

**ALASKA STATE LEGISLATURE
FREE CONFERENCE COMMITTEE ON HB 278**

April 22, 2014
10:30 a.m.

MEMBERS PRESENT

Representative Mike Hawker, Chair
Representative Lynn Gattis
Representative Sam Kito III

Senator Kevin Meyer, Chair
Senator Mike Dunleavy
Senator Lyman Hoffman

MEMBERS ABSENT

All members present

OTHER LEGISLATORS PRESENT

Representative Les Gara
Representative Tammie Wilson
Representative Mia Costello
Representative Shelley Hughes
Representative Gabrielle LeDoux
Representative Jonathan Kreiss-Tomkins
Representative Cathy Munoz

Senator Click Bishop
Senator John Coghill
Senator Anna Fairclough
Senator Hollis French

COMMITTEE CALENDAR

COMMITTEE SUBSTITUTE FOR SENATE CS FOR CS FOR HOUSE BILL NO. 278(FIN) AM S, "An Act relating to the exemption from jury service for certain teachers; relating to the powers of the Department of Education and Early Development; relating to high school course credit earned through assessment; relating to school performance reports; relating to assessments and accountability standards; providing for funding for Internet services; relating to the secondary school competency examination and related requirements; relating to charter schools and student transportation; establishing a grant program to be administered by the Association of Alaska School Boards

for the purchase of student equipment and technology services; establishing a public school grant program for innovative approaches to learning; relating to correspondence study programs, funding, and student allotments; relating to residential school applications; increasing the stipend for boarding school students; relating to school construction bond debt reimbursement; relating to the local contribution to public school funding; relating to funding of and reporting by Alaska technical and vocational education programs; relating to earning high school credit for completion of vocational education courses offered by institutions receiving technical and vocational education program funding; relating to schools operated by a federal agency; relating to education tax credits; establishing an optional municipal tax exemption for privately owned real property rented or leased for use as a charter school; requiring the Legislative Budget and Audit Committee to provide for studies on the school size factor and the school district cost factor for public education funding and for a study on school staff salary and benefits; requiring the Department of Education and Early Development to report to the legislature on school design and construction; establishing a pilot project for public middle schools; and providing for an effective date."

- HEARD

PREVIOUS COMMITTEE ACTION

BILL: HB 278

SHORT TITLE: EDUCATION

SPONSOR(S): RULES BY REQUEST OF THE GOVERNOR

01/24/14	(H)	READ THE FIRST TIME - REF
ERRALS		
01/24/14	(H)	EDC, FIN
02/03/14	(H)	EDC AT 8:00 AM CAPITOL 106
02/03/14	(H)	Heard & Held
02/03/14	(H)	MINUTE(EDC)
02/07/14	(H)	EDC AT 8:00 AM CAPITOL 106
02/07/14	(H)	Heard & Held
02/07/14	(H)	MINUTE(EDC)
02/10/14	(H)	EDC AT 8:00 AM CAPITOL 106
02/10/14	(H)	Heard & Held
02/10/14	(H)	MINUTE(EDC)
02/14/14	(H)	EDC AT 8:00 AM CAPITOL 106
02/14/14	(H)	Heard & Held
02/14/14	(H)	MINUTE(EDC)

02/17/14 (H) EDC AT 8:00 AM CAPITOL 106
 02/17/14 (H) Heard & Held
 02/17/14 (H) MINUTE(EDC)
 02/24/14 (H) EDC AT 8:00 AM CAPITOL 106
 02/24/14 (H) Scheduled But Not Heard
 02/26/14 (H) EDC AT 8:00 AM CAPITOL 106
 02/26/14 (H) Heard & Held
 02/26/14 (H) MINUTE(EDC)
 02/28/14 (H) EDC AT 8:00 AM CAPITOL 106
 02/28/14 (H) Heard & Held
 02/28/14 (H) MINUTE(EDC)
 03/05/14 (H) EDC AT 8:00 AM CAPITOL 106
 03/05/14 (H) Heard & Held
 03/05/14 (H) MINUTE(EDC)
 03/07/14 (H) EDC AT 8:00 AM CAPITOL 106
 03/07/14 (H) Heard & Held
 03/07/14 (H) MINUTE(EDC)
 03/10/14 (H) EDC AT 8:00 AM CAPITOL 106
 03/10/14 (H) Heard & Held
 03/10/14 (H) MINUTE(EDC)
 03/10/14 (H) EDC AT 3:00 PM CAPITOL 106
 03/10/14 (H) Heard & Held
 03/10/14 (H) MINUTE(EDC)
 03/11/14 (H) EDC AT 5:00 PM CAPITOL 106
 03/11/14 (H) Moved CSHB 278(EDC) Out of Committee
 03/11/14 (H) MINUTE(EDC)
 03/12/14 (H) EDC RPT CS 2DP 3NR 2AM (CS FORTHCOMING)
 03/12/14 (H) DP: REINBOLD, GATTIS
 03/12/14 (H) NR: SEATON, P.WILSON, SADDLER
 03/12/14 (H) AM: LEDOUX, KITO III
 03/12/14 (H) EDC AT 8:00 AM CAPITOL 106
 03/12/14 (H) -- MEETING CANCELED --
 03/12/14 (H) EDC AT 3:00 PM CAPITOL 106
 03/12/14 (H) -- MEETING CANCELED --
 03/13/14 (H) CS(EDC) NT RECEIVED
 03/13/14 (H) EDC AT 5:00 PM CAPITOL 106
 03/13/14 (H) -- MEETING CANCELED --
 03/14/14 (H) EDC AT 8:00 AM CAPITOL 106
 03/14/14 (H) -- MEETING CANCELED --
 03/14/14 (H) EDC AT 3:00 PM CAPITOL 106
 03/14/14 (H) -- MEETING CANCELED --
 03/17/14 (H) FIN AT 1:30 PM HOUSE FINANCE 519
 03/17/14 (H) Heard & Held
 03/17/14 (H) MINUTE(FIN)
 03/18/14 (H) FIN AT 1:30 PM HOUSE FINANCE 519
 03/18/14 (H) Heard & Held
 03/18/14 (H) MINUTE(FIN)

03/18/14 (H) FIN AT 5:30 PM HOUSE FINANCE 519
 03/18/14 (H) Heard & Held
 03/18/14 (H) MINUTE(FIN)
 03/19/14 (H) REINBOLD CHANGED FROM DP TO AM UC
 03/19/14 (H) EDC RPT CS 1DP 3NR 3AM (CHANGED)
 03/24/14 (H) FIN AT 8:30 AM HOUSE FINANCE 519
 03/24/14 (H) <Bill Hearing Postponed>
 03/24/14 (H) FIN AT 1:30 PM HOUSE FINANCE 519
 03/24/14 (H) Heard & Held
 03/24/14 (H) MINUTE(FIN)
 03/25/14 (H) FIN AT 8:30 AM HOUSE FINANCE 519
 03/25/14 (H) <Bill Hearing Postponed>
 03/26/14 (H) FIN AT 8:30 AM HOUSE FINANCE 519
 03/26/14 (H) -- MEETING CANCELED --
 03/27/14 (H) FIN AT 8:30 AM HOUSE FINANCE 519
 03/27/14 (H) <Bill Hearing Canceled>
 03/28/14 (H) FIN AT 8:30 AM HOUSE FINANCE 519
 03/28/14 (H) <Bill Hearing Canceled>
 03/31/14 (H) FIN AT 1:30 PM HOUSE FINANCE 519
 03/31/14 (H) Bills Previously Heard/Scheduled
 04/01/14 (H) FIN AT 8:30 AM HOUSE FINANCE 519
 04/01/14 (H) Heard & Held
 04/01/14 (H) MINUTE(FIN)
 04/01/14 (H) FIN AT 1:30 PM HOUSE FINANCE 519
 04/01/14 (H) Heard & Held
 04/01/14 (H) MINUTE(FIN)
 04/02/14 (H) RLS TO CALENDAR PENDING REPORT
 04/02/14 (H) IN FINANCE
 04/02/14 (H) FIN AT 8:30 AM HOUSE FINANCE 519
 04/02/14 (H) FIN AT 1:30 PM HOUSE FINANCE 519
 04/02/14 (H) Moved CSHB 278(FIN) Out of Committee
 04/02/14 (H) MINUTE(FIN)
 04/03/14 (H) FIN RPT CS(FIN) NT 1DP 5NR 4AM
 04/03/14 (H) DP: COSTELLO
 04/03/14 (H) NR: NEUMAN, THOMPSON, EDGMON, T.WILSON,
 STOLTZE
 04/03/14 (H) AM: GUTTENBERG, GARA, HOLMES, MUNOZ
 04/07/14 (H) TRANSMITTED TO (S)
 04/07/14 (H) VERSION: CSHB 278(FIN) AM
 04/08/14 (S) READ THE FIRST TIME - REFERRALS
 04/08/14 (S) FIN
 04/08/14 (S) FIN AT 9:00 AM SENATE FINANCE 532
 04/08/14 (S) <Pending Referral>
 04/09/14 (S) FIN AT 9:00 AM SENATE FINANCE 532
 04/09/14 (S) Heard & Held
 04/09/14 (S) MINUTE(FIN)
 04/10/14 (S) FIN AT 9:00 AM SENATE FINANCE 532

04/10/14 (S) Heard & Held
 04/10/14 (S) MINUTE(FIN)
 04/10/14 (S) FIN AT 1:30 PM SENATE FINANCE 532
 04/10/14 (S) Heard & Held
 04/10/14 (S) MINUTE(FIN)
 04/11/14 (S) FIN AT 1:30 PM SENATE FINANCE 532
 04/11/14 (S) Heard & Held
 04/11/14 (S) MINUTE(FIN)
 04/14/14 (S) FIN AT 1:30 PM SENATE FINANCE 532
 04/14/14 (S) Heard & Held
 04/14/14 (S) MINUTE(FIN)
 04/16/14 (S) FIN AT 1:30 PM SENATE FINANCE 532
 04/16/14 (S) Scheduled But Not Heard
 04/18/14 (S) FIN AT 1:30 PM SENATE FINANCE 532
 04/18/14 (S) Heard & Held
 04/18/14 (S) MINUTE(FIN)
 04/19/14 (S) FIN RPT SCS 5DP 1DNP 1AM NEW TITLE
 04/19/14 (S) DP: KELLY, MEYER, HOFFMAN, OLSON,
 BISHOP
 04/19/14 (S) DNP: DUNLEAVY
 04/19/14 (S) AM: FAIRCLOUGH
 04/19/14 (S) FIN AT 9:00 AM SENATE FINANCE 532
 04/19/14 (S) Scheduled But Not Heard
 04/19/14 (S) FIN AT 1:30 PM SENATE FINANCE 532
 04/19/14 (S) Moved SCS CSHB 278(FIN) Out of
 Committee
 04/19/14 (S) MINUTE(FIN)
 04/21/14 (S) TAKEN UP IN THIRD READING ON 4/21
 CALENDAR
 04/21/14 (S) VERSION: SCS CSHB 278(FIN) AM S
 04/21/14 (H) CONSIDER CONCUR MESSAGE
 04/21/14 (H) FREE CONFERENCE COMMITTEE APPOINTED
 04/21/14 (H) HAWKER(CHAIR), GATTIS, KITO III
 04/21/14 (S) WAIVE UNIFORM RULE 42(A) & (B)
 04/21/14 (S) FREE CONFERENCE COMMITTEE APPOINTED
 04/21/14 (S) MEYER (CHAIR), DUNLEAVY, HOFFMAN
 04/21/14 (S) HB278 AT 9:00 PM BUTROVICH 205
 04/21/14 (S) -- MEETING CANCELED --
 04/22/14 (H) HB278 AT 10:00 AM HOUSE FINANCE 519

WITNESS REGISTER

EDRA MORLEDGE, Staff
 Senator Kevin Meyer
 Alaska State Legislature
 Juneau, Alaska

POSITION STATEMENT: Presented a comparative sectional analysis of the House and Senate versions of HB 278.

JULI LUCKY, Staff
Representative Mike Hawker
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Assisted in the presentation of the comparative sectional analysis of the final House and Senate versions of HB 278.

DAVID TEAL, Legislative Fiscal Analyst
Legislative Finance Division
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Provided information to the free conference committee on HB 278.

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

POSITION STATEMENT: Testified during the discussion of the free conference committee for HB 278.

LINDA THIBODEAU, Director
Office of the Director
Libraries, Archives & Museums
Juneau, Alaska

POSITION STATEMENT: Testified during the discussion of the free conference committee on HB 278.

ELIZABETH SWEENEY NUDELMAN, Director
School Finance and Facilities Section
Department of Education and Early Development (EED)
Juneau, Alaska

POSITION STATEMENT: Testified during the discussion of the free conference committee on HB 278.

SENATOR ANNA FAIRCLOUGH
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Testified during the discussion of the free conference committee on HB 278.

ACTION NARRATIVE

[10:30:30 AM](#)

CHAIR MIKE HAWKER called the meeting of the Free Conference Committee on HB 278 to order at 10:30 a.m. Present at the call to order were Representatives Gattis, Kito III, and Hawker and Senators Dunleavy, Hoffman, and Meyer. Representatives Gara, T. Wilson, Costello, Hughes, LeDoux, Kreiss-Tomkins, and Munoz and Senators Bishop, Coghill, French and Fairclough were also in attendance.

HB 278-EDUCATION

10:30:30 AM

CHAIR HAWKER announced that the only order of business would be HOUSE BILL NO. 278, "An Act increasing the base student allocation used in the formula for state funding of public education; repealing the secondary student competency examination and related requirements; relating to high school course credit earned through assessment; relating to a college and career readiness assessment for secondary students; relating to charter school application appeals and program budgets; relating to residential school applications; increasing the stipend for boarding school students; extending unemployment contributions for the Alaska technical and vocational education program; relating to earning high school credit for completion of vocational education courses offered by institutions receiving technical and vocational education program funding; relating to education tax credits; making conforming amendments; and providing for an effective date."

[Before the committee was CSHB 278(FIN)am and SCS CSHB 278(FIN)amS.]

10:33:40 AM

CHAIR HAWKER noted that the committee would be operating under Uniform Rule 42, Conference and Free Conference Committees, (a) and (b) suspended. Thus, the Uniform rules were waived and the conference committee has been granted the powers of free conference, which gives the conference committee the ability to consider all issues that are germane to the titles of the bill before the committee. He advised his intention to consider the Senate version of HB 278, which was built on the House version. He characterized these bills as creating "book ends" to the dialogue. He indicated that disagreement in policy exists between the two versions and the goal will be to bring the two

bills into accord for adoption as a final bill and brought back to the respective bodies for mutual concurrence.

10:36:34 AM

CHAIR MEYER explained the leadership as it applies to the committee. He pointed out that Representative Hawker will chair the meeting since the bill originated as a House bill. He asked staff to provide a section-by-section comparison between the House and Senate versions of the bill.

10:39:33 AM

EDRA MORLEDGE, Staff, Senator Kevin Meyer, Alaska State Legislature, directed attention to page 1 of the committee handout labeled "HB 278 Comparison," with a footer dated 4/22/2014 9:58 AM.

MS. MORLEDGE referred to Section 1, relating to jury duty postponement to a time not during the school year. Section 1 language for both bills is the same. The language in Senate Section 2 was similar to the House version for secondary school course credit through mastery not limited to core topics. The Senate version would limit high school course credit through mastery and includes core topics only, such as math, language arts, science, social studies, and world languages.

10:40:44 AM

CHAIR HAWKER asked for a definition of "secondary" versus "high school."

MS. MORLEDGE replied that "secondary school" is defined in statute as seventh through twelfth grades and "high school" is only ninth through twelfth grades.

10:41:03 AM

REPRESENTATIVE GATTIS reported that Section 1 of the House version of HB 278 was based on all subjects being tested and opined that the tests should not be limited to core areas.

CHAIR MEYER said the Senate based its decision more on cost since funding is necessary to provide students an opportunity to test out of classes although it could be expanded in the future from core areas.

[10:42:06 AM](#)

MS. MORLEDGE directed attention to House Section 3 and Senate Section 4 of HB 278. She explained that Senate Section 4 removes the reference to the High School Graduation Qualifying Exam (HSGQE) [exit exam] and requires electronic reporting by the department to the legislature and House Section 3 makes technical cleanup to the language but does not repeal the HSGQE.

CHAIR HAWKER commented that the House passed separate legislation [HB 220] to repeal the HSGQE but the Senate included the HSGQE concept in HB 278.

[10:43:20 AM](#)

MS. MORLEDGE said that House Section 4 provides language that the state may not cede any measure of autonomy or control over education standards and assessments. The Senate version did not have a similar section.

[10:43:37 AM](#)

MS. MORLEDGE directed attention to House and Senate language in Section 5, noting the House version contains technical cleanup language and requires reporting on military and associated data, which is also included in the Senate version.

CHAIR HAWKER added that the Senate Section 5 also had conforming language involving the exit examination [HSGQE] removal.

[10:44:09 AM](#)

MS. MORLEDGE noted [House version] Section 6 is technical cleanup language and [House version] Section 7 substitutes the term "language arts" for "reading and writing." This was included in the Senate version, which also includes conforming language for the HSGQE repeal.

[10:44:36 AM](#)

MS. MORLEDGE turned to Section 8 of the House version, which replaces the "star" rating with an "A-F" grading system. The Senate does not have a similar section.

The committee took a brief at-ease from 10:45 a.m. to 10:46 a.m.

[10:46:21 AM](#)

MS. MORLEDGE directed attention to page 2 of the section-by-section comparison. She related that Senate Section 7 contains three new provisions. First, it would include funding to bring every school's Internet speed up to 10 megabits per second (mbps); second, it would provide funding for personalized learning opportunity grants; and third, it would provide funding for innovative approaches to learning grants.

CHAIR MEYER commented that this language would allow schools to expand their broadband service to at least 10 mbps, which is very important in rural Alaska especially pertaining to the use of digital learning. In addition, the personalized learning opportunity grants and the innovative approaches to learning grants were items that were brought to the Senate's attention by the [Senate] Education [Standing] Committee and Senator Dunleavy.

[10:47:44 AM](#)

SENATOR DUNLEAVY explained that the personalized learning grant is the one-on-one concept that has been discussed in the past two years with the Association of Alaska School Boards and the Alaska Department of Education [and Early Development] (EED). This would put "tablets" in the hands of students and teachers to address the growing trend in education of working with online vendors to integrate technology into the actual program instead of as an add-on element. The Senate Education Standing Committee developed these changes by proposing the technology expansion and the innovative education grants. The program would allow small start-up educational grants to plan approaches that a district could endorse such as cyber schools. This is in response to an issue that sometimes occurs when people seek funding to implement ideas that are later discovered as not being well thought out. Under the grant program, a "project of promise" could be eventually brought to the legislature for further appropriation. He envisioned that districts would float concepts to the department, and if the department found the concept had merit, a small planning grant would ensue and the district would hire a contractor to fully flesh out the concept. That fleshed-out concept would go back to the department for approval, and, if approved, would be presented to the legislature as a "project of promise" for funding. Ultimately, this process could firm up projects to avoid funding concepts without merit.

CHAIR HAWKER asked for further clarification on the fiscal notes for these three components.

SENATOR DUNLEAVY answered that the one-on-one grant was funded at \$5 million and the innovative learning grant approach was funded at \$750,000 for this fiscal year. In further response, he agreed the Internet services fiscal impact was \$7.3 million.

[10:51:05 AM](#)

CHAIR MEYER interjected that he believed the learning grants would start at \$3-\$5 million. In response to a question, he clarified he was speaking about the one-on-one grants.

CHAIR MEYER related his understanding that the proposed broadband Internet services would be eligible for four-to-one matching funds from the federal government. In response to a question, he reiterated his comment related to the broadband Internet services.

[10:51:42 AM](#)

REPRESENTATIVE GATTIS offered support for technological advances, which will change how Alaska does business in the next 50 years; however, challenges for providing these grants exist. She offered her preference to consider all contractors, not just the Association of Alaska School Boards, as possible vendors for the grants.

[10:52:36 AM](#)

SENATOR HOFFMAN, regarding the Internet speed, reported that the national standard calls for 100 megabits (mbps) by 2016 or 2017.

CHAIR HAWKER acknowledged that the national target is 100 mbps rather than the 10 mbps that the Senate Section 7 proposes.

[10:53:18 AM](#)

MS. MORLEDGE directed attention to House Sections 9-10 and Senate Sections 8-9 addressing charter school application and appeal process. The House version doesn't have a similar provision to Senate Section 10, which would repeal the High School Graduation Qualifying Exam (HSGQE) [exit exam] for charter school students.

CHAIR HAWKER pointed out the House accomplished the HSGQE language change in a separate bill.

[10:53:52 AM](#)

MS. MORLEDGE turned to Section 11, which requires districts to offer the right of first refusal to charter schools to lease space, noting lease agreements shall be true to operational costs. She said this language is the same in both versions of HB 278.

MS. MORLEDGE directed attention to [House and Senate] Section 12. She explained that the Senate adopted the House language, but also added language that would require funds generated by a charter school student to include grants, appropriations, federal impact aid, and local contributions.

CHAIR HAWKER remarked that the [Senate version] is a more encompassing implementation of the same concept that was brought forward in the House version of the bill.

[10:54:36 AM](#)

MS. MORLEDGE referred to Section 13, relating that language in both [House and Senate] versions would provide a \$500 one-time per student grant for charter school start-up funds in the first year.

MS. MORLEDGE directed attention to [House] Section 15 that substitutes the term "language arts" for "reading, writing." In addition, the language would prohibit the department from spending money on "common core" standards implementation for K-12.

[10:55:19 AM](#)

MS. MORLEDGE referred back to Senate Section 14, which includes language related to a correspondence study program, individual learning plans, and student allotments.

CHAIR HAWKER asked for further clarification on the student allotment component.

CHAIR MEYER deferred to Senator Dunleavy.

SENATOR DUNLEAVY explained that [Section 14] pertains to correspondence homeschool programs, which are public school

programs that have existed for approximately 15 years educating thousands of students statewide. Some programs are district-centered programs and others are statewide programs. The change was originally proposed under SB 100. He detailed several components. First, under the program, all correspondence students must have an individual learning plan (ILP), although one component that changes is the ILP is considered to be functioning for those students who are proficient according to statewide assessments. For students who are not proficient, the teacher and parent would amend the ILP and dedicate resources to ensure that the child becomes proficient.

SENATOR DUNLEAVY turned to the second component [of Senate Section 14], noting that many homeschool correspondence program students obtain an allotment to purchase materials to support the ILP. In the past, that allotment would lapse at the end of the fiscal year. One unintended consequence has been that families rushed to spend the allotment to purchase materials for the next year before funds lapsed. Under [Senate Section 14], funding wouldn't lapse, but could accumulate for long-term planning for students who remain in the program. This could have the desired effect of keeping a family with the program, but will also have the effect funds being spent more wisely and judiciously instead of end-of-year spending. Third, the final component will change the current foundation formula funding factor for correspondence students from .80 to .90. In response to Representative Kito III, he indicated that the allotment in AS 14.03.320 is not an actual cash payment to the parent or guardian but is held by the school.

[10:59:58 AM](#)

MS. MORLEDGE related that Section 14 of the House version and Section 15 of the Senate version substitute the term "language arts" for "reading, writing." House Section 15 would add language prohibiting the EED from spending funds on "common core" standards implementation for K-12. Senate Section 16 contained the cleanup language, but did not contain the "common core" standards language, she said.

CHAIR HAWKER highlighted the committee will need to be briefed by Commissioner Hanley today on the "common core" standards issue and implementation language.

REPRESENTATIVE GATTIS explained that the House intent was that Alaskans be in control of the curriculum being taught in the state and that it would not be based on a national standard.

[11:01:28 AM](#)

MS. MORLEDGE directed attention to Senate Sections 17 and 18, noting Section 17 is a technical change related to the exit exam [HSGQE] and Section 18 defines the term "child with a disability."

[11:01:45 AM](#)

MS. MORLEDGE referred to House Section 16, which requires the State Board of Education and Early Development (BOE) to recommend changes in how the state could expend education funds more efficiently. The Senate removed that language, she said.

CHAIR HAWKER advised this is another item for Commissioner Hanley to address since there are several opinions on this matter.

[11:02:47 AM](#)

MS. MORLEDGE directed attention to page 4, of the section-by-section comparison, to House Section 17 and Senate Section 19, noting both versions retain the same language regarding pupil transportation for charter schools. The Senate version also inserted a new Section 20, related to debt reimbursement for school construction and maintenance.

CHAIR HAWKER emphasized that the Senate Section 20 represents a substantial change from current statute that is not in the House version. He also would like Commissioner Hanley to address this. He characterized this as being more of a Department of Revenue (DOR) function, but he was certain the commissioner could recommend the appropriate party to inform the committee.

[11:03:35 AM](#)

CHAIR MEYER indicated that from a financial standpoint, the state can control its substantial bonding for many projects; however, the state can't control costs when districts pass school bonds, with the state having responsibility for 60 percent or 70 percent of the cost. He related his understanding that the commissioner will discuss the 70/30 program, noting that the state has more control over it than it does the 60/40 program. He identified this is an area that needs some adjustment.

REPRESENTATIVE GATTIS agreed that this is an area of concern. She suggested that the legislature might consider lowering the bonding and removing some regulations to give school districts the ability to make choices that work best for them. She said she looks forward to the conversation.

[11:05:01 AM](#)

MS. MORLEDGE directed attention to House Section 18 and Senate Section 21, which contain the same language and will allow course credit by mastery for boarding school students. The next section, House Section 19, and Senate Section 22 would allow an annual open application period for residential schools.

[11:05:24 AM](#)

MS. MORLEDGE turned to Senate Sections 23-26, which were added in the Senate version. Senate Section 23 would increase the residential school stipend.

CHAIR HAWKER interjected that he believes that has a \$2.25 million fiscal note.

CHAIR MEYER offered his belief that it was Senator [Coghill's] bill and that Senator Hoffman was very familiar with residential schools.

REPRESENTATIVE GATTIS related that she introduced a corresponding bill, [HB 291] that is currently before the House Finance [Standing] Committee.

[11:06:12 AM](#)

MS. MORLEDGE turned to Senate Section 24, which would increase the required local contribution from a 2.65 mill to 2.8 mill rate.

CHAIR HAWKER suggested that the committee will hear testimony to provide background and the ramifications of this.

CHAIR MEYER acknowledged the importance of considering the bigger issue between voluntary contributions that municipalities make versus required contributions. Obviously when the mill rate is adjusted it constitutes a required contribution. He recalled that the mill rate was adjusted three years ago that the contribution changed from a 2.9 mill rate to a 2.65 mill rate, which meant the state had to take on a bigger burden of

the education funding. In fact, he recommended this change in order to find a better balance between local and state required contributions to education.

[11:07:34 AM](#)

MS. MORLEDGE directed attention to Senate Section 25, which is a provision to allow municipalities to contribute up to 23 percent of funds that are distributed to the school districts outside of the basic need.

CHAIR HAWKER explained that funding added outside of the BSA [base student allotment] contribution is treated as if it was within the BSA for the purpose of calculating the maximum voluntary local contributions.

MS. MORLEDGE related that Senate Section 26 raises the correspondence study factor from 80 percent to 90 percent.

CHAIR HAWKER added that the fiscal note for the factor change is approximately \$6.1 million.

SENATOR DUNLEAVY said the idea was to increase it to incentivize school districts to give serious thought to expanding their homeschool correspondence programs. He characterized it as a low-cost approach to expanding the "larger tent" of public education to as many students as possible without having to factor in building construction, transportation, lunch programs, and other costs. The homeschool correspondence programs are probably the fastest growing programs within public education.

[11:09:22 AM](#)

CHAIR MEYER asked when funding for homeschool or correspondence school was last changed.

SENATOR DUNLEAVY offered his belief that this funding has been in place for many years. He related his understanding the percentage was a number that was chosen.

[11:09:52 AM](#)

MS. MORLEDGE continued on page 5 of the section-by-section comparison of HB 278 to Senate Section 27, noting the House version does not have a similar provision. She stated that this language relates to the charter school size factor and lowers

the threshold of 120 students to 75 students to receive 100 percent of funding.

CHAIR HAWKER asked Commissioner Hanley to address and put on the record what is at issue for both of these charter school adjustments.

[11:10:36 AM](#)

MS. MORLEDGE referred to House Sections 20-22, which relate to BSA increases. The Senate version does not contain any of these provisions.

CHAIR HAWKER said this is the biggest sticking point between the Senate and House approaches to HB 278. The House preferred to include some element of funding within the BSA and the Senate chose not to increase funding inside the BSA, yet still make substantial commitments to education funding by increasing funding outside the BSA for the next three years. He indicated that the committee will be work to find a route forward as the free conference committee proceeds.

[11:11:31 AM](#)

MS. MORLEDGE directed attention to House Sections 23-24, which provide increases the time for teacher tenure to five years in urban areas.

SENATOR HOFFMAN asked for a breakdown on the dollar amounts within the BSA, outside the BSA, and other funding.

CHAIR HAWKER responded that the general formula used is that an increase of \$100 to the BSA equates to approximately a \$25 million increase in the budget, therefore, a \$25 million increase outside the BSA would have the same effect as a \$100 increase to the BSA. He said that a summary will be necessary to highlight the overall financial impact. Again, this is the greatest sticking point in the bill, he said.

[11:13:11 AM](#)

CHAIR MEYER said he believed that his staff, Suzanne Armstrong, or David Teal, Legislative Fiscal Analyst, Legislative Finance Division will be able to provide the comparison.

CHAIR HAWKER commented that the comparison would be available for all of the components, recognizing that costs are associated with many of the proposals before the free conference committee.

[11:13:40 AM](#)

MS. MORLEDGE directed attention again to House Sections 23 and 24, which increases the qualifying period for teacher tenure to five years for urban school districts and three years for rural school districts; however, this language is not contained in the Senate version.

REPRESENTATIVE GATTIS pointed out that a tenure bill was passed last year. She agreed it may be a sticking point.

[11:14:48 AM](#)

MS. MORLEDGE directed attention to Senate Section 28, which increases the employee contribution to the unemployment insurance fund from the current .15 percent to .16 percent for the technical vocational education program. She related that House Section 25 and Senate Section 29 included a sunset date of 2017. In addition, the Senate version corrected the names of the recipient organizations and rolled the University of Alaska Southeast into the university system as a whole and added Ilisagvik College. The Senate version also reduced the university system funding by five percent overall.

MS. MORLEDGE turned to House Section 26 [and Senate version 30], which relates to the TVEP program survey and performance review.

[11:15:56 AM](#)

MS. MORLEDGE continued to page 6 of the section-by-section comparison of HB 278. She directed attention to [House Sections 27 and 28 and Senate Sections 31 and 32], which relate to the TVEP [Technical Vocational Education Program] and to [House Sections 30-41 and Senate version 34-45] that relate to the education tax credits. She explained that the Senate version included all of the House language and added two recipients, the Regional Training Center (RTC) and apprenticeship programs and nonprofit agencies providing educational opportunities that promote the legacy of public service.

[11:16:45 AM](#)

MS. MORLEDGE continued to page 7 of the section-by-section comparison of HB 278. She turned to House Section 42 and Senate Section 46, which is a technical cleanup and repeals BIA language. House Section 43 and Senate Section 47 contain the same language regarding charter schools, she said.

[11:17:08 AM](#)

MS. MORLEDGE directed attention to House Section 44, which relates to the applicability of tenure [not included in the Senate version]. House Sections 45-46 and Senate Sections 48-49 would provide transition language for charter school applications and regulations.

[11:17:38 AM](#)

MS. MORLEDGE directed attention to House Section 47, which requires the Department of Administration (DOA) to submit to the legislature a salary and benefits proposal for school districts statewide. Senate Section 55 would require the Legislature Budget & Audit Committee (LB&A) to perform that study.

CHAIR HAWKER turned to the proposed studies with the distinction being that the House approach has the DOA taking authority while the Senate retains it within the legislative function and authority [LB&A). He questioned whether the function should be in terms of an administrative forum or a legislative forum since the legislature retains the sole authority to appropriate.

REPRESENTATIVE GATTIS commented that the intent of the House was to have a clear look at not only a study, but implementing updated state salaries and benefits.

[11:19:45 AM](#)

CHAIR HAWKER asked for further clarification on the LB&A's approach to the Senate version's study.

CHAIR MEYER deferred to Senator Fairclough, as Chair of the LB&A committee; however, he added that the key critical point to the Senate's approach to educational funding was to avoid putting funds in a foundation formula, which the BSA is part of, when it is known that the formula needs adjustments. Thus, the Senate version places the funding outside of the foundation formula until the [LB&A] study is completed. In addition, the Senate version funds education at \$100 million for each of three years

since it will take two to three years to complete and implement the study.

CHAIR HAWKER related these comments segue into the next two or three points.

[11:20:52 AM](#)

MS. MORLEDGE directed attention to House Section 48, which includes a \$30 million one-time grant to districts and although the Senate version does not include a similar provision, it does propose that \$100 million be appropriated for each of the next three years.

MS. MORLEDGE turned to Senate Sections 50-51, which propose to study components of the foundation formula, including district costs and school-size factors. Senate Section 52 relates to a design and construction report by the EED and Section 53 would create a middle school pilot program to expand the ANSEP [Alaska Native Science and Engineering Program] and Science Technology Engineering and Math [STEM] programs. Senate Section 55 relates to the [HSGQE] exit exam. House Sections 49-53 and Senate Sections 56-59 relate to the effective dates.

[11:22:10 AM](#)

CHAIR HAWKER said it is apparent that there are a number of areas in which the House and Senate have taken the same approach. One area, the elimination of the [HSGQE] exit exam, has the same goal but used different approaches. The House version has been largely incorporated into the Senate version of HB 278, he said. He indicated that at this point the free conference committee seeks to identify and build a foundation of commonality, removing as many issues as possible where fundamental agreement exists. He indicated a more vigorous debate can occur for the remaining issues. He highlighted his intention to work with Chair Meyer to identify areas of consensus and develop a baseline free conference committee substitute (FCCS for HB 278), which will be brought to the free conference committee. Further, he hoped to bring testifiers to before the committee to provide information on the more contentious issues. The free conference committee will proceed steadily toward this goal, he said.

[11:25:38 AM](#)

JULI LUCKY, Staff, Representative Mike Hawker, Alaska State Legislature, noted that she has an e-mail notification list that will be accessed to provide meeting information.

[11:26:35 AM](#)

REPRESENTATIVE KITO III asked for clarification regarding the forthcoming fiscal summary and if it will cover all sections of the bill with fiscal impact.

CHAIR HAWKER answered yes; that he hoped the fiscal summary would be as comprehensive as possible.

CHAIR MEYER agreed the fiscal impacts will be covered.

[11:28:00 AM](#)

CHAIR HAWKER recessed the meeting to a call of the chair at 11:28 a.m.

[2:22:23 PM](#)

CHAIR HAWKER reconvened the meeting at 2:22 p.m. Representatives Gattis, Kito III, and Hawker, and Senators Dunleavy, Hoffman, and Meyer were present at the call to order. Representatives Hughes and LeDoux and Senator Fairclough were also in attendance.

[2:22:36 PM](#)

CHAIR HAWKER recapped the status, such that he and Chair Meyer have identified areas of common ground and have requested a draft free conference committee substitute (FCCS) for HB 278.

[2:22:48 PM](#)

CHAIR HAWKER reviewed the morning meeting and directed attention to points requiring further information and clarification in order to find accord. He referred to a spreadsheet prepared by the Legislative Finance Division. In response to a question, he clarified that the single document was before them [footer label of "4-22-14 LFD Summary 278 Senate vs House (2)"]. This document and other supporting documents are also found posted online in BASIS [Bill Activity Status Inquiry System], he said.

[2:25:58 PM](#)

DAVID TEAL, Legislative Fiscal Analyst, Legislative Finance Division, Alaska State Legislature, directed attention to the committee packet handout and the document with a footer label of "4-22-14 LFD Summary 278 Senate vs House (2)," noting this document has been prepared for the division's use. The division's role is not to determine the policy provisions but to translate actions the legislature takes to fiscal impacts and be certain the decided upon funding is included in the capital budget or in a fiscal note, he said.

MR. TEAL noted that section numbers for the House version and Senate version and associated costs are listed in the document. He explained that as the free conference committee chooses specific funding amounts these amounts will be added to the columns; however, it's a little more complicated to put together amendments to the capital budget. For example, the \$100,000 on the first line of the aforementioned document implies that \$100 million is associated with FY 15, FY 16, and FY 17; however, the actual funding mechanism in the Senate version would fund \$300 million in FY 15, but distribute it in FYs 15-17. He explained that it is one-time funding, but it will also give districts a three-year certainty since districts don't have to request additional funds from subsequent legislatures for FY 16 and FY 17.

CHAIR HAWKER added that aspect would be accommodated in the fiscal note attached to the proposed HCCS.

MR. TEAL agreed; however, the way the Senate version was adopted doesn't necessarily mean that the free conference committee will decide to take the same route. He suggested that if the free conference committee chose to increase the BSA rather than to fund an increase outside the formula [BSA], it would represent a different method. He acknowledged that it wouldn't be more complicated, but it would mean funding the BSA for FY 15 if the forward funding concept is included. For instance, House Section 20 costs in FY 15 for BSA changes is \$45 million, but in FY 16, the BSA is scheduled to increase by another \$50 million pushing that total cost to \$60 million. Forward funding would include the \$45 million plus the \$60 million in FY 15. He concluded that the division will simply need to know how much to deposit into the education fund.

CHAIR HAWKER acknowledged that in terms of "book ends" the funding is broken into two major categories, which are the distribution according to the formula, and the breakdown between the House version and the Senate version. He also noted the

House total of \$859,000 and the Senate total of \$18,351,000. He identified the total unrestricted general funds of as approximately \$76.6 million and \$24.9 [\$124.9 million for FY 15], which provide the book ends to be worked within today. He described the aforementioned document as a reference document.

[2:31:11 PM](#)

SENATOR HOFFMAN, concentrating on the BSA, stated that in FY 15 the House version funded \$30 million outside the BSA [money distributed in the same way as the formula and \$45.8 million inside the BSA; however, the line entitled "Approximate BSA Equivalent (Dollars)" totals \$75.8 million for the House version and \$106.6 million for the Senate version. In FY 16 the figures drop to \$60.1 million, but increase to \$74.5 million in FY 17. He stated that the total House funding for three years would be approximately \$210 million and for the Senate version would be \$310 million. He asked for further clarification whether that was correct.

MR. TEAL, referring to the spreadsheet, responded that this represents the difference between the one-time funding on the first line, with the House version at \$30 million outside the BSA. This figure is removed in FY 16 and FY 17 since it is one-time money; however this doesn't mean it will necessarily be removed, but it won't be reflected in this spreadsheet since unlike the Senate version of \$300 million in forward funding, the \$30 million in the House version is truly one-time money. He acknowledged it could be replaced next year but the committee has no way of knowing for certain if that will occur.

CHAIR HAWKER pointed out that this leads to the crux of the discord that has led to this conference committee, which is the House's general desire to have a lesser degree of spending recognizing the state's fiscal circumstances at this time than the Senate was willing to bring forward. The purpose of a conference committee is to reconcile these differences.

CHAIR HAWKER asked Commissioner Hanley, Department of Education and Early Development (EED) to testify. He indicated the committee would work from the HB 278 comparison used as a section-by-section analysis of the bill [entitled HB 278 Comparison," with a footer dated 4/22/2014 9:58 AM]. He anticipated that most of the dialogue will be on the Senate version of the bill since the Senate added to the bill with a few exceptions.

[2:34:29 PM](#)

CHAIR HAWKER directed attention to the first item of interest, which is Senate Section 2. The House version related to "secondary school" courses but did not limit testing out of programs to core subjects. The Senate version allowed "high school" course credit testing via mastery of core subjects. He asked for the department's perspective.

MIKE HANLEY, Commissioner, Department of Education and Early Development (EED), said both versions accomplish similar things. Currently, districts are allowed to give students opportunities to test out of courses; however, sometimes the opportunities are available and some districts have not allowed testing out of courses to occur. The governor's version [of HB 278] contained a provision to limit testing-out assessments to core areas. This is largely due to a sensitivity to school districts, since districts would need to develop assessments for these subject areas, and a recognition that some elective courses do not lend themselves well to a summative assessment, such as drama and debate. Thus, the bill would require districts to allow testing out for core areas subjects, such as reading, writing or language arts, math, social studies, science, and world languages. Other courses were identified as optional, he said. The [House Section 2] allows testing-out for all courses.

[2:36:27 PM](#)

REPRESENTATIVE GATTIS explained that the House Education Standing Committee disagreed with the department on testing-out of courses. The House determined that final exams exist for a topic such as pottery, and the district must administer that exam to students who believe they have mastered the course topic. The House worked on the assumption that these tests already exist. She asserted that numerous courses identify a certain level of proficiency so testing-out should be allowed to students who demonstrate that level of proficiency.

[2:37:52 PM](#)

REPRESENTATIVE KITO III pointed out another issue that was raised related to students having the ability to test out of a series of core courses. For example, students could test out of Algebra I and enroll in Algebra II. One concern was that if the high school had testing-out options for every core class, students could effectively test out of high school and never attend any classes.

CHAIR HAWKER reminded members the process will be to introduce the subjects, lay the groundwork, but not debate the issues to a conclusion at this point.

REPRESENTATIVE GATTIS, with respect to testing-out, preferred to allow students who have mastered the course work test out and move on with their education and not spend an additional year in a classroom.

CHAIR MEYER added that the Senate's approach was to allow students to test out of core topics. Later, districts could expand into other topics since it might be burdensome to ask districts to provide testing-out options for all courses at once. He then asked which term the department favored, using the term "high school" or "secondary school." He further asked whether high school is defined as grades 9-12 and secondary is defined as grades 7-12.

COMMISSIONER HANLEY responded that traditionally the department uses the term "secondary school" but they are synonymous. After verifying that a definition for the terms existed, he agreed that secondary school begins in 7th grade. Thus, the department would prefer the term "high school" since the department does not allow any option to test-out of middle school courses. In further response to a question, he agreed he would recommend the Senate version that uses the term "high school."

[2:40:46 PM](#)

CHAIR HAWKER referred to House Section 4, relating to language that the state may not cede any measure of autonomy or control over education standards or assessments. He asked whether any problems exist with this language.

COMMISSIONER HANLEY answered no. He said concern arose when the state joined the Smarter Balanced Consortium in regards to finding a new state assessment standard. Although the perception was that the state had relinquished its authority and someone else would control the state's standards, he assured the committee that was never the case. This language [House Section 4] simply clarifies that the state should not give up autonomy to someone outside the state. The department would agree with that statement.

[2:41:50 PM](#)

REPRESENTATIVE GATTIS asked why the Senate removed the autonomy language from its version.

COMMISSIONER HANLEY interjected that a conversation ensued for the removal of the language since House Section 4 essentially tells the department to "not do something which is not being done." The Senate found it unnecessary to retain the autonomy language; however, he said it is not harmful to include the language.

CHAIR HAWKER commented that it seems like this is an area that would not be an area of concern. He turned to Senate Section 7 and the three subsections on Internet funding, technical support for the student one-on-one program, and funding for innovative approaches to learning. He characterized this as a more substantive area, with significant financial consequences. He referred to these provisions as 7A, 7B and 7C. He asked for the agency's perspective on 7A, the broadband Internet bandwidth.

COMMISSIONER HANLEY recognized that additional broadband can only be a positive move, but the negative aspect is the fiscal aspect. The goal is to have all schools attain a minimum of 10 megabits, which is a minimum floor. The department has no concern with increasing the amount of Internet broadband to schools statewide.

CHAIR HAWKER highlighted that the issue on the House version would be that the fiscal impact was \$7.3 million.

[2:45:24 PM](#)

CHAIR MEYER asked if the federal matching funds are \$4 for every \$1 the state puts towards this.

LINDA THIBODEAU, Director, Office of the Director, Libraries, Archives & Museums, answered that the e-rate is a discount program, not necessarily providing matching funds. She said the discount is based on the poverty level in any given school and may range from 20-90 percent with an average in Alaska of 70 percent. She indicated that in off-the-road system areas the average is 80 percent. For example, if \$100 is spent, with a poverty rate discount of 80 percent, the federal government would provide \$80 and the district would pay \$20.

[2:46:36 PM](#)

CHAIR MEYER offered his belief that this would not only help the schools but also helps the communities, villages, and region.

MS. THIBODEAU agreed that schools provide access to the public in off hours and some public school libraries are also public libraries.

CHAIR MEYER asked whether concern exists that additional costs are involved for provider services.

MS. THIBODEAU answered that additional costs would be related to first-time cost for the vendor to initially set up the equipment and put in new routers, wiring, or switches; however, these costs are also eligible for the discount. The Federal Communications Commission (FCC) requires that e-rate discounts be made each January and the cost is a very significant factor in choosing which vendor is chosen for the school.

[2:47:50 PM](#)

CHAIR HAWKER asked what drives the \$7.3 million fiscal note, whether it is the cost the state would need to bear to bring all the districts up to the 10 megabit level.

MS. THIBODEAU answered that the fiscal note amount represents the cost for districts below 10 megabits per second. In response to a question, she agreed the state would need to bear that cost.

CHAIR HAWKER asked whether the state could access any matching federal funds or additional federal grant funding.

MS. THIBODEAU answered no.

CHAIR HAWKER asked for further clarification on which districts might be affected.

MS. THIBODEAU did not specifically recall individual districts; however she noted that a spreadsheet has been distributed to committee members.

[2:49:23 PM](#)

REPRESENTATIVE GATTIS referred to a survey on bandwidth. She asked whether the state has identified any alternative if the state cannot deliver this. She offered her belief that technology will be the driver in educational delivery.

COMMISSIONER HANLEY explained that this proposal has been generated by the legislature so he was unsure if an alternative exists. He pointed out the vision and goal will be to increase opportunities and equalize them statewide and this proposal has the potential to accomplish this.

REPRESENTATIVE GATTIS said some districts have inadequate bandwidth and may struggle. She asked for ways these districts can be helped to creatively provide adequate Internet bandwidth.

[2:51:15 PM](#)

CHAIR HAWKER turned to Senate Section 7B, to the \$3 million funding for technical support and training for students, known as the one-to-one initiative.

COMMISSIONER HANLEY answered that this initiative is similar to one introduced last year by Senator Dunleavy to increase opportunities for students. He explained that the goal is to change the way teaching occurs and technical devices are a tool.

CHAIR HAWKER remarked this will be a policy call by the committee based on the legislature's willingness to fund \$3 million.

COMMISSIONER HANLEY answered yes. He remarked that he did not see a downside to adding technology into schools in the 21st century; however, there is a cost associated with it. In further response to a question, he agreed the one-on-one initiative appears to have a fiscal impact of \$3 million per year.

[2:52:30 PM](#)

SENATOR DUNLEAVY highlighted one advantage will be that students would no longer be saddled and weighed down by backpacks. As districts move into this technology, all textbooks will be downloaded onto tablets and all information and communication will be accomplished using these devices. In fact, this technology will revolutionize Alaskan classrooms and research will be done by students accessing the Internet via their tablets, he said.

CHAIR HAWKER referred to the \$3 million fiscal note and asked what that would cover, for example, whether it would begin in

kindergarten or in the 11th grade and how widely the program would extend to across the state.

SENATOR DUNLEAVY answered that the Alaska Association of School Boards could provide detail, but he envisioned that districts would be ready and willing to make the transition. He suggested that the districts that were interested would have ideas about the grade level appropriate for implementation.

[2:54:57 PM](#)

REPRESENTATIVE KITO III said this funding proposal did not arise on the House side. He asked for further clarification of what happens if course materials are on tablets and a student drops or otherwise damages the tablet and all the course work is lost. In addition, although significant information may be available on their tablets, students might not be able to take notes and utilize the information in the same way as they can using paper tablets. He further inquired as to whether there is a good way to include written communication on tablets since writing is part of the course work.

REPRESENTATIVE GATTIS asked about the procurement process in terms of the one-to-one program, noting that the state procurement process can be used rather than using the Alaska Association of School Boards (AASB) as the default provider. In other words, an open competitive bidding process should be used if a substantial number of tablets will be purchased.

[2:57:17 PM](#)

CHAIR HAWKER directed attention to Senate Section 7C to the funding for encouraging innovative approaches to learning with a fiscal note of \$750,000 for each of the next three years.

COMMISSIONER HANLEY explained that sometimes districts need an opportunity to "get the ball rolling" and the implementation strategy for these grants is that they would be operated through the department, which fits within its mission to provide funding to districts with innovative ideas to improve education. The department would report on funding expenditures and grant outcomes, but he was unsure if the department would speak to the legislature on individual school district ideas. Still, it doesn't mean the implementation strategies will be lost since the department would report, which will allow for legislative response.

CHAIR HAWKER asked how the department would allocate funds to assure some degree of fairness and parity between districts throughout the state.

COMMISSIONER HANLEY answered that the statute offers broad language and it would be necessary to stipulate parameters to address this issue. He acknowledged the importance to assure integrity in the process. He anticipated that grants ranging from \$50 to \$150 thousand would be issued, but the details have not yet been fleshed out.

3:00:00 PM

CHAIR HAWKER directed attention to Senate Section 14 to the correspondence study programs. He characterized this as being one of the more controversial provisions. This relates to individual learning programs (ILPs) and the ability to rollover the student allotment or stipend for program materials.

COMMISSIONER HANLEY answered that the ILP language is not new but puts regulatory language into statute. He said the department has not weighed in on the ability to rollover the funds; however he also understood the "use it or lose it" spending philosophy that might ensue, rather than identifying needs and spending funds on them. Certainly one pro would be to avoid parents having a quick rush to spend money since funds will otherwise expire.

CHAIR HAWKER asked whether it would be beneficial to ILP students to allow rollover funding.

COMMISSIONER HANLEY answered yes. The stipends are typically determined by school districts and are not excessive. He pointed out these decisions are already made by the districts and unexpended funds will revert back to the districts.

CHAIR HAWKER commented that the fiscal note is indeterminate since the department doesn't know.

COMMISSIONER HANLEY answered that the note is zero because the correspondence students would still be funded at .80 with this funding mechanism.

CHAIR HAWKER asked whether there has been testimony from the local school districts to indicate any support or opposition.

SENATOR DUNLEAVY offered his belief that the Matanuska-Susitna Borough School District is in favor of this. He also believed that the Galena City School District IDEA program is in favor of it. He did not believe extensive comment has been received but certain areas have demonstrated support, he said.

COMMISSIONER HANLEY said he hasn't received any public comment, but he did not think having this flexibility would pose a problem for correspondence programs.

[3:03:43 PM](#)

REPRESENTATIVE KITO III wondered if there is any benefit in attaching a cap on the rollover amount. He expressed concern that a buildup could result over time if a student is in the program for 12 years.

SENATOR DUNLEAVY responded that it would be difficult for that to occur since the ILP requires the purchase of equipment and material for course work. He offered his belief that the process is established. In addition, once the child exits the program, any residual allotment will be returned to the district. He did not foresee this happening.

CHAIR HAWKER was reassured knowing the funds would revert to the districts.

[3:05:09 PM](#)

CHAIR HAWKER referred to Senate Section 16, noting the House proposes to prohibit funds being spent on the implementation of "common core" standards implementation for K-12. He was unsure if this reaffirms current practice or if it would constrain the department's ability to operate and develop the state's curriculum.

COMMISSIONER HANLEY related that the "common core" standards were developed as a national movement. Alaska chose to reference some of those materials but developed its own standards. Thus, the department never adopted the "common core" standards. He suggested that this language is being proposed to insure that the state won't do so. One thing he noted is that sponsor of the component was clear that the intent is not to inhibit the adoption of the state standards. Prior to the state adopting the higher-level standards, some districts had taken the initiative to adopt the "common core" standards. He pointed out that the expectations from students is similar in the new

state standards and the "common core" standards at graduation. Thus, it doesn't create issues for the department, especially given that the state trains specifically to the Alaska standards and much of the verbiage and standards are the same. For example, Anchorage adopted the "common core" standards just prior to the state moving forward with adopting its standards. He hoped the intent is not to withdraw support from any districts that have moved ahead of the department.

CHAIR HAWKER remarked that the commissioner has referenced that this is a "don't do what you're not doing measure."

REPRESENTATIVE GATTIS reported that the [House Education Standing Committee] worked with the administration on several areas. She referred to Section 4 of the bill, which read:

AS 14.03.083 is amended by adding a new subsection to read:

(d) The department and the state Board of Education and Early Development may not enter into or renew a contract or agreement, or participate, with any organization, entity, group, or consortium after the effective date of this section that requires the state to cede any measure of autonomy or control over education standards and assessments, including the determination of passing scores.

CHAIR HAWKER asked whether that was previous [language].

REPRESENTATIVE GATTIS agreed. She emphasized that the goal is to not adopt a national standard, to use state standards and tests for the state to be in control of education in Alaska. She agreed that the language does what the state is already doing.

COMMISSIONER HANLEY appreciated the work that was done since the language was previously a little broad. He reiterated that the current language is not an issue.

CHAIR MEYER indicated that as the commissioner states this is something already being done so the Senate did not view the language as necessary and didn't include this language.

[3:12:16 PM](#)

CHAIR HAWKER directed attention to House Section 16, noting the Senate version did not include this provision, which will add a requirement that the state Board of Education recommend changes to promote efficiency in the administration of public education.

REPRESENTATIVE GATTIS said the intent is to identify and promote efficiency in the administration of public education.

COMMISSIONER HANLEY answered that this provision was part of the House CS for HB 278. Certainly, the state Board of Education (BOE) does not shy away from making recommendations or offering support. He voiced concern over the language as written in that it requires the BOE to make recommendations as to the method of education spending by state and school districts that results in efficiencies. In reviewing the BOE's duties, which are in statute, this language seems to fall outside its duties and purview. He related that BOE members are policy oriented and are not experts in methods of education spending at school district levels or making recommendations to the legislature on education spending. He referred to some of the duties and policies, for example, that the BOE shall adopt statewide goals on regulations regarding application and award of grants. The current legislative report requires the BOE to provide a summary of resolves and rationales in support of policy decisions, program or curriculum changes made, and additional information relevant to the efforts to improve education. It seems to be a stretch to ask the state BOE about methods of educational spending, since it seems to be outside of the BOE's duties and expertise.

CHAIR HAWKER remarked that the legislature retains the authority to appropriate, which is solely the legislature's responsibility. He suggested that the commissioner has given the legislature a good grounding.

REPRESENTATIVE GATTIS remarked this language came about in the latter hours and didn't get a lot of discussion. She said this language does not represent a sticking point.

CHAIR HAWKER thanked Representative Gattis, remarking he was beginning to see a way forward through this process.

[3:16:19 PM](#)

CHAIR HAWKER referred to Senate Section 20 to the changes to the debt reimbursement program percentages. He acknowledged that this is a serious component of HB 278 and is one of the

contentious points between the House and the Senate versions of the bill.

CHAIR MEYER offered several reasons Section 20 needs to be considered. If the state isn't fortunate enough to increase oil production and doesn't build a gas pipeline or control expenses, the state will have used up all of its savings in ten years. The legislature doesn't have much control over the 60/40 debt bond reimbursement program, yet the state must pay 60 percent of bond debt reimbursement. Thus, the Senate's approach was not to incentivize the 60/40 bond debt reimbursement program by flipping it to a 40/60 ratio. The 70/30 program has been a little more successful because the commissioner has a little more control over how that money is spent; however, when a local school district passes bonds, the state is liable for 70 percent of the bonds and local community is responsible for 30 percent. He deferred to the commissioner; however, he noted this program is heavily used and it costs the state significant money.

CHAIR HAWKER explained that the 70/30 program was initially established as a balanced program that involved both the school debt and school grant programs. He asked about the historical outlook and noted that the legislature may consider suspending the program for several years.

COMMISSIONER HANLEY responded that the 70/30 has several parameters in order for a school to qualify, which includes a square footage ratio to students, and a demonstrated need for the program. This program has provided a powerful way for the schools to maintain their facilities and build facilities when needed. The 60/40 program does not have those parameters so it allows school districts to work outside those square footage parameters. They also don't have to demonstrate need; however, he cautioned that these bonds are not frivolous, but are used to maintain school facilities. He suggested it might make sense to protect the integrity of the 70/30 program more so than the 60/40 program.

CHAIR HAWKER asked for a foundational view of the history of the debt program.

[3:22:33 PM](#)

ELIZABETH SWEENEY NUDELMAN, Director, School Finance and Facilities Section, Department of Education and Early Development (EED), highlighted the grant program and the debt program. The grant programs use a competitive process, noting

that projects are ranked by the department, and the legislature funds the projects in rank order. One list covers major maintenance and another construction. The lists overlap, but the grant list allows all districts to participate and the debt program is limited to municipalities with bonding abilities. Although municipalities can bond, not all municipalities have the financial backing to do so. Another overlap between the debt and grant programs is the participating share based on qualifying square footage and major maintenance projects on the debt program is 30 percent, with the state paying 70 percent. The participating share in the grant program is based on the assessed value per [Average Daily Membership] ADM. The Regional Education Attendance Areas (REAs) are set at two percent and each district in the grant program has a participating share that ranges from 5 percent to 35 percent. For example, Anchorage has a 30 percent participating share in the grant program which equals the 30 percent in the debt program.

CHAIR HAWKER suggested there is a carefully constructed inter-relationship between these programs.

[3:25:06 PM](#)

REPRESENTATIVE KITO III noted that the change in the debt program decreases the major split from 70/30 to 60/40 with the districts receiving 60 percent, but having an ability to go to the grant list and only pay the 30 percent participating share. Thus the pressure would be transferred from the debt program to the grant program. He identified this as the "balancing act." For example, if the participating share was changed in conjunction with the debt reimbursement rate, municipalities would still be using the debt program as opposed to being incentivized to apply for the grant program. Again, this represents the balancing of the two programs. Therefore, if the legislature decreases the debt reimbursement rate on the debt program there is a strong possibility that municipalities that can obtain a 30 percent participating share will use the grant program, then try to get on the grant list since there is a financial incentive for them to do so.

CHAIR MEYER asked for further clarification on participation in the grant program [those on the list] since it seems like the incentive for municipalities is to try for the 70/30 or 60/40 programs rather than to wait for a grant.

COMMISSIONER HANLEY agreed that the list is extensive.

MS. NUDELMAN estimated perhaps 150 projects have currently been evaluated and are awaiting funding, but it doesn't address all the projects awaiting major maintenance grants. Districts are limited to the number of requests they can make so they tend to work on their highest priorities, understanding project funding is limited. Thus, many more projects are waiting to get on the list.

REPRESENTATIVE KITO III commented that it may be a good idea to suspend new construction; however, the concern he has is related to the major maintenance list or the debt program that supports major maintenance. He offered his belief that suspending the program will delay routine facility maintenance and could decrease the sustainability of those buildings.

CHAIR HAWKER acknowledged that suspending the 60/40 program would put more pressure on the grant and maintenance list.

REPRESENTATIVE KITO III agreed.

[3:28:29 PM](#)

CHAIR MEYER asked for further clarification on whether major maintenance approved by the department is eligible for the 70/30 program or if it would fall under the 60/40 program.

MS. NUDELMAN answered that currently major maintenance is eligible for the 70/30 program, and items such as roof and boiler repairs fall under the 70/30 debt program.

[3:29:19 PM](#)

REPRESENTATIVE GATTIS said is important to keep buildings maintained and suggested retaining the maintenance aspect.

SENATOR HOFFMAN commented that the problem with major maintenance is that although the list continues to grow the state has not been funding anything on the list.

[3:30:36 PM](#)

CHAIR HAWKER directed attention to Senate Section 23, related to the residential school stipend with a \$2.25 million fiscal note, which is not in the House version.

COMMISSIONER HANLEY explained that the state has several residential schools, which are funded just like any other

schools through the BSA and the [foundation] formula; however, these schools also receive a stipend for a residential component.

CHAIR HAWKER asked whether the residential school stipend is funded through the BSA or the foundation formula.

COMMISSIONER HANLEY answered that it is funded through the foundation formula.

CHAIR HAWKER clarified that the foundation funding is substantially more than just the BSA.

COMMISSIONER HANLEY explained that residential schools receive a boarding stipend to help cover the cost of housing, feeding, and monitoring students for 24 hours per day. Last year, a proposal was before the legislature to increase that funding to reflect actual costs. The legislature increased the funding for residential components, but did not fully fund it. He said the \$2.2 million will raise the stipend to approach actual costs to house students, noting the rate for the most expensive district for a residential student's room and board is at \$59 per day and the lowest is at \$40 per day.

CHAIR HAWKER asked whether the \$2.25 million will bring the funding level up to last year's recommendation that was partially funded.

COMMISSIONER HANLEY answered yes. In response to a question he said it does not exceed the department's request but reflects the exact request by Senator Coghill and Representative Gattis.

[3:33:26 PM](#)

CHAIR HAWKER turned to Senate Section 24, which will increase the required local contribution from a 2.65 mill rate to a 2.8 mill tax levy. He asked Commissioner Hanley to provide background information. He referred to a handout in members' packets entitled "Department of Education & Early Development, Prepared 4/19/2014, FN: Increase to required Mill rate 2.65 to 2.8." He stated that this chart identifies the cost per school district.

COMMISSIONER HANLEY answered that the mill rate averaged 2.9 mills prior to a change that occurred two years ago. At a certain point new properties came in with a mill rate of 2.0 so districts fell between 2.0 and 4.0 depending on how quickly they

were growing, the value of property, and the property tax rate. Thus, on average the mill rate was about 2.9. Two years ago the legislature chose to take on more of the share. The basic need is determined by local and state contribution, he said.

CHAIR HAWKER interjected that this change was adopted under Senate Bill 182 under actions taken by the House Finance Standing Committee on 4/14/2012.

COMMISSIONER HANLEY explained that the mill rate represents the local contribution of the basic need for schools and school districts. In April 2012, the legislature chose to establish the mill rate at 2.65 for all districts. This means funding for the basic need was shifted to the state, requiring the state to pick up an additional \$20 million from local municipalities. This proposal would shift it back to about \$11.9 million.

CHAIR HAWKER remarked that the 2012 bill was a gratuitous transfer of school funding responsibility from the local school districts to the state at \$20 million. This provision would put the responsibility of approximately \$12 million back on local school districts and reduce the state's cost of funding basic education. He characterized it as a basic cost-shifting with a net benefit to the state. He directed attention to Mr. Teal's aforementioned spreadsheet to a footnote [Senate Section 24 proposes increasing Required Local Effort (RLE) from 2.65 [mills] to 2.8 [mills]]. This provision would increase RLE by approximately \$12 million and reduce state funding by the same amount, he said.

COMMISSIONER HANLEY agreed that it is a cost-shift; however, it will not change the amount of the overall funding to school districts.

[3:38:29 PM](#)

CHAIR MEYER said he has asked his staff to provide comparisons using different mill rates, such as 2.7, 2.75, or 2.9 since the Senate felt this proposed number was part way between the 2.65 and the average rate in 2012. He recalled at the time the legislature changed the rationale for funding, the vote was close, and some uncertainty existed among the members about the overall effect of the change. Now that the Senate has had more time to consider this matter, he considered that perhaps the state may have taken on more of the burden than it should have. It now appears that communities should carry more of a burden. Certainly, it's up to communities to decide whether they want to

voluntarily provide more funding in the BSA process; however, municipalities should contribute more to education so the burden is not on the state, he said.

CHAIR HAWKER referred to a summary sheet being distributed to members [entitled, Department of Education & Early Development, Prepared 4/11/2014, Request Local Effort adjustment], which shows a spectrum of rates. In response to a question, he agreed the mill rate was set at 4.0 for many years.

CHAIR HAWKER further clarified that the average for the older property mill rate was set at 4.0 and newer property was set at 2.0, and that the average mill rate was 2.9.

COMMISSIONER HANLEY agreed. He related his understanding that the number was chosen from the municipality with the lowest effective mill rate, which was the MSB's rate at the time although he admitted he did not participate in the discussion.

CHAIR HAWKER restated that the average mill rate was 2.9.

[3:41:58 PM](#)

REPRESENTATIVE KITO III noted that the overall effect of increasing the mill rate will be an increase on local property taxes since it will place more of a burden on local government.

CHAIR MEYER pointed out that municipalities have a choice whether to increase property taxes or sales tax in areas with an established sales tax.

REPRESENTATIVE GATTIS explained that the Matanuska-Susitna Borough (MSB) doesn't have a sales tax so it would result in a property tax increase.

CHAIR HAWKER identified Section 24 as one of the items of contention between the House and the Senate versions of the bill.

CHAIR HAWKER related that Senate Section 25 allows for voluntary local contributions and the House does not find this to be a problem.

[3:44:10 PM](#)

CHAIR HAWKER directed attention to Senate Section 26, which will raise the correspondence study factor from 80 percent to 90 percent of the BSA with a \$6.1 million increment.

COMMISSIONER HANLEY stated that the department is neutral on this issue. The \$6.1 million in funding would go to districts for their correspondence programs.

[3:45:17 PM](#)

SENATOR DUNLEAVY observed that a theme runs through the bill to incentivize lower cost approaches to education. The correspondence homeschool concept in several districts represents a means to educate kids at a much lower rate than in the classroom. The state developed a system in the past 50 years that provides schools in every community, with classrooms of approximately 25 students. The fiscal situation doesn't look as promising and as the state faces fiscal uncertainty the question arises as to how to pivot the system to reduce costs yet maintain a quality education for kids.

SENATOR DUNLEAVY related a scenario to illustrate how the legislature impacts local districts either by creating incentives or else by penalizing districts via legislation. Senate Section 26 was developed to incentivize low-cost approaches. What complicates this process is that correspondence students have not been viewed as public school students even though they are part of the public school system. In some districts hybrid programs exist and some homeschool students take some courses at the brick and mortar schools. He characterized this approach as providing more flexibility for the districts, especially those with a diverse population, and to offer a different approach to engage more families. Many homeschool students have statistically remained outside of the system. This proposal attempts to incorporate a lower-cost program and incentivize it to see how districts and schools respond. He viewed Senate Section 26 as a means to reduce costs.

[3:48:48 PM](#)

REPRESENTATIVE KITO III said it is important to not over incentivize programs that may take emphasis away from the state providing education for students in neighborhood schools.

SENATOR DUNLEAVY said the district receives funding and determines the distribution so it should help the neighborhood schools.

CHAIR MEYER asked when this issue was last raised.

COMMISSIONER HANLEY reported that the [foundation formula funding factor for correspondence students] was initially set at .80 when the program was switched from the statewide Alyeska correspondence program in the early 2000s. In response to a question, he agreed that .80 was the initial number chosen in 2000.

SENATOR DUNLEAVY asked for further clarification that [foundation formula funding factor for correspondence students] was never funded at 1.0 but has always been set at .80.

COMMISSIONER HANLEY explained that it was funded differently when the state operated a statewide correspondence program, but the funding factor shifted to .80 when correspondence programs [were offered by districts.]

CHAIR HAWKER asked for clarification when that change occurred.

COMMISSIONER HANLEY was unsure of the exact date, but believed it was in the early 2000s.

[3:50:22 PM](#)

CHAIR HAWKER turned to Senate Section 27, which was originally in the governor's bill. This language would allow a charter school with at least 75 students to obtain additional funding for the first three years. Currently, charter schools obtain a supplement for the first year only. This proposal would change the formula by removing language limiting the adjusted student count for a charter school to 95 percent of the student rate for a school that has 150 or more students.

[3:51:19 PM](#)

REPRESENTATIVE GATTIS clarified that the governor's proposal was accepted in the House Education Standing Committee, but was deleted in House Finance Standing Committee, probably due to the cost.

COMMISSIONER HANLEY related that the fiscal impact would be \$483,000.

CHAIR HAWKER pointed out it is listed on Mr. Teal's chart as formula changes for charter school size factor at \$483,900.

[3:51:48 PM](#)

SENATOR DUNLEAVY offered his belief this is an attempt by the Senate to reach out to a diverse group of Alaskans who want to be engaged in public education. Although charter schools are public schools they have struggled to gain a foothold. Senate Section 27 recognizes that charter schools provide a valuable approach to education to engage more students each year and this helps them obtain adequate funding.

[3:52:36 PM](#)

CHAIR HAWKER, referring to House Sections 20-22, stated he would set aside the BSA issues for now. He directed attention to House Sections 23 and 24, which he characterized as a policy call on teacher tenure.

REPRESENTATIVE GATTIS suggested that some teacher tenure studies exist and it might be possible to look at teacher tenure.

[3:53:40 PM](#)

The committee took a brief at-ease from 3:53 p.m. to 3:56 p.m.

[3:56:26 PM](#)

CHAIR MEYER stated that although teacher tenure is not included in the Senate version of the bill, teacher tenure is of interest to the Senate.

[3:57:44 PM](#)

CHAIR HAWKER directed attention to House Section 47 and Senate Section 55, to the two salary and benefits studies proposed. The House study would be due on January 1, 2016, but the Senate's took the approach of using an LB&A study with a report due January 1, 2016.

COMMISSIONER HANLEY deferred to Senator Fairclough.

[3:58:42 PM](#)

SENATOR ANNA FAIRCLOUGH, Alaska State Legislature, as Chair of the Legislative Budget & Audit Committee, stated that the Senate Finance Committee considered previous LB&A studies that were underway to review health care benefits statewide. A Senate Finance subcommittee held over the past interim evaluated the largest cost drivers for all school districts statewide and identified health care costs as the largest driver. The LB&A Committee has gathered considerable information about individual benefits in each school district. The question was whether to build on the current information or ask the administration to restart the process. She deferred to the committee with respect to the approach to take. As Chair of the Legislative Budget & Audit Committee, stated that the LB&A study on health benefits could be built on as a cost savings opportunity. She noted that the House will chair the LB&A committee next legislature.

CHAIR HAWKER related his understanding that it would be a pretty substantial cost savings issue.

SENATOR FAIRCLOUGH answered that the proposed overall cost savings were estimated at \$45 million, but as the committee dug deeper it was the Senate Finance subcommittee's position to honor collective bargaining. The contractors had used a combined approach. The committee broke the costs into individual years.

CHAIR HAWKER interjected that he was actually interested in further clarification on the cost of performing the studies. He recalled that if the DOA performed the studies it could cost \$600,000, but if the LB&A committee continued the costs may be closer to \$100,000.

SENATOR FAIRCLOUGH advised that the money has been invested and LB&A estimated it could complete the initial survey for \$150,000.

CHAIR HAWKER asked whether the LB&A's work had been done under the Chair's signature authority.

SENATOR FAIRCLOUGH related that the Senate Finance Standing Committee has been housing the contract itself, with Suzanne Armstrong as the project coordinator, but LB&A has been coordinating it.

[4:01:40 PM](#)

SENATOR DUNLEAVY explained that the work was the result of SB 90, which passed the legislature in 2013, but the study needed more time more time to flesh out the information.

REPRESENTATIVE GATTIS reported that the House doesn't consider this to be a sticking point. She stated that this language was put in as a recommendation by the Sustainable Education Task Force during the House Finance committee meetings; however, the House doesn't have any preference for which agency performs the studies.

REPRESENTATIVE KITO III asked for further clarification on the advertising process and how the contracts are solicited.

SENATOR FAIRCLOUGH explained that a legislative team consisting of three to five members will identify the criteria and work with the procurement officer in the Legislative Affairs Agency on a request for proposal (RFP) which would be public noticed and distributed.

[4:04:00 PM](#)

CHAIR HAWKER remarked that he appreciated the clarity and can see a route forward. He skipped past Sections 50 and 51 which are studies proposed for the foundation formula, including the district cost factor and the school size factor, noting this has been quite contentious in HB 278. He suggested substantial interest exists within the legislature to conduct a comprehensive review of the foundation formula and not limit it to just a few variables.

[4:05:18 PM](#)

REPRESENTATIVE GATTIS asked for further clarification on the January 31, 2017 reporting date and whether it should be January 31, 2016.

CHAIR HAWKER referred to Senate Section 52, which directs EED to do a study on developing energy and engineering efficiency statewide for school design and construction with a fiscal impact of \$620,000.

COMMISSIONER HANLEY answered that this will require EED to consider prototypical designs with the idea of enhancing energy efficiency in the state, potentially with models that can be expanded. He characterized this study as being similar to the LB&A studies in that the EED would likely contract this out.

CHAIR HAWKER characterized Senate Section 52 as a funding policy call.

[4:07:13 PM](#)

CHAIR HAWKER directed attention to Senate Section 53, which is an expansion of the ANSEP's [Alaska Native Science and Engineering Program's] STEM program into the middle schools with a termination date of June 30, 2017, which essentially creates a pilot program, noting the ANSEP program has been a very successful model.

COMMISSIONER HANLEY concurred that the STEM program has been a very successful model. Although ANSEP is not listed in the bill, it is a model that fits the STEM [Science Technology Engineering and Math] program very well; however, it does not preclude another program from being considered.

[4:08:48 PM](#)

SENATOR DUNLEAVY related that the emphasis in middle school would be to come out of middle school with Algebra I concepts.

COMMISSIONER HANLEY answered that is correct. In response to a question, he acknowledged that it has encouraged raising the bar.

CHAIR HAWKER pointed out that the STEM program has a \$3 million fiscal impact and is on Mr. Teal's spreadsheet for consideration. This concludes the inventory of the policies and points that require additional conversation, he said.

[4:10:10 PM](#)

CHAIR MEYER turned to Senate Section 54. He related that the governor previously recommended removing the High School Graduation Qualifying Exam (HSGQE) exam, but the Senate took it further and allowed students to get their diploma if they initially failed the exit exam.

COMMISSIONER HANLEY agreed that the goal is to remove the HSGQE. The language also mirrors the language that was in a House bill. The governor had initially planned to phase out the HSGQE over three years and this language just is another way to achieve the same result. In doing so, it would allow students who have met

all other criteria and received their certificate of achievement to receive a diploma.

CHAIR HAWKER related his understanding that if this language was retained and the diploma was issued retroactively that the requirements would still need to be completed for graduation.

COMMISSIONER HANLEY agreed that these students would need to have met all other graduations requirements, but are students who simply did not pass a portion of the exit exam.

[4:12:44 PM](#)

CHAIR HAWKER returned to the core school funding approach to identify the differences that exist between the legislative bodies. He asked Mr. Teal to explain the different between the House and Senate versions of HB 278. He stated that the House version used a multiple-year approach on a BSA increase with a smaller amount funded outside the BSA [formula] in year one. The Senate's approach was to provide three years of committed funding outside the [BSA] formula.

MR. TEAL agreed with the summary. He said people could argue whether one approach is better than the other; however, the primary difference is that the BSA is typically considered to be a permanent increase. Technically, it is not a permanent increase since the BSA can always be changed downward. The same would be true for a one-time increase. He did not recall a one-time increase that has ever been removed and typically the increase has been rolled into the BSA; however, he reminded members that one legislature can't bind any future legislatures.

CHAIR HAWKER said that the Senate's approach is easy to understand since it is to fund \$100 million each year outside of the BSA. Since the approximate conversion rate is that every \$25 million increase outside the BSA equates to a \$100 increase in the BSA, this essentially means that \$100 million in each of those three years roughly equates to a \$400 [dollar] increase [to the BSA] for each of the next three years. The House version was not quite as generous, he said. He asked for further clarification on how the House BSA increase works since it may be a little confusing.

MR. TEAL referred to his spreadsheet to the House FY 15 column with a line item of \$30 million [\$30,000.0], whereas the House column contains \$30 million outside the BSA and \$45 million [\$45,832.2] as a BSA increase, or a \$185 increase to the BSA,

bringing the total BSA to \$5,865. However, converting the \$30 million to a BSA equivalent means that the \$76 million total distributed according to the formula converts to a \$303 increase in the BSA [listed as the Approximate BSA Equivalent (Dollars) on the spreadsheet.]

CHAIR HAWKER, referring to the spreadsheet, asked for further clarification that the [BSA increase] of \$185 includes rolling past one-time funding of \$25 million.

MR. TEAL answered that is correct. The governor's proposal to include \$25 million was deleted from the operating budget; however, it was replaced in the House version of HB 278 with \$30 million outside the BSA. The Senate language increase of \$100 million outside the BSA plus changes in the formula to correspondence and charter schools brings the Senate's total to \$106 million, which equates to a \$427 increase to the BSA.

[4:18:12 PM](#)

CHAIR HAWKER asked for further clarification on the growth factor inside the BSA funding.

MR. TEAL reported that the House version [inside the] BSA funding increases by another \$58 in FY 16, bringing it to \$5,923, but the cost drops in the total distributed amount according to the formula because of the reduction to the \$30 million outside the BSA. He suggested thinking of it as going from \$45 million inside the BSA to \$60 million in FY 16 and bringing that up to \$75 million in FY 17.

CHAIR HAWKER related his understanding that the current House version does not make a commitment for any outside the BSA amount.

MR. TEAL answered that is the reason there is a reduction from \$75 million to \$60 million. The net is \$75 million minus \$30 million, which drops to \$45 million, but raising the BSA by \$58 adds in the additional \$14 million. The House has more movement but it is understandable if one thinks of it simply as increasing the BSA by \$185, then another \$58 increase, and another \$58 increase, whereas the Senate increment is constant for three years.

CHAIR HAWKER highlighted the House Finance Standing Committee took a very measured approach to conserve as much money as possible while providing adequate investment in the BSA,

although he acknowledged it doesn't make as much of an investment as the Senate does. The House version wanted to split some of it between "inside and outside" the BSA, he said.

[4:20:44 PM](#)

CHAIR MEYER commented that the public requested stability and this gives schools \$427 in increased funding that can be counted on for the next three years. Although the Senate's funding level is higher than the House, the House could still add additional funding outside of the formula funding in FY 16 and FY 17 to increase their education funding. The Senate does not intend to further fund the formula, but will study the foundation formula over the next three years and try to fix it. Since the process is significant, it will take several years to accomplish. In addition, the Senate's goal is to hold the districts harmless for the next three years while the foundation formula is studied and avoid an annual battle. This represents the Senate's attempt to adequately fund education for the next three years.

[4:22:12 PM](#)

CHAIR HAWKER emphasized the House's approach was to commit to an increase to the BSA for the next three years, but the Senate's approach makes a committed and forward funded approach using an outside the BSA [formula] mechanism to fund education.

[4:22:32 PM](#)

SENATOR DUNLEAVY explained the underlying philosophy in the Senate's approach has been to support the neighborhood schools while exploring other approaches such as residential, correspondence, charter schools, and home study programs. The Senate's approach would provide three years of sustained funding at a level to meet the needs of the mainstay schools and districts while at the same time exploring other approaches and opportunities. At the same time the studies will provide information and an understanding for future decisions.

SEANTOR DUNLEAVY said the House and Senate's [Standing] Education Committees have looked at funding and sustainability. Mr. Teal has identified that by 2024 three items may consume the state's entire budget. He recalled a prior funding shortfall in the 1980s and subsequently funding began to fall apart. The state could currently be hemmed in by price and declining production that could result in an unsustainable level of

funding. Instead of waiting for an exhaustion of funding reserves, he suggested the legislature could make determinations and see what can be accomplished to lower educational costs by examining different approaches while still trying to maintain the quality of education.

CHAIR HAWKER remarked that that was a well-stated explanation.

[4:25:13 PM](#)

SENATOR HOFFMAN also reminded the committee the last time the state had an extended BSA increment was when the legislature implemented recommendations by an education task force, chaired by Representative Hawker. At the time the general consensus by the education community was that they were satisfied.

SENATOR HOFFMAN expressed concern that the House's current approach doesn't increase the BSA to the amounts the education community would like, which is a \$400 increment this year, and an additional \$125 increment each of the next two years for a total BSA of \$650. In fact, the House falls well short of that funding. He doubted the education community could support the House's approach to only add \$185 to the BSA, with a \$58 increment in the next two fiscal years. He anticipated the response will be that that level of funding is woefully inadequate to meet the educational needs of Alaska's students. At a time when the legislature is addressing education, it is unsatisfactory to endorse such low increments to the BSA. He wondered whether the BSA will be addressed again in two years or if the \$30 million in funding means that education needs will continue to be funded outside the [foundation] formula each year. He did not agree with the House's perspective on education funding for the next three years.

CHAIR HAWKER responded that he cannot speak for the House; however he offered his belief that the House has taken an approach of "living within our means." He suggested that it's easy to raise [the BSA funding], but nearly impossible to take something away. The general sentiment of the legislature and the public is that value is not being realized from the schools and student performance. Thus, instead of rewarding the status quo by "writing a check" the state needs to be shown [student] performance improvements. "This is the balance that we're in this committee to discuss," he said.

[4:29:19 PM](#)

REPRESENTATIVE KITO III commented that Mr. Teal has indicated the level of funding inside the BSA and outside the BSA. He asked whether it would satisfy Alaskans that the state is committed [to education] if the funding over the next three years was all within the BSA, while at the same time the studies are completed and the formulas are readjusted. He asked for further clarification on the Senate FY 15, FY 16, and FY 17 figures for the BSA increment of \$427; however, he questioned whether this includes \$6 million for correspondence schools and the \$400,000 for the charter school size factor. Still, all districts don't have correspondence programs and charter schools are only in a handful of school districts. He asked whether this represents an average for school districts since the other amounts only apply to some districts.

MR. TEAL concurred that the funding is not distributed equally to all districts, but it is allocated on the basis of the [foundation] formula. The aforementioned spreadsheet indicates that it's a formula distribution like the fiscal note section, which has the same issue, which is the grants to districts since the state doesn't know how they will be allocated; however, the state does know how correspondence and charter school monies will be allocated. Those funds are placed into the public education fund and are distributed without appropriation according to the formula.

REPRESENTATIVE KITO III expressed concern that the \$427 BSA equivalent is actually not going to be the same for every district. He asked for further clarification that this figure will be the amount for school districts that receive correspondence and charter school funds, but it will be lower for those schools without correspondence or charter schools.

MR. TEAL answered that is correct. He characterized it as a formula distribution.

CHAIR HAWKER related his understanding that [funding for those schools] will not be appreciably lower.

MR. TEAL agreed that is correct. He clarified that the \$6 million in funding is out of a \$1.2 billion program so the "needle" won't be moved very far.

[4:32:03 PM](#)

REPRESENTATIVE GATTIS advised members that the House Education [Standing Committee] did not review the BSA or financial

portions, but deferred the financial aspects to the House Finance [Standing Committee] to review. Certainly, members have an obligation to make decisions to live within the state's means. Granted, it would be much easier for the legislature to simply fund education by "writing the check." However, she viewed the House's approach as establishing long-term education funding through the BSA. The public and some members have expressed an interest in having the total education funding within the BSA and not outside the BSA. She questioned whether the state has the ability to continue to fund at these levels and whether the studies will examine that issue.

SENATOR DUNLEAVY explained that the projections indicate that the state is not living within it means and this will continue unless something changes. He said the Senate model recognizes this and attempts to pivot and consider other approaches to well educate Alaska's children. Continuing to fund neighborhood schools at the exclusion of other innovative educational approaches will hasten that day. In fact, the educational system that has evolved over 50 years in Alaska simply needs more money every year. The legislature and administration must decide if it will fall off the cliff in 2024 or if it can institute innovative approaches using technology, the Internet, and low-cost models to change the course and level-off funding costs.

[4:35:54 PM](#)

MR. TEAL commented one thing that the committee may wish to consider as it deliberates whether to fund inside versus outside the BSA is that funding outside the BSA does not allow local contributions to increase. Putting money inside the BSA means that local contributions can go up by 23 percent of that amount. He referred to page 4, to Senate Section 25, which would allow funding distributed outside the BSA to be used to determine voluntary local contributions. This would allow local contributions to increase. That funding would include the entire \$100 million, or some other amount, noting the House has funding outside the BSA as well. Those funds would increase voluntary local effort as does quality schools, which is a \$16 per ADM grant distributed according to the formula. He recalled earlier comments that raising the mill rate will increase property taxes; however, that will not necessarily raise taxes. He related a scenario to illustrate that as the mill rate goes up, the local contribution will be more, but the municipalities can choose not to increase the voluntary effort by that amount.

CHAIR HAWKER interjected that, for example, the community could pay for it out of existing revenues.

MR. TEAL agreed; however, he said there isn't any linkage between raising the mill rate and increasing taxpayer burden since a district can contribute more because the sum of required and voluntary contributions will be higher, and they could choose to contribute the same amount, or they could choose to contribute less. He acknowledged some exceptions, such as Tanana, Nenana, and other districts that have very low local effort so an increase could affect them. He said that most districts contribute a significant amount of money voluntarily. He offered to provide a spreadsheet for the next meeting that show which school districts might be affected.

CHAIR HAWKER confirmed that the committee would like to have that additional information.

[4:39:21 PM](#)

CHAIR HAWKER suggested the free conference committee on HB 278 has challenging deliberations ahead. He counseled members to focus on possible outcomes and not perfect outcomes and to also seek common ground to build on to reach resolution. He assured members that neither body will dictate final provisions in the bill. He highlighted that the common objective is to achieve what is possible today to improve schools and commit to long-term and sustainable funding increases. He acknowledged Senator Hoffman related the legislature previously took a collaborative approach. He also anticipated the free conference committee process will take some time. He announced that the proposed "consent" free conference committee substitute for HB 278 is now available for distribution, which he hoped the committee will adopt as a working document.

[4:43:19 PM](#)

CHAIR MEYER emphasized that the Senate would like to continue deliberations and asked whether the committee could identify outstanding issues other than the funding issues.

CHAIR HAWKER related his understanding that the outstanding issues are the ones just discussed with the commissioner. He asked to have staff review the issues for members.

[4:44:42 PM](#)

MS. LUCKY clarified that she just received the proposed free conference "consent" committee substitute [FCCS for HB 278] and hopes to post it to the Bill Action Status Inquiry System (BASIS) soon.

MS. LUCKY reviewed the preliminary actions the committee has taken. She indicated the House and Senate reached consensus on Section 1. Many of the sections on page 1 [of the HB 278 Comparison section-by-section] relate to the HSGQE or exit exam. The proposed [FCCS for HB 278] would repeal the exit exam but does not propose an alternative assessment vehicle, address retroactive diplomas, or include a period to retest since those items may require additional discussion.

MS. LUCKY advised that the House version included statements on ceding control and "common core" standards, which are not in the proposed [FCCS for HB 278] however, amendments are being drafted. She related the new statutory references in AS 14.03.126, AS 14.03.127, and AS 14.03.128 in Senate Section 7, include funding for Internet services, personalized learning opportunities grant programs, and innovative approach to learning grants, but are not in the proposed consent [FCCS for HB 278], but will be considered as amendments.

CHAIR HAWKER stated that the proposed consent [FCCS for HB 278] was a collaborative process.

[4:46:45 PM](#)

MS. LUCKY indicated that Senate Sections 8, 9, and 11 were the same; however, since the [HSGQE] exit exam was repealed, these sections were written a little differently since the assessments or diploma options are not yet resolved. In addition, outstanding issues include the fiscal issues, including debt reimbursement, the residential school stipend, the mill tax levy, correspondence study factor increase, and funding for charter schools. She turned to House Section 15 and Senate Section 16, noting language related to the "common core" standards will be removed and will become an amendment.

REPRESENTATIVE KITO III asked whether it would be easier to identify the sections that are not resolved and are open rather than try to figure out agreed upon language that is in the proposed FCCS for HB 278.

CHAIR HAWKER agreed and offered to summarize the open sections that relate to issues that are still unresolved: House Section

2, related to "secondary" school courses through mastery, not limited to core topics; House Section 4, related to the state not ceding any measure of autonomy or control over education standards and assessments. The general sense has been that not ceding autonomy is unanimously agreed to as a non-issue. Still unresolved is Senate Section 7, which includes funding for Internet, technical equipment support and training, and innovative approach to learning grants; Senate Section 14 related to correspondence study programs and student allotment rollovers; and Senate Section 16, which is related to the semantic change to "language arts" for "reading, writing." Although the "common core" standards implementation language was not included, he reiterated that there appears to be agreement on this.

CHAIR HAWKER turned to House Section 16, which would direct the state Board of Education (BOE) to make recommendations promoting efficiency. Although he cannot speak for the House, he suggested this is an area that will be held tightly to since a misunderstanding on the role of the BOE has been identified. Still unresolved is Senate Section 20, related to debt reimbursement, noting that some compromise direction has been identified. Senate Section 23 would increase the recommended school stipend, which will simply be a funding decision; Senate Sections 24 and 25, related to the required local contribution mill tax levy and voluntary local contribution are unresolved. Senate Section 26 would increase the state funding correspondence study from 80 to 90 percent of the BSA; Senate Section 27 includes the governor's proposed language for increased funding of approximately \$483,000 for charter schools, which is not included in the House version. He remarked that seemed like a good investment to him.

CHAIR HAWKER directed attention to House Sections 20, 21, and 22, as being the "elephant in the room," relating to the "inside the BSA" and "outside the BSA" level of funding. House Sections 23 and 24, relating to teacher tenure still need to be sorted out.

[4:52:21 PM](#)

CHAIR HAWKER said a series of reports and how they will be structured represent the linchpin, including identifying aspects to be included and how to reevaluate and re-engineer education in Alaska. These studies include the proposed Department of Education's (EED) study on efficient school design and construction, which seems to make a lot of sense. In addition,

Senate Section 54 relates to the EED issuing a diploma to those students who failed the exit exam, which he personally thought was a non-issue. This fits into the larger discussion, which is whether to require other benchmarking or attainment standards instead of the exit exam.

[4:54:15 PM](#)

CHAIR MEYER asked for further clarification on the House's position on the [HSGQE] exit exam.

REPRESENTATIVE GATTIS explained that the public and the department did not find the HSGQE to be as rigorous as it should be and did not adequately measure what high school graduates should know. The committee held discussions on how to address students who passed their final exams, but did not receive a high school diploma [because they failed the exit exam]. She did not think issuing a retroactive diploma was an issue.

CHAIR MEYER related his understanding that the Senate agreed with the governor's version of HB 278 that there should be an SAT, ACT, or WorkKeys assessment as an alternate assessment.

[4:55:43 PM](#)

The committee took an at-ease from 4:55 p.m. to 5:22 p.m.

[5:22:05 PM](#)

CHAIR HAWKER suggested that several additional items could also be "taken off the table," since agreement exists. He directed attention to House Section 2, related to testing-out of courses limited to core topics. He asked whether Senator Meyer had a strong position on the language in Senate Section 2.

CHAIR MEYER answered no; the Senate does not.

CHAIR HAWKER indicated that several House members felt strongly about this so this would be an item that would go to the House caucus with the recommendation to keep the House Section 2 language.

CHAIR MEYER offered his belief that would be fine with the Senate.

CHAIR HAWKER directed attention again to House Section 4, which states that the state may not cede any measure of autonomy or

control over education standards and assessments. He recalled Commissioner Hanley saying it really is "not doing what we're already not doing." In response to a question, he agreed the House version would be included in the proposed "consent" version [FCCS for HB 278].

CHAIR MEYER said the Senate believed the language in House Section 4 was not necessary, but it seems important to some of the House members so it will be included in the proposed committee substitute [FCCS for HB 278].

CHAIR HAWKER agreed. In terms of the [HSGQE] exit exam, he asked whether some form of attainment testing should be offered or if exit exams will simply be removed and the matter will be addressed in a separate bill next legislative session, if so desired.

CHAIR MEYER, relating his desire to show good faith effort, agreed that the Senate will go with the House language to repeal the [HSGQE] exit exam.

[5:25:48 PM](#)

MS. LUCKY explained that the House version of HB 278 did not repeal the [HSGQE] exit exam; however, the House did pass a separate bill, [HB 220], to repeal the exit exam. She clarified that the House's position was to have a clean repeal of the exit exam.

CHAIR HAWKER clarified that the proposed FCCS HB 278 will include the Senate Section 3 language to repeal the exit exam, but will not add the Senate's language to require other attainment testing, [such as the ACT, SAT or WorkKeys].

CHAIR MEYER concurred.

[5:26:21 PM](#)

SENATOR DUNLEAVY asked for further clarification on the action.

MS. LUCKY pointed out that the conference committee would adopt partial Senate Section 3 language to repeal the exit exam but not require the SAT, ACT, or WorkKeys be taken.

SENATOR DUNLEAVY related that the governor's bill required the SAT, ACT, or WorkKeys be taken, although no cut score would be used but an assessment would be taken. Senate Section 3

eliminated the current HSGQE. He asked for further clarification that the free conference committee will not require any assessment and that the high school diploma would be conferred at the local level.

MS. LUCKY agreed the exit exam would be repealed and there would not be any other requirements put into place.

SENATOR DUNLEAVY commented said this language is different from either the House or Senate version.

[5:28:09 PM](#)

REPRESENTATIVE GATTIS reiterated that the exit exam is repealed in [HB 220] and emphasized that it should be repealed.

SENATOR DUNLEAVY agreed, but was unsure that the Senate language dismissed all exams on exit.

REPRESENTATIVE GATTIS explained that the House Education [Standing] Committee considered whether another exam will be required. However, after examining the costs of administering an exam, such as ACT or SAT or WorkKeys, the WorkKeys was left as an optional exam that will be given during the student's junior year, but will not be required in order for the student to receive a diploma.

SENATOR DUNLEAVY offered his belief that the Senate accepted the governor's language in the bill so the Senate may not concur with this change.

[5:30:57 PM](#)

CHAIR MEYER suggested that some type of measurement is necessary, but it can be accomplished through regulation. This would allow the department to decide if it is best accomplished by administering the ACT, the SAT, or WorkKeys, or ACCUPLACER.

SENATOR DUNLEAVY asked whether intent language should be proposed authorizing the department to develop regulation to satisfy this requirement.

CHAIR HAWKER clarified the free conference committee's process, such that each body has a caucus it represents and the process will be to solicit support and concurrence from the respective caucuses. He asked whether intent language could address some type of optional attainment testing. He asked whether an

uncodified law of intent allows the department to promulgate a regulation to allow students to take one of the exams.

COMMISSIONER HANLEY explained that currently the WorkKeys is in regulation and is required to be taken in the 11th grade. This will not be affected by the proposed adoption of a [modified Senate Section 3]. He indicated that the governor's intent was to allow students a choice by adding the SAT or ACT instead of the WorkKeys. If the SAT/ACT is not added in the bill, students will continue to take the WorkKeys.

CHAIR HAWKER suggested using the governor's language as a recommendation for optional testing [by adding in the SAT/ACT as optional exams students can take instead of WorkKeys]. He further suggested that the Senate Section 3 be provisionally adopted.

COMMISSIONER HANLEY said the governor would support that.

[5:33:55 PM](#)

REPRESENTATIVE GATTIS asked whether the ACCUPLACER assessment will be included.

COMMISSIONER HANLEY answered no; that SAT/ACT as well as the WorkKeys are all avenues as qualifiers for the Alaska Performance Scholarship. Currently, students who want to take the SAT/ACT must pay for it. The administration's position was that it would save \$2.7 million by removing the HSGQE so the department could institute an alternate option and pay for the SAT/ACT exams. Currently, the ACCUPLACER is not one of the tools and was not added to the governor's language in HB 278.

REPRESENTATIVE GATTIS agreed that WorkKeys and SAT/ACT are alternate exam choices, but questioned not including the ACCUPLACER exam as a choice.

COMMISSIONER HANLEY explained that the department will work with local districts to offer the optional WorkKeys that aim for students seeking careers, or the SAT/ACT for students who aim for a college score. He was unsure how the ACCUPLACER exam would fit within these options.

REPRESENTATIVE GATTIS acknowledged that the ACCUPLACER exam was never discussed in the House Education [Standing] Committee.

CHAIR HAWKER concluded that the Senate approach [in Senate Section 3] will be taken with respect to the [HSGQE] exit exam, noting this item will come before the respective caucuses for further discussion.

[5:36:42 PM](#)

CHAIR HAWKER referred to Senate Sections 7A, 7B, and 7C, which relate to the Internet, technical equipment and training, and innovative learning grant approaches to education.

CHAIR MEYER welcomed Senator Dunleavy's participation in the House caucus to impart his expertise. He has spent his whole life in education, serving as a teacher, superintendent, principal, and on the school board. He described him as knowledgeable about education, employing an innovative and progressive approach to create change in the field of education. However, at the end of the day it will relate to level of spending and where it will be spent, he said.

[5:38:12 PM](#)

CHAIR HAWKER referred to Senate Section 14, and asked Senator Dunleavy to also address the caucus on this language related to a correspondence study program, individual learning plans, and student allotments. He directed attention to Senate Section 16, to the "common core" standards language, which the administration is somewhat ambivalent about, although it is important to some members.

CHAIR MEYER related the Senate [was neutral] on Section 16.

SENATOR DUNLEAVY clarified that the Senate didn't disagree with the House.

CHAIR MEYER remarked that he did not believe it is the BOE's role to discuss spending.

CHAIR HAWKER offered to recommend Senate Section 16 with respect to removal of the "common core" standards language.

[5:39:42 PM](#)

CHAIR HAWKER referred to Senate Section 20, which relates to debt reimbursement, which is an area that will require further discussion.

CHAIR HAWKER directed attention to Senate Section 23, to increases for residential school stipends, which is a spending issue. He asked Senator Dunleavy to address the caucus on this issue.

[5:40:06 PM](#)

CHAIR HAWKER identified [Senate Section 24] related to the mill levy will also be a House caucus conversation.

CHAIR MEYER acknowledged that the Senate education funding is more than the House level; however, the Senate is offering a means to gain a credit. He offered his belief that the education funding should be shared with municipalities. The proposal is not necessarily a tax increase since municipalities can elect not to do the voluntary portion. He acknowledged it was a potential savings to the state.

CHAIR HAWKER acknowledged it would be a cost-shifting measure from the state to the municipalities.

[5:41:08 PM](#)

CHAIR HAWKER referred to Senate Section 26, related to the correspondence study, and asked Senator Dunleavy to address the House caucus. He directed attention to Senate Section 27, related to the charter school start-up funding, removed in the House Finance [Standing] Committee. He acknowledged that there has been substantial support for charter schools.

REPRESENTATIVE GATTIS highlighted offered her belief that one of the things the governor's bill did was address the need for parity between the neighborhood schools and the charter schools. However, to do so will require substantial funding. The House Finance Committee struggled with the level of spending for charter schools and removed the additional funding; however, she acknowledged the significant parental support for charter schools.

CHAIR HAWKER indicated that Senate Section 27 will be brought to the House caucus with the recommendation to adopt the Senate language.

[5:43:09 PM](#)

SENATOR DUNLEAVY remarked that the charter and correspondence families don't necessarily have an organized constituency group

or lobbying group to approach the legislature as a whole. However, the voice of this group should be heard and can only be heard through the respective House and Senate members who represent them.

REPRESENTATIVE HAWKER pointed out many sections have commonality. He directed attention to Senate Sections 50-53, related to studies and reporting, which will require further discussion; however, he said he sees a way forward.

[5:45:18 PM](#)

CHAIR HAWKER directed attention to Senate Section 54, which relates to retroactive high school diplomas. If the free conference committee adopts the Senate's language on testing it will automatically mean accepting the Senate version of Section 54.

MS. LUCKY pointed out Senate Section 53 is not actually a study but is for a middle school pilot program. She related her understanding that it is still an outstanding issue.

CHAIR HAWKER acknowledged it was still outstanding.

[5:45:58 PM](#)

CHAIR MEYER asked for further clarification on teacher tenure.

CHAIR HAWKER said the House is divided on this issue.

REPRESENTATIVE GATTIS stated that teacher tenure passed the House. She said the vote is an indicator the House wants this issue to be brought forward.

CHAIR MEYER remarked some Senate members felt very strongly about teacher tenure. He offered to bring it to the Senate caucus as well and hoped this is something that could be agreed upon.

[5:48:55 PM](#)

ADJOURNMENT

There being no further business before the committee, the Free Conference Committee on HB 278 meeting was recessed to a call of the chair at 5:49 p.m.