

**ALASKA STATE LEGISLATURE
HOUSE EDUCATION STANDING COMMITTEE**

March 30, 2009

8:04 a.m.

MEMBERS PRESENT

Representative Paul Seaton, Chair
Representative Cathy Engstrom Munoz, Vice Chair
Representative Bryce Edgmon
Representative Wes Keller
Representative Peggy Wilson
Representative Robert L. "Bob" Buch
Representative Berta Gardner

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

HOUSE BILL NO. 204

"An Act increasing the number of students pursuing a medical education who are provided postsecondary educational services and programs; and providing for an effective date."

- HEARD AND HELD

HOUSE BILL NO. 58

"An Act relating to a student loan repayment program for specified occupations or fields in which a shortage of qualified employees exists."

- MOVED CSHB 58(EDC) OUT OF COMMITTEE

PREVIOUS COMMITTEE ACTION

BILL: HB 204

SHORT TITLE: POSTSECONDARY MEDICAL EDUC. PROG.

SPONSOR(s): REPRESENTATIVE(s) DAHLSTROM

03/23/09	(H)	READ THE FIRST TIME - REFERRALS
03/23/09	(H)	EDC, FIN
03/30/09	(H)	EDC AT 8:00 AM CAPITOL 106

BILL: HB 58

SHORT TITLE: EDUC LOAN REPAYMENT PROGRAM

SPONSOR(s): REPRESENTATIVE(s) THOMAS, WILSON, MILLETT

01/20/09	(H)	PREFILE RELEASED 1/9/09
01/20/09	(H)	READ THE FIRST TIME - REFERRALS
01/20/09	(H)	EDC, FIN
03/02/09	(H)	EDC AT 8:00 AM CAPITOL 106
03/02/09	(H)	Heard & Held
03/02/09	(H)	MINUTE(EDC)
03/18/09	(H)	EDC AT 8:00 AM CAPITOL 106
03/18/09	(H)	<Bill Hearing Canceled>
03/30/09	(H)	EDC AT 8:00 AM CAPITOL 106

WITNESS REGISTER

SAMUEL DIX, Staff
to Representative Nancy Dahlstrom
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Introduced HB 204 on behalf of Representative Dahlstrom, prime sponsor.

SUZANNE TRICK, Regional Program Director
School of Medicine
University of Washington
WWAMI

POSITION STATEMENT: Testified in support of HB 204.

DENNIS VALENZENO, Director
Alaska WWAMI Program;
Associate Dean
Medical and Pre Medical Program
University of Alaska Anchorage
Anchorage, Alaska

POSITION STATEMENT: During hearing of HB 204, answered questions.

SHELLY HUGHES
Alaska Primary Care Association
Address Not Provided

POSITION STATEMENT: Testified in support of HB 204.

PAT LUBY, Advocacy Director
AARP Alaska
Anchorage, Alaska

POSITION STATEMENT: Testified in support of HB 204.

KATHLEEN TODD, Family Physician
Valdez, Alaska

POSITION STATEMENT: Testified in support of HB 204.

KACI SCHROEDER, Staff
to Representative Bill Thomas
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Presented HB 58 on behalf of one of the prime sponsors.

ANNETTE KREITZER, Commissioner
Department of Administration (DOA)
Juneau, Alaska

POSITION STATEMENT: Testified on HB 58.

HANNAH HARRISON, Intern
Representative Paul Seaton
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: During hearing of HB 58, provided additional information.

DR. MARTIN LASTER, Coordinator
Education Leadership Program
University of Alaska Southeast
Juneau, Alaska

POSITION STATEMENT: Testified on HB 58.

JACK WALSH, Superintendent
Bristol Bay School District
Naknek, Alaska

POSITION STATEMENT: Testified during the discussion on HB 58.

ACTION NARRATIVE

[8:04:24 AM](#)

CHAIR PAUL SEATON called the House Education Standing Committee meeting to order at 8:04 a.m. Representatives Seaton, Wilson, Edgmon, Gardner, Buch, and Keller were present at the call to order. Representative Munoz arrived as the meeting was in progress.

HB 204-POSTSECONDARY MEDICAL EDUC. PROG.

[8:04:50 AM](#)

CHAIR SEATON announced that the first order of business would be HOUSE BILL NO. 204, "An Act increasing the number of students pursuing a medical education who are provided postsecondary educational services and programs; and providing for an effective date."

8:05:16 AM

SAMUEL DIX, Staff to Representative Nancy Dahlstrom, Alaska State Legislature, informed the committee that the Wyoming, Washington, Alaska, Montana, and Idaho (WWAMI) program has evolved to provide three out of four years of medical school education within Alaska. According to a 2006 Alaska Physician Supply Task Force, Alaska ranks 17th lowest in the nation in terms of physician-to-population ratio. The task force also estimates that Alaska has 375 fewer doctors than needed. This shortage is likely to worsen as Alaska's population increases and ages. Furthermore, one-third of the state's physicians are likely to retire within the next 10-15 years. Mr. Dix told the committee that at this time 50 percent of Alaskans who enter the WWAMI program ultimately practice within the state. The aforementioned percentage increases to almost 90 percent when WWAMI graduates from other states are included.

MR. DIX explained that during the first year of the WWAMI program students study at the University of Alaska Anchorage, whereas in the second year students from all five WWAMI states study at the University of Washington's School of Medicine in Seattle. The third and fourth years of study consist of clinical clerkship and rotations in the various medical specialty areas. He noted that these clerkships can be taken in any of the five WWAMI states. However, the Alaska track provides students the ability to complete nearly all third- and fourth-year clerkships in the state. Mr. Dix stated that the overall goal of the program is to incrementally increase the amount of students to 30. At this time, only an additional four seats are being asked for because that's all that the University of Alaska Anchorage can handle with its current facilities and faculty.

8:07:09 AM

REPRESENTATIVE GARDNER noted that she was a supporter of the past legislation that doubled the number of students allowed in the WWAMI program. However, the House Finance University Budget Subcommittee discussed that the strongest indicator of where a student will practice medicine is the location of the student's

residency. Therefore, the real impediment to increasing the number of new physicians in Alaska is having enough residency spots in Alaska. She asked if the sponsor has explored what it would take to simply offer more spots for residency.

MR. DIX pointed out that three out of the four years of the WWAMI program are spent in Alaska. He then highlighted that since the inception of the WWAMI program, the number of physicians practicing in Alaska has increased.

8:09:09 AM

SUZANNE TRICK, Regional Program Director, School of Medicine, University of Washington, stated support for HB 204. She informed the committee that prior to doubling the class size for the Alaska WWAMI program, Alaska ranked last in the nation in the number of medical school seats per person. Although Alaska isn't at the bottom, the state still ranks low and thus the state has a need for more medical school slots in the state. Ms. Trick then noted her agreement with the earlier mentioned notion that students practice where they receive the majority of their training. She pointed out that Alaska only has a residency program in family medicine and thus there are only a few types of residents that can be captured for training in the state. Therefore, the state needs physicians in more specialty areas than family medicine. Ms. Trick informed the committee that she is working on a residency program in pediatrics and psychiatry, as well as rotations in internal medicine. Many WWAMI residency students rotate in Alaska in order to determine whether Alaska is a site at which they would like to practice. The WWAMI return rate of nearly 9 out of 10 physicians is very high. In fact, it probably exceeds most residency training programs that place physicians on the ground.

8:12:26 AM

MS. TRICK, in response to Representative Gardner, clarified that for every 10 physicians the WWAMI program pays for about 8.8 initiate their practice in Alaska. Of those, 5 of the physicians are from Alaska and 3.8 start in another WWAMI state.

8:12:47 AM

REPRESENTATIVE GARDNER asked if there are impediments that could be removed to improve the residency numbers.

MS. TRICK said that there are three areas of barriers. First, the ways in which residency programs are financed. She explained that residency programs are usually financed with federal funds as well as funds from the state in which the program is located. However, since the federal funding is capped, the program is constantly working with the federal government regarding the number of residents they will fund. Second, there have to be enough physicians and volume of patients for residents to receive adequate training. The aforementioned is particularly true in specialty areas. In areas such as internal medicine, there aren't enough people to train residents. The third barrier is technical assistance residency programs take a long time to develop and the accreditation process takes a year after the site and faculty are identified. Ms. Trick said that at this point she didn't see anything that she would recommend changing.

[8:14:43 AM](#)

MS. TRICK, in response to Chair Seaton, explained that the family practice designation once was similar to being a general practitioner. She explained that family practitioners do a three-year residency training program while general practitioners generally don't. She noted, "We don't really have general practitioners much anymore." In further response to Chair Seaton, Ms. Trick informed the committee that [the WWAMI program] is training in primary care, which is needed the most. Furthermore, [the WWAMI] program is training "the most primary of primary physicians." In response to Representative Wilson, Ms. Trick clarified that family medicine is a primary care specialty.

[8:17:22 AM](#)

REPRESENTATIVE EDGMON inquired as to where the physicians that don't initiate a practice in Alaska go.

MS. TRICK deferred to Mr. Valenzano.

[8:17:51 AM](#)

DENNIS VALENZANO, Director, Alaska WWAMI Program; Associate Dean, Medical and Pre Medical Program, University of Alaska Anchorage, informed the committee that Alaska WWAMI graduates who don't practice in Alaska may practice anywhere in the United States, although there may be a higher percentage practicing in WWAMI states. He noted his agreement that the primary factor in

determining where medical students practice is the location of the student's residency. However, the second most important factor is where the medical student attended medical school. Therefore, he indicated the need to capitalize on the second factor.

[8:20:24 AM](#)

REPRESENTATIVE KELLER related his understanding that HB 204 would cover four students. He inquired as to the percentage of the total tuition cost covered by HB 204.

MR. VALENZENO explained:

The budget for WWAMI is a two-part budget. The first year is at the University of Alaska Anchorage. The normal cost for a medical school nationwide is about \$75,000 per year per student. In the first year, because of some economies of scale at this point, we will be able to increase to 24 just based on the tuition that our students pay as our additional compensation. That's about \$20,000 per year per student. Years two through four, the budget runs through the University of Washington School of Medicine.

[8:21:46 AM](#)

MS. TRICK then explained:

For years two through four, the cost that you pay represent the state support for medical education. It's about \$56,000 per year per student. On top of that the students pay tuition of about \$20,000.

[8:22:11 AM](#)

REPRESENTATIVE KELLER related his understanding that those students who do not return to Alaska receive this money as a loan, and therefore have to repay the state in full.

MS. TRICK clarified that 50 percent of state support becomes a loan that would have to be repaid if the student practices in another state.

CHAIR SEATON surmised then that in years two through four the state support is in the amount of \$56,000 per student per year.

Fifty percent of that amount is a loan, which would have to be repaid if the student doesn't [practice] in Alaska. If the student returns to Alaska, the complete loan forgiveness is three years for those who [practice] in an urban setting versus five years in a rural setting.

MS. TRICK stated her agreement.

[8:24:08 AM](#)

SHELLY HUGHES, Alaska Primary Care Association, stated support for HB 204, primarily based on the shortage of medical professionals that exist in Alaska. She opined that if nothing is done to reverse the trend, certain areas of the state will face a public health crisis. Therefore, the provisions in HB 204 that get WWAMI graduates in some of the harder to fill spots are something the Alaska Primary Care Association supports. Ms. Hughes informed the committee that the Alaska Primary Care Association represents primary care providers throughout the state, particularly watching out for those who are safety net providers. In the last three weeks, there has been turnover in about 28 of the 32 physicians in the community health center system. In fact, there are currently about 22 vacancies for physicians. The incentive to stay, to pay off an obligation, is very favorable. Furthermore, the longer a person is in a community, the more likely he/she will stay. Ms. Hughes characterized HB 204 as a step in the right direction. However, the shortage of physicians means that the state should not only look to grow its own physicians but also to import them from Outside. The physicians in the safety net health center system makeup about 2 percent of the physicians statewide, but represent 10 percent of the vacancies. She highlighted that it takes health centers one year to eighteen months to fill one of these vacancies. Furthermore, the patient load in health centers has increased by 57 percent [between 2000 and 2006]. She informed the committee that statewide the vacancies range from 11-27 percent, with the lower vacancy range in the urban areas while the highest vacancy rate is in the tribal clinics. Some of the health centers, she mentioned, are also tribal clinics. She highlighted the cost of recruiting, which is over \$100,000. Therefore, cultivating WWAMI graduates is a cost savings to the health care system. In conclusion, Ms. Hughes reiterated support for HB 204.

[8:28:21 AM](#)

CHAIR SEATON asked whether WWAMI graduates currently work in the health clinics. He also asked if the Alaska Primary Care Association specifically recruits WWAMI program graduates.

MS. HUGHES related her understanding that there are WWAMI graduates working in [the health care centers).

[8:28:55 AM](#)

REPRESENTATIVE GARDNER inquired as why the patient load has increased by 57 percent in the last six years.

MS. HUGHES attributed part of the increase to the increase in the number of health care centers. Furthermore, health care centers accept patients regardless of the patient's insurance status. Ms. Hughes predicted that even more people will seek care at health care centers due to the current national economic situation. In further response to Representative Gardner, Ms. Hughes related that the most cost effective ways to get physicians and other health care providers into the state is to provide loan repayment program. Loan repayment is included in HB 206, in a sense, because the obligation is reduced. An even better incentive is in the form of cash, which would reach beyond the pool of graduates to experienced graduates and thus increase the pool of physicians. The Alaska Primary Care Association is supporting another piece of legislation that utilizes the direct incentive of cash.

[8:31:58 AM](#)

REPRESENTATIVE WILSON recalled that in her district there used to be an intern program for family practice. However, that program is no longer due to the lack of population in the area. She asked if such a program is happening elsewhere in the state.

MS. HUGHES answered that she wasn't aware of any such program. She informed the committee of a federal Student/Resident Experiences and Rotations in Community Health program (SERCH), not to be confused with the Southeast Alaska Regional Health Consortium, which brings students in their second and third year to Alaska for a four-week rotation. Although the aforementioned program was terminated last year, she related her understanding that it will be in place again. This program has had a good return rate.

[8:33:20 AM](#)

REPRESENTATIVE KELLER, referring to Ms. Hughes' comments regarding direct grants, requested more information on the legislation to which she referred.

MS. HUGHES explained that the proposed legislation would provide higher direct payments to providers who take hard-to-fill positions, which would be defined based on criteria directly related to the situation. This would be used in employer situations, such as with health centers as well as private practices in a community with a known health provider shortage.

[8:35:13 AM](#)

CHAIR SEATON informed the committee that HB 204 will be referred to the House Finance Committee, following being reported from this committee.

[8:35:47 AM](#)

REPRESENTATIVE KELLER expressed interest in the incentive options available.

MS. HUGHES informed the committee that the other proposed legislation would allow a WWAMI student to be eligible [for direct payments], as an additional incentive for him/her to practice in Alaska.

[8:37:34 AM](#)

PAT LUBY, Advocacy Director, AARP Alaska, provided the following testimony:

As you well know, the entire country has a physician shortage. In Alaska, it is acute, especially access to physicians who will see Medicare patients. Certainly one of the most helpful things the legislature has done in the recent past has been the expansion of the WWAMI program from 10 to 20 slots for Alaska medical students. HB 204 will give us another four slots for Alaskans who want to attend med school. Will it solve our physician access problem? No. Will it help? Yes. AARP encourages you to pass HB 204.

[8:38:51 AM](#)

KATHLEEN TODD, Family Physician, informed the committee that her daughter is participating in the WWAMI program. "The thing that

a lot of people don't understand is that if you don't have a state, your chances of getting into medical school are much lower," she opined. She explained that other states only take their in-state residents. Without slots in the WWAMI program, Alaskans can only attend private medical schools. As an aside, Dr. Todd related the need for the legislature to review the regulations regarding who is an Alaskan and who isn't. Dr. Todd mentioned that the state needs primary care physicians as well as family practitioners who can perform surgeries, orthopedics, emergency room service, and obstetrics. She highlighted the need to participate to the maximum extent possible in the WWAMI program.

[8:42:23 AM](#)

CHAIR SEATON, upon determining no one else wished to testify, closed public testimony.

[8:42:33 AM](#)

CHAIR SEATON reminded the committee that HB 204 would not be referred to the House Health and Social Services Standing Committee and announced that HB 204 would be held over.

[8:43:15 AM](#)

REPRESENTATIVE WILSON opined that it is obvious that the need exists and no testimony [in opposition to HB 204] has been heard. Therefore, she related her desire to move the legislation from committee today.

[8:43:59 AM](#)

CHAIR SEATON reiterated that HB 204 would be held over in order that there be a second hearing that provides time for the public to comment.

HB 58-EDUC LOAN REPAYMENT PROGRAM

[8:44:10 AM](#)

CHAIR SEATON announced that the final order of business would be HOUSE BILL NO. 58 "An Act relating to a student loan repayment program for specified occupations or fields in which a shortage of qualified employees exists." [Before the committee was CSHB 58, Version 26-LS0307\P, Mischel, 2/25/09.]

[8:44:51 AM](#)

KACI SCHROEDER, Staff to Representative Bill Thomas, Alaska State Legislature, explained that since there had been several issues with selecting who would be eligible for the program, she spoke with several different departments. The aforementioned resulted in an amendment, labeled 26-LS0307\P.8, Mischel, 3/27/09, that should address the concerns. She noted that department representatives are present to relate the exact selection procedure they will use. She also noted that the committee packet should include other amendments for the committee's consideration.

[8:46:34 AM](#)

MS. SCHROEDER explained that the amendment labeled 26-LS0307\P.8, Mischel, 3/27/09, will allow the commissioners of the Department of Labor & Workforce Development (DLWD) and the Department of Administration (DOA) to jointly decide the needs of the state in regard to recruitment. The aforementioned is appropriate since commissioners of the departments are the decision-makers. Furthermore, having the commissioners make the decision provides fluidity to address the changing needs of the state. She noted that the first part of the amendment specifies that only state employees are being addressed.

[8:47:09 AM](#)

REPRESENTATIVE BUCH moved that the committee adopt Amendment 1, labeled 26-LS0307\P.8, Mischel, 3/27/09, which read:

Page 3, line 29, following "hired":
Insert "by the state"

Page 4, line 2, following "employed":
Insert "by the state"

Page 4, line 8:
Delete "in"
Insert "by"

Page 4, lines 9 - 11:
Delete "by the Department of Labor and Workforce Development as having a shortage of qualified employees in the state"
Insert "jointly by the commissioner of administration and the commissioner of labor and workforce"

development as having a shortage of qualified persons available to be employed by the state"

The committee took an at-ease form 8:48 a.m. to 8:49 a.m.

[8:49:44 AM](#)

REPRESENTATIVE BUCH reminded the committee that Amendment 1 is in response to questions surrounding who the qualified employees would be. The original legislation listed qualifications as the types of personnel, but it was confusing. He opined that using the discretion of the commissioners on an ongoing basis is probably the best way to make the determination as to who the qualified employees are.

[8:50:57 AM](#)

CHAIR SEATON recalled that public testimony is still open, and therefore he requested that the motion to adopt Amendment 1 be withdrawn. He expressed the desire to allow the public to be aware of the amendments prior to taking public testimony.

[8:51:46 AM](#)

REPRESENTATIVE BUCH withdrew his motion to adopt Amendment 1.

[8:52:24 AM](#)

ANNETTE KREITZER, Commissioner, Department of Administration (DOA), explained that Amendment 1 narrows those who are covered under the legislation to only state employees. She informed the committee that DOA has the ability to review how people recruit for positions. She recalled when she was appointed as commissioner and uncovered a barrier to state employment in the form of 10 questions, referred to as desirable qualifications. Those 10 questions are no longer used. Furthermore, hiring managers have been asked to review minimum qualifications and determine whether they still fit the need. For instance, it's redundant to require a bachelor's degree of those who are certified in Microsoft to work on the state's computer systems. She related that DOA's part is to review how recruiting is occurring in order to ensure that the state isn't causing an artificial shortage.

[8:56:10 AM](#)

REPRESENTATIVE GARDNER expressed her desire to ensure that behaviors are actually being changed with HB 58. She posed a scenario in which an Alaskan student receives an engineering degree from out-of-state and returns to the state. She then inquired as to how the funds would be used to change behavior.

MS. KREITZER said that she will be conservative in terms of the positions that would qualify for the funds provided by HB 58. She acknowledged that there is a risk in providing funds to students who were going into a career in which the state has identified shortages.

[8:58:08 AM](#)

REPRESENTATIVE GARDNER posed a scenario in which a student attending school on a scholarship returns to the state with an education in a high needs field and no student debt. In such a situation, would that individual have an opportunity to participate in the program proposed in HB 58, she asked.

MS. KREITZER remarked that there will always be gaps in regard to who is covered with programs such as these. Therefore, it's a policy call for the legislature.

[8:58:59 AM](#)

REPRESENTATIVE WILSON inquired as to what other steps are being taken to recruit for state positions.

MS. KREITZER offered that other measures being pursued include: a geographic differential study, a salary study, an independent review of the Human Resources integration in DOA, an increase in salary for non-union employees per House Bill 412 [which was passed in the 25th State Legislature], and recruitment representatives dispatched out of state.

[9:01:24 AM](#)

MS. KREITZER, in response to Representative Munoz, clarified that it isn't about adding state employees. However, considering those who are retiring, it is important to recruit actively to maintain a healthy workforce. She expressed the hope that salary increases will make positions more attractive. "It really is about continuing the pipeline of talent that's necessary to achieve the things the state needs to do," she said.

[9:02:39 AM](#)

REPRESENTATIVE MUNOZ opined that the top 10 positions in high need would likely expand and contract. Therefore, she asked if the intention is to maintain flexibility to meet the current demands.

MS. KREITZER replied yes, and added that she anticipated that the department will continually review the situation.

[9:04:06 AM](#)

CHAIR SEATON then turned the committee's attention to proposed Amendment 3, labeled 26-LS0307\P.4, Mischel, 3/16/09, which read:

Page 5, line 8, following "program":
Insert "and is subject to appropriation"

Page 5, following line 21:
Insert a new subsection to read:
"(d) A repayment benefit approved under this section may not be construed as an entitlement and is subject to cancellation or modification by the commission at any time."

[9:04:38 AM](#)

MS. SCHROEDER explained that Amendment 3 clarifies that the proposed program is not an entitlement and that the needs or the funding could change.

[9:05:25 AM](#)

MS. KREITZER said that the language in Amendment 3 is satisfactory to ensure that people realize the proposed program isn't an entitlement. In regard to the cap, Ms. Kreitzer relayed that she is neutral on the cap.

[9:06:02 AM](#)

REPRESENTATIVE GARDNER asked if the legislation includes language that takes into consideration location specifics.

MS. KREITZER answered that she didn't believe the legislation included anything specific about location. However, it's an issue throughout state government that the department reviews in

order to determine whether there's an actual shortage of positions. She explained that the department would first review recruiting and whether that needs to be addressed.

[9:07:27 AM](#)

CHAIR SEATON asked if the department supports the four-year repayment schedule in rural areas and six-year repayment schedule in urban areas, contained in HB 58.

MS. KREITZER stated that she is neutral on the remainder of the legislation.

[9:08:00 AM](#)

REPRESENTATIVE EDGMON pointed out that the benefits under this legislation are considered taxable income, although that wasn't the case at one time. Therefore, he inquired as to whether there is movement, nationally or otherwise, to urge the U.S. Treasury to return to the nontaxable status for benefits such as those proposed in HB 58.

MS. KREITZER responded that she wasn't aware of such, but offered to ask around about such.

[9:08:42 AM](#)

CHAIR SEATON then turned the committee's attention to proposed Amendment 2, labeled 26-LS0307\P.7, Mischel, 3/27/09, which read:

Page 4, line 13:

Delete "on annually over a period of not more than six years. The maximum annual repayment benefit under this section is"

Insert "in an amount not to exceed \$50,000, payable by dividing that amount into annual payments to be paid over a period of not more than six years, as follows:"

Page 4, line 18:

Delete "principal plus accrued interest"
Insert "loan balance"

Page 4, line 20:

Delete "principal plus accrued interest"
Insert "loan balance"

Page 4, line 22:
Delete "principal plus accrued interest"
Insert "loan balance"

Page 4, line 24:
Delete "principal plus accrued interest"
Insert "loan balance"

Page 4, line 27:
Delete "principal plus accrued interest"
Insert "loan balance"

Page 4, line 29:
Delete "principal plus accrued interest"
Insert "loan balance"

Page 4, line 31:
Delete "principal plus accrued interest"
Insert "loan balance"

Page 5, line 2:
Delete "principal plus accrued interest"
Insert "loan balance"

Page 5, line 4:
Delete "principal plus accrued interest"
Insert "loan balance"

Page 5, line 6:
Delete "principal plus accrued interest"
Insert "loan balance"

[9:08:55 AM](#)

MS. SCHROEDER explained that Amendment 2 places a \$50,000 cap on the benefit that each student may receive. The remainder of the amendment makes conforming changes to the repayment schedules in order to have a better handle on the cost of the program. Ms. Schroeder noted that although the legislature may want to remove the cap in the future, it seems appropriate given the state's current financial status.

[9:09:33 AM](#)

REPRESENTATIVE MUNOZ asked if the intent of the original legislation was broader in scope, and thus addressed more than state employees.

MS. SCHROEDER said that at this time the [sponsors] have chosen to stay with state employees because more information is available for state employees. She informed the committee that DLWD has said that in a few years it will have more information about the private sector, at which time it may be appropriate to include the private sector.

[9:10:22 AM](#)

REPRESENTATIVE WILSON interjected that the private sector tends to pay more than the state, and therefore it most likely doesn't experience the same difficulties as the state.

[9:10:40 AM](#)

HANNAH HARRISON, Intern, Representative Paul Seaton, Alaska State Legislature, related her understanding that Representative Thomas has said that the legislation originated after a state biologist informed him of the difficulty recruiting biologists. The state biologist related that in the past legislation had been introduced and he hoped a similar effort could be made.

[9:11:12 AM](#)

CHAIR SEATON highlighted that the committee also has before it an amendment that would delete all the material on page 3, lines 27-28, which stipulates that an applicant must be a resident of the state when submitting an application. The aforementioned has consequences for returning students. Chair Seaton explained that the loans are all through the Alaska Student Loan Corporation, and therefore those who qualify for an Alaska student loan could have them repaid. The goal, he clarified, was to ensure that the program didn't allow for the repayment of a student loan that wasn't within the State of Alaska.

[9:12:55 AM](#)

REPRESENTATIVE MUNOZ requested an explanation as to the source of revenue for this program.

MS. SCHROEDER specified that the program's funding comes directly from the legislature, and therefore is subject to appropriation by the legislature.

9:13:22 AM

REPRESENTATIVE MUNOZ surmised then that the language suggesting a dividend is merely suggestive.

MS. SCHROEDER explained that since the corporation can pay the state a dividend, the legislation allows the option of the corporation placing the dividend in a fund.

9:14:11 AM

DR. MARTIN LASTER, Coordinator, Education Leadership Program, University of Alaska Southeast, began by commending the committee for all the work it has done. He then expressed concern for teachers who have been working in the state for some time and have decided, with the support of their superintendents, to become principals. The position of principal is very important in terms of change and effectiveness as well as an area in which the Institute of Social and Economic Research (ISER) has suggested that there are significant turnover problems. Furthermore, folks are being brought in [from out of state] to fill these positions, which results in the double challenge of fitting in and understanding Alaska's climate, demographics, cultural issues, and isolation issues. Dr. Laster pointed out that originally HB 58 spoke to Alaska qualified employees and actually listed education. He asked that the committee keep in mind that there aren't many places where teachers can go and know the additional support of the state, as suggested in HB 58.

9:18:45 AM

DR. MARTIN, in response to Representative Wilson, explained that a teacher has a type "A" certificate. In order to supervise people, a type "B" certificate is required. The teachers work through a Master's degree of leadership and then their names are submitted to the state in order to certify that they are eligible for a type "B" certificate. In further response to Representative Wilson, Dr. Martin acknowledged that there are different ways to approach this certificate. Although distance education courses within the state can be taken, this particular program requires teachers to come to Juneau for the better part of the summer to build a cohort of new leaders. The teachers then utilize distance delivery and then return to Juneau for another summer. In response to Chair Seaton, Dr. Martin

confirmed that the teachers normally take a student loan to pay for the program.

[9:21:14 AM](#)

JACK WALSH, Superintendent, Bristol Bay School District, thanked the committee for the work it does. He suggested that supporting in-state students is critical in retaining teachers. He then noted his appreciation for Dr. Laster's testimony regarding teachers obtaining leadership degrees. He recalled his experience with the principal program which Dr. Laster referenced, and related that it took him several summers to complete the program.

[9:24:11 AM](#)

CHAIR SEATON, upon determining no one else wished to testify, closed public testimony.

[9:24:28 AM](#)

REPRESENTATIVE WILSON moved that the committee adopt Amendment 1, labeled 26-LS0307\P.8, Mischel, 3/27/09. [Text provided previously.]

CHAIR SEATON objected for discussion.

[9:25:10 AM](#)

CHAIR SEATON asked if the language "employed by the state" that would be inserted by Amendment 1 means a state or political subdivision or strictly the State of Alaska.

MS. SCHROEDER answered that it refers strictly to the State of Alaska.

CHAIR SEATON removed his objection.

[9:25:47 AM](#)

REPRESENTATIVE GARDNER indicated her objection and inquired as to what would occur if the two commissioners disagree with regard to what is high need.

MS. SCHROEDER pointed out that the term "jointly" is utilized and thus the two commissioners must agree.

[9:26:22 AM](#)

REPRESENTATIVE GARDNER removed her objection.

[9:26:28 AM](#)

There being no further objection, Amendment 1 was adopted.

[9:26:39 AM](#)

REPRESENTATIVE WILSON moved that the committee adopt Amendment 2, labeled 26-LS0307\P.7, Mischel, 3/27/09. [Text provided previously.]

[9:26:55 AM](#)

CHAIR SEATON objected for discussion. Upon determining there was no discussion on Amendment 2, he withdrew his objection.

[9:27:15 AM](#)

There being no further objection, Amendment 2 was adopted.

[9:27:30 AM](#)

REPRESENTATIVE WILSON moved that the committee adopt Amendment 3, labeled 26-LS0307\P.4, Mischel, 3/16/09. [Text provided previously.]

[9:27:46 AM](#)

CHAIR SEATON objected for discussion.

[9:28:01 AM](#)

MS. SCHROEDER reminded the committee that Amendment 3 clarifies that the program is not an entitlement.

[9:28:08 AM](#)

REPRESENTATIVE BUCH noted his appreciation that Amendment 3 provides that the program can be canceled.

[9:28:32 AM](#)

REPRESENTATIVE EDGMON asked if the language "may not be construed as an entitlement" is fairly common language. It appears to be a subjective statement, he said.

REPRESENTATIVE MUNOZ opined that the language suggests that the state is not required to fund the program and thus the benefit can't automatically be given.

[9:29:35 AM](#)

MS. SCHROEDER pointed out that CSHB 58, Version P, already includes language specifying that the program isn't an entitlement. However, upon the request of the department the language in Amendment 3 was proposed to ensure that absolutely no student would construe that they were locked into a payment.

CHAIR SEATON recalled committee discussion on this matter at a prior hearing in which the desire was to ensure that the program targeted needed jobs and that the state wasn't committing repayment of loans for jobs that weren't of critical need.

[9:31:35 AM](#)

REPRESENTATIVE EDGMON expressed satisfaction with the response.

[9:31:57 AM](#)

CHAIR SEATON removed his objection. There being no further objections, Amendment 3 was adopted.

[9:32:12 AM](#)

The committee took a brief at-ease at 9:32 a.m.

[9:32:58 AM](#)

REPRESENTATIVE WILSON moved that the committee adopt Conceptual Amendment 4, which read [original punctuation provided]:

Page 3, Lines 27-28

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[9:33:23 AM](#)

CHAIR SEATON objected for discussion.

9:33:29 AM

CHAIR SEATON, after reminding the committee of the purpose of Conceptual Amendment 4, removed his objection. There being no further objection, Conceptual Amendment 4 was adopted.

9:35:00 AM

REPRESENTATIVE MUNOZ moved to report CSHB 58, Version 26-LS0307\P, Mischel, 2/25/09, as amended, out of committee with individual recommendations and the accompanying fiscal notes.

9:35:17 AM

REPRESENTATIVE GARDNER objected. She said that although she appreciates the intent of HB 58, it's a large amount of money to spend on a program that may or may not alter behavior. However, she listed a number of other means that would serve the same purpose in a more effective manner, such as updating the state's salary scales and possibly a retirement plan. Furthermore, she questioned how anyone could rely on and plan to use the proposed program if it's subject to cancelation and modification. She then suggested that a new engineering building for the University of Alaska should be constructed to host various engineering programs statewide. Representative Gardner opined that bigger bang for the buck would be achieved by providing need and merit scholarships for the state's students attending the state's university. In fact, those scholarships could be focused on the high needs fields.

9:36:43 AM

REPRESENTATIVE WILSON related her belief that people who couldn't pursue careers in high needs fields will do so due to the state helping to repay the loan.

9:37:23 AM

REPRESENTATIVE MUNOZ noted her agreement with Representative Wilson's comments.

9:37:50 AM

REPRESENTATIVE EDGMON said that although he wouldn't oppose HB 58 moving from committee, he associated himself with the statements of Representative Gardner.

[9:38:24 AM](#)

CHAIR SEATON said that this legislation attempts to fill the vacancies throughout the state with people who took out Alaska student loans and fill critical positions. Although he noted his agreement that constructing a science building would be good for Alaskan students, it doesn't target the vacant jobs.

[9:40:05 AM](#)

REPRESENTATIVE BUCH acknowledged that there are other incentives to fill jobs. However, he related his view that first there need to be students seeking careers in the professions in which the state faces a high need, which is what HB 58 seeks to encourage. Therefore, Representative Buch said he would support HB 58.

[9:41:24 AM](#)

REPRESENTATIVE KELLER related that although he won't stand in the way of passing the legislation from committee, it may be creating a hiring preference for those who have been helped by the proposed program. He expressed concern that it seems the committee isn't looking at the big picture.

[9:42:30 AM](#)

CHAIR SEATON pointed out that other programs do address specific critical shortage areas, such as the Wyoming, Washington, Alaska, Montana, and Idaho (WWAMI) program. In fact, the committee heard legislation today that would repay student loans of WWAMI students [in an effort to fill an area of critical shortage]. The two pieces of legislation seek the same goal, but HB 58 has a quicker repayment time for those who serve in rural Alaska.

[9:43:19 AM](#)

REPRESENTATIVE EDGMON requested a recap of the residency requirements.

MS. SCHROEDER recalled that the commission uses a definition of residency that's similar to that used in other programs. She noted that there had been concern with the requirement to be in Alaska for 60 days before applying for a job because some people won't return to Alaska unless they have a job.

CHAIR SEATON clarified that this is repayment of only loans taken out under the Alaska Student Loan program. Therefore, the student would've had to qualify for the Alaska Student Loan program to obtain a loan and want to return to Alaska for a job.

[9:44:26 AM](#)

REPRESENTATIVE GARDNER maintained her objection.

[9:44:37 AM](#)

A roll call vote was taken. Representatives Munoz, Wilson, Edgmon, Keller, Buch, and Seaton voted in favor of reporting CSHB 58, Version 26-LS0307\P, Mischel, 2/25/09, as amended, out of committee. Representative Gardner voted against it. Therefore, CSHB 58(EDC) was reported out of the House Education Standing Committee by a vote of 6-1.

[9:45:25 AM](#)

ADJOURNMENT

There being no further business before the committee, the House Education Standing Committee meeting was adjourned at 9:45 a.m.