

MINUTES OF THE MEETING
EDUCATION AND CULTURAL RESOURCES COMMITTEE
MONTANA STATE SENATE

January 26, 1987

The sixth meeting of the Senate Education and Cultural Resources Committee was called to order by the Chairman, Senator Bob Brown, at 1:00 p.m., in Room 402, State Capitol Building.

ROLL CALL: All committee members were present.

CONSIDERATION OF SENATE BILL 127: SENATOR HAMMOND, District #9, sponsor of the bill, said the bill proposes a 25% payback of state support fees by students participating in the WICHE, WAMI or Minnesota Rural Dentistry Program. He presented proposed amendments to the bill as follows: page 1, line 7, changing 25% to 1/3; page 1, line 19, changing 25% to 1/3; and page 2, line 7, changing 1 year to 3 years. These amendments return the bill to the form in which Senator Hammond presented it in the June, 1986, special session. Senator Hammond said a payback provision has been discussed since 1981 and students have indicated an in-kind payback would be acceptable. With the shortage of money, fewer students can participate and a payback system would help broaden the funding base. He indicated many other states have a payback clause of some sort.

The current cost is approximately \$8,000,000 which is primarily funded by the coal tax education fund with a small contribution from the general fund. The state pays the difference in resident and out of state fees for graduate students in health fields. Senator Hammond pointed out students' costs are only 1/3 of what it would cost to attend a private institution and students in other disciplines must pay full fees when attending graduate school out-of-state. He stressed he wants the program to continue, but is concerned that it remain solvent. He indicated the doctors he had visited with felt a payback clause was acceptable.

Senator Hammond said he had visited the WAMI program in Seattle and was impressed with the job they are doing. He said some of these people are returning to Montana and entering practice. He said he wants to keep this

program and money available to those who are qualified but financially unable to participate.

PROPOSERS: There were no proponents.

OPPOSERS: DR. CARROL CRAUSE, Commissioner of Higher Education, presented his testimony in opposition to the bill (Exhibit #1).

DR. JOHN McMAHON, Montana Medical Association and Lewis and Clark County Legislative Chairman, said his group feels this is an extremely important issue. He said no first year medical student will get out of school for less than \$100,000. He noted new student loans will not work like old ones, i.e., interest begins at the time the loan is taken and at current interest rates. He felt the bill unfairly imposes a surtax on one segment of the student population.

Dr. McMahon proposed amendments to the bill as per attached Exhibit #2. He said in 1962 when he finished training and returned to Montana, doctors could do and did exceptionally well. However, that is no longer the case, as many doctors are entering the primary care area which is not a lucrative field. He said a doctor in Helena recently went to work for the Veteran's Hospital for twice the salary. He also stressed the increased cost of insurance - an increase this year alone of 39%. A general practitioner is paying \$29,000 a year right now, an obstetrician pays at least \$39,000.

KEN KELLY, representing the Montana Veterinary Medical Association, presented his written testimony in opposition to the bill (Exhibit #3).

DR. MICHAEL S. STREKALL, family physician from Helena, presented his testimony in opposition to the bill (Exhibit #4).

SENATOR JUDY JACOBSON, District #36, said from her viewpoint as a physician's wife, she understands the financial burdens medical students and beginning practice doctors face. She said funds are scarce, our state is small, and our students should be able to access the same educational opportunities as out of state students since we do not provide those services in-state. She said several concerns need to be looked at: 1) what size debt burden are students leaving

school with, 2) the decreasing fees for family practice, 3) the increasing costs of liability insurance. She wondered if we really want to add to the students' struggles as they endeavor to pursue a career.

KAY HANSEN, third year WAMI student, stated she is the fourth of five children from a farm family. She is currently doing a pediatric rotation in Great Falls. She noted two of the pediatricians in Great Falls now were WAMI students. She said she will base her choice of specialty on what interests her, not what pays best. If she had an extra \$160,000 debt facing her now she is not sure she would even enter medical training. She said Montana is not a high fee state for doctors. Her debt and the majority of her classmates will be approximately \$30,000. She appreciates the opportunity to participate in WAMI and certainly intends to practice in Montana.

ROGER TIPPY, representing the Montana Dental Association, spoke in reluctant opposition to the bill. He said he knows the legislators have a commitment to the WICHE-WAMI program. He said students know they are assuming a \$30,000 - \$40,000 debt when they begin medical school and they are looking at approximately \$100,000 to purchase equipment to set up a practice. As a result, they are seeking salaried positions in order to defer the equipment debt. He noted this also applies to dental students.

TODD HUDAK, representing the Associated Students of MSU, spoke in opposition to the bill (Exhibit #5).

STEPHEN GUGGENHEIM, WAMI Director, Bozeman, said the major issue is access to education for students in Montana. He said at 45th in the nation, there is no chance we are oversubsidizing students' educations in this state. He noted 86% of the college students were born in Montana and attended Montana schools through high school in this state. Six percent of the college students have been in the state for three to six years. He noted just as many short residence students returned to Montana to practice as students who have lived here all their lives. In fact, 42% of the students who have graduated are currently practicing here, which is a higher number than any surrounding state. He cautioned a higher indebtedness

will decrease the rate of return, the number of students entering primary care, and decrease the number of students entering the program. He said this is an excellent program at present and there is no reason to change it.

SENATOR PINSONEAULT, District #27, said his son, after graduating from Montana Tech with a degree in petroleum engineering, is carrying a \$10,000 indebtedness with a 12% interest tag. He urged the committee to consider a 10% payback on WAMI funds to be contributed to a fund which in time would defer the payments.

MATTHEW THIEL, ASUM, said the original intent was to provide access to professional training for students. He said no other state has this broad a payback measure. He left some materials with the committee (Exhibit # 6).

RIC MINUDRI, Carroll College undergraduate, said he is a Butte native and is paying for his own four year college degree. He said he really wants to go into medicine and knows he will have to pay for all of it. But he felt an extra \$60,000 debt was more than he could even comprehend. He said combined with increasing liability costs and increasing undergraduate school costs this bill puts out the ray of hope he has to even attempt medical school.

DONALD DAMSON, a senior at MSU, said he is applying to medical school and is paying his own way. He said if he has this obligation he can't afford to come back as the pay base is too low. He said he really does want to return to Montana. He noted military students will have this obligation plus their service.

KATHIE HOREJSI, representing the Montana Federation of Teachers, presented her testimony in opposition to the bill (Exhibit #7).

JANIS LANGAHR, said she is a first year member of WAMI. She has lived here for twenty-five years. She said students are the biggest gambler in the United States as they assume a debt to go to school, betting on the income that will be generated later. Given the fickleness of the economy, a \$60,000 debt in ten years

could be staggering. She felt the public debt combined with this is too much and unfair.

NANCIE NORDWICK, Carroll College student, said she considered the WAMI project as she comes from a low income family. She said she is really scared now. She pointed out not all students who have an education which is wholly or partially subsidized by the state have to pay it back. She said they all have dreams, WAMI WAS a step toward realization.

There being no further opponents, the meeting was opened for questions by the committee.

DISCUSSION BY THE COMMITTEE MEMBERS:

SENATOR BLAYLOCK asked if the large debt burden wouldn't keep students from returning to Montana because they can't make enough money.

SENATOR HAMMOND said he would answer that question when he closed.

SENATOR REGAN asked Dr. Krause how this was funded last biennium.

DR. KRAUSE replied by the Coal Tax Education Fund and a small general fund expenditure (Exhibit #8).

SENATOR REGAN asked how many students return to the state.

JANE HAMMON, Legislative Fiscal Analyst's Office, said that, according to figures available through 1985, the figure is 26%.

DR. KRAUSE said that figure includes those who withdrew, entered military service, etc. His figures don't include any of those, consequently, his figure is higher.

SENATOR REGAN said she wants that information and asked Dr. Krause and the LFA's office to get together on it.

SENATOR SMITH asked if there would be a problem with money from the coal tax fund.

DR. KRAUSE said there could very well be, however, it is still included in the Governor's budget.

SENATOR HAMMOND closed by saying we certainly can't predict coal tax money availability. To answer Senator Blaylock, he said there could certainly be an effect, but noted they haven't had much luck in the past either. He said he didn't think the WAMI program would ever produce enough doctors to saturate eastern Montana. There are many factors to consider besides the money. There are many problems this bill isn't supposed to address, such as lack of services on the highline. He noted some students are going to be further in debt than others. He said these students are a very small portion of the students we're trying to keep in this state, and we're trying to help them all. He noted med students are good risks for banks and they are willing to make those loans. He told the students if you want an education bad enough, you can get it, you'll find a way. He said how good you are correlates to how badly you want it. He expressed his concern for those people who are paying for this also.

There being no further business to come before the committee, the meeting was adjourned.



Senator Bob Brown, Chairman

ROLL CALL

SENATE EDUCATION AND CULTURAL RESOURCES COMMITTEE

50th LEGISLATIVE SESSION -- 1987

Date 1/26/87

NAME	PRESENT	ABSENT	EXCUSED
SENATOR BOB BROWN	✓		
SENATOR CHET BLAYLOCK	✓		
SENATOR GEORGE McCALLUM	✓		
SENATOR ED SMITH	✓		
SENATOR PAT REGAN	✓		
SENATOR JOE MAZUREK	✓		
SENATOR BILL FARRELL	✓		
SENATOR TED NEUMAN	✓		
SENATOR DICK PINSONEAULT	✓		
SENATOR SWEDE HAMMOND	✓		

Each day attach to minutes.

SENATE Education COMMITTEE

SB BILL 127

VISITORS' REGISTER

DATE 1/26/87

Please note bill no.

NAME	REPRESENTING	BILL #	(check one)	
			SUPPORT	OPPOSI
TODD HUDAK	ASSO STUDENTS MSU	127		<input checked="" type="checkbox"/>
MARCI G. KORTZK	ASMSU	127		<input checked="" type="checkbox"/>
K.M. Kelly	Mt. Vet. Medical Assn	127		<input checked="" type="checkbox"/>
ANNIE BARTOS	MONTANA MEDICAL ASS	127		<input checked="" type="checkbox"/>
Kelly Holmes	MT. College Coalition	127		<input checked="" type="checkbox"/>
Sara Lueker	State Library	127	<input checked="" type="checkbox"/>	
Jame Zink	Associated Students MSU	127		<input checked="" type="checkbox"/>
B. F. NEWCOMB	MONI. VETERINARY MED. ASSN	127		<input checked="" type="checkbox"/>
Michael Strelka	Hawkins - Understrom PC	127		<input checked="" type="checkbox"/>
James Dr Zink	self	127		<input checked="" type="checkbox"/>
Christus E. Rudahl	Carroll College	127		<input checked="" type="checkbox"/>
Brenda L. Skaggs	Carroll College	127		<input checked="" type="checkbox"/>
Ken J. Super	Carroll College	127		<input checked="" type="checkbox"/>
Jill Morrison	BOARD OF REGENTS			<input checked="" type="checkbox"/>
Jackie Wray	Mt. Comm. of Higher Ed	127		<input checked="" type="checkbox"/>
Carol Krause	Counc of H. E. D	127		<input checked="" type="checkbox"/>
Stephen Juggenheim	WAMI DIRECTOR	127		<input checked="" type="checkbox"/>
Kay Hansen	WAMI STUDENT - 3RD YR	127		<input checked="" type="checkbox"/>
Mark Copuhaver	Sen Atty C Kolstad	127		
Donald D. Danz	MSU WAMI WICHE Students	127		<input checked="" type="checkbox"/>
FATTY JERNBERG	MSU WICHE	127		<input checked="" type="checkbox"/>
Leticia STEVENSON	MSU WAMI/WICHE	127		<input checked="" type="checkbox"/>
Todd Marsh	MSU WICHE	127		<input checked="" type="checkbox"/>
Marc Pfathausen	MSU WAMI/WICHE	127		<input checked="" type="checkbox"/>

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY

[Handwritten initials]

127

BILL _____

VISITORS' REGISTER

DATE _____

Please note bill no.

NAME	REPRESENTING	BILL #	(check one)	
			SUPPORT	OPPO
Doug Kimball	MSU WICHE	127		X
Robin Green	MSU WAMI/WICHE	127		X
Starr Smith	MSU WICHE	127		X
Nick Staw	MSU WICHE	127		X
Mary Dahl	MSU WICHE	127		X
Shawn Glen	UM administration			
Dyst Jindson	MSU WAMI/WICHE	"		X
Kathy Addison	MSU WAMI/WICHE	127		X
Chad Pilgeram	MSU WAMI/WICHE	127		X
Janis J. Lough	MSU WAMI/WICHE	127		X
Yisa J. Miden	MSU WAMI/WICHE	127		X
Shelley A. Killen	MSU WAMI/WICHE	127		X
Heidi M. Miller	MSU WAMI/WICHE	127		X
KATHIE HORESSI	MONTANA FEDERATION OF TEACHERS	127		X
Ric Minuski	CARROLL COLLEGE / UNDERGRAD	127		X
Donna R Barr	Carroll College / Undergrad	127		X
Nanciul Nordwick	" " "	127		
Shirley Mc Mahon MD	Western Medical Assoc	127		X
MATTHEW THIEL	ASUM - missoula	127		X
Annex Mayhew	V Assoc Students of CC	127		X
Michael H. Power	MSU; WAMI; 1st year class	127		X



THE MONTANA UNIVERSITY SYSTEM

33 SOUTH LAST CHANCE GULCH
HELENA, MONTANA 59620-2602
(406) 444-6570

COMMISSIONER OF HIGHER EDUCATION

SENATE EDUCATION

EXHIBIT NO. 7

DATE 1/26/87

BILL NO. SB127

TO: Members of the Senate Education Committee
FROM: Dr. Carrol Krause *CK*
Commissioner of Higher Education
DATE: January 19, 1987
SUBJECT: Testimony in Opposition to S.B. 127

The issue of service payback has been discussed in the legislature since the inception of the WICHE program in 1954. Montana has always rejected the concept as costly, inequitable, and contrary to the original purpose of the programs.

The Board of Regents has again reviewed the pros and cons of service payback this fall and unanimously reaffirmed its opposition to any form of service payback requirement in a resolution passed on December 12, 1986.

Senate Bill 127 provides for a straight payback approach of 25 percent of the state support provided to institutions that accept Montana residents into their programs. The bill does not include a "return and practice" requirement and for that we are thankful.

In stating our opposition to payback, I would like to briefly touch on the original purpose of the WICHE and WAMI programs. In the 1950's, it was evident that Montana could not begin to afford to offer educational programs in the health related fields. The cost of a medical school facility in those days was purported to be in excess of \$40 million. (Now over \$100 Million.) Dental and veterinary medicine facilities were not much cheaper. States that had invested those sums to provide educational opportunity in those fields jealously guarded access and the overwhelming political sentiment in the receiving state was to bar non-residents from admission. The concept of WICHE was borne out of the need to provide educational access to "have not" states like Montana.

The program has been a reasonable success. While Montana still ranks near the bottom (42nd) in medical admissions per 100,000 population, we have avoided the tremendous capital outlay and operating cost of maintaining the necessary health related programs in Montana. The support cost per student would appear to be high in medicine, dentistry and veterinary medicine. However, Montana is still getting a bargain compared to the cost borne by the receiving state. We must not lose sight of this fact.

Speaking directly to the payback requirement, I would ~~offer the following~~ objections.

1. It is inequitable. We have programs within the university system that are as costly as the support costs for some of the WICHE fields. We do not require these students to pay back their state supported share of the cost. If the payback concept is valid, why should it only apply to some of our residents?
2. Some feel that the program recipients will make high incomes and thus can afford to pay it back. The spectrum of potential earning power of WICHE students varies considerably. Medical doctors' incomes in Montana are wide ranging depending on type of practice and location. Those in occupational therapy and public health do not have income potential any greater than many of our other professional fields. If doctors, dentists, and veterinarians must pay back their support--why not engineers, accountants, lawyers, school teachers, etc. The equity problems are nearly insurmountable if equal treatment is any criterion for educational policy.
3. The people with the higher incomes, all factors being equal, should pay a higher rate of income taxes under both federal and Montana tax laws. Thus, they contribute more to the state to provide an on-going public education system as well as pay for other social needs. Why should higher income people pay both a higher rate and be forced to pay back their public higher education costs?
4. While the state may be able to eventually reduce costs, the cost reduction will be a long time coming. For instance, a payback for beginning medical students starting medical school in the Fall of 1987 will not start payback until fiscal year 1994 assuming the student must complete his or her residency requirements before opening a practice.
5. The state must incur the loan servicing administration costs of maintaining contact with the student and obtaining all the legal documents required that will enforce the collection. Thus, the state will "lose" money for several years before the cost reduction will take effect. (See fiscal note.)
6. The proposal does not take into consideration the ability of the student to make the future payments. Average indebtedness of a medical school graduate is currently over \$30,000. While a doctor's gross income looks very attractive, start-up and overhead costs such as liability insurance are very high. Other WICHE covered occupations such as occupational therapy, public health, optometry, and even veterinary medicine will have graduates who will not make incomes any greater than many of our college graduates in other fields. Their ability to meet additional payback requirements is questionable when you consider their current debt obligations and income potential. These debts, at least in medicine, may have effects opposite to the goals of Montana in supporting medical education. The larger a student's debt upon completion of his studies, the more likely he is to choose a lucrative career in a medical subspecialty in a metropolitan area rather than a relatively low income career in primary medicine in a rural area. Unfortunately, it is the latter category of physicians that is needed by Montana.

1

DATE 11/26/87
BILL NO. S B 127

We estimate the outstanding indebtedness of students graduating in these fields will increase as follows:

	<u>1985-86</u> <u>Survey of Debt</u>	<u>25% of Estimated</u> <u>Support Fee</u>	<u>Total Estimated</u> <u>Debt of Students</u>
WAMI	\$ 31,029	\$ 23,733	\$ 54,762
Medicine	\$ 31,029	\$ 22,800	\$ 53,829
Dental	\$ 45,000	\$ 11,500	\$ 56,500
Veterinary Medicine	\$ 27,958	\$ 17,500	\$ 45,458
Optometry	\$ 28,776	\$ 6,300	\$ 35,076
Occupational Therapy	\$ 11,800	\$ 3,075	\$ 14,875

The monthly payment required to amortize the stated levels of debt over a ten year period assuming the average interest rate of 7% is as follows:

\$55,000 Debt	\$638.60 Monthly
\$45,000 Debt	\$522.49 Monthly
\$35,000 Debt	\$406.38 Monthly
\$25,000 Debt	\$290.27 Monthly
\$15,000 Debt	\$174.16 Monthly

The 7% rate assumes the debt is one-half GSL @ 9% and one-half S.B. 127 at 5%. Those payments would be a significant burden and we will probably encounter substantial defaults or difficulty in collecting the repayment.

The approximate starting salary of a graduate in veterinary medicine was approximately \$17,000 a year according to a recent Montana survey. The starting salary of an occupational therapist is approximately \$19,760 at the Montana Development Center in Boulder. This is probably close to the going rate in Montana. How can these students possibly be expected to pay off the anticipated debt that would be imposed by S.B. 127 and have anything left to raise their families?

I hope this committee takes this into account when considering the fate of S.B. 127.

CK/JHN/11t

888T

ENROLLMENT NO. 2
DATE 1/26/87
BILL NO. SB 127

LC 0394/01

LC 0394/01

50th Legislature

INTRODUCED BY [Signature] BILL NO. [Signature]

1 INTRODUCED BY THE LEGISLATURE OF THE STATE OF MONTANA:
2
3
4 A BILL FOR AN ACT ENTITLED: "AN ACT REQUIRING A STUDENT
5 PARTICIPATING IN A PROGRAM OF INTERSTATE COMPACT
6 PROFESSIONAL EDUCATION, SUCH AS THE WICHE, WAMI, OR
7 MINNESOTA RURAL DENTISTRY PROGRAM, TO REPAY 25 PERCENT OF
8 STATE SUPPORT FEES PAID BY THE STATE ON HIS BEHALF;
9 EXEMPTING STUDENTS CURRENTLY PARTICIPATING IN SUCH PROGRAMS;
10 PROVIDING REPAYMENT SCHEDULES; PROVIDING AN INTEREST RATE ON
11 UNREPAID MONEY; PROVIDING ADMINISTRATION BY THE COMMISSIONER
12 OF HIGHER EDUCATION; AND PROVIDING AN IMMEDIATE EFFECTIVE
13 DATE."

14
15 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
16 Section 1. Partial repayment of state payments --
17 conditions -- administration. (1) A student supported by the
18 state pursuant to an interstate compact for a professional
19 education program shall repay to the state 25% of the
20 support fees paid by the state on the student's behalf to a
21 receiving out-of-state institution.

22 (2) Only those fees paid by the state after [the
23 effective date of this act] are subject to the repayment
24 provisions of this section.

25 (3) Students who are participating in an interstate

1 compact professional education program on [the effective
2 date of this act] and who continue uninterrupted
3 participation are not required by this section to repay the
4 amount provided in subsection (1). Students who enter or
5 reenter study after [the effective date of this act] shall
6 repay the portion of their support required by this section.
7 (4) (a) Repayment must begin within 1 year after the
8 date on which the student has:
9 (i) left the program;
10 (ii) graduated; or
11 (iii) completed the minimum professional residency
12 requirements necessary to begin professional practice. WHICH IS
13 (A) ADDITIONAL TO ONE YEAR AFTER THE REFUND BY SECTION 37-3-304
14 (b) Repayment must be completed within 10 years from
15 the date on which the repayment begins. Interest is charged
16 and computed at a simple annual rate of 5%, FROM THE DATE ON
17 WHICH REPAYMENT BEGINS.
18 (5) The commissioner of higher education may implement
19 the provisions of this section through the adoption of such
20 rules and policies as may be necessary for its proper
21 administration.
22 Section 2. Effective date. This act is effective on
23 passage and approval.

-End-



Montana Veterinary Medical Association

B.F. Newcomb, D.V.M.

Sec. - Tres.

4925 Hart Lane Helena, Montana 59601 (406) 227-5172

SENATE EDUCATION

EXHIBIT NO. # 3

DATE 1/26/87

BILL NO. SB 127

January 26, 1987

The Montana Veterinary Medical Association would like to go on record in opposition to SB-127 which would institute a partial pay-back requirement by WICHE subsidized Veterinary graduates.

The Montana V.M.A. feels that discriminatory repayment schemes are grossly unfair, and consequently we feel that if any class of state supported students must repay, in part, for their subsidy then all students receiving state support should be required to repay a similar percentage.

In the beginning of the program the WICHE support system admirably enabled Montana to help educate needed classes of professionals and specialty occupations in order to supply the state's needs for these services.

At the present, the population of Montana is more than adequately served by over 310 practicing veterinarians, as well as nearly 30 in state and federal regulatory service and meat inspection positions. Only 25 years ago there were 80 practitioners and approximately 15 government veterinarians.

With this seeming abundance of veterinary practitioners and the present economics of the state of Montana, the average starting salary of veterinarians has dropped to \$14,853 according to an economic survey conducted for the Montana Veterinary Medical Association and completed in 1985.

This beginning salary hardly justifies the expense and effort required to complete the professional education which typically entails eight years schooling.

If Montana continues the WICHE program, a possible reduction of numbers of students supported might be considered as a cost saving method.

We concur that education of excessive numbers of students in already crowded professions such as veterinarians, medical doctors and dentists that leave the state to pursue their careers, is no real benefit to this state.

We of the Montana Veterinary Medical Association ask that this Committee and the Legislature, please consider carefully the ramifications of this bill, and also to consider that the WICHE program is a very inexpensive alternative to the attempted institution and maintenance of the various schools of the medical disciplines.

THE FAMILY PRACTICE CENTER OF HELENA
HAWKINS-LINDSTROM CLINIC, P.C.

405 Saddle Drive • Helena, Montana 59601
(406) 442-0120

Founded 1943

GRADUATE EDUCATION

DEBIT NO. #4

DATE 1/26/87

BILL NO. SB 127

Reginald J.O. Goodwin, M.D.
Thomas E. Norris, M.D.
Paul S. Donaldson, M.D.
Kurt E. Werner, M.D.
Michael S. Streckall, M.D.

John H. Gordon, M.B.A.
Business Manager

January 26, 1987

Dennis Nathe, Chairman
Education Subcommittee

RE: SB 127 - Service Payback for WAMI/WICHE Students

Dear Representative Nathe:

I am a Board Certified Family Physician currently practicing in Helena, Montana. I am a Montana native, born in Billings, and graduated from Carroll College in 1977. I was fortunate to become a Montana WAMI graduate of the University of Washington School of Medicine, and always intended returning to practice in my home state. There were several barriers that kept me from returning immediately following my residency training. Those barriers have been overcome and I have been fortunate to be able to return back to my home state. I was asked to review some information on the WAMI/WICHE Payback Program and I would like to offer you my comments on that.

In review of all of the information at hand, both pro and con positions, I am totally against a payback system for WAMI/WICHE students.

As you may know, indentured service of any type, either financial or time repay has historically been very poor at bringing permanent physicians back into any underserved areas. The National Health Corp as well as the Indian Health Service has voluminous records to prove that particular point.

To speak of the few barriers that would have kept me from returning to the state were primarily allure of well advertised and accessible practice opportunities near my family practice residency in Washington state. If I had to pay an additional 25% of my educational costs back to the state of Montana, I would have been unable to afford returning to the state. Finally, I believe that attempting to provide physicians in underserved areas requires their desire to return on a voluntary basis. To keep physicians from returning because of a greater educational debt would seem a gross error in logic.

In summary, I feel that the WAMI program is a very viable program and addresses the needs of a medically underserved state. I would encourage you to not support SB 127 which requires payback for WAMI/WICHE students. To do so would only worsen the problem of physician supply in a state already in need of new physicians in small communities.

Yours truly,



Michael S. Strekall, M.D.
American Academy of
Family Practice, Diplomate

cc: Jackie Wrigg

TESTIMONY PRESENTED TO THE SENATE EDUCATION COMMITTEE EXHIBIT NO. 5
JANUARY 26, 1987DATE 1/26/87

S.B. 127

Mr. Chairman and Members of the Committee:

My name is Todd Hudak. I represent the Associated Students of Montana State University who would like to express their opposition to S.B. 127.

My intention is not to reiterate all of the testimony you have already heard, but just to highlight a few of the points we are especially concerned about.

The state of Montana subsidizes many graduate level programs of which medicine is just one. Students in most of these programs have the opportunity to pay off most of their tuition and expenses through teaching assistantships and other faculty support programs. This enables them to graduate without a huge debt.

I would like you to contrast this with the average indebtedness of a medical school graduate which is currently over \$30,000. Couple this \$30,000 with the proposed 25% payback to the state for its support of their education, another \$22,000, and the average medical school graduate has a total indebtedness of about \$52,000. This has him paying well over \$600 a month to pay off his debt at the rate and number of years outlined in S.B. 127. The ability of a medical student to pay off this debt comes into question when you consider the high costs of starting a practice and of liability insurance.

We feel it is unfair to penalize medical students for living in a state

EXHIBIT NO. 5
DATE 1/26/87
BILL NO. S B 127

that has no medical school, when students who go through other heavily subsidized programs--such as law, pharmacy, and engineering--don't have to pay the state back for subsidizing their programs just because they can receive their educations instate.

I would like to quote the editorial in the January 9, 1987, Bozeman Daily Chronicle which said, "Access to advanced education is one of the great equalizers in our society. Professional education should not be open only to those who can afford it, but should be available to students based on intelligence, ambition, and achievement." The students of MSU feel that S.B. 127 does raise the cost of receiving a medical education, thereby excluding those less able to afford it.

For these reasons we urge you to kill S.B. 127.



ASUM
Student Legislative Action

University Center 105
University of Montana
Missoula, Montana 59812
(406) 243-2451



PRESENTED TO THE SENATE EDUCATION COMMITTEE, JAN. 26, 1987
ASUM IS OPPOSED TO SB 127

SENATE EDUCATION

PLEASE CONSIDER:

EXHIBIT NO. 6

THE ORIGINAL INTENT OF WICHE-WAMI PROGRAMS

DATE 1/26/87

Provide access to professional education for Montanans
Help fill the need for medical professionals in Montana
Fulfill Montana's responsibility to provide for its own medical needs

BILL NO. SB 127

WICHE-WAMI is not a "free ride".

The state supports other high cost professional training (Law, Engineering)
This program only offsets the costs of non-resident tuition
SB 127 assumes graduates will earn high incomes while this bill will affect
many professionals who do not make high incomes, especially in rural Montana
(occupational therapy, public health, optometry, veterinary medicine)

SB 127 IS DETRIMENTAL TO:

The state's ability to attract medical professionals
Montana's access to professional education

PLEASE VOTE "NO" ON SB 127 -- it is an unequitable approach to saving
money and is not in the best interests of the state.

SENATE EDUCATION

EXHIBIT NO. 7NAME: KATHIE HOREJSIDATE 1/26/87 DATE: 1-26-87BILL NO. 513127ADDRESS: ~~352 BEEC~~ P.O. Box 1246 Helena, Montana 59624PHONE: 442-2123REPRESENTING WHOM? Montana Federation of TeachersAPPEARING ON WHICH PROPOSAL: Senate Bill 127DO YOU: SUPPORT? AMEND? OPPOSE?

COMMENTS: Montana participates in the WICHE, WAMI and
Minnesota Rural Dentistry programs so that our students
can attend school and obtain advanced degrees in medicine
and public health. Our students are at a disadvantage
because ~~there~~ there are no such schools in the state of Montana
and the cost of being an out-of-state student can be prohibitive.
Without this state support, paying the difference between in-state
and out-of-state, such advanced training would not be available
to Montana residents.

Five years ago my mother attended Eastern Washington
University on the WICHE program because the hospital
where she is a social worker expanded. The position she held
required a masters degree under new accreditation standards.

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

Not all students are just starting out. My mother was
employed in Montana before and after she attended EWU as were
the ~~three~~ other social workers from Montana in her
masters degree program. They came back to Montana to work,
not only were tuition and a second residence in Cheney
major expenses but so were the loss of salary as well as
salary during the while attending school and the tuition
of her two oldest children who were attending the
at the same time

TABLE I
WICHE Program Costs

<u>Year</u>	<u>Coal Tax</u>	<u>General Fund</u>	<u>Total</u>
1975-76	\$ 15,025	\$ 672,088	\$ 672,088
1976-77	\$ 116,228	\$ 799,794	\$ 799,794
1977-78	\$ 149,088	\$1,382,600	\$1,382,600
1978-79	\$ 194,284	\$1,314,800	\$1,314,800
1979-80	\$ 632,174 ¹	\$ 778,582	\$1,410,756
1980-81	\$ 621,303	\$ 844,082	\$1,465,385
1981-82	\$ 883,804	\$ 627,100	\$1,510,904
1982-83	\$1,143,000	\$ 500,800	\$1,643,800
1983-84	\$1,714,938	\$ 75,379	\$1,790,317
1984-85	\$1,856,196	\$ 0	\$1,856,196
1985-86	\$1,943,900	\$ 0	\$1,943,900
1986-87	\$1,846,300	\$ 0	\$1,846,300

¹These funds came from 1976-80 collections.

TABLE II
WAMI Program Costs

<u>Year</u>	<u>Coal Tax</u>	<u>General Fund</u>	<u>Total</u>
1984-85	\$ 101,348	\$1,648,259	\$1,749,607
1985-86	\$ 424,742	\$1,388,573	\$1,813,315
1986-87	\$1,719,774	\$ 178,845	\$1,898,619