

**ALASKA STATE LEGISLATURE
HOUSE EDUCATION STANDING COMMITTEE**

April 7, 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 Harriet Drummond

MEMBERS ABSENT

Representative Sam Kito III (Alternate)

COMMITTEE CALENDAR

HOUSE RESOLUTION NO. 9

Urging the commissioner of education and early development and the state Board of Education and Early Development to delay implementation of statewide education standards.

- MOVED CSHR 9(EDC) OUT OF COMMITTEE

COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 195(FIN)

"An Act relating to the membership and authority of the Alaska Commission on Postsecondary Education; relating to the Alaska Student Loan Corporation; relating to teacher education loans; relating to interest on and consolidation of postsecondary education loans; relating to Alaska supplemental education loans; relating to AlaskAdvantage grants; relating to the Alaska family education loan program; relating to postsecondary educational institutions; and providing for an effective date."

- MOVED CSSB 195 (FIN) OUT OF COMMITTEE

PREVIOUS COMMITTEE ACTION

BILL: HR 9

SHORT TITLE: DELAY IMPLEMENTATION OF ED STANDARDS

SPONSOR(s): REPRESENTATIVE(s) T.WILSON

01/21/14 (H) READ THE FIRST TIME - REFERRALS

01/21/14	(H)	EDC
03/19/14	(H)	EDC AT 8:00 AM CAPITOL 106
03/19/14	(H)	Heard & Held
03/19/14	(H)	MINUTE(EDC)
03/26/14	(H)	EDC AT 8:00 AM CAPITOL 106
03/26/14	(H)	Heard & Held
03/26/14	(H)	MINUTE(EDC)
04/04/14	(H)	EDC AT 8:00 AM CAPITOL 106
04/04/14	(H)	-- MEETING CANCELED --
04/07/14	(H)	EDC AT 8:00 AM CAPITOL 106

BILL: SB 195

SHORT TITLE: POSTSECONDARY EDUCATION LOANS/GRANTS

SPONSOR(s): SENATOR(s) FAIRCLOUGH

02/24/14	(S)	READ THE FIRST TIME - REFERRALS
02/24/14	(S)	EDC, FIN
03/10/14	(S)	EDC AT 8:00 AM BELTZ 105 (TSBldg)
03/10/14	(S)	Heard & Held
03/10/14	(S)	MINUTE(EDC)
03/17/14	(S)	EDC RPT 2DP 3NR
03/17/14	(S)	DP: STEVENS, DUNLEAVY
03/17/14	(S)	NR: GARDNER, STEDMAN, HUGGINS
03/17/14	(S)	EDC AT 8:00 AM BELTZ 105 (TSBldg)
03/17/14	(S)	Moved Out of Committee
03/17/14	(S)	MINUTE(EDC)
03/26/14	(S)	FIN AT 9:00 AM SENATE FINANCE 532
03/26/14	(S)	Heard & Held
03/26/14	(S)	MINUTE(FIN)
03/27/14	(S)	FIN AT 9:00 AM SENATE FINANCE 532
03/27/14	(S)	Moved CSSB 195(FIN) Out of Committee
03/27/14	(S)	MINUTE(FIN)
03/28/14	(S)	FIN RPT CS 7DP SAME TITLE
03/28/14	(S)	DP: KELLY, MEYER, FAIRCLOUGH, BISHOP, DUNLEAVY, HOFFMAN, OLSON
04/02/14	(S)	TRANSMITTED TO (H)
04/02/14	(S)	VERSION: CSSB 195(FIN)
04/03/14	(H)	READ THE FIRST TIME - REFERRALS
04/03/14	(H)	EDC, FIN
04/07/14	(H)	EDC AT 8:00 AM CAPITOL 106

WITNESS REGISTER

REPRESENTATIVE TAMMIE WILSON
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: As prime sponsor of HR 9 explained the changes in the proposed committee substitute (CS), Version N.

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

POSITION STATEMENT: Answered questions during the discussion of HR 9.

SUSAN MCCAULEY, Director
Teaching and Learning Support
Department of Education and Early Development (EED)
Juneau, Alaska

POSITION STATEMENT: Testified and answered questions during the discussion of HR 9.

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

POSITION STATEMENT: Testified and answered questions during the discussion of HR 9.

KRISTEN PRATT, Staff
Senator Anna Fairclough
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Testified on behalf of the sponsor of SB 195, Representative Tammie Wilson

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

POSITION STATEMENT: Testified during the discussion of SB 195.

ACTION NARRATIVE

[8:04:09 AM](#)

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

HR 9-DELAY IMPLEMENTATION OF ED STANDARDS

8:04:44 AM

CHAIR GATTIS announced that the first order of business would be HOUSE RESOLUTION NO. 9, Urging the commissioner of education and early development and the state Board of Education and Early Development to delay implementation of statewide education standards. [Before the committee was Version U.]

8:04:45 AM

REPRESENTATIVE TAMMIE WILSON, Alaska State Legislature, testifying as prime sponsor of HR 9, asked to clarify that HR 9 does not delay [implementation of academic standards or other changes in the classroom].

8:05:13 AM

REPRESENTATIVE REINBOLD moved to adopt the proposed committee substitute (CS) for HR 9, Version N, labeled 28-LS1224\N, Bullard, 4/2/14, as the working document. There being no objection, Version N was before the committee.

8:06:03 AM

REPRESENTATIVE T. WILSON explained the process leading up to the development of the proposed committee substitute (CS) for HR 9, Version N. At the beginning of the school year, the [Task Force on Sustainable Education (TFSE)] heard statewide concerns over the Common Core State Standards (CCSS), teacher evaluations, school grading under a star system, and new testing methods. The Task Force [on Sustainable Education (TFSE)] heard testimony that school districts weren't ready for testing and there is a need to slow down to allow individual districts to comply with the new requirements. Since then, the Alaska [academic] standards have been put in place, and districts better understand what teacher development and evaluation entails so most districts have embraced the changes. However, many districts recognize implementing these changes will take time. She indicated that HR 9 is before the committee since the state has signed the [Elementary and Secondary Education Act] waiver so No Child Left Behind (NCLB) is no longer required. She offered her belief that the state has tried to work within a system that ultimately didn't work.

REPRESENTATIVE T. WILSON explained that the proposed committee substitute (CS) for HR 9, Version N, will require a cost

evaluation to assess the costs to implement the necessary changes. One of the main things the [NCLB] waiver changes is testing, so questions have arisen as to whether sufficient infrastructure exists for online testing in some districts. Further, fiscal notes are limited to identifying costs to the state but don't consider any costs to school districts or municipalities. She referred to pages 2-3, to the resolved sections of Version N, which recognize that the state can't assess the total costs to implement the aforementioned changes. The language in Version N would request the commissioner to report back to the legislature on costs for curriculum alignment, technological improvements, teacher preparation, and new standard based assessment costs for each district. Further, the resolved clauses would make it clear that the state is not moving forward to adopt the CCSS initiative. She commented that the initiative was pushed forward on a national level, but the state declined to opt in. She acknowledged that the state's new [academic] standards include some of the Common Core State Standard (CCSS) language, but not 100 percent. One advantage of the waiver is that it allows the state to make changes without going back to the national consortium. She offered her belief that if the state had adopted the CCSS, it would have meant adopting the standards as a whole. Finally, the waiver also means the state won't be part of a national data system, which helps ensure the data system is one the state develops and access is also limited to the state.

[8:09:40 AM](#)

REPRESENTATIVE SEATON directed attention to page 3, lines 1-5, and his interest on how this might affect the WICHE [Western Interstate Compact on Higher Education], noting he serves on this commission. He asked whether any adverse impacts exist between the initiatives that WICHE is involved in and this language.

REPRESENTATIVE T. WILSON answered no.

[8:10:35 AM](#)

REPRESENTATIVE SEATON requested further clarification, summarizing the language on page 3, lines 1-5, of Version N which read, " ... may not enter into or renew an agreement with any organization, entity, group, or consortium that requires the state to cede any measure of autonomy of control over state education standards and assessments, including cut scores." He mentioned that organizations like WICHE consist of agreements

between states. He questioned whether this language could interfere with those agreements.

REPRESENTATIVE T. WILSON replied that the state isn't ceding autonomy or control over standards in the aforementioned program. The state's expectation would be to provide an opportunity to join programs. She assured members this would have absolutely no effect since the state doesn't give up its control.

REPRESENTATIVE SEATON asked for further clarification on this issue from the commissioner to gain the department's perspective.

CHAIR GATTIS acknowledged the question will be held.

[8:12:33 AM](#)

REPRESENTATIVE SADDLER asked for any implications Version N has on the NCLB waiver.

REPRESENTATIVE T. WILSON responded that this resolution will not have any effect on the NCLB waiver. The resolution requests the department ensure the waiver request is serving the state's expectations and to identify any associated costs. She described the effects of NCLB and the intent to not follow a similar path of problems. Identifying costs to districts will be more beneficial to everyone, she said.

REPRESENTATIVE SADDLER referred to page 1, lines 10-13, which read:

WHEREAS, in May 2013, the United States Department of Education granted to the Department of Education and Early Development a flexibility waiver of specified provisions of the No Child Left Behind Act of 2001, that amended the Elementary and Secondary Education Act, based in part on the college and career readiness standards; and

REPRESENTATIVE SADDLER asked for further clarification on the basis for her determination that it will not affect the NCLB waiver.

REPRESENTATIVE T. WILSON responded that the state has an agreement on the NCLB waiver. This resolution does not say that the state wants to "break it at all." She hoped that if the

state identified any issues, the state could renegotiate the NCLB waiver, which some states have already done. She offered an example of electronic testing applications to illustrate that an instance could arise in which the state might not be able to meet the testing in all districts so it would have to renegotiate that portion of the waiver or be out of compliance.

REPRESENTATIVE SADDLER asked for the timeline for negotiating the NCLB waiver.

REPRESENTATIVE T. WILSON related her understanding the state could go back to address issues at any time; however, she urged the importance of identifying issues early in order to avoid costs to districts. She offered her belief that the state has not sufficiently vetted these changes.

8:15:09 AM

REPRESENTATIVE P. WILSON pointed out that throughout the resolution requests the department to do things. She asked for further clarification on the fiscal impact.

REPRESENTATIVE T. WILSON answered that many costs were covered in obtaining the waiver but deferred to the department to answer.

8:16:20 AM

REPRESENTATIVE LEDOUX referred to page 2, lines 3-5, of Version N which points out the lack of funding in districts to conduct online testing. She asked whether the districts have asked for a delay in the implementation of standards.

REPRESENTATIVE T. WILSON explained that HR 9, Version N no longer requests a delay and this whereas clause merely highlights that compliance with online testing may be difficult for many districts that don't have sufficient broadband access.

REPRESENTATIVE LEDOUX asked whether requesting significant evaluation prior to doing something represents a delay.

REPRESENTATIVE T. WILSON answered absolutely not; that the [academic] standards exist, the curriculum is being purchased and [student] testing will begin next year. She cited the importance of having a review to ensure compliance, to assess associated costs to districts, and to confirm this is the correct path for the state to take.

[8:19:26 AM](#)

REPRESENTATIVE P. WILSON asked whether the House Finance Committee has reviewed this to ensure that the department has the funding necessary for compliance.

REPRESENTATIVE T. WILSON assumed most of the information is available since the department wouldn't have sought a waiver from NCLB unless the EED understood the costs.

[8:20:40 AM](#)

REPRESENTATIVE P. WILSON expressed concern about requesting action from the Department of Education and Early Development (EED) without ensuring that districts, especially rural districts have adequate funding.

CHAIR GATTIS responded that is the purpose of the resolution.

[8:22:52 AM](#)

REPRESENTATIVE SEATON asked for further clarification on the waiver.

[8:23:16 AM](#)

COMMISSIONER MIKE HANLEY, Commissioner, Department of Education and Early Development (EED), explained that the No Child Left Behind (NCLB) program required specific proficiency achievements and as a result many schools were erroneously deemed as failures for not making adequate progress even though 90 percent of the students in a school met the proficiency. The Congress needed to make changes to address this, but in the meantime U.S. Secretary Duncan offered waivers to states from the most onerous parts of NCLB, away from the adequate yearly progress (AYP) and the necessity that specific proficiency achievements are at 100 percent. Alaska developed its academic standards a year before the waiver was issued. An assessment is required, which makes sense, he said. This has helped the state move away from AYP and to an accountability system called the Alaska School Performance Index (ASPI). He said the ASPI is the five-star system, which more fairly assesses and reflects what is happening in our schools. In addition, the department needed to make a component of teacher evaluations tied to student learning. The state was working on three of four components and the state was very willing to shift from AYP to the ASPI

accountability. He recapped that the waiver is from parts of NCLB, but does not affect standards.

[8:25:59 AM](#)

REPRESENTATIVE SADDLER referred to the second point, the assessment and asked whether he meant assessing the standards or assessing by using the new standards.

COMMISSIONER HANLEY answered that it is to assess the students on the new academic standards.

REPRESENTATIVE SADDLER asked whether these standards can be used for assessment purposes.

COMMISSIONER HANLEY answered that is correct; but even if it hadn't been a requirement, the state has a responsibility to ensure that the state is assessing what teachers are teaching.

[8:26:40 AM](#)

REPRESENTATIVE DRUMMOND recalled there are four components to the waiver from NCLB. She asked for further clarification on the four components.

COMMISSIONER HANLEY answered that the four components that needed to be assessed in the waiver are the need for rigorous standards, assessments of students based on the standards, a separate accountability system, and commitment to tie teacher evaluations partially to student learning.

[8:27:32 AM](#)

REPRESENTATIVE REINBOLD asked for the legal obligations to the state regarding the NCLB waiver and if any federal funding is tied to the waiver.

COMMISSIONER HANLEY answered that there isn't a threat of losing federal dollars under the NCLB waiver, but the state made a commitment to follow through on the components. Certainly, the U.S. EED could revoke the waiver and the state would be back under NCLB and develop strategies to address schools that were deemed as failures. He questioned whether the obligations would be considered legal obligations, but acknowledged the state has a responsibility to maintain its waiver.

CHAIR GATTIS remarked that NCLB was not working for Alaska.

8:28:57 AM

REPRESENTATIVE SADDLER asked whether HR 9 poses any threat to the timeline to evaluate the CCR [college career readiness] assessments.

COMMISSIONER HANLEY responded that he initially had concerns when a delay was suggested; however, he did not think that the current version of HR 9, Version N, would cause problems with the waiver since they urge the department to provide information without setting up specific timelines.

8:29:55 AM

REPRESENTATIVE P. WILSON pointed out that some areas of the state do not have broadband capabilities for compliance with online testing. She asked whether he has requested additional funding for broadband or any other solution. In response to a question, she assumed the department knew some districts did not have adequate technology. She asked whether any additional funding was requested.

COMMISSIONER HANLEY acknowledged the importance of broadband although he noted the EED doesn't have expertise in this technology; however, the department has partnered with the Department of Commerce, Community & Economic Development and the Broadband Task Force on this. He pointed out that the department is the consumer in terms of broadband bandwidth.

8:31:45 AM

CHAIR GATTIS asked whether the department has an assessment program that requires students to use online testing.

COMMISSIONER HANLEY answered no. However, he elaborated that it is timely to look at using 21st Century tools to the greatest extent possible, which would be to use Internet-based testing. The next best tool would be to use caching, which is also computer-based, but that process allows the test to be housed locally and accessed using the local server instead of the Internet. Finally, in areas of the state that lack these technology capabilities, the department will continue to use paper and pencil testing. He recapped that the department will use the best tools possible to measure students. It may take time to get all students using computers, he said.

8:33:19 AM

REPRESENTATIVE P. WILSON asked how close the department is to accomplishing these technological changes.

COMMISSIONER HANLEY answered that a technology readiness survey has been completed and 80 percent of the schools are able to comply. He estimated 95 percent of the students will be served, he said. The testing window can be expanded to embrace the modes being employed, he said.

8:35:06 AM

REPRESENTATIVE P. WILSON asked whether it is possible to test students using paper and pencil.

COMMISSIONER HANLEY answered absolutely, noting that the request for proposals (RFPs) requires all three options be available in order for a bid to be considered responsive. He maintained that the department and its testing vendor are fully prepared to give the test in the three aforementioned modalities.

8:35:58 AM

REPRESENTATIVE LEDOUX asked for further clarification on whether it matters if this is a resolution versus a bill and if HR 9 [Version N] asks the department to do anything that it is not currently doing.

COMMISSIONER HANLEY referred to the resolve clauses beginning on page 2, line 10, of Version N, and responded that the department has verified the college and career readiness standards. Referring to page 2, line 16, he said the EED can provide the specific information to ensure the national benchmarks for college.

REPRESENTATIVE LEDOUX asked how the requests in the resolve clauses will be handled if these aren't already being addressed.

COMMISSIONER HANLEY agreed there are differences between a bill and a resolution; however, he also understands the intent of this body. He assured members he would not "snub his nose at any urging from this body" and would do his best to address them. He acknowledged he would have been challenged to delay the implementation as required under the original version of the resolution. He agreed that calculating some of the costs involved in the resolve clause to determine the costs for each

district will be challenging. He acknowledged that the EED's regulations require the district to review its curriculum every six years so a cycle of review and shifting curriculum should exist. [Referring to page 2, line 25], he pointed out it would be helpful to further understand what would be included in "calculate the related costs" since he was unsure how far to go. He pointed out that it will take the department significant effort to determine costs for each district and if it is to provide districts with funding, it is worthwhile, but not if it "will lay fallow" without having any meaning.

[8:39:21 AM](#)

CHAIR GATTIS related her understanding that the resolution is to not impose another unfunded mandate to districts. She viewed HR 9 [Version N] as a suggestion, noted the department's intention, and thought of it as "a working relationship."

[8:40:00 AM](#)

REPRESENTATIVE SEATON referred to page 2, lines 27-31 of Version N, which read:

FURTHER RESOLVED by the House of Representatives that neither the Department of Education and Early Development nor the state Board of Education and Early Development shall expend any money to implement the set of educational curriculum standards for grades kindergarten through 12 established by the Common Core State Standards Initiative; and be it

REPRESENTATIVE SEATON asked for further clarification on whether this means no money can be spent on the three largest districts of the state that adopted the CCSS through their local school boards or if the districts in question have retracted the adoption of the CCSS and are using the Alaska [academic] standards that were subsequently developed.

COMMISSIONER HANLEY responded that the department could not provide training for districts that have taken up the common core standards prior to the state adopting the modified [academic] standards.

REPRESENTATIVE SEATON asked for an explanation of how this resolve will affect the department and the districts that have adopted the CCSS, such as the Anchorage School District. He

further asked which districts adopted the Common Core State Standards (CCSS).

COMMISSIONER HANLEY identified several districts, including Anchorage, Juneau, and Copper River.

REPRESENTATIVE SEATON asked for further clarification on how the department's interaction will be with respect to implementation of academic educational standards.

[8:42:36 AM](#)

CHAIR GATTIS asked whether the aforementioned districts will be treated differently.

COMMISSIONER HANLEY answered that from the educational support aspect, there will be no difference, but for specific support regarding the [academic] standards. He suggested that the department will likely point out the differences and strategies for districts. He suggested that helping districts understand how the individual curriculum aligns with the [academic] standards will be beneficial. He confirmed the department could support districts in the same way, recognizing the differences, and focusing on them.

[8:43:37 AM](#)

REPRESENTATIVE SEATON referred to page 3, lines 3-4 of Version N which read, " ... may not enter into or renew an agreement with any organization, entity, group, or consortium that requires the state to cede any measure of autonomy or control over state education standards and assessments, including cut scores." He asked whether are there any agreements or compacts that would not be allowed to be renewed under this language. He referred to his earlier concern with the WICHE program.

COMMISSIONER HANLEY noted that the state is involved in several consortiums, such as the English Language Learners (ELL). However, the [academic] standards are already in place and the state has full autonomy to change them as it sees fit. Surely the ELL consortium has nothing to do with controlling standards, he said. He did not believe any of the consortiums would ever cede any measure of autonomy or control over state education standards and assessments.

[8:45:12 AM](#)

REPRESENTATIVE REINBOLD acknowledged she has struggled with the initiative and has received letters that confirm her skepticism. She pointed out a myriad of issues with the CCSS, including language barriers, literacy issues, classroom size issues, limited resources in the classrooms, and a lack of vocational technology in many schools. She indicated that the state needs to encourage parental involvement. She questioned whether the standards are the issue and asked for assurances that these standards are globally competitive, will encourage morale, and result in better outcomes. She specifically asked whether students will be more ready for the job market.

COMMISSIONER HANLEY responded that the idea that the standards will help children be more prepared is, first, a comparison of where the state was with the old standards, and second, with the review of the new standards. Most states adopted the CCSS, but this state has not. The department had Diane Hirschberg from the University of Alaska compare Alaska's new standards to the university professors and career and technical instructors. He said he is confident that these standards will aim students on the trajectory to prepare them for college or technical training. He questioned whether morale and obtaining jobs are necessarily the expectation of a set of standards. Instead, it outlines what should be learned by certain grade levels.

[8:47:52 AM](#)

REPRESENTATIVE REINBOLD clarified she is speaking to teacher morale and parental involvement. She asked what percentage of the Alaska academic standards align with the Common Core State Standards (CCSS).

[8:48:16 AM](#)

SUSAN MCCAULEY, Director, Teaching and Learning Support, Department of Education and Early Development (EED), answered that the analysis the department has shared is that in English Language Arts, 42 percent of the 320 standards, or 133 specific standards have some differences from the CCSS. While someone may qualify some of the differences as grammatical, those differences represent the work of nearly 300 Alaskan stakeholders who went line-by-line through the standards and determined what should be included or excluded. She related a scenario to illustrate that Alaskan educators do not find the changes as minor, technical, or grammatical changes. Instead it means that the state is providing support to students in a way that corollary Common Core State Standards would not. Further,

someone might consider additional words added as culturally relevant reading material as being a technical or minor adjustment; however, Alaskan educators who worked on the standards did not find them to be technical or minor adjustments. She concluded that 42 percent of Alaska's standards have differences from the Common Core State Standards (CCSS). In math, 49 percent of Alaska's standards are different from the CCSS. Certainly, individuals can interpret whether changes from the CCSS are considered grammatical, minor, or substantive, but again, the Alaskan Standards reflect the work of Alaska's educators who determined exactly and specifically what should be included.

[8:50:14 AM](#)

REPRESENTATIVE REINBOLD asked whether districts can purchase CCSS aligned curriculum and more specifically, what choices are available.

MS. MCCAULEY answered that the language in statute and regulations gives the discretion to the local district. The district would undertake a process not at all dissimilar to the current purchase of the curriculum materials. She indicated that the district needs to ensure an alignment between the resources and the standards, sometimes described as a "crosswalk" between the materials and the standards. She said if a set of CCSS materials that through a "crosswalk" is determined to adequately cover Alaska's standards, the district can use the materials. However, if a set of materials is not purported to be CCSS aligned materials and has adequate matching to Alaska's [academic] standards the district could also use those materials. Districts can use materials that adequately align to the Alaska English, Language Arts, and Math standards.

[8:51:46 AM](#)

CHAIR GATTIS related her understanding that the department does not get involved in authorizing curricula, but rather those decisions are made at the district level. Thus, each district might adopt specific curriculum that doesn't align with the new state standards.

MS. MCCAULEY agreed that it is possible; however, the department provides professional development to district in the processes to ensure an alignment between Alaska's standards and the curriculum materials the district purchase. She maintained it is a local decision since resources are adopted by local boards.

CHAIR GATTIS stated that the local district makes the choice regarding specific curriculum and the department gives advices, but does not provide approval or denial.

MS. MCCAULEY agreed.

[8:53:07 AM](#)

REPRESENTATIVE REINBOLD indicated that if the state standard is changed, the curriculum may not be aligned to it and therefore the assessment may not be aligned although teachers will be evaluated. She said a circle exists for curriculum and evaluation/assessment. She questioned whether the districts have any freedom. Once the [academic] standards are in place, and the school's curriculum is purchased, assessments are done, and evaluations can impact the teachers. She related that numerous states are trying to stop the [CCSS] initiative. She recalled the commissioner saying the state has a responsibility with the [NCLB] waiver, but there isn't any associated funding.

COMMISSIONER HANLEY agreed the state has a responsibility with the [NCLB] waiver; however, the [academic] standards are not driven by the waiver. The state's standards have allowed the state to obtain the waiver. The state could give up the waiver and still have good [academic] standards, he said.

[8:55:01 AM](#)

REPRESENTATIVE SADDLER referred to page 2, line 20 and asked how the state would "maintain state sovereignty."

COMMISSIONER HANLEY responded that even without HR 9 [Version N], he has a moral obligation to not give up state sovereignty. He couldn't envision a situation that would cause him to make a decision to sacrifice state sovereignty. He offered his belief that this language came about when the state joined "Smarter Balance" as an advisory state and some people expressed concern. The state stepped away from "Smarter Balance"; still, it never gave anything up.

[8:56:46 AM](#)

REPRESENTATIVE SADDLER asked whether the commissioner will have to exercise that judgment with Common Core State Standards {CCSS}.

COMMISSIONER HANLEY answered that it has raised questions for some, but not for him. One of the primary reasons that Alaska was one of four states that didn't adopt the CCSS was it required states to fully adopt the standards. Although some standards are good, such as children should know their alphabet in kindergarten, it imposed rules limiting what states could do. The department wanted the ability to make ongoing changes and not allow someone else to set Alaska's [academic] standards. In further response to a question, he agreed the department wanted to avoid that threat.

[8:58:22 AM](#)

CHAIR GATTIS asked whether the phrase "college and career readiness" takes on a specific meaning in the waiver.

COMMISSIONER HANLEY answered that the phrase has been used and predates the CCSS. The statutes require the state to ensure that students are prepared to be successful in education and work, which essentially outlines the goals for education.

CHAIR GATTIS related her understanding that "college and career readiness" doesn't relate to Common Core State Standards (CCSS).

[9:00:00 AM](#)

REPRESENTATIVE DRUMMOND asked whether Alaska's academic standards are sufficiently different from the Common Core State Standards (CCSS).

COMMISSIONER HANLEY answered that the basic guidelines for the Common Core State Standards (CCSS) required 100 percent adoption. Therefore, changing one line meant that the state wouldn't adopt the CCSS. The EED's goal hasn't been to create academic standards that are sufficiently different, but to adopt standards that are rigorous and comparable so Alaskan students can compete with other students and possess the same skill set as other U.S. students when they leave high school. He acknowledged the committee could walk line by line through the state's academic standards, but any changes in the [academic] standards, such as adding "with scaffolding and support" doesn't change the expectation, but it does change how the state achieves the standard. It changes measurement since the districts will provide students with additional support, but the target is the same.

[9:01:50 AM](#)

MS. MCCAULEY added that the Memorandum of Agreement (MOA) that states who adopted the Common Core State Standards (CCSS) signed restricted and limited any changes to the standards, but also allowed states to add up to 15 percent in additional standards. From the department's perspective of owning the academic standards, those types of rules and restrictions were not palatable to Alaska. The state wanted to have the capability and flexibility to make changes to the academic standards through the local processes in statutes and regulation without restrictions from an outside entity.

REPRESENTATIVE DRUMMOND asked whether student scores on national tests reflect well on the academic standards the state has adopted, the Alaska [academic] standards, or if the state will continue to hear criticism that Alaskan students cannot compete on a national level.

COMMISSIONER HANLEY emphasized that it critical that Alaska standards not be less rigorous or expected less of students. He related that the state participates in the NAEP [National Assessment of Educational Progress], and he anticipates students will be able to compete at an even higher level and achieve higher scores than at present.

REPRESENTATIVE DRUMMOND related her understanding that the Alaska academic standards are more rigorous than the Common Core State Standards (CCSS).

COMMISSIONER HANLEY answered yes; in terms of rigor, the Alaska [academic] standards are equal or greater.

[9:04:27 AM](#)

REPRESENTATIVE SEATON referred to page 3, line 3 of HR 9 [Version N], and asked whether any compacts or consortiums or existing entities be affected.

DIANE BARRANS, Executive Director, Postsecondary Education Commission, Department of Education and Early Development (EED), indicated that the context of the resolution speaks to K-12 standards. The state participates in the Western Interstate Commission on Higher Education (WICHE), which is a statutory compact that does not pertain to K-12 standards and is not periodically renewed. The state could repeal its membership in WICHE; however, one interstate agreement that the state has been considering is the state authorization reciprocity agreement,

which is a multi-state effort to apply uniform rules of operation for distance delivered programs. Although she noted she is not an attorney, she offered her belief that it would not apply to the State Authorization Reciprocity Agreement (SARA) for distance delivered postsecondary programs.

[9:06:58 AM](#)

REPRESENTATIVE SEATON again referred to page 3, line 3 of Version N. He asked whether the sponsor agrees with Ms. Barrans that the distance delivery of standards or curriculum for education would not fall under the further resolved clause.

REPRESENTATIVE T. WILSON answered that she agrees with Ms. Barrans.

[9:07:44 AM](#)

REPRESENTATIVE REINBOLD moved to report the proposed committee substitute (CS) for HR 9, Version N, labeled 28-LS1224\N, Bullard, 4/2/14, out of committee with individual recommendations and the accompanying fiscal notes.

REPRESENTATIVE DRUMMOND objected.

[9:08:14 AM](#)

A roll call vote was taken. Representatives Seaton, LeDoux, Saddler, Reinbold, and Gattis voted in favor of reporting the proposed committee substitute (CS) for HR 9, Version N, out of committee. Representatives Drummond voted against it. Therefore, the CSHR 9(EDC) was reported out of the House Education Standing Committee by a vote of 5-1.

[9:09:13 AM](#)

The committee took an at-ease from 9:09 a.m. to 9:11 a.m.

SB 195-POSTSECONDARY EDUCATION LOANS/GRANTS

[9:11:35 AM](#)

CHAIR GATTIS announced that the final order of business would be CS FOR SENATE BILL NO. 195(FIN), "An Act relating to the membership and authority of the Alaska Commission on Postsecondary Education; relating to the Alaska Student Loan Corporation; relating to teacher education loans; relating to

interest on and consolidation of postsecondary education loans; relating to Alaska supplemental education loans; relating to Alaska Advantage grants; relating to the Alaska family education loan program; relating to postsecondary educational institutions; and providing for an effective date."

KRISTEN PRATT, Staff, Senator Anna Fairclough, Alaska State Legislature, on behalf of the sponsor, stated that the sponsor has been working with Alaska Commission on Postsecondary Education and the Alaska Student Loan Corporation (ASLC) to reduce the burden of student debt for Alaskans. This bill would broaden commission membership. It would allow the ASLC to offer below market loan terms. It would also increase loan limits, which haven't been increased since 1995. Further, it would change post-enrollment deferment period to up to six months and amend the general definitions for "on-time" enrollment status.

CHAIR GATTIS viewed this as a "clean-up" bill to update statutes.

[9:13:23 AM](#)

REPRESENTATIVE DRUMMOND asked for further clarification deferred payment for up to six months.

MS. PRATT explained that currently students have a grace period and must make student loan payments six months after graduation or terminate their enrollment. This bill would change that to "up to six months" to provide borrowers more flexibility.

[9:14:21 AM](#)

DIANE BARRANS, Executive Director, Postsecondary Education Commission, Department of Education and Early Development (EED), stated she also serves as the Executive Officer for the Alaska Student Loan Corporation (ASLC). She concurred with the staff's explanation and directed attention to proposed Sec. 27 on page 13 of SB 195. This language would change the standard deferment period to up to six months to allow borrowers an opportunity to make payments sooner since interest is accruing.

[9:15:27 AM](#)

REPRESENTATIVE LEDOUX asked whether borrowers could begin repayment of their student loans without this statutory change.

MS. BARRANS agreed; however, she said it rarely happens. This section provides the commission an opportunity to advise students to begin repayment in a timely manner and avoid interest. She clarified that the language doesn't set up a mandatory repayment prior to the six-month deferment.

[9:16:14 AM](#)

CHAIR GATTIS related her understanding that it relates to the mindset for repayment.

MS. BARRANS clarified that the commission would begin communications with the borrower sooner.

[9:17:02 AM](#)

REPRESENTATIVE LEDOUX suggested that if the commission felt it was important to communicate the benefits on beginning repayment earlier to just do so.

MS. BARRANS acknowledged the commission could certainly do so.

CHAIR GATTIS suggested it is human nature for people to make their payments when the payments are due and not before then.

[9:17:42 AM](#)

REPRESENTATIVE SADDLER pointed out some college graduates may not understand the importance of making payments earlier to reduce the overall cost of their loans. He asked for further clarification on the commissions' dunning notices.

MS. BARRANS explained that under the bill the commission would contact students when their graduation date occurs, and set up payments if the students wanted to begin making them.

REPRESENTATIVE SADDLER encouraged the commission to let students know they can make payments earlier and the benefits of doing so.

[9:18:27 AM](#)

REPRESENTATIVE DRUMMOND asked about the authority to offer consolidation to state residents.

MS. BARRANS answered that the ASLC has the ability to consolidate loans, but the loans that the corporation can

currently consolidate are ones that originated with the [corporation]. The proposed language would allow borrowers who are state residents to consolidate loans made by other education lenders. She elaborated that if it is beneficial to the borrowers and they want to consolidate their student loans with a single lender, the corporation could consolidate them.

[9:19:25 AM](#)

REPRESENTATIVE DRUMMOND asked for further clarification that this would apply to previously made loans by the ASLC or others; however, the borrowers would need to be state residents.

MS. BARRANS agreed that is correct.

REPRESENTATIVE DRUMMOND recapped that no matter where the students obtained their education, the students would need to return to Alaska and be residents in order to qualify for the consolidation aspect.

[9:20:07 AM](#)

REPRESENTATIVE LEDOUX recalled that the student loans were once taken out at a lower rate than a commercial source. She asked whether this bill will allow the rate to be obtained at a lower rate once more.

MS. BARRANS answered that the markets control the rate for student loans. Thus, the way the ASLC finances student loans is to issue debt in the financial market. The market materially changed after the collapse in 2008 of the asset-backed market, but it is slowly coming back. In response to a question, she clarified that asset-backed debt represents bonds backed by revenue from the loans financed from the bond proceeds. The ASLC goes to the market, issues bonds, and the bonds are structures so the interest on the loans repays the bond interest and principal, similar to a mortgage-backed bond.

REPRESENTATIVE LEDOUX suggested that the only advantage of the Alaska Student Loan Program is that an 18-year-old without credit history can obtain financial aid, but it won't be at a better rate.

MS. BARRANS explained that typically financial institutions take a risk-based pricing and review the applicant's credit and set the interest rate. The ASLC has a single interest rate and

criteria and applicants who meet the criteria or whose co-signers meet the criteria receive the rate.

REPRESENTATIVE LEDOUX asked how a parent's poor credit rating affects the student loan.

MS. BARRANS answered that either the student or a co-signer must meet the minimum credit standard or the student is declined.

REPRESENTATIVE LEDOUX questioned the relevance of having the student loan program.

MS. BARRANS answered that the student loan program is based on the students' best interest but the ASLC does not operate to make a profit. She explained that the loans are serviced in Alaska and the corporation offers deferments and repayment options with the corporation that are typically not offered via other financial institutions. For example, students who are unemployed for up to a year can obtain a deferment or if a long-term disability exists some additional considerations are available. She agreed the state doesn't fund or guarantee the loans and the revenue generated pays for loan servicing.

[9:26:06 AM](#)

REPRESENTATIVE SEATON referred to proposed Sec. 41, page 16 lines 24-31, of SB 195 and asked whether this is the new standard for credit hours for an "on-time student." He recalled the prior standard was 12 credit hours and this lists 15 or more semester hours each semester. He indicated some students may take 18 credits one semester and 12 or 14 in another semester due to class schedules.

MS. BARRANS answered no; that the "on-time student" definition creates an additional enrollment level. It does not remove the half-time student status or the regular full-time student status of 12 credits. In each of these situations a student may qualify for a grant or loan and it will simply affect the amount of loan a student can borrow for that particular semester. She said it wouldn't surprise her to see a student qualify for an on-time loan amount for one semester and a full-time loan for the next semester. This language would simply associate the intensity of the student's enrollment with the amount of the loan for that period.

[9:28:19 AM](#)

REPRESENTATIVE SADDLER referred to page 1, line 13 and page 2, line 23 of SB 195, which references private, nonprofit institutions of higher learning. He asked how many colleges in Alaska currently meet that standard besides Alaska Pacific University and Wayland Baptist University.

MS. BARRANS answered by listing the colleges as Alaska Bible College, Embry-Riddle Aeronautical University, and Alaska Christian College. In further response to a question, she agreed those are in addition to Alaska Pacific University and Wayland Baptist University.

[9:29:24 AM](#)

REPRESENTATIVE SADDLER referred to proposed Sec. 5 on pages 5 [lines 11-12 and 17-18] and asked for further clarification on what is achieved by the change related to the obligation of the corporation is not a debt of the state.

MS. BARRANS answered that the bond council advises that this is a correction to place language where it more appropriately should be placed in paragraph (6) instead of paragraph (5).

REPRESENTATIVE SADDLER asked whether bonds that the [corporation] issues are not a debt of the state.

MS. BARRANS answered that is correct.

REPRESENTATIVE SADDLER recalled a letter of support for SB 195 and also one for SJR 23. He asked whether there was any linkage between SB 195 and SJR 23, which proposes an amendment to the Constitution of the State of Alaska relating to contracting state debt for postsecondary student loans.

MS. BARRANS answered that it has to do with the capacity to do certain things that the bill suggests. For example, SB 195 would suggest that the [Alaska Commission on Postsecondary Education and ASLC] can provide enhanced rates to borrowers if the [corporation] has the capacity to do so. The resolution, SJR 23, would create that capacity; however, there are many things in this bill that are unrelated to the resolution.

REPRESENTATIVE SADDLER understood that SB 195 would allow the commission to take advantage of increased capacity. He asked for further clarification on which section provides the permission.

MS. BARRANS directed attention to page 9, lines 2-5, to proposed Sec. 11, of SB 195. She pointed out that this language already exists. The Alaska Student Loan Corporation currently has the capacity to do this, but this bill would move it to a more general provision. She explained that the language currently exists but it only applies to the Alaska Supplemental Education Loan. Proposed Sec. 11 would move it to general powers so it can apply to any of the loans the corporation makes, including the Alaska supplemental Education Loan or the Family Education Loan.

[9:32:12 AM](#)

REPRESENTATIVE LEDOUX asked whether the intent is to provide loans at a lower interest rate than currently available at commercial institutions.

MS. BARRANS answered that the objective of the corporation to make the cost of student loans as low as possible. The capacity for lower financing costs varies depending on the interest earnings and corporate revenues. To the extent that the corporation has financial capacity to do so, the ASLC reviews borrower benefits. These are benefits that are applied as direct credits to student accounts when available. She explained how some benefits and reductions can occur, which could not be realized through a commercial facility. For example, one benefit the ASLC offers is a .0025 percent discount for borrowers who use an automated on-line payment. Additionally, the corporation offers an additional .005 percent reduction for borrowers who live in the state. Thus, the corporation reduces interest rates by .0075 percent, which brings down the interest rate to an effective interest rate of 6.55 percent. However, the corporation can't set interest rates in a speculative way since that would commit the corporation to reduced income on the loans over the ten to fifteen year span of time for repayment. She reported that the borrow benefits amounts to about \$1 million per year.

[9:34:18 AM](#)

REPRESENTATIVE LEDOUX indicated surprise that even with the credits the interest rate is at 6.5 percent which is higher than some commercial facilities.

MS. BARRANS disagreed, estimating that the rates would be in excess of 10 or 11 percent for loans issued under these standards. She related that many lenders are issuing variable

rate debts that for very high-grade borrowers are lower than ASLC's rates, but for borrowers with less outstanding credits are in excess of 10 or 11 percent.

REPRESENTATIVE REINBOLD stated support for the Alaska Student Loan Program (ASLP). She credited the ASLP for bringing people back to Alaska.

[9:35:46 AM](#)

CHAIR GATTIS, after first determining no one else wished to testify, closed public testimony on SB 195.

[9:36:04 AM](#)

REPRESENTATIVE REINBOLD moved to report SB 195 out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, CSSB 195(FIN) was reported from the House Education Standing Committee.

[9:36:34 AM](#)

ADJOURNMENT

There being no further business before the committee, the House Education Standing Committee meeting was adjourned at 9:36 p.m.