

SENATE FINANCE COMMITTEE  
February 25, 2013  
9:10 a.m.

9:10:02 AM

CALL TO ORDER

Co-Chair Meyer called the Senate Finance Committee meeting to order at 9:10 a.m.

MEMBERS PRESENT

Senator Pete Kelly, Co-Chair  
Senator Kevin Meyer, Co-Chair  
Senator Anna Fairclough, Vice-Chair  
Senator Mike Dunleavy  
Senator Donny Olson

MEMBERS ABSENT

Senator Click Bishop  
Senator Lyman Hoffman

ALSO PRESENT

Tim Lamkin, Staff, Senator Stevens; Kris Curtis, Legislative Auditor, Legislative Budget and Audit; Patrick Pillai, Executive Director, Special Education Service Agency (SESA); Millie Ryan, Executive Director, REACH Inc.; Les Morse, Deputy Commissioner, Department of Education and Early Development.

PRESENT VIA TELECONFERENCE

Genevieve Hollins, Finance Director, SESA; Margaret Kavanaugh, Teacher, Kodiak; Jennifer Eubank, Teacher, Kodiak.

SUMMARY

SB 17 EXTEND SPECIAL EDUCATION SERVICE AGENCY

SB 17 was HEARD and HELD in committee for further consideration.

#sb17

SENATE BILL NO. 17

"An Act extending the special education service agency; and providing for an effective date."

9:10:10 AM

TIM LAMKIN, STAFF, SENATOR STEVENS, discussed the bill, which would extend the Special Education Service Agency (SESA). He presented the bill with a summary of actions taken in the Senate Education Committee. The bill extended SESA with three separate issues. One issue was whether or not to extend the sunset date of the agency, which set to expire on June 30, 2013. The second issue addressed considerations pointed out in the audit including the structure of SESA's governance. The third issue was funding. He mentioned recommendations to increase the funding for SESA. A fourth issue presented itself upon consideration of the bill, which included extraneous language regarding the Division of Retirement and Benefits. The recommendation from Legislative Budget and Audit (LB&A) was to extend the sunset date. The LB&A committee determined that the program was worthy without services duplicated elsewhere.

Mr. Lamkin explained that SESA was governed as a non-profit agency with its own board of directors through the Governor's Council on Disabilities and Special Education. The majority of SESA's board sat on the governor's council. The members had a vested interest in the issues addressed by SESA. He added that the non-profit organization was funded by the Department of Education and Early Development (DEED). The structure, while unorthodox, functions well. No recommendations were made to change the methods of funding and governing SESA. The LB&A audit recommendations included suggestions that the legislature review its funding. The Senate Education Committee chose not to review the issue of funding. He agreed that SESA had been flat and underfunded for 15 years. Due to inflation, a 36 percent decrease was suffered in operating funds. He encouraged the Senate Finance Committee to consider funding increased for SESA.

9:13:39 AM

Mr. Lamkin discussed the Senate Education Committee CS, which removed language that indicated that the amount allocated to the agency should be reduced each fiscal year by the amount contributed by DEED to the Public Employees' Retirement System (PERS) and the Teachers Retirement System (TRS). However, DEED allocated the full appropriation to SESA annually and then SESA paid directly to the retirement system. He provided a statement from the department that the language was extraneous and that all parties agreed to remove it from the books. He offered to provide the statement to committee members.

[9:14:42 AM](#)

Co-Chair Meyer asked for further details about the statement.

Mr. Lamkin replied that the statement from Mr. Neil Slotnick from the Department of Law (LAW) and Ms. Elizabeth Nudelman from DEED was available in the committee's packet.

Senator Olson agreed that SESA was an important program. He asked about services that would be omitted if the funding was not increased.

Mr. Lamkin replied that school districts had varying resources for special education that depended on the size of the district. Most school districts had their own special education teachers. He noted that SESA served a niche of people with low-incident disabilities that standard special education teachers were not trained to handle.

[9:16:59 AM](#)

KRIS CURTIS, LEGISLATIVE AUDITOR, LEGISLATIVE BUDGET AND AUDIT, explained that the purpose of the audit was to determine that SESA provided an essential service. She stated that LB&A conducted a sunset audit of SESA, with the goal of determining if the agency was operating in the public's interest and whether its termination date should be extended. The conclusion was that SESA served a public need and was essential in meeting the federal law requiring the state to insure that all children with disabilities had a free and appropriate public education that met their unique needs. She added that SESA served over 200 students located mostly in non-urban locations. She recommended the

extension of SESA's termination date until June 30, 2021, which was the maximum 8 year extension.

Ms. Curtis noted that the recommendation for extension was accompanied by the recommendation to improve collaboration and oversight. The largest issue facing SESA was the flat funding of its low-incidence disabilities program. The funding level was set in statute and had not been increased in 14 years, thereby decreasing the real value of its budget by 36 percent. The funding issue made it difficult to hire qualified staff. The funding for SESA was identified in the public school funding statutes and administered by DEED. She added that DEED could request an increase as part of its annual budgetary process, but chose not to since SESA organizationally reports to the Governor's Council on Disabilities and Special Education, which is located in the Department of Health and Social Services (DHSS).

Ms. Curtis continued that the governor's council did support unsuccessful legislation during the past session to increase SESA's budget. Since DEED was the entity that was obligated to meet the federal requirement, the audit determined that DEED should take a more active role in monitoring SESA. The audit recommended that both DEED and SESA management collaborate to ensure that SESA was operated and funded as intended by the legislature. She stated that DEED did not agree with the recommendation. The funding for SESA was historically a legislative process and DEED opined that there was no need to change the method. She understood the viewpoint of DEED, since the oversight responsibility for SESA was fragmented and confusing. She pointed out a section of the audit report addressing SESA's organizational structure and highlighting the need for legislative clarification regarding monitoring SESA. The audit contained a second recommendation addressed to SESA's board president to revise the board policy to improve oversight. She stated that the board initiated changes to improve oversight.

[9:20:47 AM](#)

Vice-Chair Fairclough asked about page 18 of the LB&A audit. She asked if the board president was the previous board president overseeing the executive director.

Ms. Curtis pointed out a recent change in the executive director position, but was unsure about the board.

Vice-Chair Fairclough clarified that SESA had a new executive director.

Ms. Curtis replied in the affirmative.

Vice-chair Fairclough asked about the board's history of difficulty reaching a quorum.

Ms. Curtis replied that the issue of reaching a quorum was not a problem for the SESA board.

[9:22:16 AM](#)

Senator Dunleavy asked about recommendation number two of the audit. He believed that a certified teacher fell under the professional teaching ethics code. He asked if SESA's teachers were certified.

Ms. Curtis replied that the audit cited that "SESA has procedures for potential ethics violations of teachers, but does not have procedures for addressing potential ethics violations involving administration and management."

Senator Dunleavy stated that if "they have a type A or type B they would still fall under the professional teaching practices commission."

Ms. Curtis replied that question was best suited for the executive director.

Vice-Chair Fairclough asked about different boards and commissions and their maximum extensions.

Ms. Curtis replied that the statute provided for a maximum extension of eight years. An audit usually contained a recommendation not to exceed eight years.

Vice-Chair Fairclough compared the suicide prevention council's six year extension, which she believed was the maximum allowable. She opined that the extension of the Suicide Prevention Council when audited had less concerns than SESA's audit. She asked how the extension for the Suicide Prevention Council was determined.

Mr. Curtis responded that the main issue that drove the Suicide Prevention Council's extension date was the lack of agreement ensuring that effective oversight would continue in the future. The importance of the recommendation drove the six year extension.

[9:24:38 AM](#)

Co-Chair Meyer asked about concerns regarding a shorter extension for SESA.

Ms. Curtis responded that the recommendation was based on audit findings and the different criterion used to determine the extension recommendations. She admitted that the audit recommendations were an "inexact science." She explained that considerations such as types of findings, controversies, and the nature of work accomplished by the board were reviewed when determining extensions. Workload for the auditors and the legislators was also considered when determining potential extensions, although workload did not impact this year's recommendations. Current recommendations were based on the findings in LB&A's audit.

[9:25:51 AM](#)

PATRICK PILLAI, EXECUTIVE DIRECTOR, SPECIAL EDUCATION SERVICE AGENCY (SESA), showed a brief video about the agency.

[9:32:36 AM](#)

Senator Dunleavy asked if Mr. Pillai was the executive director in FY 10.

Mr. Pillai responded that changes occurred in the executive director position, the board president, and the entire board. He stated the board president was PJ Ford Slack, a principal in Sitka.

[9:34:17 AM](#)

Mr. Pillai responded to an earlier question by Senator Dunleavy regarding the "type A" teaching certificates. He stated that all specialists for SESA had a type A certificate and administrators had "type B" certificates. He stated that SESA reviewed the entire board policy under

the leadership of Joseph Reeves with the Alaska Association of School Boards to address issues brought up by the audit.

Senator Dunleavy responded that teachers with type A or "type B" certificates fell under Professional Teaching Practices Commission (PTPC) and were subject to sanction in the event of an ethics violation.

[9:35:32 AM](#)

Mr. Pillai introduced slide 1 of his PowerPoint presentation (copy on file): "Special Education Service."

SESA provides consultation and training to support the unique educational needs of individuals and the Alaskan communities that serve them.

Mr. Pillai discussed slide 2: "Background."

- Created in 1986; formed as a not-for-profit Corporation;
- Governed by the Alaska Governor's Council on Disabilities and Special Education;
- Receive Low Incidence Disabilities funding through DOEED based on prior years statewide total enrollment;
- Receives grant funding from State and Federal sources, (DHHS and DOEED)

[9:37:03 AM](#)

Mr. Pillai discussed slide 3 depicting a picture of SESA's vision specialist working with a student in rural Alaska. The specialist had been working with the agency for 15 years.

Mr. Pillai detailed slide 4: "A.S. 14.30.630(b) (1) requires SESA to provide the following special education services:"

- A. Itinerant outreach services to students who are deaf, deaf-blind, mentally retarded, hearing impaired, blind and visually impaired, orthopedically disabled, health-impaired in other ways, and severely disturbed, and to students with multiple disabilities;
- B. Special education instructional support and training of local school district special education personnel; and

C. Other services appropriate to special education needs.

[9:38:40 AM](#)

Mr. Pillai discussed slide 5, a map depicting SESA's presence in rural areas across Alaska along with the number of students served in each of the areas. The number of students depended on the size of the village, how far villages were from urban areas, and the need for the different disabilities. Many of the areas were inhabited by Coast Guard and cannery workers leading to years with more or less students.

Mr. Pillai detailed slide 6, a picture of a multiple disabilities specialist working with a child in rural Alaska. The specialist had worked with the agency for over one and one half years.

[9:39:38 AM](#)

Mr. Pillai explained slide 7: "SESA Services."

- On-side consultation - Observation/Modeling/Evidence Based Strategies
- In-service training (professional development)
- Alaska State Special Education Conference (ASSEC)
- Specific courses designed and offered for university credit
- Alaska Deaf Education Advisory Board
- Governor's Council/Education/Rural Education
- DEED-Specific Grants- AARC/BTKH/DSI
- Other Non-profits-Stone Soup/Center for Human

[9:42:26 AM](#)

Mr. Pillai discussed slide 8, a picture of the SESA website. He pointed out the different disabilities highlighted by the options presented on the homepage of the website. He added that district administrators could download paperwork to make referrals for services needed by the agency. The website was a resource for parents and school districts.

Mr. Pillai detailed slide 9: "SESA FY 12 Student Consultation by District." The graph detailed the districts served. He stated that the data compiled included on-site

visitation, calls from teachers seeking information from the SESA library. He added that SESA allowed districts to borrow materials that they considered purchasing. The slide detailed 39 different districts when SESA worked with 45 in 2013.

Mr. Pillai discussed slide 10, a picture of Andrea Story, a vision specialist, who worked for SESA for approximately 23 years. Ms. Story was pictured working with a child with vision loss in rural Alaska.

[9:44:01 AM](#)

Mr. Pillai discussed slide 11: "Impact on Students and Teachers." He provided an example of a syndrome that caused a person to sleep all day and stay awake at night. After a SESA specialist spent eight months of working with the family, the child displayed significant improvement. He added that he himself was the deaf and hard of hearing teacher with the agency for 19 years, so he understood the challenges faced by the teachers.

1. Reduced ability to promote evidenced based practices.
2. Fewer on-site visits to provide targeted interventions.
3. Shorter visits to maximize travel dollars to include more sites.
4. Less time for classroom observation and program enhancement.
5. Loss of guidance to new special education teachers and to classroom teachers encountering unique disabilities.
6. Loss of child specific educational intervention strategies modeled on-site to teachers.
7. Reduced ability to recruit quality specialists to Alaska.

[9:45:48 AM](#)

Mr. Pillai detailed slide 12: "2004 Individuals with Disabilities Education Act (IDEA)."

The State is required to meet the 2004 IDEA to "ensure that all children with disabilities have available to them a free appropriate public education that emphasizes special education and related services designated to meet their unique needs."

The Legislature intended for SESA to help DEED fulfill this requirement by assisting schools with providing special education children affected by LID.

[9:46:19 AM](#)

Mr. Pillai discussed slide 13: "Legislative Audit Report June 2, 2012."

Recommendation 1: Reiterating from the prior report that the Legislature should review SESA funding; and

"Over the past 14 years, school districts have received increases in their funding formula, yet SESA's funding formula has not increased. ...the historical process for evaluating and increasing SESA funding has been a legislative process..."

[9:46:47 AM](#)

Mr. Pillai detailed slide 14: "Legislative Audit Report, June 22, 2012."

"Due to inflation, the real value of SESA's LID budget, as established 14 years ago, has decreased 36 percent. Accounting for inflation since 1998, SESA's funding formula in today's dollars would be approximately \$21.50 per student rather than the current funding formula amount of \$15.75. As a result, SESA is experiencing challenges with recruiting and retaining education specialists with specialized disability endorsements and meeting schools' need for itinerant outreach services."

[9:47:31 AM](#)

Mr. Pillai detailed slide 15: "Senate Bill 17 Conclusion."

1. Alaska Statute Funding Calculation for SESA should be changed to \$21.50.
2. SESA needs these funds to:
  - a. fulfill the intent of the Legislature, and the mandate of the 2004 IDEA;
  - b. provide competitive salaries to attract and retain qualified specialists;

- c. continue providing quality services for LID children;
- d. maintain consistent infrastructure despite short term or discontinued grant funding cycles.

[9:49:20 AM](#)

Mr. Pillai detailed the graph on slide 16: "ADM (i.e. SESA's Funding) vs. SESA LID Student Count FY 2001 - FY 2013." The graph illustrated the declining Average Daily Membership (ADM) in red and the increasing Low-Incidence Disabilities (LID) during the same time frame. Between 2004 and 2013, SESA lost over \$200 thousand in revenue based on declining ADM. During the same period, the LID students served by SESA increased. The graph depicted 260 students, but SESA served 270 students at the time of the hearing.

Mr. Pillai discussed slide 17: "A Review of SESA's Low Incidence Disabilities Funding Over the Past 10 Years."

Mr. Pillai discussed slide 18: "CPI and BSA Increase vs. SESA Funding."

This chart shows the increase in the Consumer Price Index and Base Student Allocation, with SESA's funding remaining flat.

[9:50:18 AM](#)

Mr. Pillai detailed slide 19: "SESA's Actual Funding vs. Funding if Equivalent to BSA vs. Student Count."

This graph shows how LID student count has increased while SESA's overall funding has decreased due to decreased ADM.

[9:50:39 AM](#)

Mr. Pillai discussed slide 20: "LID Cost of Operations, Fund Balances and Grant Expenditures FY 2005 - FY 2013 (9 years).

[9:51:52 AM](#)

Mr. Pillai discussed slide 21: "How SESA's Funding Should be Structured VERSUS How it is Currently Structured." He explained that the graph on the right exhibited the current

structure. The resources were shared by LID and grant funding. He stated that grant funding fluctuated. The graph on the left illustrated a solid infrastructure that could be used to assist the state with grant-writing. He noted the difficulty in recruiting with one or two-year grants. The sunset clause coupled with the limits of grant funding added to the complications.

[9:53:20 AM](#)

Mr. Pillai detailed slide 22: "Impact of Continued Under-Funding:"

1. Reduced ability to promote evidenced based practices.
2. Fewer on-site visits to provide targeted interventions.
3. Shorter visits to maximize travel dollars to include more sites.
4. Less time for classroom observation and program enhancement.
5. Loss of guidance to new special education teachers and to classroom teachers encountering unique disabilities.
6. Loss of child specific educational intervention strategies modeled on-site to teachers.
7. Reduced ability to recruit and retain quality specialists.

[9:54:03 AM](#)

Co-Chair Meyer asked about slide 9. He asked about the acronym BSSD listed on the school districts served.

Mr. Pillai responded Bering Strait School District was shortened to BSSD.

Co-Chair Meyer asked if school districts contributed to the funding for SESA.

Mr. Pillai replied that SESA was a free service for school districts. He shared a letter of support from one school district testifying that the free services helped meet the district's needs to provide assistance in remote rural schools.

Co-Chair Meyer asked about how long a specialist would remain in the rural schools.

Mr. Pillai responded that the typical length of stay was one week.

[9:56:09 AM](#)

Co-Chair Meyer asked about specialist worked with the school's special education teachers.

Mr. Pillai responded that the challenges determined the strategy regarding the child and the inclusion of the staff in the classroom. He mentioned that some children were in mainstream classrooms, so the specialist worked with those teachers too.

Co-Chair Meyer pointed out that very few specialists worked in the Anchorage area. He asked why that was the case.

[9:57:13 AM](#)

Mr. Pillai responded that the Anchorage school districts had their own specialists as well as trainings offered to the communities. He credited the small number of SESA specialists in Anchorage to the needs of deaf and blind students, which were deemed high-need and required additional support. He mentioned examples of other high need disabilities that benefit from the support of SESA's specialists.

[9:58:25 AM](#)

Co-Chair Kelly asked if Alaska met the federal requirement to provide supported education without SESA.

Mr. Pillai replied that the federal requirements would not be met without SESA. He added that SESA was listed as a resource on the department's website and in the state handbook as a resource for the various needs of the staff. If there was a teacher in a school district that lacked the expertise needed to help with a certain child, a parent may choose to take the school district to court. Many potential situations of litigation were prevented by SESA's intervention as a neutral party.

Senator Olson commented on slide 9. He pointed out that BSSD documented an abundance of SESA student consultations

as compared with other districts on the chart. He wondered why the consultations in his district were so numerous.

Mr. Pillai responded that the villages were spread out and crisis intervention calls were received from various communities in the district. He stated that SESA co-wrote a grant with BSSA called "Mesh Alaska," which included organizing a training led by a national presenter. The training led to a heightened awareness about the services provided and as a result, individual villages were requesting more services.

Senator Olson asked about the fiscal note. He asked if the note increased or maintained current funding.

Mr. Pillai responded that the fiscal note retained the current operation's funding. An increase of 36 percent would yield an extra \$700 thousand to the agency, which would be necessary to sustain operations.

Senator Olson wondered which services would not be provided without the increase.

Mr. Pillai responded that the outreach model would not provide services in individual areas without SESA. Without funding, the specialized evaluations on-site professional development for teachers would not exist. He provided an example of SESA's value. The commissioner had a specialist in Hoonah after the shooting that addressed multiple issues for students and staff. The lack of funding would impact students' achievement because teachers would not be able to implement plans for high-need students.

[10:02:09 AM](#)

Co-Chair Kelly asked about the grants for non-profits that were carrying out the mission directed by the federal government. He spoke about the difference in operations for the non-profit organizations and the state. He pointed out that grant restrictions limited the hiring capabilities of non-profit organizations. With state government, employee compensation grew within statutory structure and contracts. He added that SESA could find difficulty obtaining money from the state to increase or even continue operations because of restricted budgets. He wanted organizations like SESA to do a job that the state was not suited to do. He

hoped to look carefully at the possibility of increasing SESA's budget.

10:04:20 AM

Senator Dunleavy opined that the program was needed and ought to be funded by the legislature. He noted that a school district could make a choice to appeal to an organization like SESA for help with an exceptional child, or the district could hire the help directly with their resources. He opined that SESA saved the state money, by providing options for assistance with some rare and exceptional children's educational needs. He spoke to the expertise of SESA's staff. He agreed with Co-Chair Kelly and would vote to increase SESA's funding.

Co-Chair Meyer wondered how the state would address the federal mandate for the education of those children with special needs without SESA.

10:06:47 AM

Vice-Chair Fairclough discussed the fiscal note. She asked about the positions and wondered if all employees were contracted.

Mr. Pillai responded that SESA employed 11 specialists.

10:07:25 AM

Vice-Chair Fairclough requested a corrected fiscal note illustrating the full time personnel working for SESA.

Mr. Pillai responded that the all of the specialists worked full-time with yearly contracts.

Vice-Chair Fairclough asked how many members served on SESA's board of directors.

Mr. Pillai responded ten.

10:08:25 AM

Vice-Chair Fairclough asked if the board meeting attendance was good.

Mr. Pillai responded that attendance was good. He commented on the representation's diversity.

Vice-Chair Fairclough asked if the board travelled for meetings.

Mr. Pillai responded that the board members travelled to Anchorage for the four annual meetings.

Vice-Chair Fairclough asked if all meetings were in Anchorage.

Mr. Pillai responded in the affirmative.

[10:08:51 AM](#)

Senator Dunleavy asked about the staff. He wondered if services were contracted.

Mr. Pillai responded that the agreement was negotiated and the employees were classified as full-time.

Senator Dunleavy asked if members belonged to the National Education Association (NEA).

Mr. Pillai responded in the affirmative. He added that employees contributed to TRS.

Vice-Chair Fairclough reported to the committee that DEED confirmed that since the SESA's employees were not state employees, thus the Full-Time Employee (FTE) portion of the fiscal note was irrelevant. She imagined that the fact that employees paid into the TRS would somehow violate the definition of FTE. She believed that SESA was incorrect in their method of classifying employees.

Mr. Pillai responded that even though employees sign an annual contract, they were in-fact considered full time employees.

Vice-Chair Fairclough stated that DEED was classifying the employees differently. She emphasized the need for clarity regarding the state's classification of employees.

Co-Chair Meyer stated that the administration would help the committee to better understand the fiscal note.

10:10:55 AM

MILLIE RYAN, EXECUTIVE DIRECTOR, REACH INC., explained that REACH provided services to approximately 400 children and adults with disabilities. She stated that prior to her work with REACH; she was the executive director of the Governor's Council on Disabilities and Special Education. She then served as an ex officio member of SESA. She addressed common questions, such as why the council served as the governing board for SESA. She was instructed by her predecessor at the council that the arrangement existed because the council served as the special education advisory panel and SESA was a special education program. The council, located in DHSS ended up as the special education advisory panel because the legislature and DEED did not want another small board with a narrow purpose, so instead sought a board with a common interest.

Ms. Ryan pointed out another common question regarding SESA regarding the duplication of funding for intensive needs or for students with severe disabilities. She stressed that having a low-incidence disability did not mean that a student was eligible for intensive needs funding. She mentioned that DEED required that seven specific criterion be met to determine eligibility for intensive needs funding. She added that school districts utilized intensive needs funding to provide the full-time aide, to purchase specialized materials and technology required for the intensive needs student. She stated that if SESA was involved, the specialist worked with the district to assess the students and identify which instructional materials were best suited for the needs, and would teach staff how to use the materials and technology. She strongly supported the passage of SB 17.

10:13:52 AM

GENEVIEVE HOLLINS, FINANCE DIRECTOR, SESA (via teleconference), addressed the question about employees of SESA being state employees. She clarified that SESA employees were not state employees, but employees of the political subdivision of the state.

Co-Chair Meyer requested further clarification.

Ms. Hollins replied that the fiscal note did not reflect FTEs for SESA because its employees were those of the political subdivision of the state.

Co-Chair Meyer relayed that he would have the administration further explain the classification of SESA's employees as documented in the fiscal note.

[10:15:29 AM](#)

Co-Chair Kelly thought that the full time employees were not listed on the fiscal note because the budget was not increased and a request for new positions was not active.

[10:15:54 AM](#)

MARGARET KAVANAUGH, TEACHER, KODIAK (via teleconference), testified in support of SB 17. She worked as both a regular and special education teacher and with the infant learning program. She stated that SESA was the most valuable resource she had encountered because of its support of teachers. Without the support of SESA's specialists, teachers often felt unable to meet all students' needs. She discussed the burn-out that resulted from the lack of support. The support of a SESA specialist with their unique knowledge and training with low incidence disabilities enabled success for students and teachers. She added that parents also benefitted from SESA's services. She shared a story about her own son who was diagnosed with low incidence disabilities. She concluded that SESA had benefitted her life personally and professionally.

[10:20:46 AM](#)

JENNIFER EUBANK, TEACHER, KODIAK (via teleconference), testified in support of the legislation. She announced that she was a certified special education teacher in Kodiak. She taught in the life-skills program for grades 6-8. Prior to teaching, she worked as a specialist for Assistive Technology of Alaska (ATLA), which was a federal program used to introduce and support assistive technology for students. During her time with ATLA, she worked with SESA to help provide materials needed in rural villages and she realized that SESA produced impressive specialists. She requested the services from SESA currently in her special education class room.

10:27:00 AM

Co-Chair Meyer closed public testimony.

10:27:22 AM

Co-Chair Meyer intended to hold the bill in committee to discuss the fiscal note. He wanted to discuss amending the bill to increase the funding. He wanted to talk about the fiscal note.

10:28:11 AM

Senator Olson asked about line six of the CS. He assumed that the amount should be changed to \$21.50 to align the bill with the fiscal note.

10:29:07 AM

AT EASE

10:29:36 AM

RECONVENED

LES MORSE, DEPUTY COMMISSIONER, DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT clarified that SESA's employees were not considered state servants based on statute, but they were considered employees to the non-profit agency. The fiscal note was built as a grant to that agency, just as the state granted Base Student Allocation (BSA) money to a school district, without accounting for staff. He added that SESA contributed to the retirement system in the same way that school districts and municipalities did.

Co-Chair Meyer stated that SB 17 renewed the current program. An increase, as suggested by a committee member, would require a change to the fiscal note.

10:31:23 AM

Vice-Chair Fairclough pointed out that SESA also utilized grant funds. She wished to better understand the funding structure in relation to grants and general funds.

Mr. Morse responded that SESA did receive grant money, which was not reflected in the fiscal note. He understood

that additional state dollars were received as grants under some circumstances.

[10:32:28 AM](#)

Co-Chair Meyer asked how the state would meet federal requirements without SESA.

Mr. Morse replied that school districts and the state would be greatly challenged by a lack of the services provided by SESA. He added that if a district could not provide services required within an Individualized Education Program (IEP), a family could seek legal recourse against the school district and the state. He added that if SESA did not exist, districts would require a similar organization to provide support for low incidence disabilities. He credited the efficiency of SESA for Alaskan school districts.

Co-Chair Meyer asked if the administration supported the bill.

Mr. Morse stated that the administration was very supportive of the sunset extension for SESA. The department would allocate the funds appropriated by the legislature. He opined that the legislature ought to review the evidence and consider options like increasing funding.

[10:35:02 AM](#)

Senator Dunleavy understood that SESA had not seen a funding increase for 15 years.

Mr. Morse concurred.

Senator Dunleavy asked if the increases given to school districts were for legislative intent, although SESA was not provided the same increases.

Mr. Morse replied that a formula approach was employed for funding SESA and the school districts. He stated that SESA did not fall under the BSA addressed, so their funding was not increased.

Senator Dunleavy asked if the separation between funding increases for SESA and other districts was determined by the department.

Mr. Morse responded that the statutory approach employed by the legislature determined the structure.

10:36:06 AM

Senator Olson asked about a comparison with other states and their approach to the federal mandates.

Mr. Morse replied that all states handled the federal requirements differently. He explained that some states provided a wider array of services. He imagined that some rural states had created solutions or programs that mirrored SESA's.

10:37:50 AM

SB 17 was HEARD and HELD in committee for further consideration.

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ADJOURNMENT

The meeting was adjourned at 10:38 a.m.