programs for direct entry midwives and apprentices. They have worked proactively to ensure that public safety has been maintained while improving the profession of Midwives. They have successfully incorporated Certified Professional Midwife standards into Alaska's Certified Direct-Entry Midwives licensing program and worked with the State to establish Medicaid procedures for CDM services, thereby placing Alaska among eight states which both license their traditional midwives and provide Medicaid reimbursement for their services. They continue to work to create and revise regulations that ensure proper training and increase educational requirements.

Women seeking an alternative to hospital care for normal pregnancy and birth rely on the diligence of the board to enhance both the quality and accessibility of their healthcare. We urge your support on passage of this bill.

[9:30:51 AM](#)

Mr. Benevides informed that approximately ten percent of all births in Alaska are done through midwifery. Additionally, membership on this board has the highest licensing fee.

[9:31:09 AM](#)

Co-Chair Stedman cited a letter to the Division of Legislative Audit from Dana Brown, Chair of the Certified Direct-Entry Midwives Board dated October 26, 2006 and included in the audit report [copy on file] on page 17. The text of the letter reads as follows.

This is written in response to the preliminary audit report concerning the Board of Certified Direct-entry Midwives. I concur with the recommendation that the legislature extend the termination date of the board to June 30, 2015. My conclusions are the same as those in the audit report. In the Analysis of Public Need section on page 8, it implies that the board increased certification requirements for apprentice direct-entry supervisors. We tried to do this but were unable to change regulation because of wording in statute. Someday the Midwives Association of Alaska will need to go to the legislature and try to get legislation passed to change wording in statute so that certain regs. can be addressed. I concur with the rest of the report. I am very pleased with the report.

AT EASE [9:32:14 AM](#) / [9:32:23 AM](#)

Mr. Benevides was unaware of specific regulatory changes sought by the Board.

[9:32:44 AM](#)

Senator Olson asked the number of licensees in the State.

[9:32:51 AM](#)

Mr. Benevides deferred to the Division of Legislative Audit.

[9:32:59 AM](#)

PAT DAVIDSON, Director, Division of Legislative Audit, listed the number of Certified Direct-Entry Midwife (CDM) licensees at the end of 2006 as 28 and the number of registered apprentices at that time as eight.

Senator Olson asked the number of births and the number of "bad outcomes".

[9:33:34 AM](#)

Ms. Davidson did not know the number of births performed or the number of negative outcomes. The Division reviews the investigations conducted by the Board and the outcomes of those

investigations. It found that investigations were conducted in a timely manner and with satisfactory outcomes.

[9:34:07 AM](#)

Senator Olson asked if any disciplinary actions against members were taken in the past year.

[9:34:17 AM](#)

Ms. Davidson did not know.

Senator Olson asked the number of disciplinary actions taken in the history of the Board.

[9:34:43 AM](#)

Ms. Davidson again did not have the information, but assured she would research the matter.

[9:34:54 AM](#)

Senator Olson asked if Certified Direct-Entry Midwives have authority to prescribe any medication.

[9:35:01 AM](#)

Ms. Davidson did not know.

[9:35:04 AM](#)

Mr. Benevides interjected that midwives are prohibited from practicing unless they are located within a certain number of miles to a practicing doctor. Additionally, midwives are prohibited from performing any "medically difficult" births. The last disciplinary action taken by the Board was against a person practicing without a license.

[9:35:59 AM](#)

Senator Olson asked about the continuing education requirements and whether those requirements have changed in recent years similar to changes imposed by the State medical board.

[9:36:17 AM](#)

Mr. Benevides could not speak to the details of continuing education requirements.

[9:36:36 AM](#)

Co-Chair Stedman asked Ms. Davidson's recommendation on the aforementioned need for statutory changes.

[9:36:39 AM](#)

Ms. Davidson did not have adequate information to provide a complete answer. The Division determines whether boards or commissions are able to "carry out their business" and "leaves" necessary statutory changes to the board or commission to pursue.

[9:37:31 AM](#)

Co-Chair Stedman, noting that the Board was operating at a deficit, asked whether the license fee rates should be reevaluated.

[9:38:08 AM](#)

Ms. Davidson directed attention to Exhibit 1 of the Analysis of Public Need on page 9 of the audit report. Exhibit 1 is a spreadsheet titled, "Board of Certified Direct-Entry Midwives, Schedule of License Revenues and Board Expenditures, FY 03 - FY 06, (Unaudited)". Fees are levied on a two-year basis, with the Board receiving most revenue every second year, including FY 05 and FY 03. The lesser revenue generated in the intervening years should be adequate to sustain the program through that year. The greater amounts collected in subsequent years have been utilized to reduce the cumulative deficit. She highlighted the Ending Cumulative Deficits for FY 03: \$8,188; FY 04: \$45,026; FY 05: \$13,000; and FY 06: \$24,395. This pattern of reduction to the deficit would continue as fee rates would be unchanged for 2007. The balance should be zero barring any unforeseen spending increases, and at that time the fee should be reduced.

Ms. Davidson informed that expenditures "spiked" in 2002 and 2003 primarily in contractual costs with the Department of Law and for investigations.

[9:40:25 AM](#)

Co-Chair Stedman asked about the high litigation costs referenced in the audit report.

[9:40:37 AM](#)

Ms. Davidson pointed out that statute requires that occupational boards must be self financed. Therefore, the board incurs the costs associated with investigations, legal actions and drafting of new legislation. The increased costs incurred by this board do not cause "particular concern". A board with as few members as the Board of Certified Direct-Entry Midwives has high licensing fees.

[9:41:34 AM](#)

Senator Thomas asked why the personal services and contractual expenses of FY 03 and FY 04 were higher than FY 05 and FY 06.

[9:42:03 AM](#)

Ms. Davidson responded that the contractual costs are comprised of legal fees involving investigations. She could not address the disparities in the personnel services costs.

[9:42:33 AM](#)

Senator Thomas, citing page 10 of the audit, noted that the Division of Occupational Licensing, Department of Commerce, Community and Economic Development, opened nine investigative cases during the period of July 2002 and June 2006 pertaining to the Board of Certified Direct-Entry Midwives. He asked if any of these investigations were ongoing at this time and whether additional legal fees associated with the complaints were expected.

[9:43:18 AM](#)

Ms. Davidson had no direct information. Fees associated with the investigative cases depend on the direction each case takes. Investigation and legal fees concern all boards and commissions because their expense requires license fees to "swing" from one year to the next. However, these boards and commissions must deal with the costs of investigations and be self sufficient.

[9:44:20 AM](#)

Senator Elton, returning to the letter from the Board Chair on page 17 of the audit report, suggested "cognitive differences" exist between the understanding of the Board and that of the Division of Legislative Audit. He cited a finding on page 12 of the audit, which reads as follows.

It appears that the board has effectively and efficiently obtained its objectives and purposes. In proposing regulatory changes, the board has worked to ensure the objective of the regulation is clearly defined. They have provided for consistent language throughout the Certified Direct-Entry Midwives regulations and have updated the regulations and statutes to reflect new changes in the professional environment. Evidence suggests the board establishes and meets its operational objectives annually.

Senator Elton surmised that the audit report deems the Board to be solely responsible for drafting legislation, although the Board itself is "complaining" that it could not draft regulations.

Senator Elton commented that he supports this Board. Members of the profession have not protested the amount of the licenses.

[9:45:59 AM](#)

Ms. Davidson would discuss the matter with the Board Chair. The Board claims it could not draft regulations because it does not have statutory authority. However, the Division of Legislative Audit has determined the Board does have sufficient authority.

[9:46:34 AM](#)

Senator Huggins asked if a "clear message" could be gleaned from the number and types of complaints filed, as listed on page 10 of the audit.

[9:46:59 AM](#)

Ms. Davidson perceived no clear message. The Division of Legislative Audit reviews the types of complaints and their source. Because most of the complaints were filed by a Peer

Review Committee member (67 percent) or by another governmental agency (22 percent), the issues were primarily administrative, such as incomplete applications.

[9:47:54 AM](#)

Senator Olson pointed out the current licensing fee of \$2,088 and asked whether the profession had "any relief in sight" that could encourage more people to enter the midwifery field. Midwifery offered a "nice option" for those physicians unwilling or unable to perform births due to high malpractice insurance rates.

[9:48:33 AM](#)

Ms. Davidson responded that the license fees could not be reduced because the governing Board must be self sufficient.

[9:48:54 AM](#)

Mr. Benevides recalled testimony provided in the previous committee of referral on this bill from a CDM expressing willingness to pay the large amount because that person "loved their job". This midwife was reassured that the activities of those in the profession were overseen by the Board.

Mr. Benevides informed of two different regulations published the prior month pertaining to reimbursement and facility reimbursement for Certified Direct-Entry Midwives. Those regulations could be the same as those referenced in the letter by the Board Chair. A new set of proposed regulations has also been opened to public comment.

[9:50:13 AM](#)

Senator Huggins, referring to Senator Olson's statement that some doctor's could be unable to afford malpractice insurance, hypothesized that a "lower profile of litigation" could result in lower insurance rates for midwives. Senator Huggins commented in the irony that the "least qualified" professionals with the "highest risk" would have the lowest profile.

[9:51:01 AM](#)

Senator Olson corrected any misinterpretation of his earlier remarks asserting that midwives are "very well trained" with skill levels equal to many doctors. Midwives do not have the ability to perform surgery and therefore are unable to perform cesarean section births.

[9:51:39 AM](#)

Senator Huggins asked the type of insurance carried by Certified Direct-Entry Midwives.

[9:51:50 AM](#)

Mr. Benevides was unsure. Because of "law structure" midwives are not allowed to participate in high risk pregnancies.

[9:52:12 AM](#)

Senator Olson shared that CDMs normally participate in group insurance coverage. License fees are often paid by the corporation that employs the midwife or the organization in which the midwife practices.

[9:52:37 AM](#)

Senator Dyson suggested that the discussion on this bill highlighted a policy issue. The Legislature's determination that all boards and commissions must be financially self sufficient could provide an adverse incentive for these boards to adequately "police" their members. Investigations increase a board's operating costs and licensure fees must subsequently be increased. This issue is most predominant in the mental health boards, as the boards that have prosecuted the most cases also have the highest license fees. As a result new members to the mental health care profession consider joining boards with lower fees. This reduces the membership on the boards that diligently pursue the conduct of its professionals.

[9:54:09 AM](#)

Senator Huggins offered a motion to report the bill from Committee with individual recommendations and accompanying fiscal note.

There was no objection and SB 81 was REPORTED from Committee with zero fiscal note #1 from the Department of Commerce, Community and Economic Development.

AT EASE [9:54:53 AM](#) / [9:56:35 AM](#)

#HB18

[9:56:38 AM](#)

SENATE CS FOR CS FOR HOUSE BILL NO. 18(SED)

"An Act amending the functions and powers of the Alaska Commission on Postsecondary Education; and relating to the repayment provisions for medical education and postsecondary degree program participants."

This was the second hearing for this bill in the Senate Finance Committee.

[9:57:02 AM](#)

Co-Chair Stedman announced that the Committee would review additional information but would not report this bill from Committee at this time. Fiscal issues must be addressed.

[9:57:26 AM](#)

MIKE PAWLOWSKI, Staff to Representative Kevin Meyers, sponsor of the bill, testified to a memorandum dated February 26, 2007 from Representative Meyer to Co-Chair Stedman [copy on file]. Mr. Pawlowski noted this memorandum addressed questions raised at the previous hearing and highlighted the responses to Co-Chair Hoffman's questions as follows.

1. What is the long-term effectiveness of the WWAMI program? How many WWAMI [Washington, Wyoming, Alaska, Montana and Idaho] graduates are still practicing in the State of Alaska?

a. The first WWAMI class graduated in 1975. 60% of all WWAMI graduates are still practicing in Alaska today.

2. How many WWAMI graduates practice in Bethel? How many WWAMI graduates practice in rural Alaska?

a. While WWAMI graduates have previously practiced in Bethel and Western Alaska, there are none currently

practicing in the region. Students have however, been accepted from the area and students from rural Alaska represent a significant portion of the incoming WWAMI classes. Out of the 60% of WWAMI graduates practicing in Alaska, almost 1 in 4 are currently practicing in a rural community, compared to only 1 in 10 in the other WWAMI states.

9:59:18 AM

Mr. Pawlowski continued overviewing the memorandum and the question posed by Senator Elton as follows.

3. Address whether the Senate Special Committee on Education's amendment functions to increase or decrease the chances a participant will go in to general/family practice. Did the amendment increase the participant's costs in light of the fact that family practice is one of the lowest paid specialties in medicine?

a. The answer to the first part of the question is difficult since it requires speculation on an individual's educational and professional choices. The amendment clearly increases the debt burden a student takes on during their studies and through their residency. For example, if a student borrowed their portion of tuition, the obligation they would have accrued after 3, 5, or 7 years of residency at the current interest rate of 7.5% would be:

3 years: \$93,172

5 years: 107,672

7 years: 124,429

When viewed in combination with the student's tuition payments of \$15,500 per year, a WWAMI student is faced with the prospect of coming out of residency with as much as \$200,000 in outstanding obligations, in addition to whatever they accrued during their undergraduate career. If interest didn't accrue, the student's WWAMI obligation would be \$75,000. Whether this difference pushes an individual toward one particular specialty or another is difficult to say. However, in accruing a higher obligation a person has substantially increased their incentive to return to Alaska to practice.

10:00:23 AM

Co-Chair Stedman noted information regarding the Alaska WWAMI Biomedical Program website was submitted by Senator Olson [copy on file].

[10:00:53 AM](#)

MICHELLE RISK, University of Alaska, testified via teleconference from an offnet location that she was available to respond to questions on the fiscal note.

[10:01:13 AM](#)

MIKE HOGAN, Executive Director, Alaska Physicians and Surgeons, Inc., testified from an offnet location that he was also available to respond to questions. He voiced support of the bill.

[10:01:31 AM](#)

Co-Chair Stedman learned that Pete Kelly, Director, Office of Government Relations, University of Alaska, and Diane Barrans, Executive Director, Postsecondary Education Commission, Department of Education and Early Development, were available to respond to questions.

[10:02:05 AM](#)

Co-Chair Stedman spoke to the cost of the program to the State and the "potential impact in years to come". He asked Ms. Risk to address the cost implications.

[10:02:27 AM](#)

Ms. Risk asked whether the Committee had received a revised fiscal note from the University of Alaska.

[10:02:45 AM](#)

Co-Chair Stedman established that the Committee did have this fiscal note in its possession along with the two fiscal notes adopted by previous committees.

[10:03:26 AM](#)

Co-Chair Stedman commented on the "shear magnitude" of the revised fiscal note and inquired whether the costs could be "absorbed" in the University of Alaska's and the WWAMI program's budgets.

[10:03:38 AM](#)

Ms. Risk pointed out that the University would contribute \$180,000 University Receipt funds in FY 08.

[10:04:04 AM](#)

Senator Elton directed attention to the \$30,000 travel expenditure listed on the revised fiscal note and asked for an explanation of the travel involved in the operation of the program.

[10:04:18 AM](#)

Ms. Risk replied that the revised fiscal note contains funding for two new faculty positions and support staff positions to accommodate the increase of the program from ten to 20 students. The funding specified in the travel component would cover expenses incurred by all of the program's positions. Travel would be to the other states participating in the program.

[10:04:54 AM](#)

Senator Elton asked the purpose of the travel to the other states.

[10:05:08 AM](#)

Ms. Risk answered that the travel is necessary to allow faculty to "learn about the program."

[10:05:24 AM](#)

DENNIS VALENZENO, PhD, Director, Alaska WWAMI Biomedical Program, University of Alaska-Anchorage, testified via teleconference from an offnet location, about the two additional faculty positions. WWAMI is a collaboration of several states. Participating faculty congregate to discuss the program.

[10:06:15 AM](#)

Senator Elton noted that at least one annual trip occurs.

[10:06:22 AM](#)

Dr. Valenzano affirmed that one trip occurs at the end of the school year. Additionally, other travel is necessary to address changes to the program.

[10:06:40 AM](#)

Co-Chair Stedman requested an explanation of the change in number of positions.

[10:06:50 AM](#)

Ms. Risk informed that two new full time positions would be created and that two existing part time positions would be expanded to full time positions.

[10:07:22 AM](#)

Co-Chair Stedman asked the cost breakdown of the positions.

[10:07:25 AM](#)

Ms. Risk answered that \$40,000 would be utilized to fund the expansion of the part time positions. The remainder of the \$250,000 Personal Services component would be utilized for the salary and benefits of the two new full time positions.

[10:07:42 AM](#)

Co-Chair Stedman asked if the professors participating in this program teach only to WWAMI students.

[10:07:50 AM](#)

Dr. Valenzano replied that the faculty instructs WWAMI students, as well as undergraduate and graduate students, particularly in the biology and chemistry courses.

[10:08:22 AM](#)

Senator Olson asked if the two new faculty positions would be clinical or professors.

[10:08:36 AM](#)

Dr. Valenzeno answered that one position would be a "fulltime basic scientist" and the other position would be categorized as one-half basic scientist and one-half clinical scientist.

[10:08:56 AM](#)

Senator Olson informed that some travel expenses include the costs of students traveling to rural sites. He has experienced WWAMI students traveling in Nome and Barrow.

[10:09:07 AM](#)

Senator Thomas asked the number of students currently on the waitlist to enter the WWAMI program and the duration of the waitlist. He commented on the need to pass this legislation in a timely manner to allow those students who would be allowed to participate in the expanded program to apply for acceptance in medical school in Washington.

[10:09:41 AM](#)

SUZANNE TRYCK testified via teleconference from an offnet location identifying herself as "from the University of Washington side of the Alaska WWAMI Program". Currently ten additional students are on the waitlist and have "already been determined to be accepted into the program." The letters of invitation for "the first ten" had been mailed. The ten students on the waitlist, "will, we fear, go away with each succeeding day; they probably have letters of invitation from other medical schools." Therefore the timing "is an issue for us."

[10:10:38 AM](#)

Senator Elton requested that because of the timing issue, the Committee consider reporting this bill to the next committee of referral with the expectation that the fiscal notes could be addressed "within the next couple of days" and finalized by another committee.

[10:11:34 AM](#)

Co-Chair Stedman acknowledged the testimony regarding the urgency of this legislation. He also noted the Committee was in the process of addressing the University of Alaska budget, which correlates to the funding of the Alaska WWAMI program.

[10:12:06 AM](#)

Co-Chair Hoffman expressed concerns about the revised fiscal note. The WWAMI program could be beneficial in alleviating the shortage of doctors practicing in Alaska. However, the health care profession needs in rural areas "far outweighs" the needs in urban areas. He expressed interest in including a provision in this bill that would "give direction" and result in some additional physicians practicing in rural areas. As currently written, this legislation could facilitate an increase in doctors practicing in Alaska but no increase in doctors practicing in Rural Alaska.

[10:13:30 AM](#)

Senator Olson deemed the issue of less concern. Physicians practicing in rural locations would have incentive to accept offers of employment in urban centers. However, if urban centers were adequately represented, fewer offers would be extended to physicians in rural areas and thus those physicians would more likely remain in their current practice.

[10:14:51 AM](#)

Senator Olson offered a partial solution to the fiscal concerns. Rather than expanding the program to admit ten additional students, a compromise could be made and five additional students could be allowed to participate.

[10:15:29 AM](#)

Co-Chair Stedman indicated he would collaborate with Senator Olson to develop the proposal. The fiscal impact of this legislation would be addressed through the regular budget process.

[10:15:53 AM](#)

Co-Chair Stedman ordered the bill HELD in Committee.

#

AT EASE [10:17:27 AM](#) / [10:17:40 AM](#)

ADJOURNMENT

Co-Chair Bert Stedman adjourned the meeting at [10:17:40 AM](#)