

SENATE FINANCE COMMITTEE  
April 11, 2010  
11:07 a.m.

[11:07:48 AM](#)

CALL TO ORDER

Co-Chair Stedman called the Senate Finance Committee meeting to order at 11:07 a.m.

MEMBERS PRESENT

Senator Lyman Hoffman, Co-Chair  
Senator Bert Stedman, Co-Chair  
Senator Charlie Huggins, Vice-Chair  
Senator Johnny Ellis  
Senator Dennis Egan  
Senator Donny Olson  
Senator Joe Thomas

MEMBERS ABSENT

None

ALSO PRESENT

Denise Liccioli, Staff, Senator Olson; Darwin Peterson, Staff, Senator Bert Stedman; Senator Linda Menard; Diane Barrans, Executive Director, Postsecondary Education Commission, Department of Education; Wendy Redman, Vice President, Statewide Programs, University of Alaska; Josh Applebee, Staff, Senator Meyer.

PRESENT VIA TELECONFERENCE

Shirley Gifford, Director, Alcoholic Beverage Control Board (ABC).

SUMMARY

SB 139 INCENTIVES FOR CERTAIN MEDICAL PROVIDERS

CS SB 139 was REPORTED out of Committee with a "do pass" recommendation and with one new fiscal

impact note from the Department of Health and Social Services.

SB 174 PROF STUDENT EXCHANGE LOAN FORGIVENESS

SB 174 was HEARD and HELD in Committee for further consideration.

SB 234 EXTEND ALCOHOLIC BEVERAGE CONTROL BOARD

CS SB 234 was REPORTED out of Committee with a "do pass" recommendation and with one previously published fiscal note: FN 1 (DPS).

HB 292 GRANTS TO DISASTER VICTIMS

HB 292 was REPORTED out of Committee with a "do pass" recommendation and with one previously published fiscal note: FN 2 (MVA).

#SB139

SENATE BILL NO. 139

"An Act establishing a loan repayment program and employment incentive program for certain health care professionals employed in the state; and providing for an effective date."

11:07:53 AM

Senator Ellis proposed committee substitute, work draft #26-LS0503\U, Mischel, 4/9/10. Co-Chair Stedman OBJECTED.

DENISE LICCIOLI, STAFF, SENATOR OLSON noted that the CS before the committee makes four significant changes to the bill. The new Section 1, Page 1 was added to reinforce the primary purpose of the bill of making health care providers available to rural areas of the state. In addition, areas that serve the uninsured, Medicare recipients, and those with tribal medical benefits are also targeted. She highlighted a rewording on Page 4, Line 19 added with the same intent which states that the "commissioner shall prioritize eligible sights based on the remoteness of the site and the percentage of patients treated at the site." The previous Section 1 which held loan repayments as incentive was removed. It was decided that the loan repayment piece required further research best done in

future legislative sessions. The applicable sections referencing Section 1 were also updated to reflect the change. She introduced the third change on Page 4, Lines 4-6. The section was reworded to direct the department to reserve funding with which to make payments as it provided a clear statement. The final change is found on Page 4, Lines 23-25 and implements a sunset which directs the department to cease the writing of new three year contracts after June 10, 2017. Page 5, Lines 17-25 further guide a request for a final report and provide a sunset date.

Co-Chair Stedman REMOVED his OBJECTION. Version U was adopted.

[11:13:28 AM](#)

Senator Olson stated that the bill establishes incentive regulations that allow licensed health care providers to arrive in Alaska and treat patients, especially in urban inner-city or rural parts of the state.

Co-Chair Stedman mentioned one zero fiscal note from the Department of Education and Early Development (DEED) and one fiscal impact note from the Department of Health and Social Services (DHSS) for \$2,847,300 in general funds to cover the estimated cost of incentive payments and to hire one additional full time staff person to administer the program.

Senator Thomas asked about the last change considered on Page 4, Line 23-25. He asked if the purpose was for Alaskan residents to become more engaged in the system. Ms. Liccioli responded that the profits from the Washington Alaska Montana Idaho (WAMI) program would be available in seven years allowing the contracts to play out.

Senator Olson expressed appreciation for the hearing.

[11:16:14 AM](#)

Co-Chair Hoffman MOVED to report CS SB 139 out of Committee with individual recommendations and the accompanying fiscal notes.

There being NO OBJECTION, it was so ordered.

CS SB 139 was REPORTED out of Committee with a "do pass" recommendation and with one new fiscal impact note from the Department of Health and Social Services.

#sb174

SENATE BILL NO. 174

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

11:16:45 AM

Co-Chair Hoffman MOVED TO ADOPT WORK DRAFT LS0764\U, Mischel, 4/10/10 AS THE COMMITTEE SUBSTITUTE. Co-Chair Stedman OBJECTED.

DARWIN PETERSON, STAFF, SENATOR BERT STEDMAN, explained the legislation. He explained that the CS contains three different post secondary education proposals; a merit based scholarship program, a needs based scholarship program, and an expansion of eligible students in the Western Interstate Commission for Higher Education (WICHE) program. Section 1 creates the Alaska Scholars program in statute. The program currently exists as a University of Alaska scholars program, but the state has yet to participate. The university currently contributes \$3.8 million from their land grant trust fund to provide scholarships to those students who graduate in the top 10 percent of their high school class. The CS acknowledges the success of the program by bolstering with state participation. The Alaska Scholars program will continue to be administered by the Board of Regents. Alaskan high school students ranking in the top 15 percent of their class are eligible for a tiered scholarship. Students in the top five percent of their class will receive a 100 percent tuition scholarship at the University of Alaska. The next tier comprises those who rank in the top six to ten percent of their class and are eligible for a 75 percent tuition scholarship. The third tier is comprised of those students who rank in the top 11-15 percent of their class and are eligible for a fifty percent scholarship. Students who rank below the top 15 percent are not eligible for a scholarship under this program.

Mr. Peterson explained that the funding for the scholarships will include the continued contribution of

\$3.8 million dollars annually from the university's land grant trust fund and the remainder will come from the general fund. The anticipated cost of the scholarships in the first year is \$11.5 million dollars with \$3.8 million from the university and \$7.7 million from the state. The amount increases each year as new classes of students enroll until all four classes are filled leveling the annual cost to approximately \$9.2 million in general funds and \$3.8 million in university funds. The board of regents may adjust the amount of scholarships awarded in the event the state does not appropriate its share of the funds. Sections 8 and 9 of the CS are housecleaning amendments conforming to the new Alaska Scholars program. Section 8 amends AS 1443930 which identify the information made available to the board of regents. Section 9 makes a cross reference to the new definition of a qualified high school. Section 12 repeals the sections of statute that refers to scholarships for high school graduates offering scholarships for dormitory rent. Section 13 is an applicability section which states that only high school students graduating in the class of 2010 or later are eligible for the new scholarship program. Section 14 instructs the replacement of the name University of Alaska scholarships for high school graduates with the Alaska Scholars program.

Mr. Peterson commented that Sections 2-7 of the bill includes the needs-based scholarship component which amends the existing Alaska Advantage education grant program which closely resembles Senator Ellis' SB 33 heard by the committee on March 31, 2010. In order to be eligible for a scholarship, the applicant must demonstrate financial need in accordance with standards established in federal code. Scholarships are awarded in the amount not less than \$1000 and not more than \$5000 per year and not more than a total of \$20,000 per student. The program will continue to be administered by the Alaska Commission on Post Secondary Education. The commission is instructed to distribute \$10 million annually in scholarships to needy students. Sections 10 and 11 include the original language in SB 174, expanding the eligibility of Alaskan students in the western interstate commission for higher education to include not fewer than five students in each of the fields of dentistry, optometry, and pharmacy.

[11:22:41 AM](#)

Co-Chair Stedman Removed his OBJECTION. There being NO OBJECTION, it was so ordered.

SENATOR LINDA MENARD expressed support of the CS and appreciation for the hearing.

[11:23:48 AM](#)

DIANE BARRANS, EXECUTIVE DIRECTOR, POSTSECONDARY EDUCATION COMMISSION, DEPARTMENT OF EDUCATION, stated that the proposed changes were straightforward, but in respect to the Professional Student Exchange Program (PSEP) loan she was not sure if the drafting accomplished the expected outcome. She understood that rather than eliminating the loan repayment benefits, the bill instead superimposes the service obligation and work discharge of WAMI onto these PSEP loans.

Co-Chair Stedman requested a page reference. Ms Barrans responded Page 6, Lines 22-24. She added that the new version establishes a minimum number of seats for dentistry, optometry and pharmacy; it does not speak to the other fields of study currently supported through the PSEP loan program. She did not understand if the intent was to set the minimum number.

[11:27:04 AM](#)

WENDY REDMAN, VICE PRESIDENT, STATEWIDE PROGRAMS, UNIVERSITY OF ALASKA, noted continued interest in the incorporation of the strict merit based program included in the Governor's Performance Scholarship (GPS) bill. She believed that the merit based program would change the goals of the current high school curriculum and get schools and communities much more involved in the process. She appreciated the accommodation of university concerns. The bill provides access to information previously inaccessible such as names and addresses of students.

[11:29:06 AM](#)

Senator Thomas asked if homeschooled children are currently eligible for the Alaska Scholars grant. Ms. Redman responded no, only licensed schools in the state are covered.

Senator Thomas asked how much money the land trust generates on an annual basis. Ms. Redman responded that the university is contributing \$3.8 million to the program. She explained that the trust may generate \$4 million and does not generate much income.

Senator Olson asked about the effect of the CS on the forgiveness of retention and recruitment. Ms. Barrans responded that the CS would prove helpful in terms of having a higher rate of return of participants to the program to the state. The return rate for WICHE is positive.

[11:31:56 AM](#)

Senator Thomas asked about Page 2 and the scholarship award. He requested an explanation of Page 3 and the transmission of the bulk amount awarded. Co-Chair Stedman stated that the questions would be answered in a 24 hour period.

Co-Chair Stedman noted one fiscal impact note from Department of Education and Early Development (DEED) for \$230,500 in general funds with the cost increasing in subsequent years.

SB 174 was HEARD and HELD in Committee for further consideration.

#sb234

SENATE BILL NO. 234

"An Act extending the termination date of the Alcoholic Beverage Control Board; and providing for an effective date."

[11:33:33 AM](#)

JOSH APPLEBEE, STAFF, SENATOR MEYER explained that the bill is an extension bill. The Legislative Budget and Audit Committee (LB&A) expressed concerns with the last audit. He discussed the changes made in the last CS.

SHIRLEY GIFFORD, DIRECTOR, ALCOHOLIC BEVERAGE CONTROL BOARD (ABC) (via teleconference) discussed the additional changes in the CS. She expressed support for the change on the vote procedure. She explained that the majority of ABC board

information is available to the public with the exception of financial matters and security interests. She noted concern with the repeal of 416049 F and 416060 F which give the ABC board the ability to conduct compliance checks. She believed the compliance checks are an important function of the ABC board. She understood that improvements were necessary. Compliance checks are instituted throughout the country. Alaska enjoys the lowest rate in the country of underage persons purchasing alcohol and she attributed this to the compliance checks. She discussed changes to the compliance check program such as the addition of new policies. She expressed understanding of the need for sensitivity in regard to businesses.

[11:43:34 AM](#)

Co-Chair Stedman explained the one year sunset date for the legislation.

Senator Thomas asked about the process in the event of a tie vote. Ms. Gifford responded that holding the vote would be best if the results were not time sensitive, otherwise a telephone vote would occur. An administrative law judge might also be called upon to break the tie.

Senator Thomas asked about the penalty of \$1500 for the use of a false identification. He asked about potential conflict among police and bar owners regarding the penalties. Ms. Gifford responded that she was working with police personnel and discussing the issue of minors with false identification and the enforcement of the penalties.

Senator Thomas believed that the identification information required posting. Ms. Gifford agreed that statute requires posting of a sign stating that underage persons are not allowed on premises.

[11:47:28 AM](#)

Co-Chair Stedman mentioned one fiscal note form Department of Public Safety (DPS) for \$1,432,100 for funding the ABC board for the next fiscal year.

Co-Chair Hoffman MOVED to report CS SB 234 out of Committee with individual recommendations and the accompanying fiscal note. There being NO OBJECTION, it was so ordered.

CS SB 234 was REPORTED out of Committee with a "do pass" recommendation and with one previously published fiscal note: FN 1 (DPS).

#hb292

HOUSE BILL NO. 292

"An Act relating to grants to victims of a disaster in this state; and providing for an effective date."

11:48:53 AM

Co-Chair Stedman mentioned one zero fiscal note from the Department of Military and Veterans Affairs (DMVA).

Co-Chair Hoffman MOVED to report HB 292 out of Committee with individual recommendations and the accompanying fiscal note. There being NO OBJECTION, it was so ordered.

HB 292 was REPORTED out of Committee with a "do pass" recommendation and with one previously published fiscal note: FN 2 (MVA).

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ADJOURNMENT

The meeting was adjourned at 11:50 AM.