

**ALASKA STATE LEGISLATURE  
JOINT MEETING  
SENATE EDUCATION STANDING COMMITTEE  
HOUSE EDUCATION STANDING COMMITTEE**

February 3, 2014

8:01 a.m.

**MEMBERS PRESENT**

SENATE EDUCATION STANDING COMMITTEE

Senator Gary Stevens, Chair  
Senator Mike Dunleavy, Vice Chair  
Senator Bert Stedman  
Senator Charlie Huggins  
Senator Berta Gardner

HOUSE EDUCATION STANDING COMMITTEE

Representative Lynn Gattis, Chair  
Representative Lora Reinbold, Vice Chair  
Representative Gabrielle LeDoux  
Representative Dan Saddler  
Representative Paul Seaton  
Representative Peggy Wilson  
Representative Harriet Drummond

**MEMBERS ABSENT**

SENATE EDUCATION STANDING COMMITTEE

All members present

HOUSE EDUCATION STANDING COMMITTEE

All members present

**COMMITTEE CALENDAR**

SENATE BILL NO. 139

"An Act increasing the base student allocation used in the formula for state funding of public education; repealing the secondary student competency examination and related requirements; relating to high school course credit earned through assessment; relating to a college and career readiness assessment for secondary students; relating to charter school

application appeals and program budgets; relating to residential school applications; increasing the stipend for boarding school students; extending unemployment contributions for the Alaska technical and vocational education program; relating to earning high school credit for completion of vocational education courses offered by institutions receiving technical and vocational education program funding; relating to education tax credits; making conforming amendments; and providing for an effective date."

- HEARD & HELD

HOUSE BILL NO. 278

"An Act increasing the base student allocation used in the formula for state funding of public education; repealing the secondary student competency examination and related requirements; relating to high school course credit earned through assessment; relating to a college and career readiness assessment for secondary students; relating to charter school application appeals and program budgets; relating to residential school applications; increasing the stipend for boarding school students; extending unemployment contributions for the Alaska technical and vocational education program; relating to earning high school credit for completion of vocational education courses offered by institutions receiving technical and vocational education program funding; relating to education tax credits; making conforming amendments; and providing for an effective date."

- HEARD & HELD

#### **PREVIOUS COMMITTEE ACTION**

BILL: SB 139

SHORT TITLE: EDUCATION: FUNDING/TAX CREDITS/PROGRAMS

SPONSOR(s): RULES BY REQUEST OF THE GOVERNOR

01/24/14	(S)	READ THE FIRST TIME - REFERRALS
01/24/14	(S)	EDC, FIN
02/03/14	(S)	EDC AT 8:00 AM CAPITOL 106

BILL: HB 278

SHORT TITLE: EDUCATION: FUNDING/TAX CREDITS/PROGRAMS

SPONSOR(s): RULES BY REQUEST OF THE GOVERNOR

01/24/14	(H)	READ THE FIRST TIME - REFERRALS
01/24/14	(H)	EDC, FIN

02/03/14

(H)

EDC AT 8:00 AM CAPITOL 106

**WITNESS REGISTER**

MIKE HANLEY, Commissioner

Department of Education and Early Development (DEED)

Juneau, Alaska

**POSITION STATEMENT:** Provided information related to SB 139.

DIANNE BLUMER, Commissioner

Department of Labor & Workforce Development (DOTPF)

Juneau, Alaska,

**POSITION STATEMENT:** Provided information related to SB 139.

ANGELA RODELL, Commissioner

Department of Revenue

Juneau, Alaska

**POSITION STATEMENT:** Provided information related to SB 139.

**ACTION NARRATIVE**

[8:01:24 AM](#)

**CHAIR GARY STEVENS** called the joint meeting of the Senate and House Education Standing Committees to order at 8:00 a.m. Present at the call to order were Senators Gardner, Stedman, Huggins, Dunleavy, and Chair Stevens, and Representatives Saddler, Reinbold, Seaton, Drummond, and Chair Gattis. Representatives Wilson and LeDoux arrived shortly thereafter.

**SB 139-EDUCATION: FUNDING/TAX CREDITS/PROGRAMS**

**HB 278-EDUCATION: FUNDING/TAX CREDITS/PROGRAMS**

[8:01:58 AM](#)

CHAIR STEVENS announced that the only order of business would be SB 139 [and HB 278]. He said it was his intent to hear the bill and hold it in committee.

Chair Gattis announced the arrival of Representatives LeDoux and Wilson.

[8:03:30 AM](#)

MIKE HANLEY, Commissioner of the Department of Education and Early Development (DEED), Juneau, Alaska, provided information related to SB 139. He thanked the committee for holding a joint meeting in order to hear Alaska's Education Opportunity Act. He introduced himself.

DIANNE BLUMER, Commissioner, Department of Labor & Workforce Development (DOTPF), Juneau, Alaska, provided information related to SB 139. She introduced herself.

ANGELA RODELL, Commissioner, Department of Revenue, Juneau, Alaska, provided information related to SB 139. She introduced herself.

COMMISSIONER HANLEY explained that the bill represents collaboration between the Departments of Education, Labor, and Administration with a single goal in mind, to strengthen education in Alaska by expanding opportunity and removing barriers that are keeping schools and students from achieving at the highest level possible. The legislation proposes specific strategies to improve education: expand opportunity by adding options for students to test out for credits, allowing students to prove mastery in a course, rather than proving seat time, and strengthening residential and charter school program models. The legislation will remove barriers by eliminating obsolete tests and costs for assessments that a student needs for college and the workforce and for qualifying for the Alaska Performance Scholarship. It will incentivize partnerships beyond the walls of the classroom. The legislation will provide greater access to opportunities in public schools, neighborhood schools, and alternative schools.

He said the benefit of partnerships includes those between departments; three commissioners will testify today.

COMMISSIONER BLUMER related that DOTPF has long recognized that college is not the only path to success, especially in Alaska. Of more than 350,000 workers in Alaska's labor force, only one in five holds a job that requires a four-year degree or higher. Most of those jobs require post-secondary training, a requirement that will increase along with increases in oil and gas projects. Alaska's commitment to career and technical education is critical to the state's ability to build a local workforce. Alaska is unique in that the legislature authorizes a dependable source of funding for career and technical education.

COMMISSIONER BLUMER said in 2000 the department created a Technical Educational Vocational Program (TVEP) to provide grants to statewide job training institutions. In SB 139 there is a focus on more education opportunities in order to meet the needs of all Alaskans. It reauthorizes TVEP through 2024 and

expands dual credit options for high school graduation and certification.

8:06:54 AM

CHAIR STEVENS inquired if Commissioner Blumer anticipates a change in the statistic that only one in five workers requires a college degree.

COMMISSIONER BLUMER opined that the number will change due to the number of oil and gas projects on the horizon.

COMMISSIONER RODELL stressed the importance of an educated workforce in Alaska. She explained that SB 139 has two tax credits that expand existing tax credits. She said it is important to engage business partners in this education effort.

8:08:29 AM

COMMISSIONER HANLEY referred to a briefing paper on sections of SB 139 in members' packets. He began with the subject of testing out for credit in Section 1. He said the bill provides options to traditional methods of teaching when students have already met the outcomes of a subject. It requires school districts to offer high school students the opportunity to test out of a class by proving mastery of the subject. Current language already provides for this. It states that a student is awarded credit for achieving a passing grade by meeting the performance standards for a course of study as proscribed by the local school board. SB 139 recognizes that this opportunity should be provided to students.

COMMISSIONER HANLEY continued to explain that SB 139 also recognizes the challenges for districts to provide assessments for subjects such as debate or drama. That is why the bill identifies only core areas of math, language arts, science, social studies, and world languages for which assessments must be developed. Options for testing out of other areas are left up individual districts. He noted that world languages includes Alaska Native languages.

8:11:08 AM

REPRESENTATIVE LEDOUX asked if a student could test out of all high school courses and graduate early.

COMMISSIONER HANLEY said that was theoretically possible.

He continued that Section 1 of the bill has an effective date of July 1, 2015, which allows time to develop regulations regarding assessments and allow districts to put the assessments in place.

[8:12:32 AM](#)

CHAIR GATTIS summarized the intent of the bill is to allow school districts to provide assessments for core subjects and for any other subject they choose to allow.

COMMISSIONER HANLEY said that was correct.

REPRESENTATIVE SEATON noted that current regulations require a passing grade. He wondered if SB 139 requires the district to assign a grade.

COMMISSIONER HANLEY clarified that current law allows the district to determine a passing grade and SB 139 does not change that.

REPRESENTATIVE SEATON asked if a grade must be assigned. He pointed out that the student's GPA would be affected.

COMMISSIONER HANLEY said that is not the intent of the bill that the district be required to issue a grade; the intent of the bill is to prove mastery. It is permissible for a student to test out and not be graded, or the district could assign a grade.

[8:15:40 AM](#)

REPRESENTATIVE SEATON asked if last year's final test in a subject could be used.

COMMISSIONER HANLEY said yes. It is up to the district to choose the exam to be used. He gave math as an example.

REPRESENTATIVE LEDOUX confirmed that it is up to the local school district to decide how to reflect mastery.

REPRESENTATIVE LEDOUX voiced a concern about a school district that would give a partial grade for class participation which the student would not be able to achieve.

[8:18:29 AM](#)

COMMISSIONER HANLEY said the bill addresses that issue. It is designed to give credit for mastery, not penalize a student for no class participation.

He discussed the repeal of the high school exit exam, HSGQE, maintaining that it is unnecessary now that more rigorous standards and assessments are in place. The bill provides an assessment choice that is most relevant for a student's next step beyond high school. Currently, juniors are required to take WorkKeys, a career aptitude test. The bill would allow students to choose between WorkKeys or the SAT or ACT. All three tests are qualifiers for the Alaska Performance Scholarship (APS). The state will pick up the cost of one administration of these assessments, eliminating the barrier of cost for the APS.

8:20:52 AM

REPRESENTATIVE DRUMMOND asked if only one in five graduates holds a job that require a college degree, the SAT and ACT would not be taken by most students. She inquired if the department has plans to identify or develop other tests.

COMMISSIONER HANLEY opined that WorkKeys provides testing for career training and SAT and ACT are the recognized college-bound assessments. At this time there is no plan to add more test choices.

8:22:16 AM

REPRESENTATIVE SADDLER clarified that the HSGQE was a test that a student had to pass to receive a diploma, while the tests in SB 139 are not.

COMMISSIONER HANLEY said that was correct. The bill moves from having to pass a high stakes exam to an informational tool that gives positive information.

REPRESENTATIVE SADDLER asked what value HSGQE provided as an accountability tool.

COMMISSIONER HANLEY explained that it was designed as a gatekeeper to ensure that students had minimal skills. Since then, the department has raised the bar with new standards and other assessments in place.

REPRESENTATIVE SADDLER asked since new standards were implemented under HSGQE, whether the scores have improved.

COMMISSIONER HANLEY remarked that new standards were put in place in June 2012 and students have not been assessed yet, so the full impact of that shift has not been seen.

REPRESENTATIVE SADDLER pointed out that the exit exam is no longer necessary.

COMMISSIONER HANLEY agreed. He said students with disabilities were not passing the test and it does not provide relevant data.

REPRESENTATIVE SADDLER requested seeing the numbers on actual success rates under HSGQE.

[8:25:57 AM](#)

REPRESENTATIVE LEDOUX commented that when the exit exam was first mandated, not enough students were passing so the standards were made easier.

COMMISSIONER SADDLER corrected that the standards did not change; the assessment changed. He shared the process for adjusting the test. The deficiency of the test became apparent so it was redesigned.

REPRESENTATIVE LEDOUX asked for clarification regarding that the standards did not change.

COMMISSIONER HANLEY reiterated his explanation.

REPRESENTATIVE LEDOUX concluded that the problem was not the standards.

COMMISSIONER HANLEY agreed that it was the assessment.

[8:29:54 AM](#)

COMMISSIONER HANLEY added it was a challenge at the time.

REPRESENTATIVE SEATON said that WorkKeys was instituted at 11th grade and the state pays for it. The level of qualification in WorkKeys goes on the student's transcript. He noted a student can retake the test their senior year to improve their skills and score. He said he did not agree with eliminating the WorkKeys test requirement by allowing students to select only one test. He maintained it would take away an assessment tool employers can use.

COMMISSIONER HANLEY looked at it in another way. Some students don't take WorkKeys seriously because they know they are going to college and they don't need that test. This bill allows students to choose the most relevant test.

REPRESENTATIVE SEATON maintained it was removing an important tool. Most kids do not go to college. High school transcripts will only have one test score. It eliminates the one tool needed for employees to assess job skills.

COMMISSIONER HANLEY anticipated that a student moving into a career would take WorkKeys, whereas, college-bound students would not.

[8:35:15 AM](#)

REPRESENTATIVE P. WILSON commented that she is pleased with the test choices in the bill, especially for students who have trouble taking tests. She testified in support of eliminating the exit exam, which she opined was not a true measure of a student's ability. She said she sees WorkKeys as an assessment tool for success. She suggested that students will choose the most appropriate test.

COMMISSIONER HANLEY agreed.

CHAIR STEVENS asked when the exit exam became law.

COMMISSIONER HANLEY said around 2002.

CHAIR STEVENS asked how home school students would take the ACT and SAT.

COMMISSIONER HANLEY said the department is working with testing companies to allow home-schooled students to take those tests at testing centers.

REPRESENTATIVE DRUMMOND commented that she was on the Anchorage School Board when the HSGQE was put into place and there was a lot of resistance from school districts. She requested a review of the costs for the three tests. She inquired who is paying for WorkKeys currently. She suggested if all kids are taking WorkKeys now, that should continue. She agreed with Representative Seaton's comments about continuing with WorkKeys for all students for career readiness purposes. She wondered about other suitable exams.

CHAIR STEVENS suggested proceeding with the presentation.

[8:41:25 AM](#)

REPRESENTATIVE LEDOUX questioned the waiver.

COMMISSIONER HANLEY explained that currently a waiver is in place to accommodate students with disabilities. A similar waiver is under consideration for SB 139.

REPRESENTATIVE LEDOUX questioned why students would need a waiver now if they do not have to pass the test.

COMMISSIONER HANLEY said students with severe disabilities need a waiver. In order to protect their integrity, they should not have to sit through such assessments.

8:43:31 AM

REPRESENTATIVE SEATON asked if the exit exam will be required through 2017.

COMMISSIONER HANLEY explained that students who cannot pass the exit exam earn a Certificate of Achievement. They can return to take the test within the next three years.

CHAIR STEVENS asked if students would take the exit exam this year.

COMMISSIONER HANLEY said yes.

COMMISSIONER HANLEY explained how SB 139 relates to charter schools. There are 27 charter school laws, and charter schools in 8 districts and in 13 different communities. Charter schools are public schools within school districts, with additional autonomy and alternative strategies for teaching students. Currently, an organized parent group or academic policy committee proposes to a local school board to open a charter school. There is a clear guide as to what that process requires, however, if an application is denied at the local level, there is no recourse for reconsideration of a charter school application.

He explained that SB 139 provides that the first response at the local level, whether approved or denied, be in writing and be based on fact and law. That brings transparency and accountability to the local process.

REPRESENTATIVE LEDOUX asked if, under current law, there is a timeframe whereby the school district has to accept or deny a charter school application. She maintained that the bill leaves it open indefinitely.

COMMISSIONER HANLEY said theoretically that could happen. He said he would look into it.

[8:47:34 AM](#)

COMMISSIONER HANLEY continued to discuss integrity in the local process. The bill allows for an appeal to the commissioner of education if the charter school application is denied. The commissioner can remand the application back to the school district for reconsideration, confirm the denial, or suggest approval. The final approval remains with the State Board of Education.

REPRESENTATIVE LEDOUX asked which law a charter school is required to adhere to during the application process.

COMMISSIONER HANLEY clarified that current law requires school districts to have an open enrollment policy and to treat all students equally. For example, a charter school cannot refuse students with special needs. Multitudes of laws protect children and their education.

REPRESENTATIVE LEDOUX asked if a charter school has exam requirements for enrollment.

COMMISSIONER HANLEY replied that charter schools have a variety of enrollment methods: exam requirements or open enrollment or a lottery process.

[8:50:43 AM](#)

SENATOR GARDNER inquired whether, under current practice, a charter school can decline to accept a student when they cannot meet the student's needs.

COMMISSIONER HANLEY said no; as a public school, a charter school is required to meet the needs of students. That example would be a form of discrimination.

REPRESENTATIVE DRUMMOND noted that the Bronx High School of Science requires the passing of a test to be enrolled. It is a part of New York City's public school system.

CHAIR STEVENS pointed out the strong value of local control in Alaska. He questioned how the department could force a district to have a charter school if they decided not to accept an application for one.

COMMISSIONER HANLEY agreed that the commissioner did not usually interfere in such matters. He said if a local school board made a fair decision based on fact and substance of law, the commissioner would uphold the decision. The bill is trying to avoid a situation where a charter school has been counseled away from applying. A commissioner would have to be very thoughtful and work directly with the district to make a decision of approval if an application had been denied.

[8:53:57 AM](#)

REPRESENTATIVE DRUMMOND asked if the local elected school board denies a charter application, and the appeal to the commissioner results in approval, whether the school board, the department, or the state board must provide the charter school's annual program budget. She referred to page 6, line 6, in the bill where it gives the commissioner power to approve an application; "if a commissioner approves a charter school application."

COMMISSIONER HANLEY stated that the final approval lies with the State Board of Education.

REPRESENTATIVE DRUMMOND requested clarification. She gave an example of the Anchorage School Board denying a charter school application and the department then approving the application and asked where the governing and financial responsibility of the charter school would fall - on the local school district or on the state. She pointed out that the school district could have denied the application due to lack of faith in the charter school's fiscal plan. She questioned why the state would make the school district supervise and provide a budget for a charter school under those circumstances.

COMMISSIONER HANLEY, speaking for himself, said if a school district stated that they could not afford a new charter school, it would be hard to approve the application and for the state board to agree to it. If it was approved by the state board, the local school district would have to fund the charter school.

REPRESENTATIVE DRUMMOND opined that it did not have anything to do with affordability because every student comes with a BSA; every charter school student is a public school student. She pointed out that the state supervises Mt. Edgecombe High School and suggested the state could continue to do so. She emphasized that she would be very reluctant, as a member of a school board that denied a charter school application, to be forced to supervise and take responsibility for that charter school. She suggested that the conversation continue because of the unfairness to school boards.

8:58:34 AM

REPRESENTATIVE SEATON wondered how often this situation might be a problem. He asked how many charter school applications have been denied.

COMMISSIONER HANLEY said currently all charter school application denials and approvals must be submitted to the state board. He said he is not aware of any denials.

SENATOR HUGGINS noted that many of the committee members are former school board members. He pointed out that currently there are artificial caps on charter schools in some locations. He gave an example of how teachers are assigned to charter schools. He suggested updating charter school laws.

9:01:25 AM

REPRESENTATIVE SADDLER requested clarification that a local school district has never had to accept a charter school application over their objection.

COMMISSIONER HANLEY said that is correct; there have been no denials of charter schools at the local level.

REPRESENTATIVE LEDOUX asked if charter schools require parental involvement.

COMMISSIONER HANLEY said yes. Charter schools have some autonomy and can choose their own principals and curriculum.

REPRESENTATIVE LEDOUX asked what happens with students who do not have parents that can participate. She suggested that was also discrimination.

COMMISSIONER HANLEY said to this point it has not been interpreted that way. He suggested looking at that issue outside of the bill.

9:03:32 AM

COMMISSIONER HANLEY provided information about the funding of charter schools. He remarked that SB 139 is not a proposal for additional funding; it is clarity in the funding that should be provided from a district. Charter school students generate funds in the same manner as students in neighborhood schools. Current language for funding found on page 7, line 3 says: "A local school board shall provide an approved charter school with an annual program budget. The budget shall be not less than the

amount generated by the students enrolled in the charter school less administrative costs retained by the local school district, determined by applying the indirect cost rate approved by the Department of Education and Early Development." He remarked that "the amount generated by students" has been open to interpretation. Some school districts say it is simply the BSA and local contribution; some say there are other components to the funding formula. SB 139 states that the other components need to be considered, such as special needs, vocational technical, and pupil transportation, as well as funding for capital improvements or facilities. The bill provides clarity of language.

REPRESENTATIVE DRUMMOND referred to lines 10 to 16 on page 7 of the bill. She said she did not understand how a charter school generates funding for construction of a school if it is not done through the local bonding process. She opined that construction or maintenance of a charter school is a great addition; however, she questioned where the funding comes from if a charter school rents or leases a facility. She pointed out that there are several charter schools in Anchorage that use existing district facilities and pay rent to the district for a school that has already been paid for through the public funding process. She noted she was the lone no vote on the Anchorage School Board against doing it that way because kids at Romig Middle School don't pay rent from their BSA for the building that the public is paying for. She suggested that the bill should consider all the different ways students are housed. Charter schools should not spend BSA on the facility, which no other school is required to do.

[9:06:40 AM](#)

SENATOR GARDNER asked if charter schools receive the entire BSA per student.

COMMISSIONER HANLEY said charter school students generate funds in the same manner as students in other public schools, so the charter school should receive the entire BSA per student. The language in SB 139 provides equity between charter schools and other schools beyond the BSA to other components of the foundation funding formula.

REPRESENTATIVE P. WILSON asked if language in the bill allows a charter school to receive more funding than it currently receives.

COMMISSIONER HANLEY replied that if the funding is equitably now, there would be no difference.

REPRESENTATIVE P. WILSON pointed out that some charter schools pay a lease fee or rent, so if the bill passes, those charter schools will get more money from the districts.

COMMISSIONER HANLEY said theoretically. Once all the components have been figured into the funding, if any have been withheld, the schools will now receive them.

REPRESENTATIVE P. WILSON concluded that there would not be as much money for students in the regular schools. She requested a "yes or no" answer.

COMMISSIONER HANLEY said it depends. If a district is already providing the funds to charter schools there would be no difference; if the district is not fully funding the charter schools, they will be receiving additional funds from the district. He said the idea behind the bill is equity and stabilization of funding for the charter schools. He said there is no language that would make charter schools super schools. He stressed that the key language is that funds will be generated "in the same manner" as for students in traditional schools.

[9:10:42 AM](#)

REPRESENTATIVE P. WILSON said she understood; some of the charter schools now have to fund some things regular schools do not have to fund. She said she did not have a problem with charter schools receiving more money as a measure of fairness. However, the consequence is that students in regular schools will receive less money for instruction. She inquired how many charter schools are being unfairly funded now and how much that will cost the regular schools.

COMMISSIONER HANLEY offered to look into that. He agreed that money may move from the traditional schools to the charter schools, but that means that the charter schools have been treated unequally.

REPRESENTATIVE P. WILSON reiterated her question as to how many regular schools will be affected. She thought an analysis could be done.

SENATOR HUGGINS pointed out that facilities are the biggest cost for charter schools. He highlighted the inequity between schools in the form of charge-backs for services. He stressed the

importance of looking for techniques to modernize charter schools. He added that testing to get into schools also exists in Alaska.

9:15:08 AM

REPRESENTATIVE SEATON asked for an explanation of the transportation component, which is a district responsibility. He asked if the transportation budget would be divided by the number of students and a percentage would go to the charter school.

COMMISSIONER HANLEY agreed that pupil transportation is not required, but is a funding formula component and varies by district. A local district could provide funding in exchange for that component as part of a contract between the charter school and the district.

REPRESENTATIVE SEATON questioned the idea of splitting up transportation funding for charter schools when it is not done for regular schools.

COMMISSIONER HANLEY said transportation funding is currently a disparity because charter students generate funds, but a school district may not be providing transportation to a charter school.

9:18:42 AM

SENATOR GARDNER questioned giving transportation funding to charter schools where students walk and there is no bussing.

COMMISSIONER HANLEY discussed residential schools. He said there are currently seven approved residential schools in the state. He explained that currently, districts can only apply to open a new residential school during open application periods. He said he had an open application period last year based on perceived needs and due to conversations with the legislature last year regarding SB 47. None of the previous commissioners had opened up an application period and there is no requirement to do so.

He explained that the bill would require that DEED open an annual application period. It would also require the boarding stipend to reflect basic understanding of actual costs to house and care for a student 24/7.

9:21:08 AM

COMMISSIONER HANLEY addressed the base student allocation (BSA) increase. The proposal in the bill is for an FY 15 BSA increase

of \$85 per student which translates to about \$21 million. This allocation is in addition to the \$25 million one-time funding included in the budget this year for energy and fixed costs. The \$58 BSA increase per student in FY 16 and FY 17 translates to about \$15.4 million each year.

REPRESENTATIVE DRUMMOND referred to the increase in the boarding stipend to reflect true costs. She suggested that the BSA also reflect the true cost to educate students.

COMMISSIONER HANLEY commented that is a good conversation for the legislature to have.

[9:22:56 AM](#)

COMMISSIONER BLUMER related that the nationwide average graduation rate for high school students who are enrolled in a Technical Vocational Education Program (TVEP) is more than 90 percent, compared to 75 percent for students who don't participate in that program. In addition to reauthorizing TVEP through 2024, which sunsets in June 2014, the bill would require institutions receiving TVEP funding to establish or maintain partnerships or articulation agreements with Alaska schools to provide the opportunity for Alaskan youth to earn dual credits at secondary and post-secondary levels.

SENATOR GARDNER asked what percentage of Alaska students enrolled in TVEP graduate.

COMMISSIONER BLUMER offered to provide that number.

COMMISSIONER HANLEY presented information about the tax credits in the bill. There are two opportunities for tax credits for Alaska businesses; it allows the private sector to partner with local school districts by funding scholarships to students earning dual credit to defray costs of tuition, registration, course and textbook fees, and for construction, maintenance or operation of residential housing facilities.

[9:26:18 AM](#)

COMMISSIONER RODELL explained how the tax credits work. A business taxpayer currently can take an education tax credit against their tax liability. In 2013 universities and colleges benefitted by \$3.8 million and vocational schools benefitted by over \$3.3 million in tax credits for donations made for research, education support services, vocational technical education and training schools, education courses, programs and facilities. This bill continues the cap of \$5 million in tax

credits, but expands the qualifying donations to fund scholarships for dual credit students and for residential housing.

CHAIR STEVENS gave Commissioner Hanley an opportunity to provide concluding remarks.

COMMISSIONER HANLEY summarized that Alaska's Education Opportunity Act addresses specific targets in order to provide greater opportunity, remove barriers, and thereby allowing students to access greater opportunity in public schools.

[9:28:32 AM](#)

REPRESENTATIVE P. WILSON requested information about potential funding changes to regular schools, such as transportation costs.

SENATOR HUGGINS thanked the commissioner for the initiative for residential schools. He credited the Native Corporations for bringing the idea of the tax credits for education.

REPRESENTATIVE SADDLER asked why there are so many components in one bill, and not separate bills for each component.

[9:30:03 AM](#)

COMMISSIONER HANLEY stated that the linkage of the components is "improving education across the state." He opined that there needs to be a broad conversation.

REPRESENTATIVE SADDLER questioned whether the conversation requires one bill and would not be possible with separate bills.

COMMISSIONER HANLEY said no; it's a more comprehensive conversation when the components are combined.

[SB 139 and HB 278 were held for further consideration.]

[9:31:16 AM](#)

CHAIR STEVENS adjourned the joint meeting of the Senate Education Standing Committee and the House Education Standing Committee at 9:31 a.m.