

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

April 24, 2014
11:12 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 Mia Costello
Representative Tammie Wilson

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 AND HELD

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 - REFERRALS
01/24/14	(H)	EDC, FIN
02/03/14	(H)	EDC AT 8:00 AM CAPITOL 106
02/03/14	(H)	Heard & Held
02/03/14	(H)	MINUTE(EDC)
02/07/14	(H)	EDC AT 8:00 AM CAPITOL 106
02/07/14	(H)	Heard & Held
02/07/14	(H)	MINUTE(EDC)
02/10/14	(H)	EDC AT 8:00 AM CAPITOL 106
02/10/14	(H)	Heard & Held
02/10/14	(H)	MINUTE(EDC)
02/14/14	(H)	EDC AT 8:00 AM CAPITOL 106
02/14/14	(H)	Heard & Held
02/14/14	(H)	MINUTE(EDC)
02/17/14	(H)	EDC AT 8:00 AM CAPITOL 106
02/17/14	(H)	Heard & Held
02/17/14	(H)	MINUTE(EDC)
02/24/14	(H)	EDC AT 8:00 AM CAPITOL 106
02/24/14	(H)	Scheduled But Not Heard
02/26/14	(H)	EDC AT 8:00 AM CAPITOL 106
02/26/14	(H)	Heard & Held
02/26/14	(H)	MINUTE(EDC)
02/28/14	(H)	EDC AT 8:00 AM CAPITOL 106
02/28/14	(H)	Heard & Held

02/28/14 (H) MINUTE(EDC)
03/05/14 (H) EDC AT 8:00 AM CAPITOL 106
03/05/14 (H) Heard & Held
03/05/14 (H) MINUTE(EDC)
03/07/14 (H) EDC AT 8:00 AM CAPITOL 106
03/07/14 (H) Heard & Held
03/07/14 (H) MINUTE(EDC)
03/10/14 (H) EDC AT 8:00 AM CAPITOL 106
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
 04/22/14 (S) -- Recessed to a Call of the Chair --
 04/23/14 (H) HB278 AT 1:00 PM HOUSE FINANCE 519
 04/23/14 (S) -- Recessed to a Call of the Chair --
 04/24/14 (H) HB278 AT 10:00 AM SENATE FINANCE 532

WITNESS REGISTER

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

POSITION STATEMENT: Testified during the discussion of the free conference committee substitute (FCCS) for HB 278.

ACTION NARRATIVE

[11:12:15 AM](#)

CHAIR HAWKER called the Free Conference Committee on HB 278 to order at 11:12 a.m. Representatives Gattis, Kito III, Hawker and Senators Dunleavy, Hoffman, and Meyer were present at the call to order. Also in attendance were Representative T. Wilson and Costello.

HB 278-EDUCATION

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.]

[11:13:42 AM](#)

CHAIR MEYER moved to adopt the proposed Free Conference Committee Substitute (FCCS) for HB 278, Version Q, labeled 28-GH2716\Q, Mischel, 4/23/14 as the working document.

CHAIR HAWKER objected for discussion purposes.

[11:14:32 AM](#)

JULI LUCKY, Staff, Representative Mike Hawker, Alaska State Legislature, directed attention to the seven-page sectional document in members' packets entitled "HB 278 Comparison: House-Senate-Conference" [with a footer labeled 4/24/14, 12:17 AM]. She indicated that the first two columns are the same as a spreadsheet distributed on 4/22/14, the third column represents the changes in the proposed free conference committee substitute (FCCS) for HB 278, Version Q. When the fourth column [entitled,

"FCCS HB 278 - v. Q"] contains language that reads "same" it means that the House and Senate versions are the same so the [FCCS for HB 278] language is also the same. The other changes that were adopted are noted in this column.

[11:16:16 AM](#)

MS. LUCKY referred each section to indicate which version was adopted into the proposed FCCS for HB 278, Version Q. She stated that Section 1 of Version Q, relates to jury duty postponement for teachers at low-performing schools has no change. She explained that Section 2 of Version Q, relates to course credit by mastery is a hybrid and incorporates the House language for "secondary school" courses through mastery as well as the Senate language that was limited to core topics. Section 3 of Version Q, would repeal the [HSGQE] exit exam and replace it with a requirement to take the SAT, ACT, or WorkKeys before graduation. To do so, numerous technical changes are required to incorporate this language and these changes are noted in the sectional.

MS. LUCKY directed attention to Section 4 of Version Q, to technical language cleanup necessitated by the use of the term "language arts" instead of "reading, writing," which occurs throughout the bill, and also to incorporate the exit exam changes.

MS. LUCKY directed attention to Section 5 of Version Q, which contains language in House Section 4 regarding the state not ceding any autonomy or control over education standards and assessments. That language did not occur in the Senate version so the proposed FCCS for HB 278, Version Q, contains the House language verbatim.

MS. LUCKY turned to Section 6 of Version Q, which includes the technical changes for language arts and the repeal of the exit exam. She said that Section 7 of Version Q also contains technical changes for language arts and the repeal of the exit exam. House Section 8, which would have changed the "star" rating system with an "A-F" system did not appear in the Senate bill and is not in the proposed FCCS for HB 278, Version Q. Section 8 of Version Q, includes the Senate language of funding for Internet services, but the additional language in Senate Section 7 for personalized learning opportunity grants and the innovative approach to learning grants were not included in the proposed FCCS for HB 278, Version Q.

MS. LUCKY stated that Sections 9 and 10 of Version Q, related to the charter school application and appeal process are the same in the House and Senate versions and were adopted in their entirety. She stated that Section 11 of Version Q is another section related to deleting the charter school exit exam.

[11:18:05 AM](#)

MS. LUCKY continued with Section 12 of Version Q, which includes the same language in the House and Senate versions regarding leases for charter schools, which appears in its entirety in Version Q.

MS. LUCKY said that Section 13 of Version Q includes the Senate language regarding charter school budgets and calculation of the four percent cap. She turned to Section 14 of Version Q, which was the same in the House and Senate version regarding a \$500 one-time grant for charter school programs. She turned to Section 15 of Version Q, which is identical to Senate Section 14 regarding independent learning programs (ILPs) and student allotments and the rollover provisions. She turned to Section 16 of Version Q, which provides technical language changes regarding language arts. She related that Section 17 of Version Q includes the House language in its entirety, including the prohibition from spending money on implementation of the "common core" standards for K-12. Sections 18 and 19 of Version Q contain language from Senate Section 17 related to waivers for the college and career readiness assessment, which allows for other tests instead of the exit exam, and defines "child with a disability."

MS. LUCKY directed attention to House Section 16, regarding the BOE report of recommended changes to promote efficiency in the administration of public education, which is not in Version Q.

MS. LUCKY directed attention to Section 20 of Version Q, which contains language that was in House and Senate versions verbatim regarding pupil transportation. She related that Section 21 of Version Q includes a provision regarding the state debt reimbursement plan; however, it makes no changes to the existing 70/30 plan, but reduces the alternate 60/40 plan to a 50/50 plan.

[11:20:23 AM](#)

MS. LUCKY explained that she initially thought the omission of House Section 18/Senate Section 21 from Version Q was a

technical error, but it was not. The legislative legal attorney explained that the provision for the credit course by mastery for boarding schools is not needed in statute since language was included in the enabling statutes that defines school district to include boarding schools. Therefore, it was not necessary to include the language related to course credit by mastery in boarding schools in statute even though it appeared in both the House and Senate version.

MS. LUCKY directed attention to Section 22 of Version Q, which incorporates the same language in the House and Senate versions regarding an open application period for residential schools. She noted that Section 23 of Version Q is the same language in Senate Section 23 to increase the residential school stipend.

[11:21:16 AM](#)

CHAIR MEYER asked for clarification on the difference between "residential schools" and "boarding schools" and further whether the repeal of the high school exit exam also applied to the residential and boarding schools. He recalled that the language was changed for charter schools but he was unsure of whether it was addressed for residential and boarding schools.

CHAIR HAWKER suggested that staff continue with the sectional for the proposed FCCS for HB 278, Version Q, and then arrange to address that question.

[11:22:15 AM](#)

MS. LUCKY related that the mill rate that was included in Senate [Section 24] was not included in the proposed FCCS for HB 278. Section 24 of Version Q includes Senate [Section 25] language verbatim to include funding distributed outside the BSA when calculating a maximum voluntary local contribution. She directed attention to Section 25 of Version Q, which included Senate [Section 26] that would increase state funding for correspondence study factor from 80 percent to 90 percent of the BSA. She related that Section 26 of Version Q is the same as Senate [Section 27] regarding increased funding for the new charter schools.

MS. LUCKY related that Sections 27-29 of Version Q incorporates the BSA increases for 2014, 2015, and 2016. She specified that in 2014 the BSA will increase by \$150, and the BSA will increase in 2015 and in 2016 by \$50 each year. The proposed FCCS for HB 278, Version Q, does not include the tenure provisions that were

included in House [Sections 23 and 24], which were later removed by the Senate. She explained that tenure will become one component of the Department of Administration study on salary and benefits, which will allow the legislature to make an informed decision in the future.

[11:23:52 AM](#)

MS. LUCKY stated that Section 30 of Version Q adopts Senate [Section 28] to increase the employee contribution for TVEP from .15 percent to .16 percent. She related that Section 31 of Version Q is the same as Senate Section 29 regarding the TVEP sunset and fund allocations. She related that Section 30 of Version Q is the same language that occurred in both House [Section 26] and Senate [Section 30] regarding reporting for the TVEP program.

MS. LUCKY said Section 33 of Version Q is the same as House [Section 27] and Senate [Section 31] regarding dual credit and penalties.

[11:24:35 AM](#)

MS. LUCKY indicated that Section 34 of Version Q will establish definitions for articulation agreement and dual credit to accommodate the preceding section, which is the same in all three versions of the bill. She related that Section 35 of Version Q has a charter school property tax exemption that would allow a municipality by ordinance to exempt the private property being used for charter school purposes. This language is the same in all three versions of HB 278, she said.

MS. LUCKY related that Sections 36-47 of Version Q incorporated the education tax credits. She explained that this was initially in the House bill and was amended by the Senate, as discussed in the prior meeting, and it includes the Senate language. Section 48 would establish the STEM pilot program for middle schools, which is the same language as in the Senate [Section 53] of the bill.

[11:25:28 AM](#)

MS. LUCKY stated that Section 49 of Version Q adopts the Senate [Section 54] language. This section would establish that a student who did not receive a diploma because they failed to pass the exit exam could obtain a diploma retroactively.

MS. LUCKY stated that Sections 50 and 51 of Version Q adopts the same repeal language as in the House and Senate versions.

MS. LUCKY directed attention to the studies. She explained that the initial House Section 47 required the DOA to conduct a salary and benefits proposal [due January 1, 2016] and present it to the legislature [due January 1, 2016]. The Senate [Section 55] changed it to an LB&A study [due January 1, 2016]. She related that Version Q changed this to require the DOA to study and present a comprehensive education funding study, including considering tenure, due January 1, 2015. She reported that legal counsel advises that the administration can study these issues but implementing a statewide salaries and benefit study would require legislative action. Thus, proposed Section 52 has been reworded to make it clear that the DOA does not have the authority to implement a salary study; however, the department can provide the legislature with this information should a future legislature wish to do so.

[11:27:15 AM](#)

MS. LUCKY directed attention to Section 53 of Version Q, which includes the EED study [on School Design and Construction] contained in the Senate [Section 52]. In Section 54, Version Q, the two LB&A studies that were in Senate Sections 50 and 51 were replaced with a more comprehensive study. She characterized this as the only new language in the bill so some discussion might be necessary.

MS. LUCKY referred to page 38, lines 22 through page 39 line 14, to proposed Section 54 of Version Q, which includes the language from the Senate version, but also some additional items that must be considered. The dates for the DOA [salary and benefits] study and the EED [School Design and Construction] study remained the same. However, the third study, the comprehensive education study [by LB&A] contains a due date of January 20, 2015 to get the information before the next legislature.

[11:29:23 AM](#)

MS. LUCKY explained that Section 55 of Version Q includes grants over the next three years in the amounts of \$42,953,500 for 2015, \$32,243,700 for 2016, and \$19,904,200 for 2017 to provide funding outside of the BSA.

CHAIR HAWKER interjected and emphasized that this funding is distributed in the same manner as the BSA.

[11:30:08 AM](#)

MS. LUCKY related tenure provisions were removed since there is not any applicability for the tenure; however, the transition language and effective dates remain identical or as close as possible to accomplish the technical changes that happened in the bill with the renumbering of sections. This concluded her presentation of the FCCS HB 278, Version Q.

[11:30:29 AM](#)

CHAIR HAWKER indicated that the proposed FCCS for HB 278, Version Q, has just been brought forth. He asked members to accept Version Q as a working document.

SENATOR HOFFMAN said the issues of concern are the dates of some of the additional studies. He asked whether formal amendments will be required or if conceptual amendments will be acceptable.

CHAIR HAWKER suggested discussions and to bring forward an amendment for the Free Conference Committee on HB 278 to consider.

[11:32:45 AM](#)

CHAIR HAWKER removed his objection. There being no further objection, the proposed FCCS for HB 278, Version Q, was before the Free Conference Committee on HB 278.

[11:33:18 AM](#)

The Free Conference Committee meeting for HB 278 was recessed to a call of the chair.