

**ALASKA STATE LEGISLATURE**  
**SENATE EDUCATION STANDING COMMITTEE**

March 14, 2014

7:59 a.m.

**MEMBERS PRESENT**

Senator Gary Stevens, Chair  
Senator Mike Dunleavy, Vice Chair  
Senator Bert Stedman  
Senator Charlie Huggins  
Senator Berta Gardner

**MEMBERS ABSENT**

All members present

**COMMITTEE CALENDAR**

SENATE BILL NO. 139

"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."

- MOVED CSSB 139(EDC) OUT OF COMMITTEE

SENATE BILL NO. 208

"An Act increasing the school construction debt reimbursement percentage for certain municipalities; and providing for an effective date."

- HEARD & HELD

SENATE BILL NO. 113

"An Act increasing the stipend for boarding school students; and providing for an effective date."

- MOVED CSSB 113(EDC) OUT OF COMMITTEE

SENATE BILL NO. 147

"An Act increasing and providing an inflation adjustment to the base student allocation used in the formula for state funding of public education; and providing for an effective date."

- HEARD & HELD

SPONSOR SUBSTITUTE FOR SENATE BILL NO. 100

"An Act 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 grant program for innovative approaches to learning; relating to correspondence study programs and student allotments; and providing for an effective date."

- HEARD & HELD

**PREVIOUS COMMITTEE ACTION**

BILL: SB 139

SHORT TITLE: EDUCATION: FUNDING/TAX CREDITS/PROGRAMS

SPONSOR(S): RULES BY REQUEST OF THE GOVERNOR

01/24/14	(S)	READ THE FIRST TIME - REFERRALS
01/24/14	(S)	EDC, FIN
02/03/14	(S)	EDC AT 8:00 AM CAPITOL 106
02/03/14	(S)	Heard & Held
02/03/14	(S)	MINUTE(EDC)
02/10/14	(S)	EDC AT 8:00 AM BELTZ 105 (TSBldg)
02/10/14	(S)	Heard & Held
02/10/14	(S)	MINUTE(EDC)
02/24/14	(S)	EDC AT 8:00 AM BELTZ 105 (TSBldg)
02/24/14	(S)	-- MEETING CANCELED --
02/26/14	(S)	EDC AT 8:00 AM BELTZ 105 (TSBldg)
02/26/14	(S)	Heard & Held
02/26/14	(S)	MINUTE(EDC)
02/28/14	(S)	EDC AT 8:00 AM BELTZ 105 (TSBldg)
02/28/14	(S)	Heard & Held
02/28/14	(S)	MINUTE(EDC)
03/03/14	(S)	EDC AT 8:00 AM BELTZ 105 (TSBldg)
03/03/14	(S)	Heard & Held
03/03/14	(S)	MINUTE(EDC)

03/10/14 (S) EDC AT 8:00 AM BELTZ 105 (TSBldg)  
03/10/14 (S) Heard & Held  
03/10/14 (S) MINUTE(EDC)  
03/12/14 (S) EDC AT 8:00 AM BELTZ 105 (TSBldg)  
03/12/14 (S) Heard & Held  
03/12/14 (S) MINUTE(EDC)  
03/14/14 (S) EDC AT 8:00 AM BELTZ 105 (TSBldg)

BILL: SB 208

SHORT TITLE: SCHOOL CONSTRUCTION BOND DEBT  
SPONSOR(s): OLSON

02/26/14 (S) READ THE FIRST TIME - REFERRALS  
02/26/14 (S) EDC, FIN  
03/10/14 (S) EDC AT 8:00 AM BELTZ 105 (TSBldg)  
03/10/14 (S) Heard & Held  
03/10/14 (S) MINUTE(EDC)  
03/14/14 (S) EDC AT 8:00 AM BELTZ 105 (TSBldg)

BILL: SB 147

SHORT TITLE: BASE STUDENT ALLOCATION  
SPONSOR(s): GARDNER

01/31/14 (S) READ THE FIRST TIME - REFERRALS  
01/31/14 (S) EDC, FIN  
02/28/14 (S) EDC AT 8:00 AM BELTZ 105 (TSBldg)  
02/28/14 (S) Heard & Held  
02/28/14 (S) MINUTE(EDC)  
03/14/14 (S) EDC AT 8:00 AM BELTZ 105 (TSBldg)

BILL: SB 113

SHORT TITLE: STIPEND FOR BOARDING SCHOOLS  
SPONSOR(s): COGHILL

01/22/14 (S) PREFILE RELEASED 1/10/14  
01/22/14 (S) READ THE FIRST TIME - REFERRALS  
01/22/14 (S) EDC, FIN  
03/03/14 (S) EDC AT 8:00 AM BELTZ 105 (TSBldg)  
03/03/14 (S) Heard & Held  
03/03/14 (S) MINUTE(EDC)  
03/14/14 (S) EDC AT 8:00 AM BELTZ 105 (TSBldg)

BILL: SB 100

SHORT TITLE: EDUCATION GRANTS; CORRS STUDY; ALLOTMENTS  
SPONSOR(s): SENATOR(s) DUNLEAVY

04/06/13 (S) READ THE FIRST TIME - REFERRALS

04/06/13	(S)	EDC
04/10/13	(S)	EDC AT 8:00 AM BELTZ 105 (TSBldg)
04/10/13	(S)	Heard & Held
04/10/13	(S)	MINUTE(EDC)
02/07/14	(S)	SPONSOR SUBSTITUTE INTRODUCED-REFERRALS
02/07/14	(S)	EDC, FIN
03/03/14	(S)	EDC AT 8:00 AM BELTZ 105 (TSBldg)
03/03/14	(S)	Heard & Held
03/03/14	(S)	MINUTE(EDC)
03/14/14	(S)	EDC AT 8:00 AM BELTZ 105 (TSBldg)
03/14/14	(S)	EDC AT 3:00 PM BELTZ 105 (TSBldg)

#### **WITNESS REGISTER**

TIM LAMKIN, Staff  
 Senator Gary Stevens  
 Alaska State Legislature  
 Juneau, Alaska

**POSITION STATEMENT:** Presented information on SB 139 and SB 208 on behalf of the sponsor.

DAVID SCOTT, Staff  
 Senator Donny Olson  
 Alaska State Legislature  
 Juneau, Alaska

**POSITION STATEMENT:** Presented information on Section 5 of SB 139 and on SB 208 on behalf of the sponsor.

MICHAEL HANLEY, Commissioner  
 Department of Education and Early Development (DEED)  
 Juneau, Alaska

**POSITION STATEMENT:** Presented information related to SB 139, SB 147, and SB 100.

GRAY MITCHELL, Assistant Commissioner  
 Department of Labor and Workforce Development (DLWD)  
 Anchorage, Alaska

**POSITION STATEMENT:** Presented information in Section 20 of SB 139.

JOHANNA BALES, Deputy Director  
 Tax Division  
 Department of Revenue  
 Anchorage, Alaska

**POSITION STATEMENT:** Answered questions related to SB 139.

ELIZABETH NUDELMAN, Director

School Finance and Facilities  
Department of Education and Early Development (DEED)  
Juneau, Alaska

**POSITION STATEMENT:** Spoke to the fiscal note related to SB 208.

RYNNIEVA MOSS, Staff  
Senator John Coghill  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** Explained changes to SB 113.

THOMAS PRESLEY, Staff  
Senator Berta Gardner  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** Presented information related to SB 147 on behalf of the sponsor.

KATIE OLIVER, President  
Kodiak Island School Board  
Kodiak, Alaska

**POSITION STATEMENT:** Testified in support of SB 147.

MIKE COONS, representing himself  
Palmer, Alaska

**POSITION STATEMENT:** Testified in opposition to SB 147.

DEBBIE EDWARDSON, President  
North Slope Borough School District Board  
Barrow, Alaska

**POSITION STATEMENT:** Testified in support of SB 147.

SHEILA PETERSON, Staff  
Senator Mike Dunleavy  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** Presented changes to SB 100 on behalf of the sponsor.

BRUCE JOHNSON, Executive Director  
Alaska Council of School Administrators  
Juneau, Alaska

**POSITION STATEMENT:** Presented information related to SB 100.

STUART MCDONALD, Superintendent  
Kodiak Island Borough School District  
Kodiak, Alaska

**POSITION STATEMENT:** Testified in support of SB 100.

ROBERT WHICKER, Consortium for Digital Learning  
Alaska Association of School Boards (AASB)  
Eloy, Arizona

**POSITION STATEMENT:** Offered to answer questions about SB 100.

ANGELA WASHINGTON, Board of Directors  
Alaska State Board of Education  
Kotzebue, Alaska,

**POSITION STATEMENT:** Testified in support of SB 100.

MICHELLE HAND, representing herself  
Palmer, Alaska

**POSITION STATEMENT:** Testified in support of SB 100.

PETER HOEPFNER, President  
Cordova School Board  
Cordova School District

**POSITION STATEMENT:** Testified in support of SB 100.

STEVE BRADSHAW, Superintendent  
Sitka School District  
Sitka, Alaska

**POSITION STATEMENT:** Testified in support of SB 100.

#### **ACTION NARRATIVE**

[7:59:50 AM](#)

**CHAIR GARY STEVENS** called the Senate Education Standing Committee meeting to order at 7:59 a.m. Present at the call to order were Senators Gardner, Stedman, Huggins, Dunleavy, and Chair Stevens. He listed the five bills the committee would hear: SB 139, SB 113, SB 147, SB 208, and SB 100.

#### **SB 139-EDUCATION: FUNDING/TAX CREDITS/PROGRAMS**

[8:00:55 AM](#)

Chair Stevens announced the consideration of SB 139. He noted a new committee substitute (CS), Version N.

SENATOR DUNLEAVY moved to adopt the CS for SB 139, labeled 28-GS2716\N, as the working document.

CHAIR STEVENS objected for discussion.

[8:01:23 AM](#)

TIM LAMKIN, Staff, Senator Gary Stevens, Alaska State Legislature, Juneau, Alaska, presented information on SB 139, Version N, on behalf of the sponsor. He pointed out the changes from the prior version of the bill. The first change is in Section 5, page 5, lines 4 - 22, where the language from SB 82, sponsored by Senator Olson and passed by committee on April 5, is incorporated into the bill. The language would assist districts with discounted rates for internet services under the federal Universal Services Program.

MR. LAMKIN explained that the next change is on page 6, in the context of charter school appeals. The words "to determine" were changed to "to consider" on line 9. In Section 13, on page 9, the provisions of SB 208 regarding the school construction debt reimbursement were added. He said SB 208 will be heard later in the meeting. He highlighted page 14, lines 19 and 20, where the words "are less than" should be replaced by "are less than or equal to". He recommended an amendment to that effect.

He said another change is in Section 20, page 16, lines 7 - 12. This section is in regard to the Technical Vocational Education Program (TVEP) and the methodology by which employers and employees contribute to the unemployment insurance fund. It is important to consider the "size of the pie" in the process of changing the TVEP allocation structure. In this section the contribution rate is changed from .15 percent to .16 percent. Currently, the fund is increasing on its own due to the growth in the employment sector. The change would allow the addition of the two entities, Ketchikan and Sitka, listed on page 17, in order to provide better representation from the Southeast region.

8:05:24 AM

CHAIR STEVENS asked what difference that change makes to the employee contribution rate.

MR. LAMKIN related that it should increase the entire fund by approximately \$700,000.

CHAIR STEVENS pointed out that the increase to individual employees would be under \$10.

MR. LAMKIN said it would be \$9.60 annually.

He continued with a change in Section 21, page 16, line 15, where the sunset is changed to 2017 in order to give the department time to address performance measures and an audit.

[8:06:56 AM](#)

MR. LAMKIN described changes in Sections 25 - 36, the tax credit sections, related to corporate donations. He referred to page 18, line 27, where the reference to intercollegiate sports tournament is struck from the bill because it is not considered an academic exercise. That change is consistent throughout the tax credit sections.

He highlighted a change on page 19, lines 6 - 15, - an addition to tax credits where a nonprofit is giving scholarships for students to attend dual credit summer camp events, such as Rural Alaska Honors Institute (RAHI). He said an amendment to that effect was considered and adopted by the other body.

He reviewed a change on page 19, lines 25 - 28, - an addition to tax credits for Alaska Federation of Native elders who might wish to start a nonprofit that would promote public service and leadership, an amendment proposed by the administration.

[8:09:36 AM](#)

MR. LAMKIN turned to Section 37, page 30, line 8, the repeal of the exit exam. On page 30, line 29, there is reference to a legislative audit of TVEP. On page 31, lines 4 - 13, uncodified law related to school construction debt reimbursement, contains the aforementioned proposed wording change, "is less than or equal to." In Section 44, on line 16, the effective date is changed to 2014, instead of 2015, in order to facilitate developing TVEP performance measures more quickly.

CHAIR STEVENS thanked Mr. Lamkin for his work on the bill.

CHAIR STEVENS requested Mr. Scott address the change beginning in Section 5, page 5, line 5.

[8:11:54 AM](#)

DAVID SCOTT, Staff, Senator Donny Olson, Alaska State Legislature, Juneau, Alaska, presented information on Section 5 of SB 139 on behalf of the sponsor. He explained that Section 5 sets a minimum floor for all schools of 10 megabytes of internet service. In doing so, the state would be leveraging four federal dollars for each state dollar spent. The intent is to allow rural school districts to make use of distance learning. Rural students could then take advantage of the Alaska Performance Scholarship due to more course offerings.

CHAIR STEVENS asked if this provision is in another bill.

MR. SCOTT said it is in SB 82.

CHAIR STEVENS asked for the status of SB 82.

MR. SCOTT said it is in the Senate Finance Committee.

[8:14:03 AM](#)

SENATOR HUGGINS asked about the fiscal note.

MR. SCOTT said the 10 percent escalator has been removed and would reduce the fiscal note.

CHAIR STEVENS noted the bill is in Senate Finance.

SENATOR HUGGINS voiced concern about the fiscal note.

MR. SCOTT related that to bring all schools to the level of 10 megabytes would cost between \$7 million and \$8 million.

CHAIR STEVENS presented Mr. Scott with the fiscal note.

MR. SCOTT explained that the base rate the state would pay this year would be almost \$14 million, with an additional cost of \$7 million to bring all schools up to the 10 megabyte level, minus 10 percent. This year it would cost roughly \$22 million.

SENATOR DUNLEAVY asked if the increase is \$22 million.

MR. SCOTT said he would need to discuss it with the department.

CHAIR STEVENS said the options are to leave it in the bill or remove it.

[8:17:43 AM](#)

SENATOR HUGGINS said he is inclined to not support something that will not work financially.

CHAIR STEVENS asked for a motion.

SENATOR HUGGINS moved to strike Section 5 from SB 139.

SENATOR DUNLEAVY said he agreed with Senator Huggins.

CHAIR STEVENS asked if there were any objections. Seeing none, [Conceptual Amendment 1 was adopted.]

SENATOR HUGGINS said he is not trying to carve up the bill.

SENATOR DUNLEAVY noted that debt reimbursement for school construction was the other proposal by Senator Olson.

CHAIR STEVENS asked Mr. Scott to comment. He inquired about the status of SB 208.

[8:20:06 AM](#)

MR. SCOTT said SB 208 will be heard later in the Senate Education Committee.

CHAIR STEVENS questioned how to deal with SB 208.

MR. SCOTT addressed funding school construction. He said there are two ways to fund construction, with a grant from the state or through debt reimbursement. Those schools eligible for 20 percent or lower participation share in the grant program would be eligible for 80/20 debt reimbursement, rather than 70/30. A precedent has been set with the 90/10 reimbursement. There is a five-year side bar.

CHAIR STEVENS asked about the fiscal note.

MR. SCOTT said in the first year the fiscal note is for \$128,910 from a retroactivity clause only one school district is eligible for. The following years have indeterminate costs.

SENATOR HUGGINS recommended that the bill stand alone.

SENATOR HUGGINS offered Conceptual Amendment [2] to remove Section 13 from SB 139. There being no objection, [Conceptual Amendment 2 was adopted.]

[8:23:41 AM](#)

At ease

[8:24:39 AM](#)

CHAIR STEVENS brought the meeting back to order. He turned to Section 7 on page 6 and asked Commissioner Hanley to comment.

MICHAEL HANLEY, Commissioner, Department of Education and Early Development (DEED), Juneau, Alaska, presented information related to SB 139. He concurred with Mr. Lamkin's statement that simply changes the wording of the appeal that comes to the commissioner, on line 9, to "consider." He discussed Section 7 as it applies to the charter school application appeal. He said

the purpose and the Governor's intent of this section is to recognize some of the challenges charter schools have of just "getting the ball rolling." It provides additional scrutiny and opportunities for a charter school to plead their case.

SENATOR GARDNER asked, with the new language, if the commissioner or the board can overturn a school board's decision or concur with the findings of fact and law.

COMMISSIONER HANLEY clarified that the commissioner would "review and then forward," and the State Board would have opportunity to do those three things.

SENATOR GARDNER requested clarification if the district would have to administer a proposed charter school that they had denied.

COMMISSIONER HANLEY said it appears that the seven individuals of the state board, not the commissioner, have the ability to approve a charter school that has been denied by the district.

[8:29:02 AM](#)

CHAIR STEVENS noted that has never happened.

COMMISSIONER HANLEY agreed.

SENATOR HUGGINS called it an appeal process if there was a denial. He gave an example of parents getting together to form a school and now having an appeal process. He spoke in support of this provision. He assumed the appeal process is more of a facilitation procedure.

SENATOR DUNLEAVY asked what the original intent of the Governor was.

COMMISSIONER HANLEY said it was to allow another set of eyes and add integrity to the local process.

SENATOR DUNLEAVY asked if this language changes that intent.

COMMISSIONER HANLEY said it is an added opportunity for parents to be heard. He did not anticipate a lot of appeals. He concluded that the process brings integrity.

CHAIR STEVENS noted it brings a conclusion to the process.

CHAIR STEVENS addressed Section 20, the TVEP provision beginning on page 16.

8:33:55 AM

GRAY MITCHELL, Assistant Commissioner, Department of Labor and Workforce Development (DOLWD), Anchorage, Alaska, presented information on Section 20 of SB 139. He said the changes add participants to the TVEP program and provide a way to fund them without significantly changing the allocations that exist for current TVEP recipients. He noted there would be a fiscal impact to DOLWD from Section 20 associated with the .01 percent increase to the TVEP set-aside, from .15 percent to .16 percent. He pointed out that a \$9.60 per employee contribution increase is not accurate. The impact on the employee tax rate is zero; the impact on the employer tax rate would be approximately \$2.40 per employee. An annual tax increase for an employer with four employees would be approximately \$9.66 per year. As the number of employees is increased, the amount per employee is decreased.

CHAIR STEVENS summarized the previous information. He noted that workforce development is an important issue and it has a cost.

8:37:46 AM

CHAIR STEVENS pointed out that an audit would be required.

He turned to page 18, line 27, - tax credits. He asked if there was any discussion of the removal of the sporting events tax credit. Hearing none, he addressed the dual credit issue on page 19. He requested comments from the commissioner.

COMMISSIONER HANLEY addressed line 6, page 19, and said that, previously, one of the tax credits was to defray the costs of dual credit. The Governor's intent in SB 139 is to broaden that provision to allow on-campus room and board for post-secondary institutions and transportation costs to and from residential schools. Another component would allow students to access programs such as Rural Alaska Honors Institute (RAHI) out of Fairbanks and Alaska Native Science and Engineering Program (ANSEP) operated out of the university, for summer institutes. This section allows for corporations to receive tax credits when paying for the abovementioned costs.

CHAIR STEVENS requested information about page 19, line 25, the AFN elders program.

COMMISSIONER HANLEY explained that it is another opportunity for a corporation to receive a tax credit for promoting educational

opportunities for leadership. He noted an institution called the Ted Stevens Organization which allows legacy materials to be used for educational and leadership purposes - it is itemized separately.

8:41:23 AM

CHAIR STEVENS turned to the exit exam on page 30.

COMMISSIONER HANLEY related that the ultimate goal is to remove the exit exam, something that is no longer relevant. He said he would rather see transition language in the bill, but he called it the lesser of the evils as to how it gets to having the exit exam removed. The Governor's bill required WorkKeys or the ACT/SAT and that component has been removed in Version N. He noted that WorkKeys will still be required in 11th grade.

8:43:26 AM

SENATOR GARDNER pointed out that for all tax credits, public schools have public disclosure requirements. She asked if private entities have to do the same and whether the state knows those costs. She wondered if the state knows total costs for a student to attend a program if it is paying only a part of the costs.

COMMISSIONER HANLEY said the state does know the operating costs of public schools, including private donations, but not necessarily who the private donors are.

CHAIR STEVENS suggested hearing from Ms. Bales.

SENATOR GARDNER noted one of the values of Alaskans is accountability and public disclosure of money spent in public schools. She inquired if tax credits from corporations or other donors are public information.

JOHANNA BALES, Deputy Director, Tax Division, Department of Revenue, Anchorage, Alaska, answered questions related to SB 139. She explained that the department provides aggregate information of all tax credits, but does not identify the name of the tax payer or the recipient. The report shows the total aggregate received by the university, colleges, vocational technical programs, and other small programs. There is a provision under the education tax credit law in current statute that states that each public college and university has to report in their annual operating budget the contributions they received through the education tax credit and how they were used. She offered to provide that information.

[8:47:41 AM](#)

SENATOR GARDNER inquired about data showing that residential schools are performing better than other public schools that serve students through boarding home arrangements or the use of existing facilities. She asked if there a cost/benefit analysis that shows it is a better, less costly option. She requested that information. She spoke in favor of residential schools, but wished to see their costs.

COMMISSIONER HANLEY offered to provide that information. He suggested comparing boarding schools to schools where students have come from. He agreed that there is an added cost for boarding students, but also that there is added value for students.

[8:49:45 AM](#)

CHAIR STEVENS closed public testimony.

He removed his objection to adopting Version N.

SENATOR GARDNER said she has a conceptual amendment about a situation where a local school board has denied a charter school application. She said she likes that the board must put their response in writing and that the commissioner could agree that the findings of fact are a valid reflection of the application, and she has no objection to the referral to the state board of education. However, she maintained it is wrong to leave open the possibility that the board could override a school district's decision to reject an application, forcing the school district to run the charter school. She said it creates conflict. She noted it has never happened.

She offered Conceptual Amendment [3] that when the process goes through and reaches the state board of education, the board can disagree with the findings of fact and law and send the application back to the district, but they cannot require the district to accept the charter school.

SENATOR GARDNER reiterated Conceptual Amendment [3] saying the most that the state board of education can do is dispute the findings of fact and law and tell the school board to go back to the drawing board.

[8:52:34 AM](#)

CHAIR STEVENS agreed there is a strong belief in local control and the local school board should have a say as to what happens

in their district. He suggested that the denied charter school could come under the jurisdiction of the state board of education.

SENATOR HUGGINS pointed out that the state board has the authority to disapprove of a district's decision to accept a charter school application. He maintained that it is not an even playing field.

CHAIR STEVENS agreed it is a problem. He asked the commissioner for his opinion.

[8:54:58 AM](#)

COMMISSIONER HANLEY addressed the issue. He agreed it would be an untenable situation. He summarized that the state board can deny or approve of a local approval. The public process of putting all cards on the table would require the state board to consider the findings of fact and law. He could not imagine a denial under that scenario.

SENATOR HUGGINS said some school districts put a conceptual cap on charter schools. He maintained that the intent of charter school laws is for parents to be empowered to start a school. He recalled that in the Mat-Su there was a conceptual cap on charter schools. The bill says it is not in school districts' authority to say that.

[8:57:30 AM](#)

SENATOR GARDNER agreed that there was suspicion originally surrounding charter schools and now they have proved themselves and are beloved by families that support them. However, there are some financial risks, and she said she has several proposals, as does SB 139, to ameliorate some of them. She emphasized that if a district, on findings of fact and law, has turned down a charter school application, there is no dispute of the findings, and the state school board wants it to go forward, the school board should run it.

SENATOR STEDMAN thought the next committee of referral could deal with this issue.

CHAIR STEVENS pointed out that the community elects the school board and can vote it out if they don't agree with its decisions. He requested that Senator Gardner clarify the conceptual amendment.

SENATOR GARDNER reiterated the conceptual amendment's intent; if the state board of education approves a charter school application over the objections of the school board, which has presented undisputed findings of fact and law, the state board of education should run the charter school the same way it runs Mt. Edgecumbe.

CHAIR STEVENS repeated the amendment.

SENATOR GARDNER added "assuming there was no dispute about the findings of fact and law."

[9:00:38 AM](#)

SENATOR HUGGINS objected. He said it is a radical thing and creates a new structure. He did not think Mt. Edgecumbe could be replicated around the state. He agreed the issue could be tightened up.

CHAIR STEVENS said he was concerned, as a former school board member, about having another school district within a school district.

A roll call vote was taken. Senator Gardner voted in favor of Conceptual Amendment 1 and Senators Stedman, Huggins, Dunleavy, and Chair Stevens voted against it. Therefore, Conceptual Amendment [3] failed by a 1:4 vote.

[9:02:21 AM](#)

SENATOR GARDNER moved to adopt Conceptual Amendment [4]: "The board of education cannot approve a charter school that has been denied by a local district, unless they find a flaw in the findings of fact and law."

SENATOR HUGGINS encouraged a positive statement.

SENATOR GARDNER appreciated the suggestion.

SENATOR HUGGINS encouraged waiting for the Senate Finance Committee hearing to propose the amendment.

SENATOR GARDNER pointed out that the Education Committee is the education policy committee and the topic is an education policy; this is the appropriate place to deal with the issue.

She withdrew Conceptual Amendment [4] and offered Conceptual Amendment [5]: "If the board of education finds flaws with the finding of fact or law, they can approve the charter school."

SENATOR HUGGINS objected.

9:05:25 AM

A roll call vote was taken. Senator Gardner voted in favor of Conceptual Amendment [5] and Senators Stedman, Huggins, Dunleavy, and Chair Stevens voted against it. Therefore, Conceptual Amendment [5] failed by a 1:4 vote.

SENATOR GARDNER moved to adopt Conceptual Amendment [6], drafted to Version U, regarding the BSA. She said the amendment increases the BSA by \$404. This number was generated by legislative research as a response as to what it would take to bring school districts "whole" from the years they have been flat funded.

SENATOR STEDMAN suggested that the Finance Committee deal with this issue.

SENATOR DUNLEAVY asked about the fiscal note.

SENATOR GARDNER said she would look it up.

SENATOR HUGGINS objected.

9:07:32 AM

A roll call vote was taken. Senator Gardner voted in favor of Conceptual Amendment [6] and Senators Stedman, Huggins, Dunleavy, and Chair Stevens voted against it. Therefore, Conceptual Amendment [6] failed by a 1:4 vote.

SENATOR DUNLEAVY moved to report the CS for SB 139, as amended, from committee with individual recommendations and attached fiscal notes.

SENATOR GARDNER objected for discussion purposes. She said the bill is missing quality, optional preschool programs and efforts to support highly effective teachers. She opined that there are three stools that provide great outcomes for kids; involved parents, high quality teachers, and a high quality preschool program. She withdrew her objection and stated support for the bill.

9:09:54 AM

There being no further objection, CSSB 139(EDC) was reported from the Senate Education Standing Committee.

[9:09:59 AM](#)

At ease

**SB 208-SCHOOL CONSTRUCTION BOND DEBT**

[9:12:31 AM](#)

Chair Stevens announced the consideration of SB 208. He noted the intent to move the bill from committee. He noted the new committee substitute (CS), Version U.

SENATOR DUNLEAVY moved to adopt the CS for SB 208, labeled 28-LS1527\U, as the working document.

CHAIR STEVENS objected for discussion purposes.

TIM LAMKIN, Staff, Senator Gary Stevens, Alaska State Legislature, Juneau, Alaska, explained that Version U is identical to language contained in Version N of SB 139. The main thrust of the bill is on pages 6 and 7. The bill changes the structure by which school districts might qualify for construction reimbursement. An amendment would be needed before moving forward with the bill on page 7, line 2 and line 13, the words "or equal to" would follow "less than." He understood that the language targets only the Lake and Peninsula School District.

DAVID SCOTT, Staff, Senator Donny Olson, Alaska State Legislature, Juneau, Alaska, presented information regarding SB 208 on behalf of the sponsor. He explained the legislation is designed to encourage all rural schools to address facility improvements by issuing debt, versus waiting for a state grant.

[9:16:35 AM](#)

SENATOR STEDMAN asked why the ratio is 80/20 instead of 70/30, which districts are affected, and what tax base would be required.

MR. SCOTT said there are seven districts that are at the 20 percent level and there are several that are at 5 percent, but they may not have the necessary economy to bond.

SENATOR STEDMAN said he did not understand the difference between Klawock's and Craig's percentages.

MR. SCOTT said Craig is at 10 percent.

SENATOR STEDMAN questioned how they could have different debt reimbursement levels.

MR. SCOTT explained that they both would fall under the 80/20 provision of the bill. They have different local participating shares. Craig is at 10 percent; Hydaburg is at 20 percent. The formula is in law and districts move in and out of different levels.

9:19:46 AM

CHAIR STEVENS asked about the wording change in the amendment.

MR. SCOTT said the first language was very broad. It needed to include those at a lower percentage rate if they were able to participate.

SENATOR HUGGINS asked if there is a fiscal projection.

MR. SCOTT referred to Section 2, which relates to only one project - Port Alsworth.

SENATOR HUGGINS asked what the project consists of.

MR. SCOTT said it is a major maintenance project for Port Alsworth's school.

SENATOR HUGGINS inquired further about maintenance details.

MR. SCOTT said he does not have that information.

SENATOR DUNLEAVY said Port Alsworth's expansion is due to a population growth.

9:22:28 AM

ELIZABETH NUDELMAN, Director, School Finance and Facilities, Department of Education and Early Development (DEED), Juneau, Alaska, spoke to the fiscal note for SB 208. She related that those districts in the state grant program with a participating share of 20 percent or less would be eligible for debt reimbursement at 80 percent, rather than 70 percent. Of the 12 districts that fall into that category, three have participated in the debt program in the last ten years: Northwest Arctic, Lake and Peninsula Borough, and Dillingham. She said the retroactive language is specifically for Lake and Peninsula. The voters have approved 70 percent debt at \$16.8 million and \$15 million of that is for renovation and expansion of the Port Alsworth School.

She commented that the correction "equal or less than" matches the intent of the bill.

SENATOR DUNLEAVY said it would be hard to make a decision on the bill. He suggested holding the bill.

CHAIR STEVENS agreed. He maintained his objection and held SB 208 in committee.

### SB 113-STIPEND FOR BOARDING SCHOOLS

[9:25:52 AM](#)

CHAIR STEVENS announced the consideration of SB 113.

[9:25:57 AM](#)

At ease

[9:26:43 AM](#)

CHAIR STEVENS brought the meeting back to order. He noted the committee has passed the wording of SB 113 as it is found in SB 139. He inquired if there were any differences between SB 113 and the similar provisions in SB 139.

RYNNIEVA MOSS, Staff, Senator John Coghill, Alaska State Legislature, Juneau, Alaska, explained changes to SB 113. She noted a new CS, Version U, which adds the annual application period to SB 113. She explained that SB 113 was pre-filed and then the Governor came out with SB 139, inserting SB 113 and adding the open application period to his bill. Section 1 in SB 113 inserts the application period.

[9:27:52 AM](#)

SENATOR DUNLEAVY moved to adopt the CS for SB 113, labeled 28-LS1126|U, as the working document before the committee.

CHAIR STEVENS objected.

He opened public testimony. Seeing no one to testify, he closed public testimony.

CHAIR STEVENS withdrew his objection.

SENATOR DUNLEAVY moved to report the CS for SB 113 from committee with individual recommendations and attached fiscal note.

CHAIR STEVENS announced that without objection, CSSB 113(EDC) was reported from the Senate Education Standing Committee.

[9:28:58 AM](#)

At ease

### **SB 147-BASE STUDENT ALLOCATION**

[9:30:41 AM](#)

CHAIR STEVENS announced the consideration of SB 147. He noted Version U committee substitute (CS) was before the committee.

[9:31:09 AM](#)

THOMAS PRESLEY, Staff, Senator Berta Gardner, Alaska State Legislature, Juneau, Alaska, presented information related to SB 147 on behalf of the sponsor. He said there were no changes to Version U since the first hearing of it. He explained that the bill changes the formula foundation to say that the BSA is increased by \$404 on a per student basis. It ties future increases to the Anchorage Consumer Price Index.

CHAIR STEVENS requested comments from the Department of Education and Early Development (DEED).

MICHAEL HANLEY, Commissioner, Department of Education and Early Development (DEED), Juneau, Alaska, presented information related to SB 147. He said the Governor has put three years of modest increments in SB 139, which recognizes Alaska's current fiscal situation. He said the department supports the Governor's bill.

CHAIR STEVENS opened public testimony.

[9:33:16 AM](#)

KATIE OLIVER, President, Kodiak Island School Board, Kodiak, Alaska, testified in support of SB 147. She described the Kodiak district and the results of four years of flat funding of the BSA. She detailed the successes of the school district. She said the \$404 increase would eliminate the deficit and prevent cuts in staff and programs. She opined that the \$85 BSA increase, as seen in SB 139, would not accomplish those things. The annual adjustment for inflation included in SB 147 would bring a much needed level of predictability for the budget development process.

[9:36:11 AM](#)

MIKE COONS, representing himself, Palmer, Alaska, testified in opposition to SB 147. He questioned where the monies would come from. He agreed with Senator Dunleavy that funds should not be spent on adult education. He agreed with Senator Stedman's comment that inflation proofing violates the constitution. He applauded the cuts the Anchorage District is making. He addressed teacher/student ratio. He testified in support of the BSA increase in SB 139.

[9:40:01 AM](#)

DEBBIE EDWARDSON, President, North Slope Borough School District Board, Barrow, Alaska, testified in support of SB 147. She described the effects of flat funding on the district. She talked about rising costs of living and the costs of education in Barrow. She shared a personal perspective. She related the successes and needs of the district. She projected a \$622,000 deficit for the upcoming fiscal year. She requested that the legislature increase the BSA by a minimum of \$250 per student in order to continue to provide a high quality of education for children.

[9:44:42 AM](#)

CHAIR STEVENS closed public testimony and held SB 147 in committee.

[9:45:07 AM](#)

CHAIR STEVENS recessed the meeting to a call of the chair.

**SB 100-EDUCATION GRANTS; CORRS STUDY; ALLOTMENTS**

[3:37:19 PM](#)

CHAIR STEVENS brought the meeting back to order. Present were Senators Gardner, Dunleavy, and Chair Stevens.

CHAIR STEVENS announced that the final order of business would be SB 100.

[3:38:02 PM](#)

SENATOR DUNLEAVY moved to adopt the CS for the Sponsor Substitute for SB 100 ("SB 100"), labeled 28-LS0425\G, as the working document.

CHAIR STEVENS objected for discussion.

SHEILA PETERSON, Staff, Senator Mike Dunleavy, Alaska State Legislature, Juneau, Alaska, presented changes to SB 100 on behalf of the sponsor. She began with the change on page 3, line

28, that says that the individual learning plan (ILP) that is with the correspondence program must be developed with the assistance "and approval" of the certified teacher assigned to the student. The next change is on page 4, line 8, that makes sure that the progress of the student's work is monitored by the certified teacher.

CHAIR STEVENS asked if it is for correspondence study.

MS. PETERSON said yes. She noted all changes relate to a correspondence study program.

She turned to page 4, line 19, where it says materials purchased from a "public", private, or religious organization, must be "non-sectarian" in nature, an addition that the committee voted to approve at the last meeting. The new Version G also includes that the vendors are "public" - an oversight.

CHAIR STEVENS asked for a definition of non-sectarian.

SENATOR DUNLEAVY said "not religious."

[3:41:16 PM](#)

MS. PETERSON described the next change on page 4, line 24, where it talks about the textbooks, services, and other curriculum that will be used in the learning plan following guidelines that are appropriate for the public school system. This language was taken from regulation. It says that textbooks must go with the course of study, appropriate to the course of study, have been approved by a school district, are appropriate for the age and learning plan of the student, aligned with state standards, and that they comply with AS 14.03.090 and AS 14.18.060, sections in statute that deal with materials not being partisan, sectarian, or advocating for a doctrine. They also must be non-discriminatory.

MS. PETERSON addressed the last major change in the CS on page 5, line 8, which deals with the allotment. The allotment can no longer be rolled over but must return to the school district and not to the correspondence program. She said line 11 requires the correspondence program to maintain a record of expenditures and allotments, which may not be used to pay for services provided by a family member. This language also was taken from regulations.

[3:44:21 PM](#)

MICHAEL HANELY, Commissioner, Department of Education and Early Development (DEED), Juneau, Alaska, provided information on SB 100. He noted that many of the changes in the CS were as a result of conversations with the sponsor and strengthen the bill. He said the sponsor's intent is to provide flexibility for students who are proficient. He said he had concerns about spending public money for things that were not educational. The adjustments to the bill, including on page 3, the approval of the certificated teacher, are already in current language.

COMMISSIONER HANLEY said the biggest change is on page 4, line 10, that allows flexibility. The department is to not impose additional requirements and the focus should remain on outcomes. He said the key is on line 17 in regard to student allotments, where money can be spent for the purpose of meeting instructional expenses for the student enrolled in the program. Many changes brought back language already in regulations.

[3:47:14 PM](#)

CHAIR STEVENS inquired about page 4, line 24, a reference to the regulations of the department. He requested clarity on "non-partisan" and "non-discriminatory" materials.

COMMISSIONER HANLEY replied that it aligns with what is currently expected in the public education system regarding curriculum materials, which do not advocate for a particular religion or party and are not discriminatory.

BRUCE JOHNSON, Executive Director, Alaska Council of School Administrators, Juneau, Alaska, presented information related to SB 100. He said the vast majority of superintendents in Alaska are in support of SB 100. He spoke favorably of the changes in the bill. One of the major concerns regarding the purchasing of services and materials was assuaged by the addition of "non-sectarian." He concluded that the bill increases opportunity and choice.

[3:50:05 PM](#)

CHAIR STEVENS removed his objection. There being no further objection, Version G was before the committee.

[3:50:28 PM](#)

STUART MCDONALD, Superintendent, Kodiak Island Borough School District, Kodiak, Alaska, testified in support of SB 100, especially of the 1.0 funding factor and how it would make a difference to his district. He spoke of the difficulties of serving correspondence students in remote areas. He said the

funding will give parents better access to certified, highly qualified teachers. He spoke of the advantages of AASB's Consortium for Digital Learning Initiative. The bill provides an opportunity for a technology grant.

CHAIR STEVENS asked about page 4 regarding textbooks, services, and curriculum. He inquired if the district is doing these things now.

MR. MCDONALD said yes. He added that they recently went through an audit of the correspondence program and made corrections under existing regulations.

[3:53:25 PM](#)

ROBERT WHICKER, Consortium for Digital Learning, Alaska Association of School Boards (AASB), Eloy, Arizona, offered to answer questions about SB 100's personalized learning opportunity grant. He addressed local choice of vendor in the Alaska 1:1 Digital Learning Initiative. Vendors need to provide a device that is full-featured, has storage, and can provide creativity, but not limited to specific size or details. This would allow multiple vendors to participate and provide professional development and technical services.

CHAIR STEVENS asked how vendors would be chosen.

MR. WHICKER said the 1:1 Initiative is meant for the regular teacher to integrate technology within the classroom. The district would choose the vendors for hardware, professional development and technical services. The curriculum would also be determined by the district, the school, and the teacher in the classroom.

[3:57:07 PM](#)

ANGELA WASHINGTON, Board of Directors, Alaska State Board of Education, Kotzebue, Alaska, testified in support of SB 100. She stressed how important this bill is to students, especially in rural areas. Teachers will have the ability to use technology throughout the curriculum, such as in a science lab.

MICHELLE HAND, representing herself, Palmer, Alaska, testified in support of SB 100. She spoke in favor of the flexibility of using allotment funds and choosing vendors, which would provide for making long-term ILP's. She gave an example of planning a curriculum that would include welding, a science lab, and music lessons. She shared that she is a home school mom.

CHAIR STEVENS thanked Ms. Hand.

[4:01:03 PM](#)

PETER HOEPFNER, President, Cordova School Board, Cordova School District, testified in support of SB 100. He spoke also as a parent and shared his experience with home school programs and technology. He said students who travel have been able to keep up with coursework due to technology. He stressed the importance of technology and the 1:1 initiative.

[4:03:36 PM](#)

STEVE BRADSHAW, Superintendent, Sitka School District, Sitka, Alaska, testified in support of SB 100. He said the Sitka School Board stands in support of the bill. The district is looking forward to the opportunity to receive a 1:1 grant.

SENATOR DUNLEAVY said SB 100 is a bill that attempts to incentivize and support individualized learning approaches. It recognizes a variety of correspondence school models. The bill will engage many more students and parents at a lower cost.

[4:05:27 PM](#)

CHAIR STEVENS held SB 100 in committee. Public testimony was open.

[4:05:33 PM](#)

There being nothing further to come before the committee, Senator Stevens adjourned the Senate Education Standing Committee at 4:05 p.m.