

**ALASKA STATE LEGISLATURE
HOUSE EDUCATION STANDING COMMITTEE**

March 10, 2014

8:04 a.m.

MEMBERS PRESENT

Representative Lynn Gattis, Chair
Representative Lora Reinbold, Vice Chair
Representative Gabrielle LeDoux
Representative Dan Saddler
Representative Paul Seaton
Representative Peggy Wilson
Representative Sam Kito III (Alternate)

MEMBERS ABSENT

Representative Harriet Drummond

COMMITTEE CALENDAR

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: 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
02/03/14	(H)	Heard & Held
02/03/14	(H)	MINUTE(EDC)
02/07/14	(H)	EDC AT 8:00 AM CAPITOL 106
02/07/14	(H)	Heard & Held
02/07/14	(H)	MINUTE(EDC)
02/10/14	(H)	EDC AT 8:00 AM CAPITOL 106
02/10/14	(H)	Heard & Held
02/10/14	(H)	MINUTE(EDC)
02/14/14	(H)	EDC AT 8:00 AM CAPITOL 106
02/14/14	(H)	Heard & Held
02/14/14	(H)	MINUTE(EDC)
02/17/14	(H)	EDC AT 8:00 AM CAPITOL 106
02/17/14	(H)	Heard & Held
02/17/14	(H)	MINUTE(EDC)
02/24/14	(H)	EDC AT 8:00 AM CAPITOL 106
02/24/14	(H)	Scheduled But Not Heard
02/26/14	(H)	EDC AT 8:00 AM CAPITOL 106
02/26/14	(H)	Heard & Held
02/26/14	(H)	MINUTE(EDC)
02/28/14	(H)	EDC AT 8:00 AM CAPITOL 106
02/28/14	(H)	Heard & Held
02/28/14	(H)	MINUTE(EDC)
03/05/14	(H)	EDC AT 8:00 AM CAPITOL 106
03/05/14	(H)	Heard & Held
03/05/14	(H)	MINUTE(EDC)
03/07/14	(H)	EDC AT 8:00 AM CAPITOL 106
03/07/14	(H)	Heard & Held
03/07/14	(H)	MINUTE(EDC)
03/10/14	(H)	EDC AT 8:00 AM CAPITOL 106

WITNESS REGISTER

LES MORSE, Deputy Commissioner
Office of the Commissioner
Department of Education and Early Development (EED)
Juneau, Alaska

POSITION STATEMENT: Responded to questions, during the hearing on HB 278.

JOEY ESKI, Chair
Academic Policy Committee
Aquarian Charter School
Anchorage, Alaska

POSITION STATEMENT: Testified, during the hearing on HB 278.

DOUG WALRATH, Director

Northwestern Alaska Career and Technical Center (NACTEC)
Nome Alaska

POSITION STATEMENT: Testified, during the hearing on HB 278.

ACTION NARRATIVE

[8:04:49 AM](#)

CHAIR LYNN GATTIS called the House Education Standing Committee meeting to order at 8:04 a.m. Representatives Gattis, Saddler, Reinbold, Seaton, P. Wilson, and Kito III (Alternate), were present at the call to order. Representative LeDoux arrived as the meeting was in progress.

HB 278-EDUCATION: FUNDING/TAX CREDITS/PROGRAMS

[8:05:14 AM](#)

CHAIR GATTIS announced that the only order of business would be 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."

[8:05:36 AM](#)

CHAIR GATTIS asked committee members to voice their intentions for amending sections of HB 278, and referred to the committee handout titled "Individual Components of HB 278," to review actions taken thus far and provide clarification. She paraphrased the language, which read [original punctuation provided]:

1. Section 1: High school course credit earned through assessment - **Amended similar to language in HB 190**

[8:08:32 AM](#)

REPRESENTATIVE SEATON confirmed that Amendment 4, labeled 28-GH2716\A.7, Mischel, 2/17/14, was adopted [3/7/14]; effectively incorporating the language of HB 190 into working document, HB 278.

[8:09:39 AM](#)

CHAIR GATTIS continued paraphrasing:

2. Sections 2, 10 and 11: College and career readiness assessment for secondary students - **Amended to add ASVAB**

[8:10:13 AM](#)

LES MORSE, Deputy Commissioner, Office of the Commissioner, Department of Education and Early Development (EED), said the Armed Services Vocational Aptitude Battery (ASVAB) tests the individual's aptitude for acquisition of knowledge v. what level of understanding has been achieved. The ASVAB can be administered in a school setting, but it is a slightly different test than what is proctored for entering military service.

[8:12:30 AM](#)

REPRESENTATIVE KITO III acknowledged that the test has no cost association, opined that choosing to take it should remain as a personal decision, and said that he will be offering an amendment to remove it from the list of approved tests.

[8:13:27 AM](#)

[In response to Chair Gattis, members continued weighing in on specific sections of the bill; indicating their intentions for introduction of amendments.]

[8:28:47 AM](#)

The committee took an at-ease from 8:28 a.m. to 8:30 a.m.

[8:30:46 AM](#)

REPRESENTATIVE REINBOLD referred to the college and career readiness tests and asked what assessments are being considered under HB 278, and if the specifications for the assessments are handled through the regulatory process.

MR. MORSE pointed out that one assessment specified is WorkKeys, already under regulation and being administered to every eleventh grade student. The bill proposes to fund the ACT or SAT for eleventh/twelfth grade students or WorkKeys, on an optional basis. These established and well recognized tests are proctored according to national standards, he said.

[8:33:35 AM](#)

JOEY ESKI, Chair, Academic Policy Committee, Aquarian Charter School, asked the committee to favorably consider the amendments offered that will ensure equitability as requested by the charter school community. She pointed out that, although an amendment may appear as a small change in statute, it could represent a significant change towards creating a fair funding system. Requests from the charter community have been submitted to bring equanimity for accessing operational and capital funding. She opined on the amendments that have been submitted and urged the importance for supporting the requested changes to strengthen the charter school movement.

[8:36:19 AM](#)

DOUG WALRATH, Director, Northwestern Alaska Career and Technical Center (NACTEC), directed attention to the proposed stipend, page 8, line 16, and said hiring highly qualified teachers in small schools with limited staffing possibilities may be an unattainable goal; however, residential programs, such as NACTEC, provides students access to highly qualified teachers and addresses a real need in the region, particularly in the area of vocational education. During the past five years, the enrollment numbers have increased at NACTEC, with 89 percent of the student population represented by the Bering Straits School District. Correspondingly, the district's high school graduation rate has nearly doubled, from 32 - 61 percent, and the drop-out rate has decreased. He reported that the Nome unemployment rates have also decreased, indicating that graduates are successfully entering the local workforce. The cost of reimbursing the residential schools, when compared to the societal gains, is minimal, he opined, stressing the stipend as a wise investment.

8:39:58 AM

REPRESENTATIVE SEATON asked whether NACTEC supports the stipend increase that is proposed in the bill.

MR. WALRATH answered yes.

8:40:17 AM

REPRESENTATIVE P. WILSON asked about the increase in the number of students attending the programs between FY 08 - FY 13.

MR. WALRATH reported a 64 percent increase in the student enrollment, during that time period; 304 in 2008 and 403 in 2013.

REPRESENTATIVE P. WILSON inquired about follow-up to track success levels of graduates as they enter the workforce.

MR. WALRATH reported that statistics indicate good opportunities for the graduates. He said that 77 percent of the Bering Straits School District students attended one or more NACTEC courses, during their high school years. Regarding tracking of graduates, information is available specific to the certified nursing assistant (CNA) training program, which is available to seniors only. A recent cohort of 40 NACTEC CNA graduates was tracked and the results indicate: 36 completed CNA training; 61 percent are now working for, or took continuing education classes with, Norton Sound Health Corps - the largest health care provider in the area. The University of Alaska Fairbanks reported that a percentage attended the northwest campus and earned additional health care related credits. He summarized that the end result of NACTEC training is employment in the region or postsecondary pursuits. To a follow-up question he responded that it is difficult to track all classes, as a given year will have a population comprised of: 21 percent seniors, 21 percent juniors, 20 percent sophomores, and 37 percent freshman. He stressed that, because NACTEC is a high school program versus a vocational postsecondary facility, to understand the impact the graduates have had on the workforce it is necessary to consider the employment census information on a five year scale and note lowered unemployment trends.

8:45:44 AM

REPRESENTATIVE SADDLER clarified how the transportation credit works for the program and whether students are granted funds for one trip to convene the school year and an accompanying return ticket.

MR. WALRATH said NACTEC has not received transportation funding. He explained that the maximum number of students in any NACTEC course would be 26 and stated his understanding that the proposed bill will provide an amount to offset travel costs based on the maximum number of students not a per student reimbursement. The facility has recently been recognized as a residential school, during last year's open application period, hence, no transportation funding has been received to date. He further clarified that NACTEC has been operating for 11 years on a residential basis, but due to the short term nature of the course offerings, it has not been recognized for funding purposes under existing statute. Additional committee questions confirmed that this is a residential program, operating 2-6 week courses throughout the 180 day school year.

[8:50:05 AM](#)

CHAIR GATTIS asked for a summary of the program, as previously presented in committee.

[8:50:39 AM](#)

MR. WALRATH reviewed how an exploratory investment by the state, of \$150,000 provided the initial funding for NACTEC. Vocational facilities in the region were non-existent at the time and graduation rates were extremely low. Student engagement was waning and when the federal No Child Left Behind Act (NCLB) was being implemented, NACTEC was identified as a step towards meeting the national mandate. Federal ear mark money was helpful, in the initial years, but these funds no longer exist, and continued funding has been an ongoing challenge. The tax credit program has proven advantageous for receiving regional corporate support. The tax credit program now represents 28 percent of the budget, and the strong industry partnerships have made NACTEC viable. However, these contributions are a fluctuating funding source, dependent on economic swings. NACTEC is recognized throughout the district for the educational opportunities and benefits it provides. Additionally, partnerships with other districts and student exchange programs enrich the experience for students arriving from other areas as well as for the local students exchanging to urban settings. The system works very well for rural Alaska, he finished.

8:56:49 AM

REPRESENTATIVE LEDOUX asked why NACTEC, as a residential program, has not been funded prior to HB 278.

MR. WALRATH explained how the open application period, begun last year, identified four variable term residential facilities for funding, including NACTEC; adding to the three existing established and funded, full-time residential facilities.

8:58:09 AM

REPRESENTATIVE LEDOUX confirmed that the state has not been funding NACTEC, due to the lack of an open application period.

MR. WALRATH responded yes, and said the variable term programs have not previously been funded, or received the support of full-time programs.

8:59:10 AM

REPRESENTATIVE P. WILSON stated her understanding that NACTEC was approved for state funding in FY 13, and asked how much money was received.

MR. WALRATH explained that the facility made application, during the open FY 13 period, which will allow it to receive funds as allocated in the bill before the committee. To a follow-up question, he directed attention to page 8, line 29, which proposes a per pupil stipend of \$1,776.

REPRESENTATIVE P. WILSON pointed out that NACTEC is also identified to receive a percentage of the funds distributed from receipt of the Alaska Workforce Investment Board, formerly known as the Alaska Human Resource Investment Council, as indicated in Sec. 17 of HB 278.

MR. WALRATH confirmed the members understanding and said these state contributions will represent 55 percent of the NACTEC budget, and, more importantly for planning purposes, provides "hard money." The remaining 45 percent of the operating budget is comprised of "soft money," which may or may not be received from variable funding sources. He stressed that passage of HB 278 would help shore-up an element of the training program budget. The facility operates on a 24/7 basis, and has four teachers on staff, making cutbacks especially difficult.

9:02:41 AM

CHAIR GATTIS said the facility does not receive the amount indicated [page 8, line 29] per student who attends a two week course, and asked Mr. Walrath to detail the stipend reimbursement from a funding standpoint.

MR. WALRATH explained his understanding that the funding is a percentage based on the average number of students attending a course and the actual number of contact days, during the 180 day school year.

CHAIR GATTIS clarified that funding is handled on a pro rata basis for the number of students served throughout the school year.

9:06:09 AM

REPRESENTATIVE P. WILSON noted that adults also attend NACTEC courses and asked whether the classes are integrated.

MR. WALRATH responded that a hybrid of programs is operated to meet the regional demand for training; especially CNA courses. He assured the committee that the adult training costs are supported through industry contributions.

9:08:15 AM

CHAIR GATTIS closed public testimony and announced the committee would be recessed until 3:00 p.m.

3:06:35 PM

CHAIR GATTIS called the House Education Standing Committee back to order at 3:06 p.m. Representatives Gattis, Saddler, Reinbold, Seaton, P. Wilson, and Kito III (Alternate), were present at the call to order. Representative LeDoux arrived as the meeting was in progress.

3:07:17 PM

REPRESENTATIVE SEATON withdrew Amendment 1.

3:08:03 PM

REPRESENTATIVE KITO III moved to rescind Amendment 8, without objection so moved.

[3:10:23 PM](#)

REPRESENTATIVE REINBOLD moved to adopt committee substitute (CS) for HB 278, labeled 28-GH2716\U, Mischel, 3/8/14, as the working draft.

[3:10:34 PM](#)

REPRESENTATIVE P. WILSON objected for discussion, and asked about the alignment of previously submitted amendments.

CHAIR GATTIS assured members that amendments would be worked through appropriately, and that Legislative Legal Services staff is providing the necessary support for addressing the bill.

[3:12:40 PM](#)

The committee took an at-ease from 3:12 p.m. to 3:15 p.m.

[3:15:48 PM](#)

REPRESENTATIVE P. WILSON removed her objection, and without further objection Version U was before the committee.

[HB 278 was held over.]

[3:18:05 PM](#)

ADJOURNMENT

There being no further business before the committee, the 8:00 a.m. House Education Standing Committee meeting was adjourned at 3:20 p.m.