

**ALASKA STATE LEGISLATURE  
HOUSE EDUCATION STANDING COMMITTEE**

March 5, 2012  
8:02 a.m.

**MEMBERS PRESENT**

Representative Alan Dick, Chair  
Representative Lance Pruitt, Vice Chair  
Representative Eric Feige  
Representative Paul Seaton  
Representative Peggy Wilson  
Representative Scott Kawasaki

**MEMBERS ABSENT**

Representative Sharon Cissna

**COMMITTEE CALENDAR**

PRESENTATION: NENANA CITY SCHOOL DISTRICT

- HEARD

HOUSE BILL NO. 256

"An Act repealing provisions relating to the power and duties of the Department of Education and Early Development to intervene in a school district to improve instructional practices."

- MOVED CSHB 256(EDC) OUT OF COMMITTEE

HOUSE BILL NO. 272

"An Act providing for a reduction in interest on postsecondary education loans for residents."

- HEARD & HELD

HOUSE BILL NO. 330

"An Act establishing a Joint Legislative Task Force on Education Standards; requiring the Department of Labor and Workforce Development to provide information and resources to the task force; establishing state education standards; amending the authority of the Department of Education and Early Development to adopt education standards; and providing for an effective date."

- BILL HEARING CANCELED

**PREVIOUS COMMITTEE ACTION**

BILL: HB 256

SHORT TITLE: REPEAL STATE INTERVENTION IN SCHOOLS

SPONSOR(s): REPRESENTATIVE(s) DICK

01/17/12	(H)	PREFILE RELEASED 1/6/12
01/17/12	(H)	READ THE FIRST TIME - REFERRALS
01/17/12	(H)	EDC, FIN
01/25/12	(H)	EDC AT 8:00 AM BARNES 124
01/25/12	(H)	Scheduled But Not Heard
02/01/12	(H)	EDC AT 8:00 AM CAPITOL 106
02/01/12	(H)	Heard & Held
02/01/12	(H)	MINUTE(EDC)
02/03/12	(H)	EDC AT 8:00 AM CAPITOL 106
02/03/12	(H)	Heard & Held
02/03/12	(H)	MINUTE(EDC)
02/06/12	(H)	EDC AT 8:00 AM CAPITOL 106
02/06/12	(H)	Heard & Held
02/06/12	(H)	MINUTE(EDC)
02/22/12	(H)	EDC AT 8:00 AM CAPITOL 106
02/22/12	(H)	Heard & Held
02/22/12	(H)	MINUTE(EDC)
03/02/12	(H)	EDC AT 8:00 AM CAPITOL 106
03/02/12	(H)	Heard & Held
03/02/12	(H)	MINUTE(EDC)
03/05/12	(H)	EDC AT 8:00 AM CAPITOL 106

BILL: HB 272

SHORT TITLE: STUDENT LOAN INTEREST REDUCTIONS

SPONSOR(s): REPRESENTATIVE(s) GARA, GUTTENBERG, GARDNER,  
KERTTULA, HOLMES, TUCK, KAWASAKI, PETERSEN, GRUENBERG, CISSNA

01/17/12	(H)	PREFILE RELEASED 1/13/12
01/17/12	(H)	READ THE FIRST TIME - REFERRALS
01/17/12	(H)	EDC, FIN
01/25/12	(H)	SPONSOR SUBSTITUTE INTRODUCED
01/25/12	(H)	READ THE FIRST TIME - REFERRALS
01/25/12	(H)	EDC, FIN
02/22/12	(H)	2D SPONSOR SUBSTITUTE INTRODUCED
02/22/12	(H)	READ THE FIRST TIME - REFERRALS
02/22/12	(H)	EDC, FIN
02/27/12	(H)	EDC AT 8:00 AM CAPITOL 106
02/27/12	(H)	<Bill Hearing Rescheduled to 02/29/12>
02/29/12	(H)	EDC AT 8:00 AM CAPITOL 106
02/29/12	(H)	Scheduled But Not Heard

03/05/12

(H)

EDC AT 8:00 AM CAPITOL 106

**WITNESS REGISTER**

ERIC GEBHART, Superintendent  
Nenana City School District  
Nenana, Alaska

**POSITION STATEMENT:** Provided a presentation of the Nenana City School District.

ANNETTE KREITZER, Staff  
Representative Alan Dick  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** Presented amendments to the proposed committee substitute for HB 256.

MIKE HANLEY, Commissioner  
Department of Education and Early Development (EED)  
Juneau, Alaska

**POSITION STATEMENT:** Responded to questions during the hearing on HB 256.

REPRESENTATIVE LES GARA  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** Presented the proposed committee substitute for SSHB 272, as joint sponsor of the bill.

DIANE BARRANS, Executive Director  
Postsecondary Education Commission  
Department of Education and Early Development (EED)  
Juneau, Alaska

**POSITION STATEMENT:** Responded to questions during the hearing on HB 272.

MOIRA SMITH, Attorney  
Anchorage, Alaska

**POSITION STATEMENT:** Testified during the discussion of HB 272.

**ACTION NARRATIVE**

[8:02:06 AM](#)

**CHAIR ALAN DICK** called the House Education Standing Committee meeting to order at 8:02 a.m. Representatives Seaton, P. Wilson, Kawasaki, and Dick were present at the call to order.

Representatives Feige and Pruitt arrived as the meeting was in progress.

**Presentation: Nenana City School District**

8:02:34 AM

CHAIR DICK announced that the first order of business would be a presentation from the superintendent of the Nenana City School District.

8:03:27 AM

ERIC GEBHART, Superintendent, Nenana City School District, provided a presentation of the Nenana City School District (NCS D). He offered to begin with the location and building descriptions and move on to the activities that occur in the school [slide 1]. He explained that the NCS D offers the CYBERLYNX statewide correspondence program. He then reviewed the class offerings, which include core class offerings, a K-12 music education program, and vocational education opportunities, including welding, auto, small engines, construction trades, and culinary courses [slide 2]. The NCS D received a grant and implemented Emergency Trauma Technician/Emergency Medical Technician (ETT/EMT) certifications. The NCS D has been able to sustain their program since the Tanana Valley College's grant assistance funding ended in Fairbanks. The school has a full-service library, which also serves as the technology center. The iPad for the literacy project has been helpful, he said. He hoped to expand the program beyond the K-8 grades. He offered support for legislation to provide further funding of technology in the schools. The school also offers dual credit offerings in college algebra and English in cooperation with Western Oregon University.

8:07:28 AM

REPRESENTATIVE P. WILSON asked whether the University of Alaska (UA) could offer the courses instead of an out-of-state university.

MR. GEBHART answered that contacts have been made at the UA but progress has been slow at the university and the distance courses with the university have not yet happened.

REPRESENTATIVE P. WILSON highlighted that the legislature needs to know if the university is not assisting them.

MR. GEBHART answered that it would be good to have the dual-credit offerings available, but it just hasn't become a reality yet. He highlighted that the program is successful in elevating the level of math and two of their teachers are adjuncts with the Western Oregon University. The credit cost has been reduced to \$240 per class and the school district pays for half of the cost, which allows students to receive college credits for \$120. Further, if students qualify for free or reduced lunches the class cost is as low as \$60.00. These classes introduce students to college courses and experiences while they are still attending high school. He pointed out the classes start in January so these students know they will be successful prior to attending college in the fall. He related that 10 students are currently enrolled in college algebra and eight or nine are enrolled in college English courses. In response to Representative Wilson, he agreed a teacher for the classroom is necessary. He offered that Nenana has two teachers with master's degrees in the areas that allow them to teach. He acknowledged that the NCS D would like to expand the courses they are offering.

[8:11:22 AM](#)

MR. GEBHART said the most important resource is an effective stable administration and staff, which has been the case at the NCS D for several years and since Nenana is located on the road system it has not been difficult to find applicants [slide 3]. The school now has a fiber optic line, which provides excellent connectivity. The buildings are old, but not in bad condition and the facilities should last for some time to come with good maintenance. A grant was provided for the Nenana Science, Technology, Engineering, and Math (STEM) initiative, which fits into the college plan and career interests [slide 4]. The STEM program focuses on relevance, depth of understanding, and application of what is learned. He said he wants the children to love to come to school, love interacting with teachers, and be engaged in brain development activities. He referred to the website address in members' packets so they can check later and peruse the site. The Nenana Student Living Center (NSLC) houses up to 88 students statewide and this year was begun with the maximum student capacity with some students on a waiting list [slides 5-7]. He stated that the student retention has improved in the past few years.

[8:15:48 AM](#)

MR. GEBHART described the activities and programs that are provided at the NSLC, which includes suicide prevention training for the student leadership and tutoring five nights a week. The Tanana Chiefs Conference (TCC) has provided funding for NSLC and programs such as the suicide training. He reported that the NSLC is working to provide more training for students. Some students have real jobs and go through the application process for the experience. These students work in the store which gives them an opportunity to work.

[8:17:20 AM](#)

REPRESENTATIVE FEIGE asked where the NSLC students come from and how are they supervised.

MR. GEBHART answered that the NSLC attendees are from outside the school district, including from the Interior, Southwest, and other outlying areas of the state. He said he is the director and lives at the center, which is also supervised by two additional associate directors - male and female. Resident advisors are also on staff, and a resident educational support model is followed to support kids.

[8:18:43 AM](#)

REPRESENTATIVE P. WILSON noted that 26 students have left the program and asked for the reason. She questioned whether there is an exit interview given.

MR. GEBHART answered that some students are sent home if they violate the drug or alcohol policy. The policy was changed to a zero tolerance on drugs and he emphasized that follow through is important. Additionally, suicides have occurred in the villages and students may decide go back to their families in the aftermath. Other students may get homesick and go home, he stated.

REPRESENTATIVE P. WILSON asked whether the suicides occur in the village or within the family.

MR. GEBHART answered both. He suggested that sometimes students go home and return to the center later, but others do not. He remarked that suicide is a traumatic situation and everyone handles it differently. The NSLC offers student leadership training and the team has existed for some time.

[8:20:59 AM](#)

MR. GEBHART continued to describe the leadership groups at the NSLC. He highlighted that they added the justice circle and family circle to their duties this year. The demand to perform at a high level is impressive, and the students formed a group called the Unstoppables to interface with the adult leadership, he said. The leadership team rewrote the handbook. The leadership team was also instrumental in suggesting changes in drug and alcohol policy. The NSLC has been in operation for 10 years and he reported 110 students have graduated. He related that 11 students completed post-secondary graduation, 43 are attending post-secondary schools, 9 are in the military, and 49 are working and the remaining 21 are at home, some are raising families, and two are deceased.

[8:24:01 AM](#)

MR. GEBHART described the CYBERLYNX program as a program that provides professional educational support for home school parents, which operates 12 months per year [slide 8]. The offices are administered by certified special education teachers at all sites and provide aspects of individualized education program (IEP) development. He stated that the CYBERLYNX program is important to him, especially since it is a program that can provide services to every student. The program offers regular tutoring, close monitoring of student progress, and frequent consultation with parents. The program also offers regular study groups, varied curricular choices - from remedial to advanced - and dual-credit offerings from accredited colleges, including courses from the UA. The CYBERLYNX program offers a graduation completion program with the following number of diplomas awarded: 2008-09, 28; 2009-10, 39; and 2010-11, 50. He pointed out that these students all took longer than four years to graduate. He concluded his presentation by listing the challenges that the district is facing [slide 10]. He stated that the NCS D needs a resolution on the debt/loan for the NSLC facility and students need technology tools, including iPads, laptops, whiteboards, and software. He said the school district also needs resources to update/improve all curricular areas, major maintenance resources for NCPS to restore, repair, upgrade, and bring the facility into compliance. Finally, the NCS D needs additional resources to meet the increasing costs of operation, including health insurance and salaries.

[8:27:07 AM](#)

REPRESENTATIVE SEATON inquired about the effectiveness of the iPad regarding the special education students.

MR. GEBHART offered his belief that the iPad use has improved student skills, but students have only used them for a year and assessments have not yet been completed. He has observed iPads being used for engagement in other activities and homework use.

[8:28:42 AM](#)

REPRESENTATIVE SEATON asked whether the iPads are used solely in the classrooms or if they are checked out to students.

MR. GEBHART answered that the iPads are kept in the classroom, including during the after school program which allows for some extended use. Additionally, the iPads are shared. He cautioned that at this point the center has just enough iPads for the classroom so if someone left his other iPad at home it wouldn't be available for class use.

[8:29:46 AM](#)

CHAIR DICK announced that a number of superintendents were present in the audience, and he recognized each, which were: Duncan Ware, Delta-Greely; Jim Nygaard, Cordova; Dave Herbert, Cordova, Steve Bradshaw, Sitka; Michael Bier, Haines; Norman Eck, Northwest Arctic; John Lamont, Lower Yukon; Gary Baldwin, Lower Kuskokwim; Jack Walsh, Bristol Bay; Dave Piazza, Southwest Region; Todd Poage, Alaska Gateway; Kerry Boyd, Yukon-Koyukuk, Steve Atwood, Kenai Peninsula; Rob Thomason, Petersburg, and Corrina Guardipee, Kake.

**HB 256-REPEAL STATE INTERVENTION IN SCHOOLS**

[8:32:45 AM](#)

CHAIR DICK announced that the next order of business would be HOUSE BILL NO. 256, "An Act repealing provisions relating to the power and duties of the Department of Education and Early Development to intervene in a school district to improve instructional practices." [Version X was before the committee.]

[8:33:05 AM](#)

REPRESENTATIVE PRUITT moved to adopt Conceptual Amendment 7, which read [original punctuation provided]:

Page 3, Line 18 to Page 4, Line 14:

The regulations adopted under AS 14.07.020(a)(2)(A)-(H) must be for the improvement of instruction.

REPRESENTATIVE PRUITT noted the attached justification for the amendment, which read [original punctuation provided]:

JUSTIFICATION:

The intent of this section is to incorporate cultural standards, intensive early learning, community involvement, etc. into regulations which are promulgated for the improvement of instruction, not to require the department to incorporate these goals into every potential regulation.

REPRESENTATIVE SEATON objected for the purpose of discussion.

[8:33:16 AM](#)

ANNETTE KREITZER, Staff, Representative Alan Dick, Alaska State Legislature, on behalf of the sponsor, explained that Conceptual Amendment 7 would address a concern the department had with language on page 3, lines 19-22 of proposed Section 4. She skimmed over portions of the language, including stating the department shall ... study the conditions and needs of the public schools of the state, adopt or recommend plans, administer and evaluate grants to improve school performance awarded under AS 14.03.125, and adopt regulations for the improvement of the public schools. She explained the department's concern is that every regulation would be subject to all of the requirements listed beginning on page 3, line 23. Conceptual Amendment 7 would require that the regulations adopted under AS 14.07.020 (a)(2)(A)-(H) must be for the improvement of instruction and would not apply to every regulation that the department might have to promulgate.

[8:34:46 AM](#)

The committee took an at-ease from 8:34 a.m. to 8:35 a.m.

[8:35:33 AM](#)

REPRESENTATIVE FEIGE asked whether Conceptual Amendment 7 summarizes the language from page 3, line 18 through page 4, line 14.

MS. KREITZER answered no; and explained the language is not replaced. She highlighted that regulations adopted for the statutes included on page 3, line 18 to page 4, line 14 must be for the improvement of instruction. She clarified that language is not being replaced, but noted that all of the things that must be included in the regulations must be applicable to improvement of instruction. She directed members' attention to page 3 line 21 and read, "... adopt regulations for the improvement of the public schools; ...." She explained that the change is to reflect the goal is not for the improvement of public schools but is for the improvement of instruction.

[8:36:40 AM](#)

REPRESENTATIVE SEATON acknowledged he is confused. He asked whether any language is being deleted.

MS. KREITZER answered no. She explained that Conceptual Amendment 7 would clarify that regulations the department must promulgate, including cultural standards and intensive early learning, are regulations for the improvement of instruction and not simply for improvement of the public schools.

[8:37:22 AM](#)

REPRESENTATIVE P. WILSON clarified that Conceptual Amendment 7 is conceptual to allow the drafter to craft the appropriate language and clarify the intent.

MS. KREITZER answered that is correct. She stated that the sponsor wanted to avoid unintended consequences by inserting language on page 3, line 22: "improvement of instruction."

[8:38:23 AM](#)

REPRESENTATIVE SEATON asked for a description of other improvements of instruction.

MS. KREITZER deferred to the department.

[8:38:54 AM](#)

MIKE HANLEY, Commissioner, Department of Education and Early Development (EED), stated that the concern with the language was all regulations would need to incorporate all the functions required under proposed Section 4. He provided an example, such that a regulation could change for a counselor's certificate or the cut score on WorkKeys. Thus if the cut score was changed the department would need to address all of items listed [in the subparagraphs in proposed Section 4 (a) (2)] in its regulation. He was concerned that every regulation that changed anything having to do with education would need to be a page long since it would necessitate that the department must incorporate all of the functions listed in proposed Section 4. He offered his belief that was not the intent of the language.

[8:39:50 AM](#)

REPRESENTATIVE P. WILSON referred to the justification portion of Conceptual Amendment 7, which she understood is included for the bill drafter.

COMMISSIONER HANLEY deferred to the drafter of the bill.

MS. KREITZER answered that is correct.

[8:40:30 AM](#)

REPRESENTATIVE SEATON removed his objection to Conceptual Amendment 7. There being no further objection, Conceptual Amendment 7 was adopted.

[8:40:58 AM](#)

REPRESENTATIVE PRUITT moved to adopt Conceptual Amendment 8, which read, as follows [original punctuation provided]:

Page 6, Line 10:

DELETE  
[two] AND  
Insert three

Page 6, Line 15:

DELETE  
[third] AND  
Insert fourth

REPRESENTATIVE SEATON objected for the purpose of discussion.

[8:41:13 AM](#)

MS. KREITZER explained that Conceptual Amendment 8 pertains to the amount of time a school or district would need to demonstrate consecutive years of improvement. The department had concerns related to reducing the time from three to two consecutive years. Additionally, Conceptual Amendment 8 reinserts three years of consecutive improvement and allows the district to choose to receive restoration services for a fourth year. She pointed out a typo in the proposed CS will be corrected in the work draft.

CHAIR DICK indicated that the department had expressed concern that the district must be doing well before it was released from any intervention. He offered his belief that the department is providing a tremendous service and he envisioned school districts would want to receive the benefit. He emphasized this change was important to the commissioner.

[8:42:35 AM](#)

REPRESENTATIVE SEATON asked what help would be provided to school districts.

CHAIR DICK recapped that year one allows evaluation by an expert to evaluate the school district with respect to the criteria described, including a student's preparedness to learn. The first year a coach for the superintendent would be selected by the superintendent and the department. Additionally, another coach would be selected by the school board and the department. He stated that in year two the superintendent could select his or her own coach without the department's involvement in the decision. The school board may also choose its own coach without the department's assistance. He outlined that if no improvement occurs, in year three a team effort would ensue.

[8:44:06 AM](#)

REPRESENTATIVE FEIGE referred to page 6, line 13, and asked whether the two consecutive years of improvement should also be changed to three years.

MS. KREITZER answered yes.

[8:44:40 AM](#)

REPRESENTATIVE FEIGE moved to adopt Conceptual Amendment 1 to Conceptual Amendment 8 on page 6, line 13 to change "two" to "three." There being no objection, Conceptual Amendment 1 to Conceptual Amendment 8 was adopted.

8:45:15 AM

REPRESENTATIVE SEATON asked whether the coaches in these sections are the one week per month coaches initially anticipated or if that has changed.

CHAIR DICK answered that he has wrestled with the question, but ultimately decided the superintendent and the department or the school board and the department could make the decision.

REPRESENTATIVE SEATON inquired as to the funding for the coaches.

MS. KREITZER answered that judging by the fiscal note it would be paid for by the department.

REPRESENTATIVE SEATON asked whether Conceptual Amendment 8 would significantly alter the fiscal note.

MS. KREITZER answered that a section in the bill, which has been deleted, represents a \$67,000 change. She stated that the fiscal note would not be significantly changed.

8:46:54 AM

REPRESENTATIVE SEATON wondered if the school districts could require the department to provide coaches for the superintendent for professional development and to the school board for a fourth year. He suggested it seems like it would be a unilateral decision by the school district, especially if the school district chose to have full-time coaches. He just wanted to ensure that this bill would essentially not allow the district to have an assistant superintendent, a school counselor, or administrator paid for by the state instead of the coaches intended under the bill. He offered his support for improvements, but he wanted to make sure the committee understands the complexities. Furthermore, the bill needs to determine whether the coaches will be the current coaches and define the funding support. However, he cautioned that a full-time coach living in a rural district would represent a very different financial obligation than a professional development

coach who would fly in on occasion to a district. He expressed concern the bill may leave the definitions so broad that it is not possible to determine the funding.

[8:49:02 AM](#)

REPRESENTATIVE P. WILSON pointed out that since the plan is now a four-year versus a three-year plan so some dates and other adjustments will need to be changed in the bill. She asked whether HB 256 should be revised to ensure all sections reflect the change to the fourth year.

MS. KREITZER answered that currently a school district can petition the department to continue restoration activities. This bill allows a school district the choice to select restoration services for the fourth year. She related her understanding from discussions with the commissioner that continuing for a fourth year would be a decision between the department and the specific school district.

[8:50:34 AM](#)

REPRESENTATIVE PRUITT asked for clarification of what occurs in the fourth year if no improvement in the school district has occurred in the first three years.

CHAIR DICK related his understanding that the team - the superintendent, school board member, the four coaches, and a representative from the EED and the Board of Education - will develop a plan in the third year that will be implemented and evaluated. He offered his belief that it would take three years before the team could evaluate whether the plan is having a positive impact on the school district.

REPRESENTATIVE PRUITT related his understanding the plan would start after coaching for three years.

CHAIR DICK clarified that the restoration would entail coaches for two years, and in year three the plan is implemented by the superintendent.

REPRESENTATIVE PRUITT restated that the restoration would entail a three-year plan. He asked whether the team would then formulate another plan. He questioned why the plan would not be started in the first year or earlier on in the process.

CHAIR DICK offered his belief the restoration plan will work. He elaborated that rural school districts are isolated and people are sometimes too close to the problem to identify it. He suggested minimal intervention may be all that is required, such as if a superintendent was coached for five days at the beginning of the year. However, coaching for potentially five days four times a year may be all that is necessary. He suggested such assistance would be beneficial for the superintendent and the school board. He stated his intent is not to micromanage superintendents.

REPRESENTATIVE PRUITT highlighted the gravity of the situation since children will be affected. Thus some follow through may be necessary to ensure the children are positively affected during this process.

[8:54:03 AM](#)

CHAIR DICK asked Representative P. Wilson to clarify an earlier suggestion for evaluation.

[8:54:12 AM](#)

REPRESENTATIVE P. WILSON referred to page 8, line 27 to subparagraph (iv), which read:

**development of a three-year plan by the team established under (ii) of this subparagraph to restore the school; during the three-year plan, the team may redirect funding in the district budget to improve instruction; the superintendent shall implement the plan developed by the team; each year, at the end of the school year, the team shall evaluate and adjust the plan as the team determines necessary;**

REPRESENTATIVE P. WILSON suggested additional language be included if a fourth year will be considered. She explained that would be for the protection of the school and to give the department guidance. She highlighted that the committee has been very careful thus far and she supported adding additional language for clarification.

[8:55:42 AM](#)

CHAIR DICK considered the plan as a five-year plan, including two years of coaching, and in the third year a team would be brought in to develop an additional two-year plan.

REPRESENTATIVE P. WILSON questioned the reason to wait two years, which seemed to be too long of a time period.

CHAIR DICK answered in part, due to the fiscal impact and additionally, that under NCLB it would amount to five years prior to any action being taken.

[8:56:55 AM](#)

REPRESENTATIVE FEIGE offered his belief that the coaches may identify the problem and resolve the issues in the first two years so there wouldn't be any need to go into the three-year plan. He reiterated the trigger for the additional restoration only happens if the coaching fails. He directed attention to page 6, line 19, to Representative Pruitt's point, that during instrument landings pilots believe it is a good idea to have a "missed approach procedure," which has been addressed by having the department to cover the eventuality.

[8:58:15 AM](#)

REPRESENTATIVE SEATON removed his objection to Conceptual Amendment 8. There being no further objection, Conceptual Amendment 8, as amended, was adopted.

[8:58:45 AM](#)

COMMISSIONER HANLEY directed attention to page 4, which excludes the ability to appoint a trustee. He reminded the committee that under Moore v. State of Alaska the court clarified the role and responsibility to provide oversight and support for school districts; however, a trustee was not indicated. He related the decision required the state to provide more direct support for schools that are chronically underperforming. He reported that numerous steps could be taken, but currently the department is providing coaches and some technical support, as well as a trustee in one school district. He surmised this may very well address what the judge ruled in terms of direct support. He offered his belief that this bill - which is different than what the department is currently doing - holds the state and the department accountable and requires accountability for the school districts, as well.

[9:00:15 AM](#)

REPRESENTATIVE SEATON directed attention to language on page 8, line 29, which pertain to the development of a three-year restoration plan. He explained that one option included in that plan is the team may redirect funding in the district budget to improve instruction. He asked whether that would provide the same ability as has been available to the trustee. Further, he asked whether the team would have the same power and authority that the trustee had held.

COMMISSIONER HANLEY answered yes, although he noted the power has not been given to the trustee since the authority rests with EED. The department would need to come before the legislature prior to an intervention to redirect funds. He confirmed that the provision would not change the department's existing authority.

[9:01:38 AM](#)

REPRESENTATIVE SEATON asked whether the department is comfortable with the team make-up described in Version X of HB 256. He further asked whether it would satisfy the requirements under Moore v. State of Alaska.

COMMISSIONER HANLEY answered that he did not believe the authority changes; however, the make-up of the team is different and outside influence and vision could be helpful. He indicated that in the case of schools that had been underperforming for years, the ruling applies specifically to the school district that "has been unwilling or unable" to make the corrections on their own. He emphasized the importance of having an outside person since an internal team would struggle to see the conditions they currently face. He reiterated before funds are redirected it would be necessary to come to the legislature to seek reappropriation.

[9:03:22 AM](#)

REPRESENTATIVE P. WILSON highlighted that currently many coaches are not teachers in schools, but come from the ranks of retired teachers. She pointed out that Amendment 9 would require the coaches be selected by the superintendent and the local school board and will be from districts designated as high performance districts by the department.

CHAIR DICK remarked that two issues are being discussed. He related his understanding that Amendment 9 speaks to the coach for the school board and not the superintendent.

COMMISSIONER HANLEY said he did not fully understand how a coach as currently defined, which would require extensive time, would be able to be pulled from a high-performing district so it is difficult to have those two jobs. He was unsure how that would work.

The committee took an at-ease from 9:05 a.m. to 9:07 a.m.

[9:07:54 AM](#)

REPRESENTATIVE PRUITT moved to adopt Conceptual Amendment 9, which read, as follows [original punctuation provided]:

One coach from a high performance school district shall be selected by the local school board;

REPRESENTATIVE PRUITT noted the attached justification for the amendment, which read [original punctuation provided]:

JUSTIFICATION:

The coach selected by the local school board in year 2, will be from a district designated as a high performance district by the department under AS 14.03.123.

REPRESENTATIVE SEATON objected for the purpose of discussion.

[9:08:09 AM](#)

MS. KREITZER clarified that Conceptual Amendment 9 relates to the second year of restoration activities. She referred to page 8, line 4, and stated that the coaches would be selected by the superintendent, plus one coach would be selected by the local school board would be a coach from a high performance school district.

[9:08:38 AM](#)

REPRESENTATIVE P. WILSON pointed out that the coaches don't normally come from the school district, but usually come from retired teaching staff or superintendents who are trained and contracted to do the service. She cautioned that Conceptual Amendment 9 changes the current selection process and would create an added expense since new coaches would need to be trained. She characterized this as a significant difference in

cost especially as more schools become out of compliance. It represents an unfunded mandate, and the committee needs to decide how this should be handled. She emphasized the importance of identifying funding and questioned whether the legislature is willing to increase funding to that level. She related her understanding the current coaches would not be used, but would come from a high-performance school district.

[9:10:30 AM](#)

CHAIR DICK referred to page 9, lines 3-4, which indicates the funding for restoration would be subject to appropriation by the legislature. A coach could be chosen at will, but the language indicates the person must be of quality and must have expertise.

REPRESENTATIVE P. WILSON questioned whether a district would have a coach available or if a person could be spared from regular duties to coach.

CHAIR DICK related his understanding that the school board only meets four times per year for three or four days each session. He related a scenario in which school board "A" wants to draw a coach from school district "D" - noting that district "D" has an effective school board - so school board "A" would take one of the school board members from school district "D" as a coach to help the school district.

[9:12:17 AM](#)

REPRESENTATIVE P. WILSON asked whether the coaches would be taken from the state board [of Education] or another school board.

CHAIR DICK answered that it would be from another school board.

REPRESENTATIVE P. WILSON related her understanding that all school boards meet each month.

REPRESENTATIVE PRUITT asked for the department's response.

REPRESENTATIVE P. WILSON restated the question for the benefit of the commissioner. She related her understanding that coaches are not necessarily working in a school, but are contracted out by the department to work as coaches.

COMMISSIONER HANLEY answered that the department hires coaches - as resources allow - so the EED does not have coaches standing

by who are not working. The only ones currently employed have tasks around the state. He anticipated that this provision would require an additional coach, which is reflected by the fiscal note. He was unsure about the availability of high-performance school district coaches. He related his understanding that the department would hire another coach for the restoration school districts by choosing from the pool of current employees in high-performance districts.

[9:14:57 AM](#)

REPRESENTATIVE SEATON said it seemed that the coaches would be elected members of a local school board from a high-performing school district. He was unsure whether voluntary members that have been elected by a local region - who understand the local region and constituents - could be pulled from a place, such as Anchorage, to go to a single-site rural district to coach the school board to improve its function. He asked for further clarification as to whether the parameters he laid out are correct.

CHAIR DICK responded that was his intent as the sponsor. He remarked that Norm Wooten from Kodiak is a good example. He coaches many school boards throughout the state. He related his goal was to have someone comparable to Mr. Wooten in a high-performance school district assist other school boards to help improve their performance. He offered to dismiss it and move on if the coach concept is too complicated.

[9:16:51 AM](#)

REPRESENTATIVE P. WILSON acknowledged this provision intends to use a school board member as a coach in other school districts and would not envision using a teacher from the high-performance school district.

CHAIR DICK related a scenario in which a coaching circumstance could happen.

REPRESENTATIVE P. WILSON suggested that Conceptual Amendment 9 should stipulate that since the amendment indicates "one coach from a high performance school district shall be selected by the local school board;" however she understands that is not the sponsor's intent.

[9:17:46 AM](#)

CHAIR DICK suggested an amendment to Conceptual Amendment 9 might indicate, "one coach from a functioning school board of a high performance school district shall be selected by the local school board." The intent would be to have a quality coach from a school district that is doing well to help the school board in a school district that needs restoration.

REPRESENTATIVE SEATON offered that what may not have been originally captured is the concept that the coach would be a member of the elected school board. He suggested including the language would be helpful.

[9:19:34 AM](#)

REPRESENTATIVE SEATON moved to adopt Conceptual Amendment 1 to Conceptual Amendment 9, to read, "One coach who is a school board member from a high performance school district shall be selected by the local school board." There being no objection Conceptual Amendment 1 to Conceptual Amendment 9 was adopted.

REPRESENTATIVE SEATON removed his objection to Conceptual Amendment 9. There being no further objection Conceptual Amendment 9, as amended, was adopted.

[9:20:41 AM](#)

REPRESENTATIVE SEATON referred to original Conceptual Amendment 9 and offered to identify the amendment since two amendments were on the table titled "Conceptual Amendment 9." Conceptual Amendment 9, just adopted read, as follows [original punctuation provided]:

Page 8, Line 4:

One coach from a high performance school district shall be selected by the local school board;

The amendment had attached justification, which read [original punctuation provided]:

JUSTIFICATION:

The coach selected by the local school board in year 2, will be from a district designated as a high performance district by the department under AS 14.03.123.

[9:21:22 AM](#)

CHAIR DICK, after first determining no one else wished to testify, closed public testimony on HB 256.

[9:21:29 AM](#)

REPRESENTATIVE PRUITT moved to report the proposed committee substitute (CS) for HB 256, labeled 27-LS1171\X, Luckhaupt/Mischel, 2/27/12, as amended, out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, the CSHB 256(EDC) was reported from the House Education Standing Committee.

[9:22:05 AM](#)

The committee took an at-ease from 9:22 a.m. to 9:24 a.m.

**HB 272-STUDENT LOAN INTEREST REDUCTIONS**

[9:24:05 AM](#)

CHAIR DICK announced that the final order of business would be 2d SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 272, "An Act providing for a reduction in interest on postsecondary education loans for residents."

REPRESENTATIVE PRUITT moved to adopt the proposed committee substitute (CS) for 2d SSHB 272, labeled 27-LS1162\R, Luckhaupt/Mischel, 3/2/12, as the working document.

[9:24:38 AM](#)

REPRESENTATIVE SEATON objected for the purpose of discussion.

[9:24:48 AM](#)

REPRESENTATIVE LES GARA, Alaska State Legislature, stated that he consulted with Diane Barrans, Executive Director, Postsecondary Education Commission and members of the committee to identify their concerns with HB 272. The proposed committee substitute (CS) incorporates changes to address the concerns. He stated that the intent of HB 272 is to limit the "brain drain" in Alaska by assisting to reduce the student loan burden. The most current version of the bill would clarify that the student loan reduction applies to students who attend school out of state and return home and to students who attend school in the state and remain here. It would clarify, pursuant to a

comment by Representative Seaton, that the interest rate reduction would not apply until the course work was completed. Additionally, it would clarify an issue Representative Feige raised on the residency standard. The bill would impose the strictest allowable under the U.S. Constitution, essentially the permanent fund program's residency standard, so applicants must be in Alaska for one year before they are eligible to apply for the student loan reduction. Those items have been incorporated in the proposed committee substitute (CS), Version R of HB 272, as well as a recommendation by Diane Barrans to reduce the principal rather than the interest rate. This change has been incorporated in Version R for ease of administration and potential staff reduction. He described the details of the reduction, such that the interest rate would be eight percent and the principal would be reduced by three percent.

REPRESENTATIVE P. WILSON said the school loans were in the red at one point and she asked whether this bill would jeopardize the current financial situation.

[9:28:28 AM](#)

DIANE BARRANS, Executive Director, Postsecondary Education Commission, Department of Education and Early Development (EED), stated the approach taken in the revised bill has been handled cautiously. The benefit to residents who qualify is only available if the legislature appropriates the funds and removes the process from the corporation. Thus the corporation does not have any liability for the benefit. The bill contains a provision to indicate that if sufficient funds are not available to allocate the three percent reduction there will be a pro-rata distribution. This will help ensure the consequences of the old forgiveness program do not occur again. She described technical changes, such that the prior forgiveness led young people to borrow money with the assumption they only had to repay a portion of the loan; however, conditions applied, including that the borrower needed to complete his or her degree and live in the state. She pointed out that many borrowers failed to meet the requirements and were left with a much greater debt than they anticipated.

[9:30:06 AM](#)

REPRESENTATIVE P. WILSON related her understanding that the legislature will approve the funding each year.

MS. BARRANS answered that is correct.

9:30:56 AM

REPRESENTATIVE SEATON asked whether Ms. Barrans had a copy of Version R.

REPRESENTATIVE GARA highlighted the main change in Version R is that the benefit will not occur until a degree is completed by a student, which will reduce the fiscal note.

REPRESENTATIVE SEATON directed attention to page 2, lines 2-3 and asked for clarification on how this language works in conjunction with lines 12 and 13, which states the reduction of the principal of the loan provided under this section is in addition to any other available reduction of the principal.

MS. BARRANS referred to page 2, lines 2 and 3 and stated the sponsor developed the language as an attempt to ensure that if students qualify for loan reductions via another program - such as a Teacher Education Loan Program - or they qualify for loan forgiveness through another state program it disqualifies the students from the loan reduction. In other words, the borrowers would not be able to "double dip." She explained that lines 12-13 permit borrowers who might qualify for other benefits to receive benefits from programs, such as the Alaska Student Loan Corporation's (ASLC) recurring automated payment discount of a quarter of a percent. She highlighted that if students qualify for another discount the applicants remain eligible for the proposed student loan reduction.

9:34:10 AM

REPRESENTATIVE SEATON referred to the language on page 2, lines 2 and 3, "fully repaid" and related his understanding this means a loan would need to be completely paid off to qualify for the forgiveness.

MS. BARRANS related that is her understanding, but deferred to the sponsor to clarify.

REPRESENTATIVE GARA answered that two discounts are possible, including the WWAMI discount and Teacher Education Loan Program discount, in which the loan is fully repaid if the conditions are met. He explained that these students would not receive a three percent discount since their loans are fully repaid. He pointed out that minimal reductions occur when students pay their loans online, as previously stated. He indicated the

reduction proposed in HB 272 will be in addition to those types of discounts.

[9:35:38 AM](#)

REPRESENTATIVE SEATON referred to page 2, lines 4-5, which pertain to when borrowers complete their degrees in a timely manner. He asked whether a timely manner is a term of art or if it mean it is not prolonged for 20 years.

MS. BARRANS answered that subsection (e) allows the commission to adopt by regulation a description of timely completion. She offered her belief the commission would likely adopt the national standard, which is within 150 percent of the degree length, so if a four-year degree is completed in six years it would be considered a timely completion. If the student took longer than that time period the student would not qualify for the reduction. Similarly, if a student finishes a two-year degree in three years it would be timely. She acknowledged that she is speculating since the commission would need to decide.

[9:37:31 AM](#)

REPRESENTATIVE FEIGE suggested the intent of HB 272 is to pay off loans for students who live in Alaska and attend school or attend school outside and have returned to Alaska. He related a scenario in which a pilot attends a university in the Lower 48 obtains an aviation degree. He has a student loan to repay, but Alaska has plenty of pilots. He questioned the benefit to the state to offer reductions on student loans for pilots and whether the bill should be restricted to particular skills, and if so, it would also reduce the fiscal note.

[9:39:09 AM](#)

REPRESENTATIVE GARA proceeded to a full bill presentation. He stated that the intent of HB 272 is to assist residents who leave for educational purposes to return to the state to ensure Alaska has a strong work force. He acknowledged that it is too costly to forgive everyone's student loans. He explained the bill came about when he discovered he could get a car loan at his credit union at a 2.5 percent interest rate. However, students pay eight percent interest rate on their student loans, or triple the amount of the current rate of inflation. He suggested that when students return to Alaska they often have a student loan, a mortgage, and start families. The impetus of the student loan reduction is to value education. He stated

that the state has a 38-40 percent departure rate, which means 38-40 percent of students who leave Alaska for higher educational purposes do not return to Alaska. He offered his belief that the state would rather encourage Alaskans to come home and fill the jobs. He stated this is good for families, will keep the state cohesive, and will help keep Alaska's jobs for Alaskans. As the sponsor of HB 272, he has tried to address concerns and limit the fiscal note. He acknowledged that people outside Alaska can fill some jobs, but the state should encourage Alaskans to fill many jobs. The state invests approximately \$5,000 to \$15,000 per student each year in grade school alone. The investment is paid off when these students grow up and take jobs in Alaska. He would like to avoid what happens in the oil industry, which is that employees come to Alaska for two weeks and leave to go home to the Lower 48; instead, Alaskans should be working on the North Slope and returning to their homes in Fairbanks, Stony River, or elsewhere in the state. He related that the bill indicates anyone in default is eliminated during loan defaults. He mentioned the letters of support received in order to help alleviate testimony time on the record. He emphasized that given the economy in which wages are not rising college graduates cannot afford a loan rate triple or quadruple the rate of inflation. Additionally, the ASLC can restrict benefits if the proposed reduction will bring a student loan rate to under a three percent interest rate. Thus the bill sets a floor that the minimum rate should be three percent unless by regulation the ASLC determines a lower rate is justified.

[9:44:02 AM](#)

REPRESENTATIVE GARA reiterated that the student loan rate should be in line with mortgage rates, used-car interest rates, or the rate of inflation. He cautioned that he did not blame the ASLC for the current rate since the legislature covers some costs. He acknowledged the ASLC cannot pay for this benefit. He explained that the bill is modeled after the WWAMI Program and the Teacher Education Loan Program (TELP) and the constitution allows the state to require a one-year residency. Further, the bill avoids the pitfalls the ASLC faced by making students pay the discount; however, if the ASLC has funds it could also decide to pay a dividend to the state. The goal is to ensure that Alaskans have jobs in the state and avoid any impediments to move back to the state. He said, "It's good for the economy. It's good for families to help keep them together and we think it is a modest approach instead of going the old approach, which was talking about loan forgiveness every year that the state

cannot afford." He concluded that the proposed CS was drafted to meet concerns raised.

[9:46:11 AM](#)

REPRESENTATIVE SEATON withdrew objection to Version R. There being no further objections, Version R was before the committee.

[9:46:33 AM](#)

MOIRA SMITH, Attorney, stated she would give a quick background, identify some of the perverse economic incentives, and give her view on the value of having Alaskans return to the state. She provided a brief history, including that she was raised in Juneau, attended Georgetown University, received her undergraduate degree in 1998, and graduated from law school in 2007. She said she took out student loans for each law school year. She reported that at this point she has one undergraduate student loan left, which is her Alaska Student Loan. Prior to consolidating her loans she had four separate loans with interest rates ranging from eight to nine percent. She consolidated her loans, which reduced the interest rate to 6.25 percent. This interest rate is still higher than all but one of her student loans. She thought it was important to identify loans other than her Alaska student loan to put things in context. She indicated she currently has about \$170,000 in student loans, except for her Alaska student loan, which has a balance of \$17,000 for law school expenses. She stated that the interest rate on her loans range from 2.75 percent to 6.55 percent. The Alaska student loan is the second highest among all her loans and the average interest rate on her loans is 4.38 percent.

MS. SMITH continued by discussing incentives. She acknowledged that she made the choice to attend law school, but she attended a state school. She could have taken up residency and paid in-state tuition - which would have saved her thousands of dollars per year - but she chose out-of-state tuition since she wanted to return to Alaska. Further, she also had an opportunity to join her friends at large law firms, but she did not interview for those jobs since the jobs were in major cities outside Alaska. She highlighted that the first-year salaries in Alaska are less than half of the \$160,000 that San Francisco and other major cities pay their first-year lawyers. She emphasized that these are the very real economic incentives that can lead Alaskans to stay away. Unfortunately, there are not any countervailing economic incentives to return to Alaska. She

acknowledged there are other reasons to want to live in Alaska, but just not any economic reasons. Finally, she offered her belief that it is worthwhile to have students return to the state. She acknowledged that Alaska absolutely benefits from having transplants live in Alaska, but other reasons exist for having students return home to Alaska. She acknowledged her daughter's time with her grandparents is invaluable and would happen less frequently if she had chosen to live in San Francisco. She thought it was a good idea to reverse some of the "brain drain." Additionally, she noted that many Alaskan students have to leave the state to attain some higher degrees and HB 272 is a way to provide an incentive to bring these students home.

[9:51:15 AM](#)

REPRESENTATIVE FEIGE asked whether she freely made decisions.

MS. SMITH agreed her decisions were all freely made. She said she did not want to whine. She said she repays her loans in good faith and is not complaining about her economic burden; instead, she is reiterating there is a means to incentivize students to return to Alaska, even for lawyers.

REPRESENTATIVE FEIGE asked what type of law she practices.

MS. SMITH answered primarily oil and gas.

[9:52:44 AM](#)

CHAIR DICK, after first determining no one else wished to testify, closed public testimony on HB 272.

[9:52:52 AM](#)

REPRESENTATIVE SEATON indicated that he serves as the legislative member of the Western Interstate Commission on Higher Education (WICHE), which includes all western states. He reported that the level of education in Alaska has deteriorated. Alaska previously was one of the highest-educated states in the nation with the most number of graduates. Alaska has now fallen way down on the list and it makes the state unattractive for many industries. He explained that industries often consider the level of education of residents when they are considering a location. He offered to provide statistics to the committee. He said the bill will help to reverse this situation. He pointed out that a highly educated citizenry is very important

to the state. He reiterated this is data that is considered when a company considers expanding to a new area. The purpose of the bill should be to look at retaining and bring back highly educated people who can contribute to our communities, whether they are taking a particular job or not.

[9:56:09 AM](#)

REPRESENTATIVE GARA added that Alaska ranks last among college attendance and completion. He suggested that the marginal benefits in terms of salary may not make it worth it to remain or return to Alaska. He said the bill may help those statistics improve. Also, it is important to encourage students to return home from school in the Lower 48 since the money circulates and stays in the economy, which is good for other businesses since it provides a ripple effect. Further, it would help make Alaska a stronger state. He pointed out the UA spends twice as much on a resident student than a student who pays full tuition. Therefore, it costs the state money to send a student through the UA system. He concluded that the bill will save money by allowing students to attend the school of their choice and give them a three-percent reduction on their return.

[9:58:07 AM](#)

REPRESENTATIVE FEIGE took issue with the analogy of an 8 percent student loan versus a 2-3 percent car loan, which is not necessarily applicable because of the difference in the risk involved. He stated that interest rates are set commensurate with the risk on the loan. Higher rate loans are typically riskier for banks to offer. He explained that banks can repossess a car, but a student taking out a college loan who later defaults on the loan does not provide the bank with anything to collect; thus the reason for the higher interest rate on a student loan versus a car loan.

[9:59:22 AM](#)

REPRESENTATIVE SEATON requested a graph regarding the current default rate and an opinion from the department regarding whether this bill will have an effect. Additionally, he asked whether the department views the three-percent reduction as unprofitable for the ASLC.

REPRESENTATIVE P. WILSON referred to the six statutes cited in the bill and asked for further information.

REPRESENTATIVE GARA agreed to provide the information to the committee. In further response to Representative Seaton, he answered that the ASLC does not pay for the discount from its assets since the funds are subject to appropriation by the legislature.

[10:01:17 AM](#)

REPRESENTATIVE P. WILSON referred to page 2, line 6, which states that the reduction is subject to appropriation by the legislature. She asked for clarification on the process and whether the legislature will receive a report.

REPRESENTATIVE GARA answered that is the current process for WWAMI, and the TELP. He explained they know how much these programs will cost and if the estimates are wrong supplemental funding is requested. The legislature has never chosen not to fund those programs so the funding has been continuous. He anticipated if HB 272 passes that the legislature will provide funding.

[10:02:50 AM](#)

MS. BARRANS clarified how the WWAMI program is funded. The WWAMI program is front loaded by a general fund appropriation to support the cost of the program. All of the funds are provided when the students begin to participate in the program so essentially funds are not collected back from WWAMI graduates if they practice in the state. Thus the structure is quite different than what is being proposed in HB 272. Further, she indicated the Teacher Education Loan Program (TELP) is a small program. It is not supported by general funds and there are not any appropriations associated with it. The program existed and was disclosed in bond documents when the corporation that originally began the program issued bonds. The TELP is funded by the ASLC. It is such a small program with fewer than 90 students per year who qualify for the TELP. Further, the success rate is relatively low for the number of teachers who complete the degrees in qualifying schools. Therefore, the cost is absorbed by the ASLC, but it is minimal. She emphasized that HB 272 takes a very different approach and will be contingent on legislative appropriations each year based on the number of applicants eligible.

[HB 272, Version R, was held over.]

[10:05:06 AM](#)

**ADJOURNMENT**

There being no further business before the committee, the House Education Standing Committee meeting was adjourned at 10:05 a.m.