

SENATE FINANCE COMMITTEE  
February 5, 2014  
9:08 a.m.

[9:08:48 AM](#)

CALL TO ORDER

Co-Chair Meyer called the Senate Finance Committee meeting to order at 9:08 a.m.

MEMBERS PRESENT

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

MEMBERS ABSENT

None

ALSO PRESENT

David Scott, Staff, Senator Donald Olson; Linda Thibodeau, Director, Division of Libraries, Archives, and Museums, Department of Education and Early Development; Les Morse, Deputy Commissioner, Department of Education and Early Development; Senator Gary Stevens; Tim Lamkin, Staff, Senator Gary Stevens;

PRESENT VIA TELECONFERENCE

Valerie Oliver, Division of Libraries, Archives, and Museums, Department of Education and Early Development, Anchorage; Luke Fult, Assistant Superintendent of Business and Operations, Mat-Su Borough School District, Mat-Su; Mary Sage, Board of Education Member, North Slope Borough School District, Barrow; Peggy Cowan, Superintendent, North Slope Borough School District, Barrow; Robert Thomason, Superintendent, Petersburg School District, Petersburg; Jon Painter, Director, Instructional Technology, Petersburg

School District, Petersburg; Theresa Keel, Superintendent, Cordova School District, Cordova; Todd Poage, Superintendent, Alaska Gateway School District, Tok; Ernie Manzie, Self, Fairbanks.

SUMMARY

SJR 9 CONST. AM: EDUCATION FUNDING

SJR 9 was REPORTED out of committee with a "do pass" recommendation and with a new fiscal impact note from the Office of the Governor.

SB 82 BROADBAND DISCOUNTS FOR SCHOOLS

SB 82 was HEARD and HELD in committee for further consideration.

SB 111 REPEAL SECONDARY SCHOOL EXIT EXAM

SB 111 was HEARD and HELD in committee for further consideration.

Co-Chair Meyer discussed the meeting's agenda.

#sb82

SENATE BILL NO. 82

"An Act providing for public school funding for telecommunications or Internet services."

9:09:55 AM

Senator Olson stated that SB 82 was related to discounts on broadband for schools and that it would have a positive impact on schools throughout the State of Alaska.

DAVID SCOTT, STAFF, SENATOR DONALD OLSON, related that the intent of the bill was to have the state pick up the local share of the broadband that was not covered under the E-Rate Program. He explained that the E-Rate Program was a federal program that provided from the Universal Service Fund (USF) a discount to schools, libraries, and "things of that nature." He offered that every school district in the state would benefit from the bill and referenced a spread sheet from the Department of Education and Early Development (DEED) in members' packets (copy on file). He

referenced page 5 of the spreadsheet and noted that \$9.180 million was the total of the all the districts' applicant shares. He observed that through the E-Rate Program and the USF, the state was able to leverage roughly \$4 for every \$1 that it put in. He noted that the state was always attempting to make the education system better and that the sponsor felt that it was appropriate to assist school districts by leveraging even more federal funding in order to expand educational opportunities for districts that did not have every opportunity; he stated that the legislation would have the most benefit for rural school districts, but that every school district would benefit from it. He pointed out that there were only 2 sections in the bill. He referenced Section 1, subsection (a), which dealt with the applicant share. He stated that Section 1, subsection (b)(1) reflected the cap for bandwidth and that, subsection (b)(2) represented the floor. He related that the floor was a minimum of 10 megabits per second of download and that the fiscal note showed that there were roughly 500 schools in Alaska; 170 of those schools were below the 10 megabit floor.

Mr. Scott continued to address SB 82 and offered that the increased broadband was necessary to assist in distance delivery courses and new online assessments. He observed that DEED estimated that it would cost \$7.3 million to bring the 170 schools up to the 10 megabit per second floor. He relayed that the sponsor felt that the benefits of technology and the internet would expand educational opportunities for all students across the state.

[9:14:37 AM](#)

Vice-Chair Fairclough understood that there had been a broadband-bandwidth study conducted regarding potential needs in different areas in Alaska, but that she had not received it yet to the best of her knowledge. She inquired how the proposed numbers in bill compared with the actual usage and need of bandwidth within those communities currently. She furthered inquired who the bandwidth would be purchased from. She recalled discussions with the Alaska Railroad Corporation (ARRC) and thought that there was a company that had basically bought all of the broadband bandwidth in all of the states; as a result, everyone had to go through a particular entity to buy bandwidth. She admitted that she was unsure if the situation of bandwidth being bought up was true, but that she had heard that the

federal government sold the bandwidth to a particular company, which would cost states and municipalities additional money. Mr. Scott replied that the question was one that drilled into the E-Rate Program and the USF; he deferred the question to Ms. Thibodeau in the interest of saving the committee time.

Co-Chair Meyer inquired if the state had contributed to E-Rate Program in the past. Mr. Scott responded that his understanding was that the federal funds were dispersed to the school districts and that the school districts themselves picked up the applicant share. He furthered that the intent of the bill was to have the state cover the districts' applicant shares of internet services that were not provided by the E-Rate Program, which the state had never done before to his knowledge.

Co-Chair Meyer inquired if the bill was a request that had come from the school districts. Mr. Scott responded that some school districts had approached the sponsor regarding the legislation.

Senator Dunleavy inquired if the funds that would be dedicated through the bill would be focused just on internet service or if schools would be able to choose to spend the money in other areas. Mr. Scott replied that the E-Rate Program limited the uses of the funds to telecommunications services, internet access, and internal connections.

Co-Chair Meyer noted that with federal match, there was a concern with the federal contribution going away and inquired if the bill's sponsors had that concern. Mr. Scott did not believe that it was a concern and stated that the E-Rate Program was not subject to sequestration; furthermore, the USF was paid into by everyone who had a phone and received a bill and was also not subject to sequestration. He noted that as Alaskans, however, it was good to be skeptical.

[9:19:49 AM](#)

Senator Dunleavy directed the committee's attention to page 2 of the bill and inquired if the effective date was July 1, 2013. Mr. Scott replied that the bill had been drafted the previous year and that if it passed, there would need

to be conforming changes in a committee substitute to the effective date, as well as other areas of the bill.

Co-Chair Meyer noted that the committee would make the changes if and when bill moved.

Vice-Chair Fairclough pointed to the sponsor statement for the bill (copy and file), which discussed the bill's minimum bandwidth floor. She inquired how the minimum floor of megabits per second was driving the costs of providing the broadband; she further inquired if the districts' costs trickled down to the individual schools and if the infrastructure cost was reflected in the bill. Mr. Scott replied that way he understood the E-Rate Program, internet connections were considered infrastructure. He related that the state assumed that it would cost \$7.3 million to get those 170 schools up to 10 megabits per second. He directed the committee's attention to Section 1, subsection (b)(1) of the bill and relayed that eligible schools would meet the floor and be limited by a cap, which was:

"10 percent of the amount paid under this section in the immediately preceding fiscal year for Internet services.."

Co-Chair Meyer thought that the bill had potential to advance the distance delivery program, but that the administration could address that issue further.

Senator Olson commented that the bill would not only help the distance delivery program, but would also assist with general internet within the individual schools. He explained that he did not have all of the details worked out regarding how the money would trickle down to different schools, but that the bill would certainly be a help to all of the school districts in Alaska regardless of whether they were large or small, which was why he had sponsored the legislation.

LINDA THIBODEAU, DIRECTOR, DIVISION OF LIBRARIES, ARCHIVES, AND MUSEUMS, DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT, related that Ms. Oliver was the division's E-Rate specialist and would probably be deferred to for questions on that issue.

[9:25:17 AM](#)

Senator Olson inquired if it was true that a company had bought a major portion of the broadband width in America and that Alaska would have go through that company to get internet coverage for its schools.

VALERIE OLIVER, DIVISION OF LIBRARIES, ARCHIVES, AND MUSEUMS, DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT, ANCHORAGE (via teleconference), responded that she was not aware of that situation and that the reference may have been made in regard to something else. She related that Alaska had pretty robust competition among internet providers. She explained that one provider did not fit all needs in Alaska and that individual providers were better suited for some areas, while some were better suited for others. She concluded that there was no monopoly in Alaska regarding internet service.

Ms. Thibodeau added that the E-rate program also required that the lowest cost provider would be used.

Vice-Chair Fairclough requested that the previous speaker and the speaker online identify themselves for the record .

Ms. Thibodeau stated that the E-Rate reimbursement program required competition and that the lowest cost bandwidth be selected for each location; additionally, she was also unaware of any monopoly or any particular vendor that had bought and owned all the bandwidth for Alaska.

Vice-Chair Fairclough recalled that her previous comments had specifically stated that ARRC had supplied the information regarding an internet monopoly during a presentation on positive train control in an earlier meeting. She did not know how broadband width sold throughout the country, but believed that individual carriers purchased it from somewhere. She wondered where the individual carriers would purchase their broadband bandwidth from and if there was a difference between carriers for Alaska.

Ms. Thibodeau responded that she was unaware of the situation ARRC had referenced and was unable to speak to the issue; however, there were a lot of different "pots" of E-Rate money and different pots of federal subsidies. She explained that the federal E-Rate subsidies for schools and libraries were different than the subsidies for health or

other entities. She concluded that the ARRC's business was out of purview of the Division of Libraries, Archives, and Museums.

Senator Bishop queried if DEED was confident in its analysis that one-third of Alaska's schools were getting under 10 megabits per second. Ms. Thibodeau deferred the question to Ms. Oliver, but added that the information was from the previous spring and could probably be updated. She offered that bandwidth was a moving target and that schools bought it depending on what they could afford and what it was selling for at a particular time.

[9:30:02 AM](#)

Ms. Oliver replied that the information was slightly out of date and explained that currently, school districts were conducting procurement for the next year for the purposes of E-Rate; some districts were currently looking for contracts for bandwidth growth. She noted that as the demand for online testing became higher, districts were actively procuring for increased bandwidth. She believed that the percent of schools that were under 10 megabits per second would be dropping rather than rising; additionally, procurements were in the contract stage currently and there would more information regarding the contracts by the end of March. She concluded that contracts that schools were currently signing were for services that would connect on July 1, 2014.

Co-Chair Meyer noted that Co-Chair Kelly had joined the committee in progress.

Senator Hoffman directed the committee's attention to a document in members' packets titled "E-Rate Share and Total Cost" (copy on file) and inquired what the percentage under the "Discount E-rate Request" column meant. He noted that the percentage varied between school districts from 48 percent up to 90 percent. Ms. Oliver replied that each district was awarded a discount on its internet services that depended on the poverty level in its local community. She explained that the E-Rate Program had a discount matrix that the percent was drawn from. She concluded that the discount level truly reflected the economic situations in particular school districts and communities.

[9:32:57 AM](#)

Senator Hoffman queried what the implications of having the floor at 10 megabits per second would be in the future when the speeds might increase rapidly. He wondered if the program would go away if everyone was at 50 megabits per second in the future. Ms. Oliver understood that the fiscal note would cover districts' share of the bandwidth costs regardless of the where they were; furthermore, the bill would not only elevate the districts that were under 10 megabits, but would also cover the non-discounted share for the districts like Anchorage or the Lower Kuskokwim, which were approaching 100 megabits per second. She concluded that the non-discounted share would grow as bandwidth subscription increased and that she did not see the program going away because districts would always have a portion that they would be required to pay under the Federal Communications Commission's statutes.

[9:34:32 AM](#)

Vice-Chair Fairclough inquired if Ms. Oliver had stated that the local community would always be required to pay its share. Ms. Oliver responded in the affirmative.

Vice-Chair Fairclough surmised that the legislation was asking the state to pick up the local share and inquired if that was correct. Ms. Oliver responded different states did things differently and that some states did pay the non-discounted share but some did not. She reported that a lot of states had a network where the broadband was brought down to the school site, which was completely covered by the state. She stated that the way she read the bill, it appeared as though the districts were asking the state to pay its non-discounted portion.

Vice-Chair Fairclough inquired if there was a State of Alaska broadband width study. Ms. Thibodeau replied that that she was unable to answer the question and believed that Vice-Chair Fairclough was referencing the governor's broadband taskforce. She added that the Division of Libraries, Archives, and Museums had not been involved with the taskforce.

Vice-Chair Fairclough inquired how the fiscal note's numbers were arrived at and if the previous year's actual numbers were used in the calculations. Ms. Thibodeau replied that she and Ms. Oliver had worked on the fiscal

note with the vendors and the school districts the prior spring to find costs; at the time, the school districts had been involved in bidding for the current year. She explained that the fiscal note was lagging a bit behind, but that the process had been to get the best estimates; those estimates were divided with one-third of schools needing upgrades to 10 megabits and two-thirds needing a 10 percent increase.

Vice-Chair Fairclough pointed out that the bill built in a 10 percent cost increase that vendors could negotiate because the state would pick it up. She offered that the legislation proposed to deposit or transfer the responsibility of paying internet services. She referenced a document titled "Erate Brief" (copy on file) and noted that it provided examples of eligible services; she was not opposed to the types of eligible services, but noted that the bill proposed to supplant state funds for funds coming in from elsewhere. She acknowledged that she was unsure if the money that the bill proposed using would simply consist of state funding that was shifted from one pool to another; however, the legislation did have a built in increase that vendors could use against the districts to perpetuate cost increases and not really negotiate well. She appreciated the bill being brought forward and was supportive of providing better internet access; however, she wanted more information about the financial implications of the fiscal note, as well as how the cost figures were arrived at. She also wanted to look at the governor's broadband study to see if the bill's formula would achieve the effect that the state desired.

[9:39:31 AM](#)

Senator Olson noted that the internet was the wave of the future and would be a very important factor for posterity. He stated that the bill started the discussion of how the state could provide not only for the school districts that were struggling to provide internet, but also for the districts in the metropolitan areas. He stated that another option would be to have the state and school districts split the costs in half instead of having the state pay for the full \$22 million in FY16. He concluded that there were other options to make the bill affordable, but that his goal was to make costs affordable for school districts and have the bill benefit students.

Co-Chair Meyer offered that the discussion on the bill was good. He relayed that he wanted to hear more from the administration regarding a possible broadband study and how the bill fit into the overall objective of getting more distance learning into education.

Vice-Chair Fairclough noted that there was a concept of driving down administrative costs by centralizing insurance. She wondered if the state had buying power to take the expense directly off of the school districts' plates or if there was a benefit to having a local entity negotiating with multiple carriers to keep competition going. She wondered if there was a way to negotiate better terms by moving with access differently.

Senator Bishop requested a list of the one-third of the districts that were under 10 megabits per second. Ms. Thibodeau responded that she believed that DEED had that information and asked Ms. Oliver if that was correct.

Ms. Oliver replied that while DEED did not have the information for July 1, 2014 and going forward, it did have the current information. In other words, the department did not know what the districts were currently negotiating contracts for, but it did know about the current contracts.

Ms. Oliver stated for the record that she was a resource if the committee wanted more information.

[9:44:19 AM](#)

LUKE FULT, ASSISTANT SUPERINTENDENT OF BUSINESS AND OPERATIONS, MAT-SU BOROUGH SCHOOL DISTRICT, MAT-SU (via teleconference), testified in support of SB 82. He related that the district invested heavily in technology to ensure that its schools were well connected; furthermore, the district provided online courses, tutorials, and lessons that served to enrich activities that took place within the traditional classroom setting. He stated that digital learning was an important part of the Mat-Su Borough School District's curriculum and pointed out that the district had partnered with service providers to increase bandwidth connectivity across its area-wide network. He pointed out that increased infrastructure made the district's schools more connected than ever before; however, with the increased connectivity came higher costs. He reported that in the next school year, the Mat-Su Borough School District

planned to contribute \$600,000 for the local portion of E-Rate-eligible services.

MARY SAGE, BOARD OF EDUCATION MEMBER, NORTH SLOPE BOROUGH SCHOOL DISTRICT, BARROW (via teleconference), testified in support of SB 82. She related that the E-Rate Program currently paid for 60 to 90 percent of all internet services in public schools. She stated that the legislation would provide approximately \$13.8 million in FY14 for school districts to offset the local costs of internet services. She pointed out that one-third of public schools had less than 10 megabits per second of internet services. She added that 10 megabits was a pretty low bar to set. She stated that the bill would allow schools that were below 10 megabits per second to come up to that minimum level and receive state reimbursement. She noted that the Alaska Legislature and its staff had over 100 megabits per second available to them in the legislative session.

PEGGY COWAN, SUPERINTENDENT, NORTH SLOPE BOROUGH SCHOOL DISTRICT, BARROW (via teleconference), spoke in support of SB 82. She reported that the bill had 2 aspects to it; one was to bring schools to a minimum bandwidth of 10 megabits per second. The other aspect of the bill was to cap the state's exposure to a 10 percent increase over the prior year for internet services increases. She pointed out that other states provided some utilities and services free of charge to schools. She observed that the bill would have the state share some of the support with the federal government and thought that increasing broadband would assist schools with distance delivered courses and anticipated state online assessments. She stated that with its current situation, the North Slope Borough School District would not be able to do an online assessment program. She stated that the E-Rate Program was not subject to sequestration and noted that there had been discussion about adding money to the USF because of things like online assessments that were being developed at the federal level. She stated that the school district was currently in the process of taking and evaluating bids for its phone and internet services and noted that 4 different vendors had been used in the past; in this particular bid process, the district was looking at 2 bid packages. She thought that the legislation was critical for rural school districts and to the 170 schools that had internet below 10 megabits per second; however, it would also be an asset to urban school districts.

9:53:07 AM

ROBERT THOMASON, SUPERINTENDENT, PETERSBURG SCHOOL DISTRICT, PETERSBURG (via teleconference), testified in support of SB 82. He noted that the Petersburg School District was recognized as a state leader in digital learning and the application of technology, and observed that it was very fortunate to have 25 megabits per second; the cost of that bandwidth was about \$6,350 per month, 77 percent of which was currently reimbursed by the E-Rate Program.

JON PAINTER, DIRECTOR, INSTRUCTIONAL TECHNOLOGY, PETERSBURG SCHOOL DISTRICT, PETERSBURG (via teleconference), expressed support for SB 82. He related that as technology went forward, there became more need for technology support. He discussed innovations in technology such as 3D printing and teleconferencing with other educators around the world. He stated that modern teaching methods that utilized digital tools were revolutionizing education and that technology was a great equalizer in society. He thought that delivering faster and more robust internet connection had implications on students' learning and offered that connectivity in Rural Alaska had a direct impact on learning outcomes; furthermore, the education system and the nation's ability to prepare students were important in the highly global workforce.

THERESA KEEL, SUPERINTENDENT, CORDOVA SCHOOL DISTRICT, CORDOVA (via teleconference), testified in support of SB 82. She related the Cordova School District was a model for the use of technology in education and that every student in it had daily access to an internet device such as an iPad or laptop computer; from grades 7-12, the district's students had a 24-hour laptop that they used all year long. She reported that not all districts in Alaska were as fortunate as Cordova and offered that technology was the great equalizer for children in Rural Alaska. She thought that the ability to provide online content in courses enabled kids to achieve the Alaska Performance Scholarships, allowed students to take dual-credit courses, and offered diversity in course and content opportunities; furthermore, rural districts could not provide all of this due to staffing and broadband limitations. She pointed out that the cost of broadband was becoming more and more difficult to deal with as funding remained flat. She

thought that providing a minimum of 10 megabits per second of bandwidth for every district would take a significant financial burden off of school districts and would give every district the ability to provide more courses for content. She stated that the prior year, Cordova School district had spent over \$14,000 for its local share of the E-Rate Program for 6 megabits of broadband. She added that the cost for the district in the current year would be over \$20,000 for 10 megabits per second of bandwidth. She concluded that the bill would provide the biggest bang for the state's buck regarding funding education outside of the formula and stated that it would provide more opportunities for success in Rural Alaska.

[9:59:41 AM](#)

Senator Olson wondered if the bill would be outdated in 5 or 10 years with the advance of technology. Ms. Keel replied that through the E-Rate bid process, the Cordova School District had the opportunity to contract with a provider for 2, 3, or 5 years; the district had chosen to go with a 2-year contract because of the uncertainty of where the cost of bandwidth was going. She added that the district believed that the cost of bandwidth would fall as competition increased. She reported that 5 years prior, when the district had conducted its E-Rate contract, only 1 out of 2 the vendors that had went through the bid process had been affordable; however, in the current year, there were 3 different vendors with very competitive bids vying to provide services for Cordova. She concluded thought that the cost would be going down, but that it was currently very hard for school districts to provide the amount of bandwidth necessary to keep up with the age of technology.

[10:02:07 AM](#)

Co-Chair Meyer CLOSED public testimony.

[10:02:19 AM](#)

AT EASE

[10:04:58 AM](#)

RECONVENED

Co-Chair Meyer noted that there had been some specific questions for the administration and how the bill fit into the broadband study that was being conducted.

10:06:11 AM

Vice-Chair Fairclough noted that the committee was trying to get in contact with different broadband carriers throughout Alaska to see where broadband was being purchased from. She wondered if the task force broadband study had been distributed to the legislators and requested that someone come by her office to discuss the study. She wanted to see what information the administration had on the issue.

LES MORSE, DEPUTY COMMISSIONER, DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT, replied that the broad band task force had worked out of the Department of Commerce, Community and Economic Development (DCCED), but noted that he would be happy to contact the department regarding Vice-Chair Fairclough's interest. He understood that DCCED had finalized its report earlier in the month, but was unsure if it had been distributed yet.

Vice-Chair Fairclough noted that the commissioner of DEED had indicated the prior summer in a Senate Finance Subcommittee that there was a broadband study. She thought that DEED had been working on a needs assessment of the districts. Mr. Morse noted that he better understood the question and reported that there was another effort being looked at by DEED; it was not being conducted by a taskforce, but was a technology readiness survey. He reported that DEED was still in the midst of conducting the technology readiness survey and that it was primarily looking at if schools had the technology and tools to do an electronic assessment; the survey had a limitation and did not really speak to broadband. He explained that the survey looked at if the equipment a school had could facilitate testing regardless of whether it would be using an internet connection. He explained that there was a system called local caching, which used a local server for testing; this made it so you did not have to rely on broadband. He explained that DEED was looking at local caching as a solution because broadband was not currently available everywhere. He stated that he would make the preliminary information available to Vice-Chair Fairclough and that he would provide the finalized report to the full committee.

Vice-Chair Fairclough believed that she had specifically asked about a broadband study and not a survey. She

recalled that the Senate Finance Subcommittee had been trying to determine how the state would deliver educational opportunities to Rural Alaska, as well as anywhere else that did not have a highly qualified instructor in a particular area.

Vice-Chair Fairclough noted that the E-Rate discount that subsidized the internet connectivity was distributed based on the poverty rate and inquired if that system would be equitable in Alaska for reaching need. She wondered if the system targeted enough or too much money for Anchorage based on the poverty level guidelines and further inquired if the criteria for the distribution of funds would meet the needs of excess or lacking broadband in smaller communities. Mr. Morse responded that he could only speak to the distribution and that under that definition it was distributed in a fair process. He offered that it was a policy discussion of whether the system met the need or not.

10:11:56 AM

Vice-Chair Fairclough noted that she wanted to wait till the committee had a broadband study, so that it could know what actual resources were needed in the different communities. She supported the idea of the bill and getting resources to schools that were trying to provide internet. She noted that there college campuses in Alaska. She wondered whether the state would stand up individual locations for purchasing power or if it would look at a community as a whole and look at its need. She wondered if it would be best to let the school districts negotiate if the state was going to take on the investment.

Senator Dunleavy understood that there was a task force that looked at broadband, but that study was not necessarily comprehensive. He applauded Senator Olson for the legislation, but wanted to make sure that the committee was not constantly adding pieces to a system that it did not have enough information on. He thought that broadband or technological capabilities and or issues statewide needed to be ascertained and that a plan to possibly address those needed to be developed.

Co-Chair Meyer did not recall the name of the governor's program that had been discussed in the State of the State speech and inquired how the bill was related to the

governor's proposed program. Mr. Morse replied that the governor had spoken to a Digital Teaching Initiative and reported that the initiative would start with a pilot program for a limited number of years on 3 locations where there would be some opportunity to use distance technology. The idea was to work with 3 districts the first year, examine success, and expand the number to 5 districts during the pilot phase. He reported that the other piece of the plan was supporting instructors because instruction via distance was different in terms of what a teacher needed to do to be prepared. He concluded that there would be greater details regarding the governor's plan as the capital budget was rolled out in hearings.

[10:15:44 AM](#)

Co-Chair Meyer wanted to figure out if there was common ground between the bill and the governor's proposed program in the capital budget.

Senator Olson inquired if the administration was in favor of the bill as it was written. Ms. Morse responded that the administration thought it was an important dialogue and that all of the discussion around broadband had a lot of points to it. He noted that there had been a task force that looked specifically at broadband and thought that it should probably be added to the discussion. He thought that the issue around creating opportunity and connectedness for families was important. He thought that whether the bill should move forward was an important policy conversation that the legislature should have.

Senator Olson inquired when the committee could expect advice regarding the administration's desired changes in the bill, including the fiscal note. Mr. Morse stated that in terms of the fiscal note, the administration had provided necessary information. He was unsure if DEED had any other advice regarding the fiscal note. He added that the administration's perspective of the bill was that it represented an important policy discussion that the legislature needed to have. He concluded that administration would take a position on the bill as it moved along if it were passed, but reiterated that it was important dialogue and policy decision of the legislature.

Co-Chair Kelly agreed that the legislation did represent an important policy discussion and thanked Senator Olson for

offering the bill. He thought that the legislature tended to incorporate "these kinds of subjects" in its day-to-day talking points. He noted that the legislature believed in broadband for Rural Alaska, as well as digital learning to equalize education opportunities; however, when these issues came to the legislature, they woke people up because of their high expense. He thought that the conversation was necessary because ultimately, it needed to be done. He was unsure if the bill was exact vehicle, but thought that legislators had all stated that digital learning needed to be made available for Rural Alaska. He stated that he wanted to meet with some people to discuss the issue.

[10:18:45 AM](#)

Co-Chair Meyer noted that currently, the local school districts were picking up the cost and that bill would shift the cost to the state. He inquired if there were synergies involved with having the funding come through the state. Mr. Morse deferred the question to staff at DEED, but indicated that there may be some advantages of having the state negotiate; however, there were also unknowns in terms of the fiscal impact of having the state funding the local share of E-Rate Program. He added that DEED may be able to provide some more specifics on the issue.

[10:19:55 AM](#)

AT EASE

[10:22:48 AM](#)

RECONVENED

[10:22:59 AM](#)

Co-Chair Meyer noted that Vice-Chair Fairclough had brought up some good questions and that a lot of them could not be answered in the current meeting. He observed that there were a lot of unknowns with the bill and wanted to form a subcommittee on the legislation to get more details regarding the nuts and bolts of the bill and how it, or something similar, could work. He noted that Senator Olson would chair the subcommittee and that Senator Dunleavy and Vice-Chair Fairclough would be members. He hoped that the legislation could be brought back before the full committee within approximately 30 days.

[10:24:11 AM](#)

SB 82 was HEARD and HELD in committee for further consideration.

[10:24:21 AM](#)

AT EASE

[10:25:48 AM](#)

RECONVENED

#sjr9

SENATE JOINT RESOLUTION NO. 9

Proposing amendments to the Constitution of the State of Alaska relating to state aid for education.

[10:27:09 AM](#)

Co-Chair Kelly MOVED to REPORT SJR 9 out of committee with individual recommendations and the accompanying fiscal note. There being NO OBJECTION, it was so ordered.

[10:27:23 AM](#)

SJR 9 was REPORTED out of committee with a "do pass" recommendation and with a new fiscal impact note from the Office of the Governor.

#sb111

SENATE BILL NO. 111

"An Act repealing the secondary student competency examination and related requirements; and providing for an effective date."

[10:27:49 AM](#)

SENATOR GARY STEVENS, introduced SB 111 and indicated that the bill would repeal the high school exit exam. He discussed the vote on the exit exam on the House Floor in 2001 and noted that it had passed 40-0. He recalled that at the time, the issue had seemed very important because students were graduating without basic skills for jobs, careers, and college. The exit exams had been in effect since 2004 and had been in operation for 10 years. He offered that very little was gained through the exit exam and that new accountability measures were in place that

made it obsolete. He discussed the new standards that had been implemented and opined that it no longer made sense to have the exit exam because it was not aligned to the new state common score standards. He pointed out that the exit exam was high stakes and that it caused enormous anxiety among students, teachers, and parents. He recalled that when the legislature had passed the exit exam, it had made sense to him to establish a floor and that all children should have certain abilities upon graduation; however, it had become a ceiling and not a floor. He recalled that children thought that if they passed the exit exam their sophomore year, they were done with high school. He reported that the exit exam was expensive to the state and had a cost of \$3 million annually; furthermore, it took 6 days out of the school year.

Senator Stevens continued to address the bill and related that there was enormous support for repealing the exit exam from students, parents, school boards, superintendents, the State Board of Education, the commissioner of DEED, and the governor.

Co-Chair Kelly inquired if Senator Stevens had a number for how many people had a certificate of participation over this period of time.

TIM LAMKIN, STAFF, SENATOR GARY STEVENS, responded that the numbers could probably be extrapolated from the test results in the packet, but deferred to DEED for a specific number.

Co-Chair Kelly thought that the bill did not envision what the state would do with the people that did not pass the exit exam and had only received a certificate of participation; he did not want to leave those people high and dry. He recalled that the summer after he had voted on the exit exam, he had more time to think about the issue and had decided that he did not like the whole idea. He stated that one of things he liked least about the exit exam were the certificates of participation; he did not want people from Alaska who received a certificate of participation to be at a disadvantage against students from other states who may have received the same education. He wanted to make sure that people who had certificates of participation while the exit exams were in effect received credit for a high school education. He thought that a high school diploma should be the test and that the state had

lost sight of that because it was eager to address an ongoing education problem. He wanted to remember the people who received certificates of participation during the discussions on education.

[10:33:34 AM](#)

Senator Stevens stated that the exit exam was a national movement and that the state had been caught up in the excitement of it; however, in 10 years, it had not solved the problem. He pointed out that it was important that students that were in school this year knew that they had to take the exit exam. The issue was far from being resolved and students would still be taking the exam in the current year; if students failed the exam, they would have the opportunity to take it over and over again. He pointed to the bill and noted that exam would still be in effect till June 30, 2017 if the legislation passed. He noted that should the bill pass, students who failed the test this year would have 6 opportunities to retake the text before it was abolished.

Senator Dunleavy inquired if there had ever been a study or a look regarding how many employers had asked to see if a student had passed all 3 parts of the high school qualifying exam. Senator Stevens replied that he was unsure, but that it represented a good question that would be nice to know. He deferred further answer to the administration.

Senator Olson inquired if Senator Stevens was saying that the high school qualifying exam was totally ineffective and that there had not been increases in SAT scores or other college exams; he found it hard to believe that it did not stimulate some students. Senator Stevens replied that there were some changes, but that his youngest daughter had taken the test her sophomore year in high school and had thought it was sort of silly. He opined that some students saw the exit exam as pretty much a waste of time.

Mr. Lamkin stated that there was information in members' packets from DEED that showed test results of the full lifespan of the exit exam from spring of 2004 to the last test results in the spring 2013(copy on file); during that time period, reading proficiency had raised from 70 percent to 84 percent. During the same period, efficiency in writing had dropped from 86 percent to 72 percent; the

biggest change during the exit exam was perhaps in mathematics where proficiency increased from 67 percent to 77 percent.

Senator Stevens noted that there were some changes that took place over the 10 years that the exit exam had been in place.

Senator Olson wondered if the sponsors viewed the 10 percent increase in math, as well as the other increases as a positive thing. Senator Stevens replied that it was absolutely a positive for the districts, but that exam did not fit into the new standards that had been approved by the governor or the commissioner of DEED that were based on the new common core standards. He added that the exit exam did not align with what the current goal was for children in Alaska.

[10:37:54 AM](#)

Co-Chair Meyer supported the bill and thought that it was something that should have been done several years prior. He expressed appreciation for the positive fiscal note and thought that there should be more bills like it. He thought that the bill would save the school districts a substantial amount of money by eliminating the administration and preparation for the test. Senator Stevens replied that the money that would be saved, as well as putting 6 days back in the classroom was a real positive thing.

Senator Stevens pointed out that repealing the exit exam was part of the governor's omnibus bill and assumed that it would be the vehicle for the effort; however, should that legislation falter along the way, SB 111 would be there.

Co-Chair Meyer agreed that repealing the exit exam would probably be part of the omnibus bill, but that the issue was important enough that the committee would want it to go as a stand-alone bill if necessary.

TODD POAGE, SUPERINTENDENT, ALASKA GATEWAY SCHOOL DISTRICT, TOK (via teleconference), spoke in support of SB 111. He pointed out that he had supported the exit exam because it brought attention to a level of academic proficiency that each student needed to obtain to receive a high school diploma; students took the assessment seriously because of the consequences associated with not passing. He reported

that the exit exam was no longer relevant since the new Alaska academic standards had been reformed in math and language arts. He related that if another high stakes assessment tool was developed, the Alaska Gateway School District supported one that incorporated essential skills required for college and intertwined work-force readiness skills. The district also supported the development and implementation of an online assessment tool to increase testing efficiency, so student answers were submitted and results were received in a timelier manner. He concluded that a new high-stakes test did not have to be a requirement for graduation, but could be an inserted emblem on a diploma that contained a designated score that indicated readiness for college classes. He thought that a new exam could designate levels of eligibility for Alaska Performance Scholarships.

[10:42:53 AM](#)

Senator Dunleavy inquired what kind of feedback the department had received over the years regarding the exit exams and colleges. He inquired if colleges and employers looked at the exit exam. Mr. Morse responded that an employer looked for if a student had a diploma or not and that passing the exit exam was required for a diploma. He reported that the only true feedback was from people at the university that the exam did not provide the level of information needed to be able to tell if a student had the required math skills because of the minimum competency approach. He added that many employers asked for and required a high school diploma.

[10:44:24 AM](#)

Senator Dunleavy inquired if there was any feedback from employers that they were focusing on the high school qualifying exam as a crucial part of that overall portfolio of graduation. Mr. Morse replied in the negative.

ERNIE MANZIE, SELF, FAIRBANKS (via teleconference), testified in favor of SB 111. He pointed out that it had been asserted that repealing the exam took away an accountability aspect, but that he did not agree with that. He strongly supported the other assessments such as the SAT and ACT. He strongly supported WorkKeys and opined that it was a wonderful assessment that targeted students that possibly were not going on to a 4-year college; it targeted

students that were looking for technical colleges or careers in the trades. He recalled serving on the Governor's Council on Disabilities and Special Education and pointed out that students on Individualized Education Programs (IEP) had difficulties with having the exit exam placed on them. He pointed out that he was a parent of child that was on an IEP all through elementary, middle, and most of high school and that his son had passed his writing exam on this last chance. The qualifying exam had not told his family anything it did not already know, which was that his son was a poor writer; how they addressed his son's poor writing was through his IEP and working with high school staff. He did not think that a qualified exam in itself should serve as a barrier to a diploma. He expressed appreciation for the comments of Co-Chair Kelly regarding what to do with students who met all of the other requirements but had not passed the exit exam and therefore, did not receive a diploma.

In response to an earlier question by Senator Dunleavy, Mr. Manzie thought that employers looked at whether someone had a high school diploma or not. He added that he had never heard of employers asking questions about whether someone had passed the exit exam.

SB 111 was HEARD and HELD in committee for further consideration.

[10:49:12 AM](#)

Co-Chair Meyer discussed the following meeting's agenda.

#

ADJOURNMENT

[10:49:26 AM](#)

The meeting was adjourned at 10:49 a.m.