

ALASKA STATE LEGISLATURE
HOUSE STATE AFFAIRS STANDING COMMITTEE

March 15, 2018

3:18 p.m.

MEMBERS PRESENT

Representative Jonathan Kreiss-Tomkins, Chair
Representative Gabrielle LeDoux, Vice Chair
Representative Chris Tuck
Representative Adam Wool
Representative Chris Birch
Representative DeLena Johnson
Representative Gary Knopp

MEMBERS ABSENT

Representative Andy Josephson (alternate)
Representative Chuck Kopp (alternate)

COMMITTEE CALENDAR

HOUSE BILL NO. 400

"An Act relating to the collection of fees by the Department of Public Safety for fire and explosion prevention and safety services."

- MOVED HB 400 OUT OF COMMITTEE

HOUSE BILL NO. 71

"An Act relating to compensation, merit increases, and pay increments for certain public officials, officers, and employees not covered by collective bargaining agreements; and providing for an effective date."

- HEARD & HELD

HOUSE BILL NO. 352

"An Act relating to voter registration; and providing for an effective date."

- HEARD & HELD

PRESENTATION: INDIRECT EXPENDITURE HEARING

- HEARD

PREVIOUS COMMITTEE ACTION

BILL: HB 400

SHORT TITLE: FEES FOR FIRE PREVENTION MEASURES

SPONSOR(s): STATE AFFAIRS

| | | |
|----------|-----|---------------------------------|
| 02/28/18 | (H) | READ THE FIRST TIME - REFERRALS |
| 02/28/18 | (H) | STA, FIN |
| 03/01/18 | (H) | STA AT 3:15 PM GRUENBERG 120 |
| 03/01/18 | (H) | Heard & Held |
| 03/01/18 | (H) | MINUTE(STA) |
| 03/08/18 | (H) | STA AT 3:15 PM GRUENBERG 120 |
| 03/08/18 | (H) | Heard & Held |
| 03/08/18 | (H) | MINUTE(STA) |
| 03/13/18 | (H) | STA AT 3:15 PM GRUENBERG 120 |
| 03/13/18 | (H) | Heard & Held |
| 03/13/18 | (H) | MINUTE(STA) |
| 03/15/18 | (H) | STA AT 3:15 PM GRUENBERG 120 |

BILL: HB 71

SHORT TITLE: NO ST. EMPLOYEE PAY INCREASE FOR 2 YRS

SPONSOR(s): RULES BY REQUEST OF THE GOVERNOR

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|----------|-----|---------------------------------|
| 01/20/17 | (H) | READ THE FIRST TIME - REFERRALS |
| 01/20/17 | (H) | STA, FIN |
| 01/31/17 | (H) | STA AT 3:00 PM GRUENBERG 120 |
| 01/31/17 | (H) | Heard & Held |
| 01/31/17 | (H) | MINUTE(STA) |
| 03/08/18 | (H) | STA AT 3:15 PM GRUENBERG 120 |
| 03/08/18 | (H) | Heard & Held |
| 03/08/18 | (H) | MINUTE(STA) |
| 03/15/18 | (H) | STA AT 3:15 PM GRUENBERG 120 |

BILL: HB 352

SHORT TITLE: VOTER REGISTRATION & PFD APP REGISTRATION

SPONSOR(s): RULES BY REQUEST OF THE GOVERNOR

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|----------|-----|---------------------------------|
| 02/16/18 | (H) | READ THE FIRST TIME - REFERRALS |
| 02/16/18 | (H) | STA, FIN |
| 03/15/18 | (H) | STA AT 3:15 PM GRUENBERG 120 |

No previous action to record

WITNESS REGISTER

DAVID TYLER, State Fire Marshal; Director
Division of Fire and Life Safety (DFLS)

Department of Public Safety (DPS)
Anchorage, Alaska

POSITION STATEMENT: Presented Amendment 3 on behalf of House State Affairs Standing Committee, sponsor of HB 400.

LESLIE RIDLE, Commissioner
Department of Administration (DOA)
Juneau, Alaska

POSITION STATEMENT: Answered questions during the discussion of HB 71.

KATE SHEEHAN, Director
Division of Personnel & Labor Relations
Department of Administration (DOA)
Juneau, Alaska

POSITION STATEMENT: Answered questions during the discussion of HB 71.

JOSIE BAHNKE, Director
Central Office
Division of Elections
Office of the Lieutenant Governor
Juneau, Alaska

POSITION STATEMENT: Presented HB 352 on behalf of the House Rules Committee, sponsor, by request of the governor.

LIBBY BAKALAR, Assistant Attorney General
Labor and State Affairs Section
Department of Law (DOL)
Juneau, Alaska

POSITION STATEMENT: Answered questions during the discussion of HB 352.

CAROL A. THOMPSON, Absentee & Petition Manager
Absentee & Petition Office
Division of Elections
Office of the Lieutenant Governor
Anchorage, Alaska

POSITION STATEMENT: Answered questions during the discussion of HB 352.

JANE SHELBY, MD; Director
Alaska WWAMI School of Medical Education
University of Alaska Anchorage
Anchorage, Alaska

POSITION STATEMENT: Testified on behalf of University of Washington, School of Medicine during a discussion about the WWAMI program.

ACTION NARRATIVE

[3:18:52 PM](#)

CHAIR JONATHAN KREISS-TOMKINS called the House State Affairs Standing Committee meeting to order at 3:18 p.m. Representatives Kreiss-Tomkins Knopp, Wool, and Birch were present at the call to order. Representatives LeDoux, Tuck, and Johnson arrived as the meeting was in progress.

HB 400-FEES FOR FIRE PREVENTION MEASURES

[3:20:05 PM](#)

CHAIR KREISS-TOMKINS announced that the first order of business would be HOUSE BILL NO. 400, "An Act relating to the collection of fees by the Department of Public Safety for fire and explosion prevention and safety services."

[Due to their length, some amendments discussed or adopted during the meeting are found at the end of the minutes of HB 400.]

[3:20:08 PM](#)

CHAIR KREISS-TOMKINS stated members should have a proposed amendment to HB 400 in their packets [referred to as Amendment 3 and labeled 30-LS1490\A.3, Bannister, 3/7/18]. He explained that Amendment 3 would include changes that were discussed in committee on [March 13, 2018]. He asked Mr. David Tyler, the State Fire Marshal, to discuss the changes made in Amendment 3 to HB 400 and to provide his division's perspective on the proposed amendment.

[3:20:56 PM](#)

DAVID TYLER, State Fire Marshal; Director, Division of Fire and Life Safety (DFLS), Department of Public Safety (DPS), explained that at the last hearing [on March 13, 2018] the committee removed the language in proposed Amendment 3 that indicated [fines] for violations could be compounded daily. The revised Amendment 3 [A.3] states that the violation will remain in effect until the fine has been paid or the situation [causing

the citation] has been remedied. The division has the option to reissue a citation if the person receiving the citation paid the bail but did not fix the problem. He noted that Amendment 3 [D.3] streamlined the process to make the citation basically "a fix-it" ticket.

3:22:06 PM

REPRESENTATIVE WOOL recalled when the bill was first proposed, Mr. Tyler had mentioned the only "teeth" the division had was to issue a misdemeanor, which the division had not previously done. He further recalled that the current process the division has been using has been to list violations in hopes that the person or company would fix what was wrong, but if they did not do so, the only option the division had was to issue a misdemeanor and the party would have a criminal record. The idea of issuing citations for fines up to \$500 has been under consideration. He related his understanding that the division thought issuing citations would not be used quite often. This current iteration would allow people 30 days to fix the problem. He asked whether citations being issued would increase since people have 30 days to fix it or how the division's procedures might change.

MR. TYLER answered that the procedures would not drastically change. Currently, the division does not use the misdemeanor process because the district attorney would not prosecute them, since they are too busy with other things. He explained that the division's options were to issue an order to correct, which basically asks the party to please fix the problem. The next realistic option would be to close the building, which is a measure of last resort and not productive. He said he agrees that warnings should continue to be issued. He was interested in seeing how this would work because it was possible to put a court date in for those residing in a remote area, for example, if he knew it would take two months to have a sprinkler system installed, he could set a court date two months out. In that way, the business would not be held to a time line that it could not possibly meet.

3:24:30 PM

REPRESENTATIVE WOOL acknowledged that issue had arisen, for example if someone's ANSUL system needed servicing or something as simple as a restaurant hood cleaning might be hard to schedule during a particularly busy time of the year. He offered his belief that someone with an automatic auto handheld device could be uploaded daily and after 30 days an automatic

warning would be sent out. In instances in which the Fire Marshal gave an extended date for remedy, he wondered whether people would get hung up in the fine system. He recalled that the Alaska Court System said that uploads and warning letters happened automatically. He recalled someone might pay a parking ticket but two years later it was still in the system. He asked for further clarification on the hand-held devices and the process for automatic letters. He recalled previous testimony that these devices were not yet in use.

REPRESENTATIVE WOOL wondered if the hand-held devices were a "new work in progress."

MR. TYLER agreed it was a "work in progress." He was unsure how the court would issue its warnings if he wrote a court date for 60-90 days after the citation. He said the bill requires him to give a minimum of a 35-day-notice for a court date and he has 10 days to file it.

[3:26:56 PM](#)

REPRESENTATIVE LEDOUX stated that HB 400 started out as a means to collect more fees; however, it has now morphed into major discussion as to whether the offenses should be violations or misdemeanors. She recalled on the House floor that the legislature passed a bill related to load limits and changed it from violations to criminal conduct to account for responsibility. She wondered why this needed to be changed. She recalled the Fire Marshal did not charge someone with a misdemeanor, so she was unsure why he did not use the authority to do so. She expressed concern that the Fire Marshal might not charge someone [and a fire could occur] and cause injury or death. She was unsure why this would go from a misdemeanor to a violation.

[3:28:50 PM](#)

MR. TYLER responded that a misdemeanor charge would not be a high priority for the attorney general. The proposed citation and fine under Amendment 3 to HB 400 would provide a more useable tool. If the parties fix the fire safety issues, they would not need to pay any fine and the division obtains its goal of fire safety compliance.

CHAIR KREISS-TOMKINS stated that part of the bill retains a violation for certain outcomes. If someone gets seriously hurt, it would be a misdemeanor. He asked in an instance where

someone was killed due to the fire resulting from a dirty vent hood, whether existing statutes cover the crime.

MR. TYLER answered that if someone was killed the responsible person could be charged for negligence or other offense determined by the attorney general.

REPRESENTATIVE LEDOUX related that another bill [HB 259] discussed on the House floor today related to specifying a crime for unsecured loads for truck.

CHAIR KREISS-TOMKINS responded that was not his understanding. He recalled testifiers before the [House Transportation and Judiciary] committees. One person was nearly killed in an accident resulting from unsecured debris flying through her windshield, but the police could not charge the driver with an unsecured load with a crime.

[3:32:12 PM](#)

REPRESENTATIVE KNOPP said he was correct, that under the current statute the law only applied to commercial operators. He offered his belief that the legislature, in its actions on the House floor, extended some of the penalties to private operators and defined "gross negligence." He agreed this was not the only bill before the legislature that sought to decrease misdemeanor penalties to citations. This would make it easier to collect and this bill was a trend for this administration.

[3:33:15 PM](#)

REPRESENTATIVE WOOL acknowledged that at times the House Labor and Commerce committee found misdemeanor penalties were onerous and were reduced to citations to obtain compliance. The threat of penalty was lighter and might be used more often, he said. He expressed concern was that this approach might result in an overabundance of citations. He was unsure of the consequences, but time would tell.

CHAIR KREISS-TOMKINS, referring to Representative Wool's scenario of a fire resulting from a dirty hood in a restaurant that might get a "fix-it" ticket from the fire marshal. He researched the law applicable to "fix-it" tickets: [Alaska Statutes] AS 18.70.010-100. He was trying to get a sense of whether a dirty hood would fall within the scope of a "fix-it" ticket.

MR. TYLER stated that the division's performance measures strive for 30 percent with no discrepancies. He offered that the division reached 12 percent in 2016 and 25 percent last year. He was having trouble hearing the question and asked to have it restated.

[3:35:21 PM](#)

CHAIR KREISS-TOMKINS restated the question.

MR. TYLER answered yes; that could be a citation. He mentioned potential violations that could result in citations, including a sprinkler or fire alarm system not in compliance, excess hardware not functioning, box corridor, exit lighting, or expired fire extinguishers.

[3:36:32 PM](#)

REPRESENTATIVE KNOPP asked whether the division charged any fees for inspecting systems.

MR. TYLER answered no.

REPRESENTATIVE KNOPP said an acquaintance built a new real estate company and complained about the fees to have heating ventilation or fire suppression checked. He was unsure of what was inspected or the agency or private company that performed the work. He related his understanding that this bill would give the department some receipt authority and allow it to establish fees for inspections and permitting. He asked for further clarification on if a draft fee schedule exists

MR. TYLER responded that the fiscal note [analysis on page 2, Department of Public Safety, Fire and Life Safety fees] provides a potential method for developing fees. He stated one challenge was to develop uniform fees even though inspection times may vary, depending on who conducted the inspection. He cautioned that charging a flat rate might not be the best approach since small businesses could be assessed a larger proportional fee than larger operations and he described an example (audio difficulties).

[3:38:57 PM](#)

REPRESENTATIVE KNOPP noted the audio difficulties.

[3:39:27 PM](#)

CHAIR KREISS-TOMKINS asked for committee comments. He said unless there were further questions, it was his intent to put Amendment 3 forward and he was fine with the committee either accepting it, not accepting it, or holding it.

[3:39:57 PM](#)

REPRESENTATIVE WOOL said he thought the language was getting better and he liked proposed Amendment 3. As Representative LeDoux mentioned it started off as "fee for inspection" but has morphed to a whole citation and fee system. He acknowledged that this approach was also new to the Fire Marshal's office. He recalled a previous testifier from the court system, Ms. Mead, said the police currently have a hand-held system for issuing motor vehicle citations. This was different since it deals with building inspections. He did not necessarily think he would like to lump citations for the fire inspections into the system with police speeding tickets and that type of "fast tracking." He was unsure that he would oppose a system of fines for violations, and although he had some hesitation [Amendment 3] was an improvement over the previous version of the amendment.

[3:41:26 PM](#)

REPRESENTATIVE LEDOUX said she was not convinced. She preferred the original version of the bill.

[3:41:39 PM](#)

REPRESENTATIVE KNOPP said he was not likely to support the bill. He did not support generating revenue through fees, which he thought was bad public policy. He said the businesses were not asking for these inspections. He acknowledged that the Fire Marshal has always mandated inspections. He recalled [HB 114] relating to boiler inspection, that independent contractors would inspect and certify the system, perform any repairs, and the owner pays the fee and files the paperwork. He preferred the boiler inspection model for paying fees for inspections.

[3:43:11 PM](#)

REPRESENTATIVE WOOL, as a small business owner, related that all the fees are increasing, including fees for business and professional licenses, fire marshal inspections, and on and on. He expressed concern because the state fire marshal could

threaten to shut someone down without having to go through the district attorney's office. Perhaps fees could be assessed for new construction. He was unsure and said that obviously the committee was still wrestling with this.

[3:44:58 PM](#)

CHAIR KREISS-TOMKINS said he would not move to adopt proposed Amendment 3 since the committee did not support it. He suggested the state fire marshal could work with the next committee of referral [the House Finance Committee] to adopt the amendment, which would be fine.

CHAIR KREISS-TOMKINS brought members back to HB 400, which had not been amended since the committee only entertained an idea with proposed Amendment 3. He asked for additional comments on HB 400.

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REPRESENTATIVE LEDOUX said she did not have any problem with bill as written. She liked the idea and people receiving the services will pay for them. She acknowledged Representative Knopp's suggestion on private enterprise competing to provide the services.

[3:46:11 PM](#)

REPRESENTATIVE JOHNSON offered her belief that government's job was to provide fire safety and address fire and life safety issues. She expressed concern that imposing a fee for fire inspections might cause businesses to put off fire inspections. She recalled the Department of Environmental Conservation (DEC) has dispensed with fees or reimbursement costs for spill cleanup. Providing fire inspections to the public was more important than waiving the spill cleanup fees, she said. She related she has a commercial building and she has a tremendous respect for the fire marshal's office and she does everything in her power to be certain there are no fire hazards and she requests annual inspections. She was unsure that all companies were as diligent and adding fees would make it more difficult.

[3:47:59 PM](#)

REPRESENTATIVE BIRCH commented that he has worked with fire inspectors, especially in rural Alaska and they always do a tremendous job. He was familiar with plan reviews and

assessment for fees. He would like to give the bill a chance, given the importance of good fire safety and inspection. He recalled that for plan reviews when design professionals such as architects and engineers are hired to design a building the expectation is that the design will be to code. He offered his belief that the review process for public facilities benefits from a review capability that the fire marshal's office provides.

[3:49:40 PM](#)

REPRESENTATIVE WOOL disagreed with Representative Johnson that some businesses would opt not to have inspections since the inspections are not optional, and that businesses are given a specific timeframe to remedy any fixes. He remarked that if the state was not going to have an income tax, it was choosing to charge fees to businesses for services instead.

[3:50:39 PM](#)

REPRESENTATIVE KNOPP related that fresh water inspections for businesses were done by private contractor instead of through DEC. He acknowledged that mandatory annual inspections were in place. He remarked it was difficult to pay fees to have someone write the business a citation.

[3:51:54 PM](#)

REPRESENTATIVE LEDOUX REPRESENTATIVE moved to report HB 400 out of committee with individual recommendations and the accompanying fiscal note.

REPRESENTATIVE KNOPP objected.

[3:52:13 PM](#)

A roll call vote was taken. Representatives Wool, LeDoux, Birch, and Kreiss-Tomkins voted in favor of moving HB 400 out of committee. Representatives Johnson and Knopp voted against it. Therefore, HB 400 was reported out of the House State Affairs Standing Committee by a vote of 4-2.

The following amendments to HB 400 were either discussed or adopted during the hearing:

Amendment 4 [30-LS1490\A.3, Bannister, 3/7/18]:

Page 1, line 2, following "services;":

Insert "and relating to penalties for violating fire protection and safety requirements and orders"

Page 1, following line 9:

Insert new bill sections to read:

"* **Sec. 2.** AS 18.70.100(a) is amended to read:

(a) **A** [EXCEPT AS PROVIDED IN (c) OF THIS SECTION, A] person who violates a provision of AS 18.70.010 - 18.70.100 or a regulation adopted under those sections, or who fails to comply with an order issued under AS 18.70.010 - 18.70.100, is guilty of a **violation and shall be punished as provided in AS 12.55 by a fine of not more than \$500. Each day** [CLASS B MISDEMEANOR. WHEN NOT OTHERWISE SPECIFIED, EACH 10 DAYS] that the violation or noncompliance continues is a separate offense.

* **Sec. 3.** AS 18.70.100 is amended by adding new subsections to read:

(d) A peace officer or an employee of the department who is authorized by the commissioner of public safety to enforce this chapter may issue a citation to a person who commits a violation identified under this section.

(e) A citation issued under this section must comply with the standards adopted under AS 12.25.175 - 12.25.230. A person receiving the citation is not required to sign a promise to appear in court.

(f) The time specified in the notice to appear on a citation issued under this section must be at least five working days after the issuance of the citation.

(g) The commissioner of public safety is responsible for the issuance of books containing appropriate citations and shall maintain a record of each book and each citation contained in the book. The commissioner of public safety shall require and retain a receipt for each book issued to an employee of the department designated by the commissioner of public safety to provide investigative services to enforce provisions of this chapter.

(h) On or before the 10th working day after issuance of a citation, a peace officer or an employee issuing a citation under this section shall deposit the original or a copy of the citation with a court having jurisdiction over the alleged offense. Upon the deposit of the citation with the court, the citation

may be disposed of only by trial in the court or other official action taken by the magistrate, judge, or prosecutor. The peace officer or employee who issued the citation may not dispose of the original or copies of the citation or of the record of the issuance of the citation except as required under this subsection and (i) of this section.

(i) The commissioner of public safety shall require the return of a copy of each citation issued under this section and of the copies of each citation that has been spoiled or on which an entry has been made and not issued to an alleged violator. The commissioner of public safety shall also maintain in connection with each citation issued a record of the disposition of the charge by the court in which the original or copy of the citation was deposited.

(j) A citation issued under this section is considered to be a lawful complaint for the purpose of prosecution.

(k) Unless the citation has been voided or otherwise dismissed by the magistrate, judge, or prosecutor, or bail has been forfeited under this section, a person who fails to appear in court to answer a citation issued under this section, regardless of the disposition of the charge for which the citation was issued, is guilty of failure to obey a citation under AS 12.25.230(b).

(l) The supreme court shall establish a schedule of bail amounts. The maximum bail forfeiture amount for a violation may not exceed the maximum fine specified under (a) of this section for that violation. The issuing peace officer or employee shall write on the citation the amount of bail forfeiture applicable to the violation.

(m) If a person cited for a violation for which a bail forfeiture amount has been established under (l) of this section does not contest the citation, the person may, within 30 days after the date of the citation, mail or personally deliver to the clerk of the court in which the citation is filed by the peace officer or employee

(1) the amount of bail indicated on the citation for that offense; and

(2) a copy of the citation indicating that the right to an appearance is waived, a plea of no contest is entered, and the bail is forfeited.

(n) When the cited person has forfeited bail under (m) of this section, the court shall enter a judgment of conviction. Forfeiture of bail is a complete satisfaction for the violation. The clerk of the court accepting the bail forfeiture shall provide the offender with a receipt stating that fact if requested.

(o) A person cited under this section is guilty of failure to obey a citation under AS 12.25.230(b) if the person fails to pay the bail amount established under (l) of this section or fails to appear in court as required.

(p) Notwithstanding other provisions of law, if a person cited for a violation for which a bail forfeiture amount has been established under (l) of this section appears in court and is found guilty, the court may not impose a penalty that exceeds the forfeiture amount for that violation established under (l) of this section.

(q) In this section, "department" means the Department of Public Safety."

Renumber the following bill section accordingly.

Page 1, following line 13:

Insert a new bill section to read:

"* **Sec. 5.** AS 18.70.100(c) is repealed."

HB 71-NO ST. EMPLOYEE PAY INCREASE FOR 2 YRS

[3:52:54 PM](#)

CHAIR KREISS-TOMKINS announced that the next order of business would be HOUSE BILL NO. 71, "An Act relating to compensation, merit increases, and pay increments for certain public officials, officers, and employees not covered by collective bargaining agreements; and providing for an effective date."

[Before the committee was Version 0.]

[3:53:43 PM](#)

CHAIR KREISS-TOMKINS opened public testimony on HB 71. After first determining no one wished to testify, Chair Kreiss-Tomkins closed public testimony on HB 71.

[3:54:07 PM](#)

REPRESENTATIVE BIRCH echoed his comments from the prior hearing on HB 71, noting he was disappointed to see the wage freeze component removed from the bill. He recalled that when the provision was placed in the bill and a floor amendment was subsequently pulled. He assumed that since the language was no longer in the bill that a floor amendment could be considered during operating budget deliberations.

[3:54:58 PM](#)

The committee took a brief at-ease.

[3:55:50 PM](#)

REPRESENTATIVE KNOPP asked for clarification on what the bill does. He did not have any issue with the pay dates proposed; however, he was unsure of the goal of the bill.

[3:56:30 PM](#)

CHAIR KREISS-TOMKINS related his understanding that currently if a governor wanted to donate a portion of his/her salary, the governor would receive the salary and be taxed for the full amount. This bill would give the governor an option to waive a portion of the salary and not be taxed for the entire salary.

REPRESENTATIVE KNOPP asked whether the legislature wanted to limit the option to one individual or should it extend to anyone who would like that option.

CHAIR KREISS-TOMKINS stated that there was some discussion at the last committee hearing [on 3/8/18] to potentially allow commissioners to do so.

REPRESENTATIVE KNOPP offered his belief that doing so for one individual would set a bad precedent.

[3:58:16 PM](#)

LESLIE RIDLE, Commissioner, Department of Administration (DOA), stated that the bill could be extended to the lieutenant governor, the commissioners and legislators but not to other state employees.

[3:58:42 PM](#)

KATE SHEEHAN, Director, Division of Personnel & Labor Relations, Department of Administration (DOA), stated that because certain salaries were set through legislation or the State Officers Compensation Commission (SOCC) there would need to be legislation to waive a portion of the salary in order not to be taxed on it. That was not the same for other employees, so this would be limited to the positions that the commissioner just read.

[3:59:10 PM](#)

REPRESENTATIVE LEDOUX stated that the committee was currently considering HB 71, so the bill could include everyone.

COMMISSIONER RIDLE answered that job classes she just listed were set by the SOCC and included commissioners, legislators, governor and lieutenant governor. She reported that everyone else's salaries are set via collective bargaining and the State Personnel Act; therefore, they are in a different class of employees.

REPRESENTATIVE LEDOUX said she did not understand why all employees cannot donate their salary back.

MS. SHEEHAN responded that under the Fair Labor Standards Act the employer must pay for all hours worked; even salaried employees are subject to some requirements; therefore, it was not an option for some employees to donate their time.

REPRESENTATIVE LEDOUX asked for further clarification that a federal law restricts the donation.

[4:01:10 PM](#)

REPRESENTATIVE WOOL suggested that if the governor wanted to donate to a nonprofit that he would need to accept the money and donate it and obtain a tax credit. This bill would allow the governor to reduce his/her salary without incurring a tax penalty.

COMMISSIONER RIDLE answered yes. She related her understanding that the state is not a charity in terms of tax deductions, noting she was not a tax attorney. She acknowledged that it would be foregoing a salary and just not receiving it at all.

REPRESENTATIVE LEDOUX asked why it was not written to include all the people it could include.

COMMISSIONER RIDLE answered that Governor Walker was interested in doing so.

REPRESENTATIVE LEDOUX acknowledged that he could legally donate the salary, but for the tax issue.

COMMISSIONER RIDLE answered yes.

[4:03:06 PM](#)

REPRESENTATIVE BIRCH offered his belief that the bill was about avoiding federal income tax on salary. If one were to decline the salary the person could not redirect it. He recalled that he had seen newscasts that indicated Governor Walker wanted to redirect the salary to police dogs and a myriad of other things. He related his understanding that this bill allows for tax avoidance.

COMMISSIONER RIDLE, with respect to redirecting the governor's salary, advised that the funds would not be remitted to the governor but would remain in the general fund. He stated that Governor Walker wanted to be able to reduce his income and not pay tax on something he did not receive, which would not be an avoidance of tax.

[4:04:39 PM](#)

CHAIR KREISS-TOMKINS suggested that currently, as a legislator, if he wanted to donate his salary to the state, he would pay taxes on his \$50,000 salary. He expressed an interest in opening it up for legislators to waive their salaries.

COMMISSIONER RIDLE answered yes.

[4:05:14 PM](#)

REPRESENTATIVE BIRCH offered his belief that it was bad form to do "one-offs" on legislation. He suggested that people could write a check to a charitable organization.

[4:05:45 PM](#)

REPRESENTATIVE LEDOUX said her problem was that [Governor Walker's] donation last year was highly publicized. She suggested that passing this would be like "having your cake and eating it, too." She suggested that most people who declined

their salaries would not be able to direct it to specific [programs] and the declined salaries would remain in the general fund. She surmised the governor would have more authority to redirect the funds.

[4:07:01 PM](#)

REPRESENTATIVE JOHNSON stated that the governor could set his own salary as long as it fell below a certain threshold.

COMMISSIONER RIDLE answered yes, that the governor could waive a portion of his/her salary.

REPRESENTATIVE JOHNSON asked whether the salary could be waived by month or must it be for a year.

COMMISSIONER RIDLE referred to page 1, line 7, of HB 71, which read, " ... governor may waiver a portion of the annual salary "

[4:08:02 PM](#)

REPRESENTATIVE JOHNSON confirmed the governor would waive his/her salary at the beginning of the year or fiscal year.

COMMISSIONER RIDLE responded that logistically it would be figured out and accomplished through payroll. In further response, she agreed it would likely be administered as an annual request and waiver.

REPRESENTATIVE JOHNSON related her understanding that the bill's goal would be to waive a portion of the income and not to redirect the salary to a specific program.

COMMISSIONER RIDLE answered yes; that the salary would not be received by the governor and would remain in the general fund.

[4:10:08 PM](#)

REPRESENTATIVE TUCK related his understanding that there would be a cap, so that the governor would determine his/her salary.

COMMISSIONER RIDLE answered yes; the bill would allow the governor to waive but not increase his/her salary.

[4:10:35 PM](#)

REPRESENTATIVE TUCK asked for further clarification on the mechanics of the waiver and if the governor could choose to stop the waiver.

COMMISSIONER RIDLE answered that she assumed the administration would initiate it at beginning of year. She surmised it would be harder but not impossible for different scenarios; however, the department has not considered the mechanics yet. She added that the administration preferred continuity in its processes.

[4:11:47 PM](#)

REPRESENTATIVE KNOPP referred to the explanation of changes and time period and it appeared to sunset on June 30, 2019 and asked for further clarification.

MS. SHEEHAN answered that that the original bill was for a two-year period consistent with the two-year pay freeze. Version O removed the section that limited it to the two-year period. In further response, she stated that the explanation of changes attempted to explain that the bill could extend past 2019.

REPRESENTATIVE KNOPP asked for further clarification on the Section 3 of HB 71 and the reason for the two-week rather than biweekly salary.

MS. SHEEHAN answered that a semi-monthly pay period payroll is on the first or fifteenth of each month and the hours vary for each pay period. A biweekly pay was more consistent since it contains 75 hours for each pay period, spans two work weeks so it was clearer. Some employees fall within semi-monthly and others in biweekly.

[4:14:13 PM](#)

REPRESENTATIVE BIRCH asked for further clarification on the organization that sets the governor's salary. He suggested it might be helpful to hear from that organization. He remarked that the 24 versus 26 weeks for semi-monthly or bi-monthly seemed fine.

COMMISSIONER RIDLE pointed out that this bill was brought up last year, that the State Officers Compensation Commission (SOCC) met last fall but did not comment on bill.

[4:15:57 PM](#)

REPRESENTATIVE TUCK referred to Section 2 of the explanation of changes for HB 71, which read as follows [original punctuation provided]:

Section 2: New section. Removes language that temporary salary schedules do not affect salaries of employees in a bargaining unit represented by a labor union established under the Public Employment Relations Act and adds the term "pay period" to the title. Language that was removed is now found in section 3 of the bill.

REPRESENTATIVE TUCK referred to deleted language was in Section 2 of HB 71, which read, "[SALARY RATES ESTABLISHED UNDER AUTHORITY OF THIS SECTION DO NOT AFFECT THE SALARIES OF EMPLOYEES PROVIDED FOR BY A COLLECTIVE BARGAINING AGREEMENT" He offered his belief that the deleted language should be left in the bill.

MS. SHEEHAN answered that the language was still in the bill but was under Section 3 in proposed [Alaska Statute] AS 39.27.012(c), which Section 2 would also amend. She related her understanding that the Legislative Legal and Research Services attorney used this bill as the vehicle to move to the bi-weekly pay schedule, so they rearranged the bill. The intent was not to change the provisions in AS 39.27.012.

[4:17:30 PM](#)

REPRESENTATIVE JOHNSON asked for further clarification on the non-union exempt employees and wage freeze. She asked for further clarification on the exempt employees who would be affected by the pay freeze.

COMMISSIONER RIDLE, after confirming the question, answered that the original bill would have affected anyone not in the union, including the executive branch, the legislature, and the university.

[4:18:51 PM](#)

REPRESENTATIVE JOHNSON related her understanding that this was the language Representative Birch wanted included in the bill, but it was removed in Version O.

COMMISSIONER RIDLE offered her belief that was correct.

[4:19:23 PM](#)

REPRESENTATIVE LEDOUX asked for further clarification on how the federal government accomplishes salary waivers for presidents.

COMMISSIONER RIDLE was unsure but offered to research it for the committee.

CHAIR KREISS-TOMKINS announced that HB 71 would be held over.

HB 352-VOTER REGISTRATION & PFD APP REGISTRATION

[4:20:30 PM](#)

CHAIR KREISS-TOMKINS announced that the next order of business would be HOUSE BILL NO. 352, "An Act relating to voter registration; and providing for an effective date."

[4:20:50 PM](#)

JOSIE BAHNKE, Director, Central Office, Division of Elections, Office of the Lieutenant Governor, on behalf of the House Rules Committee by request of the governor, paraphrased from her written testimony, which read as follows [original punctuation provided]:

Today I am here to testify on House Bill 352, a bill which harmonizes the interaction between the Permanent Fund Dividend Division and the Division of Elections in relation to the automated voter registration law passed by ballot initiative in 2016. This bill makes the necessary legal changes to enhance efficiency, reduce state expenditures and improve the citizens' experience registering or updating their voter registrations via their permanent fund dividend application. These functions are achieved by providing the division the ability to leverage existing tools and procedures already in use for processing automatic voter registration between the Division of Elections and the Division of Motor Vehicles. Mr. Chairman, leveraging these tools and processes will save the state more than two hundred thousand dollars every year while maintaining the legal intent of the original initiative.

[4:22:08 PM](#)

MS. BAHNKE continued to paraphrase her written testimony, which read as follows [original punctuation provided]:

In 2016, Alaska voters passed Ballot Measure #1 which stipulated that information provided on PFD applications will be used to register to vote or update the applicants existing voter registration unless the applicant "opts out" of voter registration. The ballot measure became law effective March 1, 2017. In the inaugural year of implementation, the "opt out" provision in Ballot Measure #1 required the Division of Elections to send a notice by mail to the PFD applicants, giving them an opportunity to "opt out". If the applicant didn't "opt out" within 30 days of receiving the notice, the PFD application information was used to register or update the existing registration record.

[4:23:02 PM](#)

MS. BAHNKE continued to paraphrase her written testimony, which read as follows [original punctuation provided]:

The administration is 100% supportive of the intent of Ballot Measure #1 and allowing voters to use information on their PFD application to register or update their existing voter registration. In addition to helping register Alaskan voters, the administration also supports other goals of the ballot measure which was to enhance accuracy of voter rolls, and save the state money.

[4:23:29 PM](#)

MS. BAHNKE continued to paraphrase her written testimony, which read as follows [original punctuation provided]:

HB 352 was introduced to make the PFD automatic voter registration to be fully-automated, more streamlined and cost-efficient by allowing applicants the opportunity to "opt-out" of voter registration at the time they apply for their PFD online or with a paper application. Adoption of HB 352 would allow the Division of Elections to more effectively manage this new program by eliminating the cost of sending expensive mailings every year, remove the 30 day opt-out period and allow voters to become registered or

update registrations more timely and reduce staff time spent on registration activities. Since 2015 and prior to voter approval of PFD Automatic Voter Registration, the DOE has made several technological advancements to improve access, efficiency, and accuracy of voter registration rolls:

4:24:28 PM

MS. BAHNKE continued to paraphrase her written testimony, which read as follows [original punctuation provided]:

First of all, the DOE has fully implemented an online voter registration (OLVR) process making registering to vote or updating an existing voter registration easy and efficient. When the PFD AVR petition was being circulated, OLVR was not yet available. Since being implemented, 49,000+ voters have used the OLVR system to either register or update their existing voter registration.

The Division of Elections has also fully automated the process of receiving voter registration information electronically from the Division of Motor Vehicles when Alaskans update their driver's license. When the PFD AVR petition was being circulated, the DMV registration process was not automated and registrations were sent to DOE on paper applications. Since implementation, 63,000+ voters have either registered or had their existing voter registration updated through DMV electronic process.

MS. BAHNKE continued to paraphrase her written testimony, which read as follows [original punctuation provided]:

If HB 352 is adopted, the PFD Automatic Voter Registration process will closely mimic how the Division of Elections presently receives and handles a majority of voter registrations, would save an estimated \$200,000 annually in mailing costs, and provide for a mechanism by which voter registration transactions performed by the DOE are fully automated and reduce paper transactions. Should HB 352 become law, PFD applicants will have the opportunity to decline to register to vote or to update their registration at the time of completing their PFD application. This change will provide a more

efficient and user-friendly mechanism for voters to decide to "opt-out" by eliminating the opt-out notice to reduce paper transaction and save costs in mailing the opt-out notice to eligible applicants.

[4:26:54 PM](#)

REPRESENTATIVE KNOPP related his understanding that this bill would accomplish what was envisioned with same day voter registration and the automatic voter registration bill previously passed. He surmised that when people would file an application for the permanent fund dividend (PFD) that the applicant would "push a button" if he/she wanted to register to vote. He was surprised to find out that an applicant was automatically registered to vote unless the person declined. He asked for further clarification on whether the button would be available to applicants during the PFD application process.

MS. BAHNKE responded if HB 352 were to pass, that during the PFD online application process an individual could opt out of voter registration or to change to his/her voter registration record. The applicant would not receive a mailer to ask to opt out. In further response, she confirmed that "the button" would be available online to allow people to opt out.

[4:28:27 PM](#)

REPRESENTATIVE TUCK offered his belief that it was a good idea to have a button on the PFD application for voter registration. He expressed concern that the initiative would require an "opt out" form be mailed to PFD applicants. He asked for clarification on the limitations prohibiting altering initiatives and whether those restrictions were for one or two-year period after passage of an initiative.

CHAIR KREISS-TOMKINS related his understanding that technical changes could be made to initiatives but not substantive changes.

[4:29:22 PM](#)

LIBBY BAKALAR, Assistant Attorney General, Labor and State Affairs Section, Department of Law, explained the two-year rule, which she said restricts the legislature from repealing an initiative; however, a legislature may amend an initiative. At what point an amendment constitutes a repeal was a constitutional question; however, the types of amendments being

proposed in this bill do not rise to the level of a repeal, she said. She reiterated that these amendments were appropriate ones to be made within the two-year time limit.

[4:30:31 PM](#)

MS. BAHNKE, in response to Representative Tuck, responded that she read her testimony into the record, but she had not specifically read the language for the initiative. Under current law, as passed by voters, the division is required to send a mailer to existing voters with updates to their address or name and allowed them a 30-day window to return the mailer to opt out; otherwise, the division would update the information, she said.

[4:31:32 PM](#)

MS. BAHNKE paraphrased the sectional analysis, which read as follows [original punctuation provided]:

HB 352 Sectional Analysis

Section 1: Establishes the voter registration requirements that an applicant must provide in their PFD application to register to vote.

Section 2: Establishes that the DOE will use the application information provided on the PFD application to register eligible applicants to vote or update their voter registration if they did not decline voter registration when completing their PFD application.

Section 3: Establishes that the DOE will process eligible voter registration applications received from the PFD and send voters notification of their registration status (voter registration card). This section also removes the requirement to send a paper opt-out notice to voters who are targeted as new voter registrations or updated registrations.

Section 4: Removes the requirement for the applicant to respond to the opt-out notice within 30-days.

Section 5: Establishing that PFD will only submit data for applicants that did not decline to register to vote.

Section 6: Establishes that changes made in this law will be effective for PFD applications starting on January 1, 2019.

[4:32:24 PM](#)

REPRESENTATIVE LEDOUX related that she completed her PFD application online. She did not recall anything that allowed anyone to opt out of [voter registration].

MS. BAHNKE answered that this year's 2018 application did not have a box to check, but rather at the end when the applicant signed the application, an attestation certified that the information was correct and advising that it would be used for purposes of voter registration. She explained that this was the first year that the law was being fully implemented; however, should HB 352 become law it would be added to the PFD application process.

[4:33:26 PM](#)

REPRESENTATIVE LEDOUX related her understanding that the initiative allowed people to opt out of the voter registration process.

MS. BAHNKE answered that was correct; however, current law requires the Division of Elections to send a mailer to each PFD applicant identified as a new applicant or one who had updated his/her information asking the applicant if he/she would like to opt out. In further response, she agreed that was the reason the division was trying to create efficiencies with HB 352.

[4:34:17 PM](#)

REPRESENTATIVE LEDOUX asked whether the voter registration initiative did not provide for any opt out provision on the application form.

MS. BAHNKE answered no.

[4:34:33 PM](#)

REPRESENTATIVE TUCK asked what Section 1 would accomplish since it asked an applicant to comply "... with the information required under (a)(1) - (4) and (7) - (9) of this section included," and he was unsure.

MS. BAHNKE answered that the language citation in "(a)(1) - (4) and (7) - (9) of this section" referred to the requirements for voter registration.

[4:35:20 PM](#)

CHAIR KREISS-TOMKINS passed the gavel to Vice Chair LeDoux.

[4:35:21 PM](#)

REPRESENTATIVE TUCK referred to Section 1 and 15.07.060(e) and read, "Section 1. AS 15.07.060(e) is amended to read: (e) For an applicant requesting initial registration by mail, by facsimile or other electronic transmission approved by the director under AS 15.07.050,"

REPRESENTATIVE TUCK asked whether this was clean-up language since he did not see anything about the permanent fund dividend application nor did he see it in AS 15.07.060.

MS. BAHNKE referred to page 1, line 6, which specifically referenced the permanent fund dividend application. She said this bill would also clean up language to harmonize language between Title 15 and Title 43. She said that this would essentially make requirements for voter registration the same as for PFD applicants.

[4:37:08 PM](#)

REPRESENTATIVE JOHNSON related her understanding that \$360,000 was in the initiative but was not funded.

MS. BAHNKE agreed that the division did not receive an appropriation to implement the ballot initiative.

[4:37:33 PM](#)

REPRESENTATIVE JOHNSON asked whether the division would use capital funds during the transition. She asked for clarification on whether this would save the state money, resulting in a negative fiscal note for the bill.

MS. BAHNKE responded that the division used operating funds to sustain the automatic voter registration project. She stated that if HB 352 were to pass, the division would not need to request additional funds for the next fiscal year. She offered

her belief that the long-term cost savings would be \$200,000 per year.

[4:39:00 PM](#)

REPRESENTATIVE WOOL related his understanding that next year applicants could click "a box" if they wanted to opt out of the voter registration process. He related that if an applicant did not have any changes to their address, they would not need an update and could opt out of the process. He asked whether this bill would eliminate mailouts and postage altogether.

MS. BAHNKE responded that if HB 352 became law, the division anticipated it would have a minimal mailing.

[4:40:05 PM](#)

CAROL A. THOMPSON, Absentee & Petition Manager, Absentee & Petition Office, Division of Elections, Office of the Lieutenant Governor, replied that the division anticipated minimal notifications that would go with paper applications although those were often data entered prior to [mailing]. She said that part of the paper application with the PFD would include a check box to opt out. She reiterated that the division would not have many mailouts, if any.

VICE CHAIR LEDOUX returned the gavel to Chair Kreiss-Tomkins.

[4:40:37 PM](#)

REPRESENTATIVE WOOL hoped people would not be confused. He asked how the process would work for someone who wanted to change his/her [political] affiliation but not his/her address. He wondered if there would be additional boxes the person could check.

MS. THOMPSON answered if the person chose not to opt out and they had no changes to his/her voter registration nothing would happen. In terms of political affiliation, the PFD application does not require it, so the person's political affiliation would remain the same.

[4:41:44 PM](#)

REPRESENTATIVE WOOL related his understanding that he could register to vote via PFD; however, if he wanted to register with

an affiliation that he would need to accomplish that through the Division of Elections.

MS. THOMPSON answered yes. She explained that if a person was a new voter registrant, the person's political affiliation would appear as undeclared until the person informs the division otherwise.

[4:42:11 PM](#)

REPRESENTATIVE WOOL said if someone wanted to register to vote via the PFD application process and the person does not contact the Division of Elections, he/she will be a registered voter, without any political affiliation and will be undeclared. He surmised there would be an increase in new voters with a "U" or undeclared status. Most people probably would figure their job was done once they clicked the box. He asked whether the division had considered that aspect.

MS. THOMPSON responded that the division selected undeclared [U] because it would allow the voter the most opportunity in the primary election to select the ballot option. She said the division believes that will give the voters the biggest advantage and the division waits for the voter to contact them.

REPRESENTATIVE WOOL said that the voter registration form would have a party affiliation option. He characterized the PFD voter process as "voter registration light" since it omits a fairly strong identification for voter registration. Some people would think it was somewhat important.

[4:43:49 PM](#)

MS. BAHNKE answered that this bill, HB 352, as currently written would give the Division of Elections (DOE) and Permanent Fund Dividend Division the authority to adopt regulations to establish an opt-out process. The DOE has begun discussions with the PFD Division to determine the best process for an opt-out process. She related that HB 352 was a harmonizing bill following the initiative passage, but it also creates an opt-out process during the PFD application process to save state funding in mailings.

[4:44:42 PM](#)

REPRESENTATIVE WOOL said if someone moves to Alaska and uses the PFD as a first-time voter, the person would one have an

opportunity to select a party affiliation. He commented that it would not be a "full option" to register to vote.

MS. THOMPSON acknowledged that political affiliation was not one of options through PFD voter registration application process. She said the PFD and voter registration were very similar, with the exception of the political affiliation.

[4:46:01 PM](#)

REPRESENTATIVE BIRCH asked for the total number of registered voters and how many new voters were added since March when the initiative passed.

MS. THOMPSON answered that currently 531,335 voters are registered in Alaska and as of March 27 an additional 15,589 voters were gained. She reported an additional 11,108 voters updated their residence address or name.

[4:47:21 PM](#)

REPRESENTATIVE BIRCH confirmed about 15,000 additional voter registrations happened as a result of the program.

MS. THOMPSON said that was correct.

[4:47:35 PM](#)

REPRESENTATIVE LEDOUX asked why not add the party affiliation because it seemed like it would be simple to do so.

MS. BAHNKE answered that she has not had that discussion with the PFD Division. She offered to do so and report back to the committee.

CHAIR KREISS-TOMKINS announced that HB 352 would be held over.

Presentation: Indirect Expenditure Hearing

[4:48:42 PM](#)

CHAIR KREISS-TOMKINS stated that the committee would discuss "Indirect Expenditures." He stated that Representative Birch had requested WWAMI staff be present.

[4:49:31 PM](#)

REPRESENTATIVE BIRCH said his initial program related to the WWAMI Regional Medical Education Program (WWAMI) program since some concern has been voiced that some Alaskan WWAMI students may not be returning to the state to practice medicine. He asked how many Alaskan students have applied for the program.

[4:50:00 PM](#)

JANE SHELBY, MD; Director, Alaska WWAMI School of Medical Education, University of Alaska Anchorage, stated that while she was an employee of the University of Alaska, she is speaking on behalf of the University of Washington School of Medicine (UWSOM) to explain their role in the clinical training phase of the program and to answer any questions the committee may have.

CHAIR KREISS-TOMKINS said the audio system in the room was poor. He asked whether she would repeat her testimony.

[4:50:57 PM](#)

DR. SHELBY repeated her testimony.

[4:51:24 PM](#)

REPRESENTATIVE BIRCH asked how many students have applied to the program and how many positions were reserved for Alaska students.

[4:51:44 PM](#)

DR. SHELBY answered that typically 65-95 WWAMI students apply each year for 20 seats, but the program has had a decline of 8.5 percent, which she found that worrisome. She wondered the reason why Alaska students were choosing other medical schools instead of the WWAMI program.

REPRESENTATIVE BIRCH related his understanding that 65-95 students apply each year for 20 seats, that the program has had a decline of 8.5 percent.

[4:52:20 PM](#)

REPRESENTATIVE BIRCH related his understanding that half the curriculum was conducted in Alaska and half at the University of Washington (UW). He asked for the ranking of the UW Medicine.

DR. SHELBY answered that it was ranked 10th in the nation for medical schools. It has been ranked number one in the nation for primary care for several decades. It was in the top ten for research schools.

[4:53:23 PM](#)

REPRESENTATIVE BIRCH asked how Alaska would recreate this opportunity without the WWAMI program. He asked what it would involve for Alaska to create its own medical school.

DR. SHELBY said it would involve a lot of money. She related that she has compiled some information on two new medical schools being launched: Washington State University and [the University of Nevada Las Vegas with a \$100 million investment.

[4:55:45 PM](#)

REPRESENTATIVE WOOL referred to additional fees [charged to Alaskan students in the WWAMI program] to use the University of Washington medical school facilities since Alaska does not have a medical school. He asked whether non-Alaskan WWAMI students pay the same fees and if their respective states absorb the costs.

DR. SHELBY answered that the fees in question were related to the partnership participation fees between Alaska and University of Washington to pay for infrastructure to teach medical students for clinical training and other required student services. All WWAMI students pay the same or similar partnership participation fees; however, Alaska is the only state that requires its medical students to pay for the state's portion of the infrastructure partnership fee for the WWAMI program. In fact, Alaska was the only state in the nation that required such a payback. She explained that the fees have nothing to do with tuition or scholarships. Alaska's program provides the most cost-effective public medical education in the nation. Rather than paying \$20 million per year to run its own medical school or building brick and mortar facilities and recruiting faculty, Alaska pays a much smaller amount to use the accredited University of Washington School of Medicine (UWSOM), which is a top-ten medical school.

[4:58:49 PM](#)

REPRESENTATIVE WOOL recalled that the declining number of students applying for the WWAMI program was attributed to

students applying to other medical schools. He asked for further clarification on the infrastructure fees and if a student who attended a non-WWAMI medical school pays for infrastructure fees or if the fees were associated solely with the WWAMI program. He wondered about the overall student debt for non-WWAMI students as compared to those in the WWAMI program.

DR. SHELBY answered that no other state requires its medical students repay fees if they do not stay in the respective state to practice medicine. She reiterated that Alaska is the only state in the nation that requires a payback for the state's infrastructure investment. Some schools, such as the University of Wyoming [a WWAMI school], have scholarships that cover a substantial portion of their tuition. These schools require a service payback if the students do not return to practice medicine in their respective states, but the payback is based on these medical students receiving a significant reduction in tuition. Alaska does not provide tuition for its medical students but covers the WWAMI students' portion of the partnership participation for the infrastructure for the decentralized medical school. If the WWAMI students do not return to work in Alaska, the state requires the WWAMI students to repay the infrastructure fees. She characterized this repayment as unique since Alaska is the only state that requires the payback.

[5:01:11 PM](#)

REPRESENTATIVE WOOL asked if the other WWAMI states besides Alaska and Washington - Wyoming, Montana and Idaho - have medical schools. He further asked whether the payback requirement was a deterrent for students that might incentivize them to go to a non-WWAMI medical school.

DR. SHELBY answered that there were no other medical schools in the other WWAMI states [besides University of Washington]. She offered her belief that the payback requirement did affect the recruitment of top students. Factoring in the 50 percent payback, the Alaska WWAMI program becomes more expensive than attending Harvard Medical School. She explained that it would be very detrimental for Alaska to recruit students if the payback was increased to a full 100 percent. Most students apply to more than one medical school, which means Alaska must compete to recruit the best students and while historically, Alaska has done well, that has been changing. She recalled one student who was unsure of her specialty ultimately chose to

attend Stanford Medicine for the same cost as she would have if she had paid the 50 percent payback. She reported that 61 percent of Alaska's WWAMI students return to practice medicine in Alaska as compared to 49 percent nationwide.

[5:03:58 PM](#)

CHAIR KREISS-TOMKINS asked for confirmation that the full tuition for Harvard Medical School was less expensive than the WWAMI program for students who do not return to Alaska and must reimburse the state for in-state versus out-of-state tuition. He reiterated his question was if WWAMI was more expensive than full tuition at Harvard Medicine [medical school].

DR. SHELBY responded yes, that if one combined the average cost of medical school for Alaskans at \$170,463 and including the payback for infrastructure would total \$232,875. She reported that attending Harvard Medical School would cost \$220,000.

[5:05:07 PM](#)

CHAIR KREISS-TOMKINS asked why University of Washington School of Medicine was more expensive than other medical schools in the Lower 48.

DR. SHELBY argued that it was not more expensive. In comparison with other public medical schools, Alaska WWAMI students would pay a few thousand dollars less per year than to attend other medical schools, she said.

[5:05:37 PM](#)

CHAIR KREISS-TOMKINS asked for further clarification on how University of Washington School of Medicine out-of-state tuition compares to other Lower 48 medical schools such as Harvard Medical School.

DR. SHELBY answered that it would be comparable.

[5:06:04 PM](#)

REPRESENTATIVE LEDOUX asked whether it was easier for Alaskans to get accepted at University of Washington School of Medicine using the WWAMI program since Alaska has 20 positions reserved than to apply directly to the school [outside of the WWAMI program].

DR. SHELBY answered that the University of Washington - School of Medicine (UWSOM) has approximately 7,000 out-of-state, out of WWAMI region applications each year and accepts approximately ten students. She attested the 20 guaranteed slots reserved for Alaska WWAMI students are very valuable since it would be very difficult to enter into the UWSOM as an out-of-state medical student.

[5:07:35 PM](#)

REPRESENTATIVE LEDOUX agreed that was her point. She concluded that WWAMI provided Alaska's students with an advantage since it would be much more difficult to achieve acceptance into the program if they applied directly. She asked what Alaska derives from the WWAMI program if students do not return to Alaska to practice medicine.

DR. SHELBY responded that 61 percent of Alaska's medical students in the WWAMI program come back to Alaska to practice medicine, which was an excellent rate compared to the national statistics. In addition, a few students from other WWAMI states come to Alaska for their rotations. These medical professionals develop relationships and are recruited to Alaska. The return rate goes to 70 percent if other WWAMI students are factored in, she said.

[5:08:39 PM](#)

REPRESENTATIVE LEDOUX offered her support for the WWAMI program. She expressed an interest in learning the benefits of sending an Alaskan medical student through the WWAMI program if the medical student does not return to Alaska to work.

DR. SHELBY responded that all states participate in public medical education, but not all students in all states stay in their home states to practice medicine. She characterized it as an exchange and a flow of physicians from state to state. She said if 70 percent of the WWAMI students return to Alaska and 30 percent of Alaska's WWAMI students who graduate practice elsewhere; that Alaska has provided for the common good of public medical education in the nation. At the same time, Alaska benefits from the 70 percent of the Alaskan WWAMI graduates returning to Alaska, she said.

REPRESENTATIVE LEDOUX reiterated her support for the program.

[5:10:02 PM](#)

REPRESENTATIVE LEDOUX asked for clarification on the cost for out-of-state tuition at University of Washington School of Medicine.

DR. SHELBY offered to research out-of-state tuition at University of Washington and report back to the committee. She offered a guess that it was about \$58,000 per year.

[5:10:39 PM](#)

REPRESENTATIVE LEDOUX referred to a graph in members' packets that reported the cost of attending medical school with and without payback fees. She said that tuition for public education was \$181,179 and private \$206,000. She asked whether that was for four years of college.

DR. SHELBY answered yes.

[5:11:08 PM](#)

REPRESENTATIVE LEDOUX recalled the Alaskan who decided to go to medical school at Stanford University. She asked for any benefits this student would have attained from using the WWAMI program, except the student would not need to repay the 50 percent infrastructure fee.

DR. SHELBY said the rate of return to practice for all WWAMI states was similar, yet only Alaska required payback of fees. She was unsure what percentage of students returned solely due to the payback penalty. She attested that Alaska does an excellent job selecting students for the WWAMI program, including asking students about their intentions at the time of the interview. She reminded members that the applicants' families live in Alaska. She emphasized the strong return to practice rate with or without the payback penalties. She expressed concern about losing prospective students due to the potential debt, which was comparable to Harvard Medical School costs for those students who choose not to return to Alaska to practice medicine.

[5:13:20 PM](#)

REPRESENTATIVE LEDOUX asked if structuring the program to increase the payback amount for students who choose not to return to Alaska. Doing so would sift out students who were uncertain they wanted to return to Alaska, helping to ensure

that program participants were most likely to return to the state to practice.

DR. SHELBY was unsure of that approach since fees of 100 percent would likely be more of a deterrent than an incentive. She expressed concern that increasing payback fees might harm the program since top students have other opportunities. She explained that many students apply to multiple schools, get accepted at some or all of the schools for which they apply. Some programs also offer scholarships that Alaska cannot match, and to add a potential penalty would be detrimental. Some students who begin a medical school program in their mid to late 20s do not know what practice they will specialize in and that decision may or may not be conducive to practicing in Alaska.

[5:14:45 PM](#)

REPRESENTATIVE LEDOUX recalled earlier testimony that it was nearly impossible to get into popular schools like the University of Washington - School of Medicine (UWSOM), with 7,000 applicants for only 10 positions. Although it is very difficult to get accepted to medical school, the WWAMI program makes it far more likely for Alaska residents to get accepted to UWSOM program; one of the top ten schools in the country. It would seem that these students could apply outside the WWAMI program and avoid repaying the associated infrastructure fee, she said.

DR. SHELBY acknowledged that it was very hard to get into University of Washington - School of Medicine (UWSOM) as a non-resident; however, in recent years, she has known students who applied and were accepted to WWAMI, but ultimately chose to go to other schools, such as the University of New Mexico, the University of Colorado, the University of Minnesota. Alaskan students desiring to attend medical school are highly competitive, so it is not a given that they will apply to the WWAMI program since these students have other options.

[5:17:33 PM](#)

ADJOURNMENT

There being no further business before the committee, the House State Affairs Standing Committee meeting was adjourned at 5:17 p.m.