

**ALASKA STATE LEGISLATURE**  
**SENATE EDUCATION STANDING COMMITTEE**

March 23, 2017

8:02 a.m.

**MEMBERS PRESENT**

Senator Shelley Hughes, Chair  
Senator Cathy Giessel  
Senator John Coghill  
Senator Tom Begich

**MEMBERS ABSENT**

Senator Gary Stevens

**COMMITTEE CALENDAR**

SENATE BILL NO. 96

"An Act relating to education; relating to school districts; relating to course credit for students; relating to group insurance, self-insurance, and other cooperative arrangements between school districts and businesses, nonprofit organizations, and government agencies; relating to funding for school districts; relating to school operating funds; relating to competency examinations for teacher certificates; relating to the Professional Teaching Practices Commission; relating to the duties and powers of the Department of Education and Early Development and the commissioner of education and early development; relating to a virtual education consortium; relating to the minimum wage for bus drivers; relating to the investment, appropriation, and administration of the public school trust fund; and providing for an effective date."

- HEARD & HELD

**PREVIOUS COMMITTEE ACTION**

BILL: SB 96

SHORT TITLE: EDUCATION: SCHOOLS/TEACHERS/FUNDING

SPONSOR(s): EDUCATION

03/20/17	(S)	READ THE FIRST TIME - REFERRALS
03/20/17	(S)	EDC, FIN
03/22/17	(S)	EDC AT 8:00 AM BUTROVICH 205

03/22/17 (S) Heard & Held  
03/22/17 (S) MINUTE(EDC)

**WITNESS REGISTER**

JOSHUA BANKS, Staff  
Senator Shelley Hughes  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** Presented changes made to SB 96.

DR. SUSAN MCCAULEY  
Education Policy Coordinator  
Department of Education and Early Development (DEED)  
Juneau, Alaska

**POSITION STATEMENT:** Answered questions on SB 96.

PAMELA LEARY, Director  
Treasury Division  
Department of Revenue  
Juneau, Alaska

**POSITION STATEMENT:** Answered questions on SB 96.

**ACTION NARRATIVE**

[8:02:17 AM](#)

**CHAIR SHELLEY HUGHES** called the Senate Education Standing Committee meeting to order at 8:02 a.m. Present at the call to order were Senators Begich, Giessel, Coghill, and Chair Hughes. Senator Stevens was excused.

**SB 96-EDUCATION: SCHOOLS/TEACHERS/FUNDING**

[8:02:49 AM](#)

**CHAIR HUGHES** announced the consideration of SB 96. This is the second hearing of the bill. She said the committee will focus on the changes in the new CS and on several new issues.

[8:03:35 AM](#)

**SENATOR COGHILL** moved to adopt the CS for SB 96, labeled 30-LS0452\N, as the working document before the committee.

**CHAIR HUGHES** objected for discussion.

[8:04:11 AM](#)

**JOSHUA BANKS**, Staff, Senator Shelley Hughes, Alaska State Legislature, presented changes made to SB 96. He began on page 3

in Section 5 where two changes were made. On lines 9 and 10 a requirement is added that districts post the report on their website or on a community website or in any other easily accessible way.

[8:05:08 AM](#)

At ease

[8:07:09 AM](#)

CHAIR HUGHES note those available to answer questions.

[8:07:26 AM](#)

MR. BANKS reiterated the changes in Section 5.

CHAIR HUGHES asked him to mention some easily accessible methods.

MR. BANKS said the report could be posted at a community center or a post office.

CHAIR HUGHES added on bulletin boards or in a school newsletter.

MR. BANKS said two more requirements are added on lines 20-24; the district will show the total number of administrative employees compared to the total number of teachers as well as a ratio of the number of teachers to students.

He moved to page 6, Section 11, lines 9 and 10, which adds a provision that the Average Daily Membership (ADM) is equal to the student count in the school in order to reduce the immediate negative impact of an unintended consequence of schools being kicked out of the formula. There may be additional changes to this section.

[8:10:20 AM](#)

MR. BANKS described an additional change to the definition of road, so a trail is not considered a road.

[8:10:43 AM](#)

SENATOR BEGICH asked, if two schools at 75 percent capacity are combined, whether it would make for one overcrowded school.

MR. BANKS said they are looking into that as it is not the bill's intent.

CHAIR HUGHES provided a likely example of four schools at 75 percent combining into three schools at 100 percent.

[8:11:55 AM](#)

MR. BANKS addressed a change in Section 13, lines 1-4: a sentence is added so that regulations adopted under this section will not go into effect for at least a year after the State School Board adopts the regulations if the minimum score for the Praxis exam is increased. He recalled that Senator Begich brought attention to the need to grandfather in current teachers, however, the sponsor believes that this provision applies to the initial certification of teachers. He suggested that Dr. McCauley address this issue.

CHAIR HUGHES asked Dr. McCauley to respond.

[8:13:17 AM](#)

DR. SUSAN MCCAULEY, Education Policy Coordinator, Department of Education and Early Development (DEED), answered questions on SB 96. She believed that the provision applies to initial certification, but does not preclude clarifying in regulation that it applies to initial certification. She said she would double check.

[8:14:20 AM](#)

MR. BANKS turned to page 9, the section on the virtual education consortium. In (f) the change states that school districts that participate in the consortium will pay a fee to cover operating costs.

SENATOR COGHILL noted that there are costs associated by both the provider and the receiver of virtual education. He asked if that is factored in and if there is a fee to join the consortium.

[8:15:48 AM](#)

MR. BANKS replied that in (e), there is a set fee for virtual classes and the district with students taking a course would pay a portion of the base student allocation (BSA) to the host district.

[8:17:06 AM](#)

SENATOR BEGICH noted on page 9, (f), there is a fee to belong to the consortium.

CHAIR HUGHES clarified Senator Coghill's concern that the district offering the courses has higher expenses than the district taking the courses. She said a student fee would offset some of those costs.

SENATOR COGHILL agreed that both fees have to be considered.

SENATOR GIESSEL noted on page 9, lines 1-6, there is a formula for tuition for the course that a host school district is offering. She asked if that is correct.

CHAIR HUGHES said yes.

[8:18:51 AM](#)

MR. BANKS provided an example of a student in Tok taking classes from the Anchorage School District. If a high school student is taking one class, 1/7 of the BSA for that student will go to the Anchorage School District. That is the set fee.

SENATOR GIESSEL added that a student taking four classes would equal 4/7 BSA.

[8:19:50 AM](#)

MR. BANKS said there is an option in the bill for the host school to choose not to accept that fee or to reduce it.

SENATOR BEGICH suggested language "a district may set a fee at or below."

[8:20:33 AM](#)

MR. BANKS turned to the next change in the CS found in Sections 20 and 21, new sections related to the public school trust fund. The sponsor decided not to repeal Section 20 so that it was clear what the fund would go towards. There are forthcoming technical changes from legislative legal and a need to clarify that administrative costs would be allowable. Section 21 says the legislature may not appropriate more than 4.75 percent of the three-year market value of the fund. He said another change is needed because if the fund has a net loss it would mean the legislature could not appropriate anything. He noted that Ms. Leary could address that.

[8:22:25 AM](#)

CHAIR HUGHES asked Ms. Leary to explain the proposed change.

[8:22:57 AM](#)

PAMELA LEARY, Director, Treasury Division, Department of Revenue, answered questions on SB 96. She explained that the language, as written, in a year of potential loss would mean that there is no money coming out of public schools and going into the fund.

CHAIR HUGHES asked, with a 4.75 percent three-year average draw, whether the principal of the fund would be drawn in a year of loss, which is against the state constitution.

MS. LEARY explained that the 4.75 percent is on the total market value. If there was a year of loss, it would be combined with the two prior years. There could be language to limit it to the amount of the principle.

[8:24:33 AM](#)

CHAIR HUGHES suggested putting protection on the principle.

SENATOR BEGICH said if there is a loss now and the fund doesn't make money, no expenditure comes from the public school trust fund.

MS. LEARY said that is not necessarily correct. She explained that only realized income - dividends and interest - get moved into the income fund. The amount that comes out to pay towards education comes from the income fund. The losses would not carry over.

SENATOR BEGICH requested a hypothetical lookback for ease of understanding.

CHAIR HUGHES asked Ms. Leary if she could prepare it.

MS. LEARY agreed to do so.

CHAIR HUGHES asked how much is in the fund, currently, and how much would be drawn this year, as opposed to if the proposed language were to go into effect.

[8:26:21 AM](#)

MS. LEARY said she has prepared a preliminary fiscal note of approximately \$27.4 million for 2016, 2015, and 2014 - the three year average market value.

CHAIR HUGHES asked what the amount was that was actually drawn without the calculation.

MS. LEARY said for 2016 the appropriation was \$13 million.

[8:27:48 AM](#)

SENATOR BEGICH noted it would be doubled under the proposed calculation.

[8:28:24 AM](#)

MR. BANKS turned to Section 24, on page 14, where two repealer sections were combined into one. The section related to the public school trust fund is no longer repealed. Section 24 is now the repealer section.

The first section repeals AS 14.20.470(a)(7), which would repeal the ability for the Professional Teaching Practices Commission (PTPC) to employ an executive secretary to do the investigations. It would allow the PTPC to maintain its integrity and independence.

SENATOR GIESSEL clarified that they would remove the repeal.

MR. BANKS said yes.

SENATOR GIESSEL said she supports that.

MR. BANKS discussed the final change to version N, removing former Sections 26 and 27 due to the fact that they don't foresee a lawsuit relating to the public school trust fund. They have requested that the Department of Law review this and analyze the entire bill for legal issues due to major education court cases.

[8:31:21 AM](#)

SENATOR BEGICH complimented Mr. Banks for getting the changes done so quickly.

CHAIR HUGHES removed her objection and version N was adopted. She held SB 96 in committee.

[8:33:34 AM](#)

There being no further business to come before the committee, Chair Hughes adjourned the Senate Education Standing Committee at 8:33 a.m.