

HOUSE FINANCE COMMITTEE
February 6, 2014
10:04 a.m.

10:04:27 AM

CALL TO ORDER

Co-Chair Stoltze called the House Finance Committee meeting to order at 10:04 a.m.

MEMBERS PRESENT

Representative Bill Stoltze, Co-Chair
Representative Mark Neuman, Vice-Chair
Representative Mia Costello
Representative Bryce Edgmon
Representative Les Gara
Representative David Guttenberg
Representative Lindsey Holmes
Representative Cathy Munoz
Representative Steve Thompson
Representative Tammie Wilson

MEMBERS ABSENT

Representative Alan Austerman, Co-Chair

ALSO PRESENT

Representative Wes Keller, Sponsor; Charles Edwardson, Southern Southeast Alaska Technical Education Center; Pearl Brower, President, Ilisagvik College; Representative Peggy Wilson.

PRESENT VIA TELECONFERENCE

Pamela Goode, Self, Delta Junction; Christine Hutchinson, Self, Kenai; Mary Nanuwak, Self, Anchorage; Steven Angasan, South West Alaska Vocational and Education Center, King Salmon; Karen Cedzo, Delta Career Advancement Center and Partners for Progress in Delta, Delta Junction.

SUMMARY

HB 31 CONSTITUTIONAL HISTORY CURRICULUM

CSHB 31(FIN) was REPORTED out of committee with "no recommendation" and with one new zero fiscal note from the Department of Education and Early Development.

HB 150 TECHNICAL/VOCATIONAL EDUCATION PROGRAM

HB 150 was HEARD and HELD in committee for further consideration.

[10:04:46 AM](#)

Co-Chair Stoltze discussed the meeting agenda.

#hb31

HOUSE BILL NO. 31

"An Act requiring school districts to develop and require completion of a history of American constitutionalism curriculum segment; and providing for an effective date."

[10:05:16 AM](#)

REPRESENTATIVE WES KELLER, SPONSOR, thanked the committee for hearing the bill again. He pointed to the substantive section of the bill on page 2, line 15; the provision would require the chief school administrator of a school district to develop and submit a curriculum to the governing body of a school district for approval. The purpose of the curriculum was to teach American constitutionalism as found in the U.S. Constitution, early states' constitutions, Bill of Rights, the Federalist Papers, and other. He believed there was enthusiasm about the topic nationwide and noted that it was not inconsistent with curriculum chosen by public schools. He read from the Alaska public school content standards (copy on file):

A student should understand the constitutional foundations of the American political system and the democratic ideals of this nation. A student who meets the content standard should (1) understand the ideals of this nation as expressed in the Declaration of Independence, the United States Constitution, and the Bill of Rights...

Representative Keller relayed that the related curriculum in the content standards fell under a "soft" mandate. He referred to letters of support from various schools. He was typically uneasy with mandated curriculum; however, he believed constitutionalism was an exception. He stressed the importance of keeping sight of the values that made the United States a great country; he believed the topic was in danger of falling through the cracks. The bill placed responsibility on school superintendents to ensure the curriculum was taught at their schools. Districts would use their standards to measure whether a student successfully completed the curriculum. He asked for the committee's support on the legislation.

[10:08:12 AM](#)

Co-Chair Stoltze looked at page 2, line 25 of the legislation and did not believe the language was a soft mandate. Representative Keller wanted the mandate to be meaningful and not too soft. He detailed that the provision would not allow a district to issue a secondary school diploma to a student who did not successfully complete the curriculum approved by the superintendent.

Representative Wilson remarked that the bill implemented an unfunded mandate to be placed on the state's school districts; districts would need to develop the curriculum. She wondered how many districts did not provide the course currently. She asked how much the mandate would cost particularly related to smaller districts. Representative Keller answered that he had nothing firm to provide. He furthered that [free] curriculum was available on websites such as icivics.org. He pointed to support from multiple school districts and no opposition from any others and inferred that there would be no significant fiscal imposition on districts.

Representative Wilson asked if the intent was to test on the curriculum in order for a student to pass and graduate. She wondered about special needs children who may be unable to pass the test. She noted that the legislature was looking to eliminate the current graduation test. She wondered if the bill included a provision for students who may not be able to accomplish the goal.

Representative Keller answered that the decision would be left up to the district. He noted that districts all had standards for measuring the competency and accomplishment of special needs students. He added that four students from Tri-Valley High School had testified in a recent House State Affairs meeting and had a "stunning" understanding of the values of American constitutionalism.

[10:11:43 AM](#)

Representative Munoz asked if the sponsor intended for American constitutionalism to be part of the American history curriculum requirement currently in place. She wondered about the length of a curriculum segment.

Representative Keller confirmed that the segment fell under history requirements. He had selected the history approach over a civics option. He communicated that the length of the segment would be left up to districts to decide.

Representative Munoz asked for verification that the segment would fall under the current history requirement. She wondered if two or three years were required. She understood that the requirement included a half year of Alaskan history. Representative Keller confirmed that the segment would fall under the current history requirement, but he did not know the required course length.

[10:13:02 AM](#)

Representative Guttenberg recalled that his secondary school experience had included courses on the U.S. Constitution, the Bill of Rights, and early American history. He asked if the subject was not currently taught. Representative Keller replied that he had observed that the subject was slipping [from school curriculum]. The legislation aimed to remind districts to bring focus back to the topic. He believed the nation was experiencing a renewal in the understanding of the U.S. Constitution's value.

Representative Guttenberg asked about the difference between American constitutionalism history and American constitutional history. Representative Keller replied that the difference was related to constitutional values. He pointed to inherent rights including all people being created equal. He mentioned rights as sovereign citizens

versus having a monarch in power. He stated that the spectrum was broad and included items that were important to the country. The content standards included ideals found in the U.S. Constitution.

Representative Guttenberg discussed expanding school options throughout the state and observed that home schooling and religious institutions were not included. He noted that the state had no control over the other institutions, but it did have control over equivalency tests. He wondered if another educational entity included the proposed American constitutionalism requirement its students would not be required to pass a literacy or standard test. He surmised that theoretically the students could take competency tests without the curriculum background and may not be able to answer related questions. He thought it may put the students at a disadvantage.

Representative Keller answered that the issue was outside of the bill's scope.

Co-Chair Stoltze believed constitutional history was being mistaught on many occasions. He referred to guest speakers sponsored by the National Education Association who explained that the Second Amendment was not really about individual rights.

[10:17:08 AM](#)

Representative Guttenberg relayed that he had attended and judged high school We the People constitutional competitions. He discussed that the variety of answers and context of questions covered a broad spectrum. He communicated that the students were learning many things and applying the competition in a multitude of ways.

Representative Wilson wanted to ensure that the bill would include students who were home schooled in a public process. She asked for verification that the only students the bill would not apply to would be independent home schooled students and private schools. Representative Keller answered in the affirmative. He relayed that the bill was directed at public schools, public school correspondence programs, charter schools, and homeschool support programs.

[10:18:37 AM](#)

PAMELA GOODE, SELF, DELTA JUNCTION (via teleconference), spoke in support of the legislation. She served as a board member on the Deltana Community Corporation where she interfaced with forestry, city council, and board members. She relayed that whenever issues were discussed the first thing she brought up was constitutionality. She had been surprised to learn that many of the individuals did not think about constitutionality as an issue. She discussed that the constitution was written so everyone should be able to understand it. She detailed that the constitutionality of an issue was not dictated to U.S. citizens by a higher authority. She found it disturbing that leaders of the community did not think about the constitution. She reasoned that children were not thinking about constitutionality if it was absent from the minds of leaders and role models. She believed it was disheartening that a law needed to be made to ensure that the issue was taught in schools. She believed the subject should be mandated in private schools as well. She noted that there may be a conflict because it was not possible to teach the rich history of the country's founding documents without addressing biblical values.

[10:22:18 AM](#)

Representative Guttenberg asked if Ms. Goode was on the school board.

Co-Chair Stoltze replied that Ms. Goode had testified that she belonged to the Deltana Community Corporation. He explained that unincorporated communities had umbrella corporations to allow the communities to accept state funds and engage in certain community activities.

CHRISTINE HUTCHINSON, SELF, KENAI (via teleconference), spoke in support of the legislation. She understood that the subject was currently taught in schools; however, it was not a requirement. She pointed to a specific teacher in Nikiski who did an incredible job teaching the subject. She believed the difference between constitutionalism and teaching the constitution was to teach the foundation on which the constitution was based. She stressed that teaching the constitution did not provide students with knowledge of the foundation on which it was based. She did not believe it would be cumbersome to make the subject a high school graduation requirement. She opined that

requiring graduates to take the course was a benefit to the entire community. She did not believe the cost would be substantial. She had heard a government class testify in a House State Affairs Committee meeting earlier in the day about a convention of states; she was impressed by the testimony. She thought a convention of states could be important. She did not like requirements, but she stressed that the subject would not be taught without the mandate. She reiterated her support.

[10:27:23 AM](#)

Representative Gara did not believe many people in the legislature would disagree that students should be taught about the U.S. Constitution, the Declaration of Independence, the Articles of Confederation, and other; however, it was important to make sure teachers had time to teach subjects adequately. He pointed to a bill provision that would require teaching about the Declaration of Independence, the U.S. Constitution, the Federalist Papers, the Bill of Rights, and other. The bill also included a requirement to teach all of the first state constitutions (a total of 13). He wondered if the provision was important to Ms. Hutchinson. He believed the requirement would take a significant amount of time away from other subjects.

Ms. Hutchinson replied that the first states were much different than the current 50 states. She discussed that many states in the West included the Blaine Amendment in their constitutions, which the nation was now addressing many years later. She did not believe that teaching to about the 13 first state constitutions would be excessive. She believed it would be useful for students to see how the U.S. Constitution had been applied individually to the first states. She had been following a convention of states project; she compared the issue to a treaty concept for different countries. She believed the teaching would be of value and did not believe the language created a burden.

Co-Chair Stoltze communicated that the Blaine Amendment originated from anti-Catholic sentiment.

[10:32:21 AM](#)

MARY NANUWAK, SELF, ANCHORAGE (via teleconference), testified in support of the legislation. She did not believe people should be partial when it came to education.

She noted that villages were shorthanded when it came to budgeting. She opined that the state's larger cities including Fairbanks, Anchorage, and Juneau received everything. She hoped that if the cities had shortfalls it would help them to understand what rural Alaska was going through. She believed that everything the legislature discussed year after year was interrelated. She stated that everyone did well when they had the desire to succeed. She discussed encouragement she offered to young people about succeeding. She shared a personal story about a Chevak resident's contribution to environmentally responsible programs. She discussed that it was important for youth to be involved in the community because they would be responsible in the future. She thanked the committee for its hard work. She spoke about the impact young teachers had on students. She urged the committee members to start listening with their hearts.

[10:39:48 AM](#)

Co-Chair Stoltze CLOSED public testimony.

Representative Costello MOVED to ADOPT Amendment 1:

Page 2, Line 29
Delete "2013"
Insert "2014"

Co-Chair Stoltze OBJECTED for discussion.

Representative Costello explained that the amendment updated the effective date of the legislation from July 1, 2013 to July 1, 2014.

Co-Chair Stoltze WITHDREW his OBJECTION. There being NO further OBJECTION, Amendment 1 was ADOPTED.

[10:41:29 AM](#)

Representative Gara MOVED to ADOPT Amendment 2:

Page 2, line 21: delete "the first state constitutions"

Page 2, line 26, after "the" insert "course in which the"

Page 2, line 26, after "section" insert "is contained"

Co-Chair Stoltze OBJECTED for discussion.

Representative Gara explained that out of fairness to the sponsor he wanted to discuss the first line of the amendment. He spoke to the goal of the language, which was to ensure teachers had enough time to teach all subjects. He wondered if teaching the 13 first state constitutions would take too much class time. He asked to hear from the sponsor.

Representative Keller clarified that the bill only required districts to teach the values and ideals encompassed in the 13 first constitutions. He recognized that a comprehensive list would be problematic. He believed that including the first state constitutions was incredibly important. He stated that the first time constitutions were printed was a significant time in history. He detailed that the colonies included an amendment process in their constitutions reflecting their struggle to determine how government should be run. He remarked that an early draft of the U.S. constitution included an amendment process that required two-thirds of the congressional vote; the process had been changed in order to allow the involvement of the states. He believed the information was difficult to understand without the context of the values included in the first state constitutions. He stated that the documents had created the greatest nation on earth.

Representative Gara noted his intent to amend Amendment 2. He asked how much time teaching the first 13 state constitutions would take up in the curriculum. Representative Keller answered that he would leave the issue up to teachers to decide. He did not believe a specified time would be productive, healthy, or possible.

Representative Wilson stated that districts would decide what to include based on their current teachings. She recalled that she had been required to learn the state constitution in 8th grade and the U.S. constitution in high school. She surmised that the length of time it would take to teach the items would depend on the existing curriculum. She hoped students learned about the constitution prior to high school. She observed that the "soft" part of the legislation entailed that schools would not be required to

go through the Department of Education and Early Development (DEED) and there would be no set curriculum.

[10:47:39 AM](#)

Co-Chair Stoltze remarked that studying 13 states was more manageable than studying all of the existing states.

Representative Costello liked the requirement related to teaching the values in the first state constitutions. She stated that it was not possible to discuss the U.S. Constitution or the Declaration of Independence without talking about Thomas Jefferson and the first constitutions. She believed that adding the state constitutions helped to frame the discussion about the background of the U.S. Constitution. She appreciated Representative Gara's intent to amend the amendment.

Co-Chair Stoltze remarked that Thomas Jefferson had wanted his gravestone to include that he had been the drafter of the Declaration of Rights for the State of Virginia. He opined that it would be difficult to talk about the U.S. Constitution without discussing the Virginia Declaration of Rights. He was uncomfortable pretending to be a school board or board of education member.

[10:49:21 AM](#)

Representative Gara MOVED to AMEND Amendment 2 by deleting the following language:

Page 2, line 21: delete "the first state constitutions"

There being NO OBJECTION, it was so ordered.

Representative Gara MOVED AMENDED Amendment 2. He explained that line 2 of Amendment 2 had been discussed in committee the prior year. He hoped the amendment would honor the intent of the sponsor. He wanted students to take and complete a course in history. He elaborated that the current bill could imply that a student would be required to separately complete the segment within a course. He did not know how that would be determined. The amendment would require a student to complete a course in which all of the requirements were taught.

Representative Keller believed the amendment would complicate the bill. He thought the current language was clear. He surmised that superintendents could determine how to address the issue. He thought the amendment may narrow the options available to the superintendent by implying that the subject had to be part of a course.

10:52:07 AM

Representative Edgmon contended that the amendment would actually provide more flexibility to superintendents. He spoke to various thresholds in the bill.

Co-Chair Stoltze asked if there was objection to amended Amendment 2. There being NO OBJECTION, amended Amendment 2 was ADOPTED.

Representative Costello pointed to the zero impact fiscal note from DEED.

Co-Chair Stoltze remarked that the fiscal note pertained only to DEED and did not address whether there would be fiscal impacts on school districts.

Representative Guttenberg asked whether the fiscal note reflected the fact that curriculum was already in place. He noted that the committee had not heard from school districts.

Co-Chair Stoltze interjected that school districts had been welcome to testify on the legislation.

Representative Guttenberg continued on his point. He recalled that the concepts had been taught when he had been in school. He did not object to the fiscal note. He wondered if it reflected that the curriculum was ready to use or currently in place in schools.

Representative Wilson stated that the fiscal note only applied to the department. She discussed that the bill did not require the department to take any action. She hoped the curriculum was already in place in the state's schools. She was concerned about the implementation of unfunded mandates that could ask schools to do more and more with existing funds. She was in favor of the bill because she believed the majority of the districts had the curriculum in place or that it could be easily incorporated into

current curriculum. She noted that the subject materials were available free of charge; Fairbanks used the We the People organization. She believed that in the future it would be appropriate to involve districts to determine whether legislation would impact them financially.

[10:56:01 AM](#)

Representative Costello relayed that the fiscal note had been replaced with an updated zero impact note dated January 21, 2014.

Vice-Chair Neuman MOVED to REPORT CSHB 31(FIN) out of committee with individual recommendations and the accompanying fiscal note.

Co-Chair Stoltze OBJECTED for discussion.

Vice-Chair Neuman communicated that he would not vote against moving the bill from the committee, but he was not supportive of mandating school curriculum. He compared the issue to opposing federal oversight in Alaska. He discussed that school districts were trying to downsize because of costs. He believed Southeast was considering moving to a four-day school week to reduce costs. He wondered if there would be enough time to teach the class. He spoke in support of local control.

[10:58:36 AM](#)

Representative Edgmon agreed with comments made by Vice-Chair Neuman. He applauded the bill sponsor for introducing the bill and believed that the concept was sound. However, he believed the language in the bill was prescriptive and included multiple items detailing what school districts would be required to do. He pointed to various examples in the bill language. He was concerned about how small rural schools would meet the objectives. He planned to discuss the bill with his district's schools to get a better sense on the true fiscal impact prior to hearing the bill on the House floor.

Representative Costello appreciated the previous comments, but believed that the voice of the founding fathers of the country were of the utmost importance. She opined that their voices had not been heard throughout the process. She believed that there were abuses by the federal government

regarding the states. She remarked on the benefit of more students reading about the U.S. Constitution. She shared that she had recently traveled to the East Coast and had had the opportunity to visit the home of Thomas Jefferson. She noted that some students had the same opportunity. She opined that the experiences were profound. She stated that the men and women who were a part of the country's foundation deserved a nod. She had struggled with requiring that the subject be taught in schools, but had determined that the voices of the founding fathers needed a place to be heard.

11:01:39 AM

Representative Guttenberg stated that clearly teaching American constitutional history was important. He discussed opportunities to visit various historical sites. He was concerned about the use of the word "constitutionalism," which he believed meant something less than American constitutional history. He thought the bill should include a list of some of the values encompassed in the word constitutionalism. He remarked that the public testifiers seemed to think that the word had definitive values.

Representative Gara read the bill to mean that schools would be required to teach the U.S. Constitution, the Declaration of Independence and items that lead to the documents. He did not believe the term "ism" was a problem. He believed the bill's goal was to teach students about American constitutional history. He remained concerned about including teaching on the first 13 constitutions in the requirement. He had discussed the idea of requiring physical education (PE) in schools with Representative Costello and Senator Lesil McGuire; however, school districts had communicated that because of the multitude of subjects they were required to teach, there was not time for PE. He agreed that it was important for students to understand the country's history and constitutional history. He understood that there were certain key players, state constitutions, and provisions that were important for students to learn; however, he wondered if it was necessary for students to learn everything about the first 13 state constitutions. He thought the teachings could take longer than teaching the U.S. Constitution. He was concerned that schools would be squeezed out of teaching subjects such as physical education. He expressed his intent to discuss the possibility of narrowing the scope with the sponsor.

11:06:46 AM

Representative Wilson cited language on page 2, line 19 through 20 specifying that an approved syllabus would be required to ensure a student's understanding of the history of American constitutionalism as included in each of the documents listed [lines 21 through 24]. She stated that each of the documents had to do with how the U.S. Constitution was developed. She observed that the bill did not include language requiring schools to teach the state constitutions for all of the first 13 states. She elaborated that the point was how the state constitutions had influenced the development of the U.S. Constitution. She was very concerned that the legislature was mandating something that hopefully schools were already teaching. She expressed intent to discuss the issue with schools in her district to get more information. She remarked that schools were already struggling in the current environment. She believed the legislature had previously passed a bill related to the teaching of the Alaska Constitution.

Co-Chair Stoltze communicated that the state Board of Education had mandated the teaching of the Alaska Constitution.

Representative Wilson continued to discuss her concern. She did not intend to hold the bill up from moving out of committee; however, she observed that some proponents of the bill were in the same group that opposed federal mandates on what should be taught in schools. She believed it was important to know whether the subject was currently being taught in the state's schools. She stressed the importance of understanding how legislation impacted municipalities. She agreed that everyone believed the subject should be taught, but surmised that perhaps the action should have been taken by the Board of Education.

Co-Chair Stoltze shared some of the same concerns. He recalled voting against Alaska history curriculum in the past due to similar concerns and noted that the subject was one of his passions. He believed the bill language was definitive. Additionally, he opined that the language was broad enough that it would become part of existing curriculum. He believed the schools would interpret the language in the same way. He believed that often the subject was not taught. He hoped the public viewed the bill

as requiring more meaningful curriculum. He remarked on other subjects taught in schools that he thought were less important. He had visited the home of Thomas Jefferson and recognized his accomplishments. He had also looked at the slave quarters and remarked that the experience had provided a whole package of history. He referred to a comment made by John F. Kennedy to a group of noted people that it was probably the most distinguished and educated assemblage of people ever to be at the White House with the exception of the time Thomas Jefferson had dined there alone. He opined that curriculum including Thomas Jefferson could not be a negative thing.

Co-Chair Stoltze WITHDREW his OBJECTION.

There being NO further OBJECTION, CSHB 31(FIN) was REPORTED out of committee with "no recommendation" and with one new zero fiscal note from the Department of Education and Early Development.

#hb150

HOUSE BILL NO. 150

"An Act extending the unemployment contributions for the Alaska technical and vocational education program."

11:13:00 AM

REPRESENTATIVE MARK NEUMAN, SPONSOR, discussed the legislation. He shared that he had carried a related bill in the past that had extended the sunset date for the Technical Vocational Education Program (TVEP). He noted that a flow chart was present in members' packets ["State of Alaska Tax Flow Chart: Unemployment Insurance, State Training and Employment Program, Technical and Vocational Education Program"] (copy on file).

Co-Chair Stoltze relayed that the committee would hear a presentation by Vice-Chair Neuman and would then hear public testimony prior to any questions.

Vice-Chair Neuman believed an important part of the discussion pertained to the origin and flow of the money (shown in the flow chart). The bill also included a sunset date on the extension. The chart showed federal withholding taxes for several programs. He detailed that TVEP came out

of the unemployment insurance tax rate; the rate had been 0.1 percent in the past and had increased to 1.5 percent a few years back. The federal funds were distributed by the Department of Labor and Workforce Development (DLWD) through the schools. He noted that the bill contained a chart showing how the money was distributed; money was spread across various geographical locations. He remarked that some forthcoming issues had come to light. He pointed to the bill's immediate effective date on page 2, line 7. He believed the committee was addressing bill version U [actual bill version before the committee was version N]. He relayed the importance of taking action in the current fiscal year so that federal funding was not lost. He pointed out that there were schools hoping to be added to the list included in the legislation. He noted that Representative Peggy Wilson had a school in her district that was interested in receiving some of the funds. Additionally, he had spoken with Representative Costello about DLWD money included in the department's operating budget. He relayed that HB 150 had been included in Section 17 of the governor's education bill. He had spoken with DLWD Commissioner Blumer who had communicated the department's intent to remove some language. He discussed the governor's proposed education bill and relayed that Sections 1 through 5 had described the requirement to report funding to DEED and DLWD. Many of the school districts had struggled with the requirement because it included social security numbers for youths under 18 years of age. Subsequently, the discussion with Commissioner Blumer had been to remove the related requirements. He discussed the priority of putting the money to work.

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Vice-Chair Neuman continued to explain that the bill. He relayed that DLWD would ensure that the vocational schools covered under the legislation were truly teaching vocational programs. He stated that the bill pertained to all Alaskans because of the unemployment insurance benefits; the goal was to ensure that adult training programs were available. The programs had been incorporated together and comprised a great training tool for the schools; it provided the opportunity for adults and younger students to work together at the same level. He relayed that work with Commissioner Blumer was ongoing. He referred to discussion about adding more schools and surmised that the conversation would continue. The bill before the

committee only made a change to the sunset date [the sunset would be extended to June 30, 2024]. He noted that the program would be examined in the governor's education bill as well. He preferred to address the effective date as contained in HB 150. On a separate note, he believed there needed to be discussion about how the funds were distributed to the various schools. Currently DLWD had some regulations, but he believed sideboards related to qualification for funds should be implemented. He thought that various issues should be addressed including how the money was distributed geographically, was the funding even, and was the program competing for funds with university programs. He suggested that any added schools receive funds out of the 50 percent allotted to the University of Alaska given that its budget was the largest. There was currently about \$10.8 million available for the program. He believed it was appropriate to address the issues in the committee process. He recognized that changes to the formula calculation could be made by the legislature in the future. He corrected that the bill before the committee was version N.

[11:20:43 AM](#)

Representative Costello appreciated the legislation and believed that vocational education and jobs were a significant part of the state's work. She mentioned that the Southern Southeast Technical Education Center and Ilisagvak College's community and workforce development program were likely candidates to receive some of the funds. She wanted to hear from the department about how some entities made it on the list and others did not. She shared that the funding did not really fit in the current Department of Commerce, Community and Economic Development budget; she believed the list in the bill made sense. She asked if the sponsor planned to talk about the effective date.

Co-Chair Stoltze asked Representative Costello to formally move bill version N before the committee for consideration.

Representative Costello MOVED to place House Labor and Commerce version N before the committee as a working document.

Vice-Chair Neuman believed Representative Costello had made some good points related to how the money was distributed

and used to ensure there was equality across the state. He agreed that the school mentioned in Southeast was a probable candidate for the funds; however, he sensed that the numbers had been determined based on which programs had applied in the beginning. He was unsure the method was the best way to distribute education funds. He agreed that the committee may want to look at changing the effective date from immediate to June 30, 2014. He wanted to ensure that funding would not be lost. He noted that further discussion on the issue could be addressed in the governor's education legislation.

11:23:30 AM

Co-Chair Stoltze wanted to address why the University of Alaska and the University of Alaska Southeast (UAS) were listed as two separate recipients in the bill.

Representative Munoz believed the reason UAS had been designated as a separate entity was because it had had trouble accessing the funding despite an active and successful vocational education program.

Co-Chair Stoltze thought that the University of Alaska Anchorage may want the same thing as UAS to guarantee a spot at the table.

Vice-Chair Neuman remarked on the possibility of taking some of the funds away from the university. He relayed that many of the schools contracted with the university for services.

11:25:16 AM

Co-Chair Stoltze relayed that if departments had concerns they should speak to the entire committee.

CHARLES EDWARDSON, SOUTHERN SOUTHEAST ALASKA TECHNICAL EDUCATION CENTER (SSEATEC), discussed a brief history related to the center. He relayed that the center was currently building dormitories that had been funded with state capital appropriations and \$5 million of the center's own funds. He read a statement:

This isn't just funding for school funding just for funding sake. What this is is a workforce development effort to support economic development in our region.

Economic development has been identified in all of our respective areas as a priority. Truly sustainable economic development relies on strong workforce development efforts to train our local residents in the relevant industries in our respective areas. Our strong point at SSEATEC is working with industry.

Mr. Edwardson communicated that the center had a significant ratio of investment; the center had invested a significant portion of its own funds into the effort. SSEATEC was a vocational facility that offered certified postsecondary courses. The facility housed the high schools and the alternative high school in Ketchikan; students received math and elective credits. The center identified the relevant industries in Southeast Alaska and developed its curriculum based on the information. He relayed that the center partnered with many of the industries; the mining industry had been identified as a target industry. The center also used Department of Labor and Workforce Development (DLWD) statistics on projected job growth. He relayed that the center had been in close contact with Ucore Rare Metals Inc. regarding its plan to develop a rare earth mine on Prince of Wales Island; the company had agreed to priority hire of SSEATEC program graduates and had provided a letter of support to the legislature (copy on file). The Alaska Ship and Dry Dock directly hired out of the Ketchikan Construction Academy that was housed in the SSEATEC facility.

Mr. Edwardson shared that the construction academy had 100 percent job placement with 78 percent of the students going into the construction field. He relayed that the statistics were reported to the DLWD; he reported the information to the Construction Education Foundation. He referenced signed guarantees from five additional general contracting companies located in Ketchikan. He believed the center qualified to be included in HB 150. He recognized concerns about how the funds were allocated to the various included entities. He stated that the unemployment contribution was increasing and projected to increase as a result of job placement of local residents; the tax funded the workforce development and vocational training. He stressed the center's success. He believed that it was the right time to double down on the center's efforts. He communicated that in an effort to sustain the economic development it was necessary to continue funding facilities such as SSEATEC.

Mr. Edwardson stated that throughout the bill's history when a facility came online adjustments had been made. He believed that if vocational training programs acted as a team people would continue to be put into the workforce successfully; however, if the center was stifled for funding it would not be possible to sustain its own investment. The center needed the state's help to address workforce development needs in Ketchikan.

[11:32:22 AM](#)

Mr. Edwardson relayed that the center was a public facility. He detailed that it was a subsidiary of the Ketchikan Indian Community. He pointed to the constitutional right to enter into profitable businesses. He acknowledged that education was not incredibly profitable, but it was available to all Alaskans.

Co-Chair Stoltze asked for verification that the concept was an example of educational choice at work.

Mr. Edwardson agreed. He addressed a concern that the facility should be open to all Alaskans; he assured the committee that it was a public facility open to all Alaskans. He noted that the state had contributed \$3.3 million into the center. He stated that the center paid \$1.2 million in education efforts annually. He discussed state and its own expenditures. He relayed that the prior year he had requested an operational match for \$1.2 million; however, he had selected a percentage based on other schools of the center's size and activity. Ideally he would like a \$1.2 million state match. He thanked the sponsor for pointing out geographical concerns related to the distribution of funds. He communicated that the southern Southeast region of Alaska was not represented other than the University of Alaska Southeast (UAS). He shared that the center worked in close partnership with UAS; the entities had a working agreement that the center's programs would complement UAS programs. He stated that funding did not exist for a true vocational technical center focused on industry demands.

Co-Chair Stoltze observed that Mr. Edwardson would be a continued part of the discussion. Mr. Edwardson was happy to address any questions or concerns.

Co-Chair Stoltze remarked that there would be questions at some time. Mr. Edwardson noted that how the funds would be divided would be up to the legislature. Co-Chair Stoltze believed Mr. Edwardson should play a part in determining the fund source. Mr. Edwardson did have methods he could discuss. Co-Chair Stoltze relayed that the issue would be addressed at a later date.

Representative Wilson asked for further information on how the program's outcomes were measured. She wanted to understand how many people the center put to work and where the students came from. She wanted to receive the same information from each entity interested in the funds.

Mr. Edwardson agreed.

[11:36:29 AM](#)

Vice-Chair Neuman asked if the educational program was operated through a for-profit company. Mr. Edwardson replied that the program had the ability to be for-profit, but he noted that education was not profitable. He shared that it had been necessary to form a business outside of the corporation in order to make the program available to the public. The entity had its own business license and line item in the budget; it had been necessary to separate the entity from the tribe.

[11:37:53 AM](#)

STEVEN ANGASAN, SOUTH WEST ALASKA VOCATIONAL AND EDUCATION CENTER, KING SALMON (via teleconference), spoke in support of the legislation. He noted that the committee had a letter of support for the entity in its packets (copy on file). He discussed changes that had occurred in the past three to four months. The center had received a federal grant for a rural jobs accelerator program from the United States Department of Agriculture; the grant was one of 15 awarded nationwide. The grant provided for fisheries job training; however, the grant did not cover a significant portion of the items the center hoped to accomplish. The center had partnered with a regional community development quota (CDQ) group based on a large number of courses in the past quarter. He explained that the center compiled reports with the state management team; the center had discovered that its numbers in the last three months were larger than the numbers in center's report in member's documentation

for 2010. He communicated that the center had made historic steps towards providing a career guide for fisheries. He believed DLWD was also working in the same direction. The center had recently released a career guide and would provide copies to committee members. He stressed without funding from unemployment tax, entities like the center would not exist. He relayed that state funding provided was vital to all of the regional training centers. He noted that financial difficulties in recent years had resulted in cuts to the entity's regional meetings. He applauded Vice-Chair Neuman for bringing the bill forward. He stated that the bill would do much in the future for the region. He relayed that the center had one of the highest outcomes of wages in the state. He thanked the committee for working on the legislation. He hoped the finances would be available in the future.

11:42:39 AM

KAREN CEDZO, DELTA CAREER ADVANCEMENT CENTER AND PARTNERS FOR PROGRESS IN DELTA, DELTA JUNCTION (via teleconference), testified in support of the bill. She relayed that the TVEP funds made available to Delta Junction had been life-changing for youth and adults in the community. She communicated that the goal was to provide training and education to enable the students to pursue careers or other. She expressed intent to provide additional information throughout the bill process.

PEARL BROWER, PRESIDENT, ILISAGVIK COLLEGE, recognized that the bill focused on the extension of the sunset date. She understood that the funds were incredibly important to the state. She asked that the college be considered as a candidate for funding moving forward. She relayed that the college was designated as a regional training center through its connection with the North Slope Training and Education Cooperative. She shared that the college had offered 247 workforce development classes with close to 1,900 students in the last fiscal year. She believed the college was meeting the workforce development training needs across the state; it had had programs in Barrow to Metlakatla. She stressed that the college was a statewide entity and she looked forward to being part of the conversation going forward.

Representative Gara agreed that the sunset should be extended. He noted that Anchorage had vocational education

needs as well, but they were not as severe as needs in small communities. He addressed that if funds were expanded to additional entities that a portion of funds would be taken from one of the other recipients. He wondered about any recommendations.

Ms. Brower answered that she did not currently have recommendations. The college had not been aware of TVEP funding until recently. She was unsure why the college, as a regional training center, had not been included in the initial list of recipients. She would be grateful to be a part of the conversation going forward.

Representative Gara replied that he hoped the college would be a part of the conversation as well.

Co-Chair Stoltze believed he had visited all of the facilities that were on the list and that hoped to be on the list. He remarked that it was not possible to give 110 percent to the budget. He expressed frustration that DWLD had been unable to answer a handful of questions. He believed the department had provided an embarrassing performance. He was frustrated when the public's money was treated in a cavalier fashion.

[11:48:53 AM](#)

Representative Wilson replied that the subject was on the upcoming DLWD budget subcommittee meeting. She would make sure the questions were reiterated and answered. She had also asked the department whether the funding percentage could be changed.

Co-Chair Stoltze remarked that the legislature could make the change.

Representative Gara agreed that answers were necessary in order to make decisions during the legislative session. He had been disturbed by testimony provided by DEED earlier in the week related to the Base Student Allocation (BSA). He understood the frustrations.

Representative Costello thanked Ms. Brower for her testimony. She had been to Ilisagvik College and was impressed by the entity. She relayed that its funding currently fell within the Department of Commerce, Community and Economic Development operating budget. She noted it was

difficult to determine where the funds for the college should come from; the legislature had also discussed providing funds from the capital budget. She appreciated Ms. Brower's testimony and hoped that there could be continued discussion about including other entities deserving of the funds.

[11:51:43 AM](#)

Co-Chair Stoltze remarked on the complexity of the issue.

Vice-Chair Neuman understood that the issue was not simple. He believed it may be prudent for the committee to look at how the funds were distributed.

Co-Chair Stoltze remarked that the discussion would continue. He recognized the importance of the issue to many Alaskans. He commented that criteria other than merit could have entered into the picture when it had been determined which entities would receive the funding. He appreciated the sponsor's work on the subject. He thanked the committee for its participation.

HB 150 was HEARD and HELD in committee for further consideration.

ADJOURNMENT

[11:52:54 AM](#)

The meeting was adjourned at 11:52 a.m.