

**ALASKA STATE LEGISLATURE  
HOUSE EDUCATION STANDING COMMITTEE**

January 22, 2010

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**

OVERVIEW: ANCHORAGE SCHOOL DISTRICT MEMORANDUM #96:  
COMPREHENSIVE STUDY OF THE PREDICTORS OF HIGH SCHOOL OUTCOMES

- HEARD

HOUSE BILL NO. 235

"An Act relating to professional student exchange program availability and conditions for loan forgiveness."

- HEARD & HELD

**PREVIOUS COMMITTEE ACTION**

BILL: HB 235

SHORT TITLE: PROF STUDENT EXCHANGE LOAN FORGIVENESS

SPONSOR(S): REPRESENTATIVE(S) MUNOZ

04/16/09	(H)	READ THE FIRST TIME - REFERRALS
04/16/09	(H)	EDC, FIN
01/22/10	(H)	EDC AT 8:00 AM CAPITOL 106

**WITNESS REGISTER**

CAROL COMEAU, Superintendent  
Anchorage School District (ASD)  
Anchorage, Alaska

**POSITION STATEMENT:** Presented Anchorage School District (ASD) Memorandum #96, and introduced the research authors.

LAUREL VORACHEK, Executive Director  
Assessment Evaluation  
Anchorage School District Education Center  
Anchorage, Alaska

**POSITION STATEMENT:** Participated in the overview discussion of Anchorage School District (ASD) Memorandum #96.

DIANE BARRANS, Executive Director  
Postsecondary Education Commission  
Department of Education and Early Development (EED)  
**POSITION STATEMENT:** Responded to questions on HB 235.

MS. KENDRA KLOSTER, Staff  
Representative Cathy Munoz  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** Presented the CS for HB 235, Version R, on behalf of Representative Munoz, sponsor.

DR. DAVID LOGAN, DDS  
Alaska Dental Society  
Juneau, Alaska

**POSITION STATEMENT:** Testified in support of CSHB 235.

NANCY DAVIS, Executive Director  
Alaska Pharmacist Association (AkPhA)  
Anchorage, Alaska

**POSITION STATEMENT:** Testified in support of HB 235.

GEORGE SHAFFER, DDS  
Ketchikan, Alaska

**POSITION STATEMENT:** Testified on HB 235.

BARRY CHRISTIANSEN, Pharmacist  
Ketchikan, Alaska

**POSITION STATEMENT:** Testified in support of HB 235.

JIM TOWLE  
Anchorage, Alaska

**POSITION STATEMENT:** Testified in support of HB 235.

#### **ACTION NARRATIVE**

[8:04:24 AM](#)

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

**OVERVIEW: Anchorage School District Memorandum #96:  
Comprehensive Study of the Predictors of High School Outcomes**

[8:04:34 AM](#)

CHAIR SEATON announced that the first order of business would be an overview of the Anchorage School District Memorandum #96: Comprehensive Study of the Predictors of High School Outcomes.

[8:10:41 AM](#)

CAROL COMEAU, Superintendent, Anchorage School District (ASD), said that the district has been putting major effort into helping students to graduate, not just attain a GED (General Education Development) certificate, and minimizing the number of drop-outs. One approach has been to predict which students may be in danger of not attaining a diploma, beginning in the middle school. Via grants, increased legislative funding, and stimulus dollars, the district has been able to employ middle school career guides and high school graduation coaches to identify and target young people who are viewed as at risk students. The K-8 math program is a major sticking point, and does not work for many of the students. The result is that students find it difficult to tackle the advanced math that is required in the upper levels. One of the major predictors for student graduation is being proficient in 8th grade Algebra. Part of the challenge is to help the lower level teachers to feel comfortable with, and be competent in, introducing math applications. Another finding is that families have difficulty assisting their student(s) at home with the math regime.

[8:15:02 AM](#)

LAUREL VORACHEK, Executive Director, Assessment Evaluation, Anchorage School District Education Center, stated that the model being applied is "The On-Track Indicator as a Predictor of High School Graduation," developed by John Easton, and originated in the public schools of Chicago, Illinois. The Anchorage district established two primary goals: confirm whether the on-track indicator identified by the district was a

strong predictor, and follow a cohort of students from eighth grade through high school to verify system factors which may be indicators. She explained that the data being quantified employs certain factors and there are many more factors that could be utilized but measurability may not always be possible, i.e. graduation coaches, advisory programs, intervention support, and alternative learning programs. A cohort was determined and the characteristics of the group were identified. There was a parallel between the Anchorage cohort and similar groups studied previously in the Fairbanks and Juneau school districts. It is important to understand that once the cohort is established, the percentage of a representative group within the cohort becomes crucial for reading the data. Providing an example, she said, that realizing a drop-out rate of 46.2 percent among the group's Caucasian students, may seem alarming unless it is further derived that the Caucasian students represent only 57.8 percent of the cohort. The data, read thus, indicates that the Caucasian students were dropping out at a far lower rate. The group of students who were dropping out at a higher rate, than the representation in the cohort, was the Alaska Native American Indian; nearly double the rate. One predictor was the grade point average(GPA), which indicated that 73 percent of the drop-outs had a GPA of 2.0 or less. However, she said, in reviewing the assessment results, the majority of the drop-out students were proficient in reading and math skills in 8th grade. The assessment scores from 9th and 10th grade indicated that reading proficiency was sustained, but math skills were below the 50 percentile. This surprising result indicates that, not only ability, but a variety of issues, contribute to whether a student drops-out. Directing attention to page 19, of the memorandum, she indicated the list: Regression results. The list includes all of the variables that were considered predictable, significant factors for graduation: receiving less than two semester F's in core classes in 9th grade; earning at least five credits in 9th grade. Both of these red flags are being used to identify and address student needs, in the Anchorage schools. Attending school 80 percent of the time in 9th grade, is another crucial factor.

[8:22:40 AM](#)

CHAIR SEATON asked if fail scores for any class, or only core classes were considered.

[8:23:05 AM](#)

MS. VORACHEK replied that only the four core classes were analyzed. However, consideration of whether electives had any statistical significance for predicting the outcome was taken into account, and found to not be relevant. Thus, only a fail in a core class was found to be a red flag indicator, but when a student fails an elective, it is a significant part of the data result for earned credits. In further response to Chair Seaton, she said a student is required to carry six credits per year.

[8:25:03 AM](#)

REPRESENTATIVE P. WILSON asked for clarity regarding the previously mentioned skill assessment of reading and math and reading and writing.

[8:25:33 AM](#)

MS. VORACHEK directed attention to page [8], Assessment results indicating the outcome for the drop-outs and the percentages for not proficient versus proficient for reading, writing and math at the 8th grade level. Reading the percentages, she amended her opening statement to mean reading and writing proficiency.

[8:25:56 AM](#)

MS. VORACHEK continued with the next predictable factor: attendance. Attending 80 percent of the time in 9th grade, was the point that made a significant difference between graduating in four years and dropping out. She noted that national data supports this finding as well. Reading from the memorandum, she said, "The analysis indicated that students who pass Algebra I in grade 8 or earlier are twice as likely to graduate in four years, ...". These results indicate how crucial it is for students to be prepared to perform advanced math by the 8th grade level. The math curriculum may not be meeting the need, and the superintendent is taking up this question and reviewing the current standards. Being a successful student in Algebra I indicates an individual who has good attendance, is committed, and will graduate in four years, with a 95.9 percent probability. Another statistically significant factor, at the .05 level, is the GPA. Turning to page 17, she read the statistics from Figure 9: "The Relationship between the Number of Semester F's in Core Courses in Grade 9 and Whether Students Graduated in Four Years." She then directed attention to page [7], Table 7: "Final GPA of Students Who Dropped out and Never Returned after the Last Incident of Dropping out," to report

that 72.8 percent of the students who have dropped out had a GPA of less or equal to 2.0.

8:35:08 AM

CHAIR SEATON expressed interest in the Table 7 statistic showing that 10 percent of the drop-outs had a 3.01-4.0 GPA.

8:35:30 AM

MS. COMEAU opined that this indicates that a number of factors enter into students dropping out. The task is to ferret out what the reasons are and intervene where possible.

8:35:55 AM

MS. VORACHEK underscored that despite the multiple reasons for dropping out, this report can only include factors that can be quantified. However, a national study, conducted by the Bill and Melinda Gates Foundation, "The Silent Epidemic, Perspectives of High School Drop-outs," addresses factors that cannot be quantified. Attempting to replicate this study in the district has not been successful. One finding was that a student's ability is not necessarily the issue, but the lack of support was identified as crucial. Conducting focus groups with students who have dropped out can shed light in this realm. The challenge being that it is difficult to contact and organize a meeting with drop-outs. The qualitative piece remains elusive in a quantitative study. She reported that an effort is being made to take this data a step further by implementing an on-track early warning system. The identified factors from this study are being made available to school counselors who can run student profiles and identify students at risk. Easily accessible, usable data is important, she opined.

8:40:11 AM

CHAIR SEATON read from the handout, page 7:

The number one category for dropping out is 'non-attendance' and the number two category for dropping out is 'unknown reason'. This supports the research indicating that dropping out of school is a gradual disengagement rather than a single event.

CHAIR SEATON stated that the committee has taken up the task of identifying ways to meaningfully engage students. The Kenai

Peninsula School District has recently reported to the committee regarding the positive effect that their advisory program has had on graduation rates. He opined that the advisory program may be a vehicle for posing pertinent questions to students who drop-out.

8:41:50 AM

REPRESENTATIVE GARDNER turned to [page 7] Table 8, "Breakdown of the Dropout Categories of the 1,082 Dropout Incidents," and asked which categories result in suspension, what are district programs for students who are suspended or expelled, and what is an administrative drop.

8:42:37 AM

MS. COMEAU replied that the federal and state law, regarding fire arms and weapons, is followed, requiring an automatic recommendation for expulsion. Two drug and alcohol violations also carry a recommendation for expulsion. In the current school year, a collaborative effort was undertaken to implement the Step-up program. The McLaughlin Youth Center, Juvenile Justice, and Department of Health and Social Services (DHSS), have worked with the district to jointly assist up to 20 expelled students, at a time. Administrative, teaching support, and educational technology is supplied by the district, and the students have an alternative program held in a separate building. The Continuation Program is another model that the district has established for students expelled for drug, alcohol, and non violent offenses. Teacher's work individually with students, and on-line learning is employed, to help students maintain course work. When the student has met the requirements to be reinstated, they will be able to return to school without a loss of instruction. The Continuation Program is in its fifth year and has proven to be effective. In addition, the My-High program is being instituted. It is an on-line virtual classroom, which appears to be an appropriate approach for engaging a growing number of students for individualized learning and to help them recover lost credits. Having these programs helps the schools maintain expulsion standards, keeping the school populace safe, while not eliminating possibilities for the delinquents. The district is required to provide education opportunities to Special education students who are expelled for more than 10 days, and the Outreach Program services these individuals. All of these programs take many resources but results are being garnered.

[8:46:51 AM](#)

REPRESENTATIVE GARDNER asked whether the students in the described programs are included in the study results being reported today.

MS. COMEAU answered that expelled students come under the category "Drop-out," and are included.

[8:47:30 AM](#)

MS. VORACHEK said, "Last year our percent of those who had dropped out, the reason for expelled was 4.41 percent, compared to in this group it was 7 percent. So that number is dropping because we're keeping more and more of those kids in school." The administrative drop is when a student has 10 consecutive absences and all contact attempts have failed; Department of Education and Early Development (EED) regulations call for the student to be dropped from the schools registration.

[8:48:56 AM](#)

MS. COMEAU mentioned the importance of family support, particularly for non-English speaking parents who may not comprehend the system or understand why their student should continue in school, on a regular basis. She cited families who depend on help from their older children to manage at home, and who know that the law requires attendance only through age 16.

[8:50:55 AM](#)

REPRESENTATIVE P. WILSON referred to the cycle of students dropping out more than once, and asked how this correlated to the study.

[8:51:27 AM](#)

MS. VORACHEK directed attention to Page 2, and reviewed the "Three ways to report dropouts," which indicates the cohort count and how the drop-out students are counted. She differentiated the drop-out incidence total from the actual drop-out number. Continuing to Page 3, Table 2, "Number of Students Who Dropped out, Reentered and Graduated in Four Years," provides that 46 of the 774 students who dropped out at least once, re-enrolled and graduated.

[8:53:34 AM](#)

REPRESENTATIVE BUCH praised the report and results of this five year study, as a useful tool, and noted the importance of Algebra I as a bench mark for graduation. He asked if it has been determined why the survey students dropped out, and opined the evident importance of caretaking students as individuals. Mentorship programs appear to be successful and inquired whether this is a direction being expanded.

[8:55:52 AM](#)

MS. COMEAU responded that many schools are using the advisory system, and some are more successful than others. Working closely with various community entities, it has become apparent that even one significant person in a student's life will make a difference. She said this person may be the custodian, but anyone who cares whether the student shows up or not is an example of something that works. Providing this type of support becomes a complex network of community agencies and individuals.

[8:57:46 AM](#)

MS. VORACHEK said she would like to do a focus group with the drop-outs to have a discussion of why they chose to drop-out. The ASD graduation rate has increased from 59.9 percent in 2004-05, to 70.48. There is no way to attribute this rise to one factor or make assumptions, as there is no way to isolate the qualitative aspects. The national data does indicate the importance of a relevant, and engaging, curriculum. There are a variety of ways to connect with the students, but it would be remiss to attribute the graduation rate to one factor. Surveying the dropouts may be helpful, but not always possible. Without a control group it is impossible to measure the effects of added programs, such as CTE [career training education].

[9:00:37 AM](#)

REPRESENTATIVE MUNOZ referred to the Native cultural education programs, and asked for comment on whether they have a positive effect on graduation rates.

[9:00:59 AM](#)

MS. VORACHEK deferred the question to Doreen Brown, Supervisor for Title VII, as the appropriate resource. She said that the education center office provides data for analysis to the Title VII office.

[9:01:30 AM](#)

MS. COMEAU interjected that the Cook Inlet Tribal Council works closely with ASD. A five year grant was recently received that will assist in meeting the needs of the Native student's. General funds have been budgeted to increase the number of staff directly serving the Native sector. Adding additional counselors and outreach employees who work directly with Native families has proven successful. Validation of the cultural needs, while maintaining expectation standards is a fine line, she said. She named a number of opportunities that are being explored using the federal stimulus money.

[9:04:33 AM](#)

MS. VORACHEK offered that EED does a thorough analysis of the Title VII students, on an annual basis, which could be made available to the committee.

[9:05:19 AM](#)

MS. COMEAU reported that the drop-out level of Alaska Natives American Indian students has decreased from a percentage rate of 9.18 in 2006-2007, to 8.54, in 2007-2008, and to 5.88 in 2008-2009; representing a 15 percent graduation rate increase.

[9:05:58 AM](#)

REPRESENTATIVE KELLER referred to page 3, table 1 figure 1, to address the transfer number. He asked what occurred with the 389 students who were expected to return and whether there has been any follow up on their current disposition.

[9:06:53 AM](#)

MS. VORACHEK responded that there was no follow up on transfer students, as they could be anywhere in the world. However, of the 389 continuing students, 287 did return to school the following year.

[9:07:41 AM](#)

MS. COMEAU referred to the same table and pointed out that 389 students were expected to return as fifth year seniors. Even though it counts against our graduation rate, given the four year cohort, every attempt is made to keep students in school

with the focus on attaining a diploma, she reported. Not all of them make it, but more do today than in past years.

[9:08:32 AM](#)

MS. VORACHEK interjected that the effort and emphasis on how they approach each individual student is demonstrated in the study numbers. Seventy-four percent of the fifth year students did return to school and obtained a diploma, and that is a high rate, she said.

[9:09:02 AM](#)

REPRESENTATIVE P. WILSON asked how the fifth year students are received at school.

[9:09:37 AM](#)

MS. VORACHEK explained that they return the same as any student. The fifth year students are primarily completing credit requirements that they are lacking. Anchorage has chosen to identify these students as twelfth grade plus attendees, not fifth year seniors.

[9:10:38 AM](#)

MS. COMEAU added that athletics and activities are not available to twelfth grade plus students.

[9:10:56 AM](#)

CHAIR SEATON turned to page 10, and asked if there are different mechanisms to respond to students who drop-out at different ages, or if the approach is the same regardless of class level.

[9:11:50 AM](#)

MS. COMEAU stressed that every drop-out is addressed in a similar way: aggressively. The policies are the same for every student: identify individual deficits and counsel students to remain in school.

[9:12:27 AM](#)

CHAIR SEATON announced that any additional, relevant studies on this topic would be welcomed by the committee and invited submission of information.

9:13:39 AM

REPRESENTATIVE EDGMON stated that the stimulus funds have allowed for counselors and advisors to be hired, and asked what will happen when that funding is no longer available. Many schools do not have the possibility of financially continuing these positions.

9:14:49 AM

MS. COMEAU responded that prior to the stimulus funding the decision was made to utilize state funding to hire graduation coaches, and these positions will be continued. The stimulus funding provided middle school career guides, and if value and results are seen from these positions, she pledged that they will be maintained. It may require difficult decisions for shifting the focus of general funds; however, the long range planning that the students are receiving assistance with, is expected to prove fruitful.

9:18:40 AM

REPRESENTATIVE P. WILSON asked whether students who have returned to school and are not allowed to play sports can participate in other activities, such as drama, debate, or band.

MS. COMEAU indicated that the ASSA sponsored activities require a 2.0 GPA to participate in any activity. Every effort is made to help students regain, or maintain, this privilege.

REPRESENTATIVE P. WILSON asked if that is a good rule.

MS. COMEAU responded that it is an excellent rule, when the only reason that some students attend school is to play sports. The ruling has been a great help to impact student performance, providing a motivational hook.

9:21:16 AM

REPRESENTATIVE P. WILSON solicited further suggestions from the superintendent.

MS. COMEAU indicated the high school qualifying exam is an area that requires a conversation, as well as the possibility of amending the requirement to attend school until age 16.

**HB 235-PROF STUDENT EXCHANGE LOAN FORGIVENESS**

[9:23:12 AM](#)

CHAIR SEATON announced that the next order of business would be HOUSE BILL NO. 235, "An Act relating to professional student exchange program availability and conditions for loan forgiveness."

The committee took an at-ease from 9:24 to 9:25.

[9:25:35 AM](#)

REPRESENTATIVE P. WILSON moved to adopt CSHB 235, Version 26-LS0913|R, Mischel, 1/8/10, as the working document.

CHAIR SEATON objected for discussion.

[9:25:56 AM](#)

REPRESENTATIVE MUNOZ began the introduction of HB 235. [Technical difficulties interrupted her presentation but did not result in loss of testimony.]

[9:27:18 AM](#)

DIANE BARRANS, Executive Director, Postsecondary Education Commission, stated that she was available for questions and comments.

[9:27:27 AM](#)

REPRESENTATIVE MUNOZ continued, paraphrasing from a prepared statement, which read as follows [original punctuation provided]:

The Western Interstate Commission for Higher Education, also known as WICHE, is a professional student exchange program that provides students in 12 Western states access to professional healthcare programs that are otherwise not available in their home states. WICHE students pay reduced tuition fees - usually resident tuition in public institutions or reduced tuition at private schools.

WICHE is an important tool for accessing educational opportunities that otherwise would be out of reach for

a number of reasons. HB235 expands the WICHE program to include a loan forgiveness incentive for the healthcare fields of dentistry, optometry, and pharmacy.

As many of you may be aware, healthcare professionals are needed in many areas of our state. We are also seeing an increased number of professionals coming to retirement age. For example, two dentists in the Ketchikan area have actively been trying to sell their practices without success because younger dentists are not returning to this Alaskan community. Dr. George Shaffer, who is on the line, can speak to this issue. Over the years his practice has absorbed patients as a courtesy to retiring dentists however, Ketchikan is still lacking dentists and leaving a heavy burden on others.

The student loan forgiveness program starts at a 25 percent forgiveness on the principal loan amount for participants who maintain their Alaska residency and return to the state for at least five years. An additional 25 percent loan forgiveness is provided to those who practice in an underserved area or serve patients who are covered under the medical assistance program.

[9:30:22 AM](#)

MS. KENDRA KLOSTER, Staff, to Representative Kathy Munoz, Alaska State Legislature, explained the changes to each section of the bill. Section 3 language was changed to clarify the forgiveness increase for students practicing in underserved areas. Returning to Section 2, she pointed out that the interest rate has been amended to be more competitive and aligned with the WICHE program. Also, the conditions of repayment have been revised to be on par with the WICHE program; Sections 2 and 3.

[9:31:39 AM](#)

CHAIR SEATON asked for clarity regarding the criteria for forgiveness.

[9:31:52 AM](#)

REPRESENTATIVE MUNOZ responded that forgiveness is five percent per year, up to 25 percent, if they return. If they practice in

an underserved area, or accept Medicaid patients, it becomes 10 percent per year, for five years, or 50 percent.

[9:32:22 AM](#)

REPRESENTATIVE BUCH asked for a definition of underserved areas. He said he located it in the original version, but not in the committee substitute (CS).

[9:33:09 AM](#)

REPRESENTATIVE MUNOZ deferred to Dr. David Logan.

[9:33:27 AM](#)

CHAIR SEATON verified that Version A identifies underserved area, and version R does not have the same language.

[9:33:55 AM](#)

MS. KLOSTER indicated that an underserved area is as defined by the Department of Health and Social Services (DHSS).

CHAIR SEATON noted that Version A included Sec. 14.44.042, and asked if the information has been omitted, or conformed differently, in Version R.

[9:35:01 AM](#)

MS. BARRANS, offered her understanding that the draft allows the commissioner of DHSS to designate an area as underserved, which could be accomplished via regulation. Another means to identify the standard could be based on the level of the percentage of billing for services to patients that are receiving medical assistance through a state program; page 2, lines 29-31, of Version R.

[9:35:59 AM](#)

REPRESENTATIVE GARDNER suggested that the confusion may arise due to the original draft referring to AS 14.44.042, and Version R refers to AS 14.44.041.

[9:36:24 AM](#)

CHAIR SEATON drew attention to the original language of Version A, lines 28-[30], where it states: "... if billings for

services provided to those patients are not less than five percent of the participant's average gross billings for the year; ...".

[9:37:05 AM](#)

REPRESENTATIVE BUCH clarified that his question arises from [Version R, page 2], line 27, which states: "... in a geographical area the commissioner of health and social services has designated as underserved; ...". He expressed concern that discretion would be the purview of the commissioner. Also, he opined that this appears to be a vague definition, and asked whether a clearer definition is included elsewhere in the bill.

CHAIR SEATON said that the provisions of the bill will be discussed and debated, but the motion being considered is whether to adopt Version R as a CS. The sectional description may provide clarity, he suggested.

[9:38:16 AM](#)

MS. KLOSTER deferred to Dr. David Logan.

CHAIR SEATON said that if the language is in both versions it does not need to be addressed, but if there is a change it should be explained by the sponsor.

MS. KLOSTER noted again the forgiveness aspects, changed in Sec. 3, and the alignment of interest rates and repayment schedules with the WICHE program.

[9:40:05 AM](#)

CHAIR SEATON pointed out that these are technical changes that do not alter the majority of the bill, which the committee could decide to amend at a future time. With that he removed his objection. There being no further objection, Version R was before the committee.

[9:41:04 AM](#)

DR. DAVID LOGAN, DDS, Alaska Dental Society, stated support for CSHB 235, underscoring the importance of providing this avenue of support for Alaska's young people to attend professional institutes. Financial burdens are a reality, for entering and completing programs to enter these professions; \$250,000 for dental schools. Part of the financial burden is deciding how to

repay the loan, where to establish a practice, and other economic decisions that may not bring them back to Alaska. A program of this type may take the edge off of the burden and allow students to practice in the community of their choice. Being a benefactor of the WICHE program, he attributed it as the reason that he has been able to return to Alaska and practice.

[9:43:55 AM](#)

REPRESENTATIVE P. WILSON offered support for allowing DHSS to determine the underserved areas, as these areas fluctuate annually and can be like moving targets.

[9:45:19 AM](#)

REPRESENTATIVE EDGMON commented that this would allow the commissioner of DHSS to match state and federal definitions of underserved areas.

[9:45:52 AM](#)

DR. LOGAN concurred, and said that the dental state statutes are already common to federal definition. He opined that an underserved area may already be a common definition throughout statutes regarding the entire health care profession.

[9:46:22 AM](#)

CHAIR SEATON provided a scenario of an area being serviced by a sole dentist, who is expecting to receive a 10 percent loan reduction. If another dentist arrives and begins practicing, how will this affect the loan forgiveness status of the original dentist; a question for Ms. Barrans, he said.

[9:46:59 AM](#)

REPRESENTATIVE MUNOZ said practices would be handled on a case by case basis, but the specific scenario described by the chair has not as yet been addressed.

[9:47:11 AM](#)

REPRESENTATIVE GARDNER asked if there is data from other states to support this approach for changing the behavior of graduates in establishing practices. Additionally, she said, there has been an outpouring across Alaska regarding difficulty in getting access to physicians, and dental care, but the shortage in

pharmacy and optometry is new. She asked what information is available to support these professions as areas of identified need.

REPRESENTATIVE MUNOZ said that the WICHE program supports students who attend programs in states away from their home state, in the absence of a local program. To that end, the proposed legislation is a strong incentive for students to return and practice in Alaska.

[9:48:44 AM](#)

REPRESENTATIVE GARDNER asked if this incentive matches or exceeds what other states offer.

MS. KLOSTER said she would provide that information to the committee.

REPRESENTATIVE GARDNER underscored that this could prove to be important, as other states may provide a higher forgiveness rate and Alaskan students may choose to relocate and take advantage of that opportunity.

[9:49:36 AM](#)

REPRESENTATIVE KELLER queried how the five percent reduction was chosen, as well as the limit of five students per professional area, and whether other options were considered.

[9:50:37 AM](#)

REPRESENTATIVE MUNOZ responded that the Alaska Commission on Postsecondary Education (ACPE) assisted in the drafting of this legislation. The intention is to provide statute that can be funded via the ACPE structure without additional state support.

[9:51:14 AM](#)

REPRESENTATIVE KELLER clarified that ACPE has prioritized the needs of the areas covered in the bill.

[9:51:38 AM](#)

REPRESENTATIVE MUNOZ deferred to Diane Barrans.

[9:51:50 AM](#)

REPRESENTATIVE GARDNER reiterated her question on why this is being extended to pharmacists and optometrists.

[9:52:13 AM](#)

REPRESENTATIVE MUNOZ deferred to the professionals who will testify in their fields.

[9:52:23 AM](#)

CHAIR SEATON directed attention to page 1, line 5 [through 7], and read: "... Notwithstanding the funding priorities established under (a) of this section, the Alaska Commission on Postsecondary Education shall provide adequate funding for not fewer than five students ... ", and asked if the intention is to supersede the funding priorities currently set forth in section (a), and why that is being considered.

[9:53:24 AM](#)

MS BARRANS pointed out that this bill is an industry led piece of legislation, and the three fields that are identified in the bill are brought via advocacy efforts.

[9:54:13 AM](#)

CHAIR SEATON asked about the current funding priorities and whether this bill elevates the three professional fields above the established priorities.

[9:54:43 AM](#)

MS BARRANS recalled that the professional student exchange program, through WICHE, was funded for the first 20-25 years through general fund support. Subsequent to 1986 the program was totally de-funded. In the mid 1990's, the program was revived by the legislature, but set-up as a loan obligation, rather than the state providing the support fee directly on behalf of the Alaska residents participating. Alaskan students were allowed to apply for loans, subject to the student loan corporation's capacity to fund the program. The support fee becoming an individual financial obligation is rather unusual within the Professional Student Exchange Program (PSEP). Except for Nevada, participating students do so at their home state's expense, with no obligation on behalf of their residents to practice within their home state, although it is encouraged. Because the student loan corporation is expected to fund the

program, other criteria were put into place. The criteria reside in AS 14.44.025, which would now be .025 (a), allowing the Commission on Postsecondary Education to establish funding priorities by regulation. Under the regulation, in order for a field to be included in the program, three criteria must be met: 1) the graduate program is not offered in the state; 2) a shortage of professionals in the state exists; 3) earnings related to the profession are sufficient to allow obligation repayment. The fields supported by the loan program include dentistry, optometry, pharmacy, podiatry, as well as physical and occupational therapy. The bill would mandate that at least five participants in each of the three main fields would be funded each year. She explained that because of the forgiveness provision, the fiscal note indicates that the student loan corporation could no longer be tapped as the funding resource. Instead the loans will become general funded programs and the repayment will constitute an income stream for the general funds.

[9:58:35 AM](#)

CHAIR SEATON stated his understanding that the criteria used in (a), of Section 1, elevates the named professions above any other programs that would be established in this section; mandating that there would be five students supported in these fields before any of the other categories established by the commission.

MS BARRANS concurred.

[9:59:09 AM](#)

CHAIR SEATON opened public testimony.

[10:00:25 AM](#)

NANCY DAVIS, Executive Director, Alaska Pharmacist Association (AkPhA), stated support for HB 235, and SB 174, underscoring that the cost to follow a career path in pharmacy has a price tag of about \$150,000. The path for professional fields has changed over the years, she said, and pharmacy is now a post doctoral program earning the Pharm.D moniker. A pre-pharmacy program does exist in Alaska, and it would be helpful if students could attend post doctoral programs at in-state tuition prices. The average out-of-state tuition of the nine schools surveyed one year ago represents a yearly differential of \$12,000-\$13,000, or nearly \$50,000 of additional tuition to

complete a program. The proposed loan forgiveness at the rate of five percent for five years will at least pay this differential, as well as being an investment in the future.

[10:03:21 AM](#)

REPRESENTATIVE GARDNER directed attention to the committee packet and the letter of support provided by Amber Briggs, AkPhA President. She read: "Because the health care workforce shortage in Alaska is reducing health care access for our state's residents, ... The Alaska Pharmacists Association strongly supports the concept ...". There appears to be a lack of data regarding a lack of pharmacists in the state, and she asked for further information regarding the projected needs in this field.

MS. DAVIS provided statistics from 2007 that the state derived indicating a 25 percent deficiency in pharmacists. She opined that it is difficult to recruit and retain pharmacists in Alaska, hence the shortage. The loan forgiveness is an important incentive for Alaskan students to return and practice. State statistics, surveyed two years ago, indicated a shortage of approximately 130 pharmacists. A shortage can become a safety issue, she opined, when dispensing medication and working long hours, errors can occur. The national average, for community pharmacists, is a ratio of 5.36:100,000, but in Alaska it is 3.35:10,000 people. To attain the national average, Alaska would need to have 137 pharmacists join the current ranks. The 15 Indian health service pharmacies were not included in this calculation.

[10:05:58 AM](#)

CHAIR SEATON asked the bill sponsor to have the department provide further information and data regarding the identified needs of these professions.

[10:06:21 AM](#)

MS. DAVIS commented that the AkPhA is supportive of building a school of pharmacy in the state, however, the pharmacists are needed now, and it could take ten years to establish an institution.

[10:07:26 AM](#)

GEORGE SHAFFER, DDS, stated the difficulty that students have in receiving loans for attending school and establishing practices, at a time when many professionals are entering the age of retirement. He recalled how, many years ago, the state defined shortage areas. Unfortunately, difficulties arose as the definition was not particularly clear, and eventually the federal definition was utilized and worked well. He cautioned that to serve the needs of the state today, it should not be left to federal purview alone, and the state should take an active role to make designations. Making another point, he said, a group of students who are already in school may not qualify for this program. Because of the in-state tuition differential, many may have given up their Alaskan residency, in lieu of a lower tuition for graduate school. A provision could be considered to assist these students to renew their residency and qualify for the program, he opined.

[10:10:29 AM](#)

BARRY CHRISTIANSEN, Pharmacist, stated support for HB 235, saying that he is a past participant in the WICHE program, and it proved a benefit to him. He opined that there is a shortage of pharmacists in Alaska, from his direct experience in the field. Once students attend school out-of-state, there is a good chance that they may not return, and this may prove to be an incentive to remedy that phenomena, he said.

[10:11:52 AM](#)

JIM TOWLE, stated support for HB 235, stressing the need to support the young students of today who are pursuing these careers.

[10:13:42 AM](#)

REPRESENTATIVE MUNOZ reviewed the questions and comments that arose from today's meeting, which require sponsor response: the percentages of forgiveness offered in other states; statistics supporting professional deficiencies in the field of optometry in Alaska; a representative from DHSS to address the definition of underserved areas; and an appropriate fiscal note.

[10:14:26 AM](#)

CHAIR SEATON concluded, thanking the participants in today's meeting.

[HB 235 was held over.]

**ADJOURNMENT**

There being no further business before the committee, the House Education Standing Committee meeting was adjourned at 10:15 a.m.