

ALASKA STATE LEGISLATURE
LEGISLATIVE BUDGET AND AUDIT COMMITTEE
Anchorage, Alaska
November 17, 2015
9:04 a.m.

MEMBERS PRESENT

Representative Mike Hawker, Chair
Representative Lance Pruitt
Representative Steve Thompson (via teleconference)
Representative Sam Kito

Senator Anna MacKinnon, Vice Chair
Senator Lyman Hoffman
Senator Cathy Giessel

MEMBERS ABSENT

Representative Kurt Olson
Representative Mark Neuman (alternate)

Senator Bert Stedman
Senator Click Bishop
Senator Pete Kelly (alternate)

OTHER LEGISLATORS PRESENT

Representative David Guttenberg (via teleconference)
Representative Tammie Wilson (via teleconference)
Representative Harriet Drummond (via teleconference)
Representative Lynn Gattis (via teleconference)
Representative Chris Tuck (via teleconference)

Senator Mike Dunleavy (via teleconference)

COMMITTEE CALENDAR

PRESENTATION OF FINAL REPORTS REQUIRED UNDER HOUSE BILL 278
PASSED BY THE 28TH LEGISLATURE
APPROVAL OF MINUTES
LEGISLATIVE REVISED PROGRAMS (RPLs)

PREVIOUS COMMITTEE ACTION

No previous action to record

WITNESS REGISTER

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

POSITION STATEMENT: Participated in the presentation of final reports required under the Twenty-Eighth Alaska State Legislature's House Bill 278.

PAUL BARIL, Principle/Vice President
Nvision Architecture, Inc.
Anchorage, Alaska

POSITION STATEMENT: Participated in the presentation of final reports required under the Twenty-Eighth Alaska State Legislature's House Bill 278.

LESLIE RIDLE, Deputy Commissioner
Office of the Commissioner
Department of Administration (DOA)
Juneau, Alaska

POSITION STATEMENT: Participated in the presentation of final reports required under the Twenty-Eighth Alaska State Legislature's House Bill 278.

DIANE HIRSHBERG, PhD, Director
Center for Alaska Education Policy Research (CAEPR)
Institute of Social and Economic Research (ISER)
University of Alaska Anchorage (UAA)
Anchorage, Alaska

POSITION STATEMENT: Participated in the presentation of final reports required under the Twenty-Eighth Alaska State Legislature's House Bill 278.

ALEXANDRA "LEXI" HILL, Associate Director
Finance and Administration
Institute of Social and Economic Research (ISER)
University of Alaska Anchorage (UAA)
Anchorage, Alaska

POSITION STATEMENT: Participated in the presentation of final reports required under the Twenty-Eighth Alaska State Legislature's House Bill 278.

HEIDI TESHNER, Director
Administrative Services
Department of Education and Early Development (EED)
Juneau, Alaska

POSITION STATEMENT: Presented RPL 05-06-0111.

LACEY SANDERS, Fiscal Analyst
Legislative Finance Division
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Addressed RPL 05-06-0111, RPL 05-06-0114,
and RPL 18-6-360.

SHANNON DAUT, Executive Director
Alaska State Council on the Arts (ASCA)
Department of Education and Early Development
Anchorage, Alaska

POSITION STATEMENT: Presented RPL 05-06-0114.

TOM CHERIAN, Director
Division of Administrative Services
Department of Environmental Conservation (DEC)
Juneau, Alaska

POSITION STATEMENT: Presented RPL 18-6-0360.

ACTION NARRATIVE

[9:04:51 AM](#)

CHAIR MIKE HAWKER called the Legislative Budget and Audit Committee meeting to order at 9:04 a.m. Representatives Hawker, Kito, and Thompson (via teleconference), and Senators Giessel and MacKinnon were present at the call to order. Representative Pruitt and Senator Hoffman arrived as the meeting was in progress. Also in attendance were Representatives Guttenberg (via teleconference), Wilson (via teleconference), Drummond (via teleconference), Gattis (via teleconference), and Tuck (via teleconference), and Senator Dunleavy (via teleconference).

PRESENTATION OF FINAL REPORTS REQUIRED UNDER HOUSE BILL 278 **PASSED BY THE 28TH LEGISLATURE**

[9:05:55 AM](#)

CHAIR HAWKER announced that the first order of business would be the presentation of final reports required under the Twenty-Eighth Alaska State Legislature's House Bill 278.

CHAIR HAWKER added that those reports would be made available on the Legislative Budget and Audit Committee's web site.

9:07:42 AM

ELIZABETH SWEENEY NUDELMAN, Director, School Finance and Facilities Section, Department of Education & Early Development (EED), referring to a PowerPoint presentation, explained that the Twenty-Eighth Alaska State Legislature's House Bill 278 directed [the EED] to submit a school design and construction report to the legislature regarding the benefits and disadvantages of using "prototypical" designs for school construction in both the Railbelt and rural areas of Alaska. She indicated that this report was produced for the EED by a team composed of an Anchorage architectural firm, Nvision Architecture, Inc., and an Ohio [research] firm, DeJong-Richter.

9:10:48 AM

PAUL BARIL, Principle/Vice President, Nvision Architecture, Inc., Anchorage, Alaska, Participated in the presentation of final reports required under the Twenty-Eighth Alaska State Legislature's House Bill 278. referring to the aforementioned PowerPoint presentation, noted that others who helped with the studies necessary to produce the report required by House Bill 278's Section 53 included Kathy Christy, and the Anchorage firms of CE2 Engineers, Inc.; BBFM Engineers Inc.; RSA Engineering; and Watterson Construction. He explained that one report reviewed by the team regarding research conducted at the national level about prototype school-design and construction was a study sponsored by the Council of Educational Facility Planners International (CEFPI); this report summarized prior studies conducted by other states' departments of education, was useful in establishing context and understanding national and statewide trends, and concluded that state-run prototype-school-design programs are not practical and will not result in cost-savings. This report also concluded, however, that prototype-school-design programs in large school districts with ample resources could ultimately result in significant savings - in both time and money - in instances where many school facilities are being constructed within a short timeframe; that a "kit of parts" approach to prototype-school-design has been used successfully; but that documentation of cost-savings related to the use of prototype-school designs was lacking.

MR. BARIL, noting that the State of Alaska has previously researched the issue of prototype-school design [several times], relayed that the resulting research indicates that growth, enrollment size, what he referred to as "homogeneity," and time are common variables in predicting the viability of prototype-

school-design programs. However, variations in geology, culture, climate, population, and educational needs can also impact the viability of prototype-school-design programs, and could therefore prove challenging in any such programs developed for Alaska. [Questionnaires] developed by the team were distributed to all [school districts in Alaska], but only 33 school districts responded. Eight of those school districts reported that they'd previously used [prototype-school designs], and school districts with significant student growth expressed interest in [using prototype-school designs], whereas school districts with low-to-moderate student growth did not. In responding to the questionnaire, school districts provided information regarding some of the design issues specific to their facilities, such as information on energy sources and alternative energy sources, and electrical, water, plumbing, foundation, and construction systems.

[9:21:44 AM](#)

MR. BARIL ventured that rapid growth in enrollment is necessary for prototype-school-design programs to be economically viable, and that the success of any such program is dependent upon the favorable alignment of a district's homogeneity, size, and growth factors. Also, there are enough similarities with regard to utilities and construction to explore the possibility of having regionalized prototype-school-design programs for those components, particularly if such programs can limit design challenges while generating a consistent product. He explained that regional conferences in Barrow, Bethel, Juneau, Anchorage, Fairbanks, Kodiak, and the Matanuska-Susitna (Mat-Su) Borough were held, and each conference consisted of site visits to schools, as well as presentations/discussions. Attendees were [school] district personnel, representatives from the EED, what he referred to as "the design community," and parents and other citizens interested in the construction of schools. Additionally, Mr. Baril relayed, the team hosted what he referred to as a "statewide" conference in Anchorage, and conducted follow-up conferences via teleconference. In response to comments and a question, he agreed to provide the signup sheets from the conferences to the committee, and mentioned that the report itself documents conference attendance.

MR. BARIL - with regard to school district profiles and site visits, specific details of which can be found in the report itself - explained that the North Slope Borough School District (NSBSD) has 12 schools, has a stable student population, has never developed or utilized a prototype-school design, has

building systems unique to Arctic conditions, and has expressed interest in the concept of prototype-school-design systems and components. The Fairbanks North Star Borough School District has 30 schools, has a student population that shifts occasionally but is tending to decline, has no obvious differences in building systems, and has indicated that seven of its schools have successfully utilized a prototype-school design and that such may be utilized again in the future. The Matanuska-Susitna Borough School District (MSBSD) has 37 schools, has experienced a steady growth in student population since the 1980s - resulting in multiple schools being brought on line in a short period of time - currently has a student population that is increasing, and has indicated that prototype-school designs have been used in 16 of its schools, though five of those schools also utilized what he referred to as a "basis of design" model wherein room size and configuration could vary. The MSBSD has also indicated that it would continue to utilize prototype-school designs and "basis-of-design" models, and has expressed a desire to standardize as many systems and components as is practical.

[9:31:02 AM](#)

MR. BARIL said that the Anchorage School District (ASD) has more than 87 schools, has a student population that's declining slightly, and has indicated that 18 of its schools have utilized prototype-school designs developed from three to five different floor plans. The ASD has also utilized prototype-school-design components for gymnasiums and multipurpose rooms, and has indicated that it would do so again in the future for purposes of uniformity. The Lower Kuskokwim School District has 28 schools, has a modest increase in student population, has indicated that eight of its schools have utilized prototype-school-design, and has expressed a strong desire for prototype-school-designs for components. Variations in sites and needs in that school district, however, would still be important factors in determining the viability of any future prototype-school-design use. The Kodiak Island Borough School District has 14 schools, has a stable student population that includes students from U.S. Coast Guard families, has indicated that three of its schools were constructed in the 1970s utilizing a prototype-school-design, and has expressed interest in having standardized components. The Juneau Borough School District has 11 schools, has a [stable] student population, has indicated that one of its schools utilized a prototype-school-design, and has confirmed the potential usefulness of standardized components.

MR. BARIL, with regard to school district profiles in summary, said that school districts have individual approaches to prototype-school-design development and implementation; that each school district believes its approach works best to meet its particular needs; and that a school district's philosophy toward educational-program-delivery models can impact its perception of how useful a prototype-school design will be. Community involvement in the planning process can result in modifications to a particular prototype-school design so as to meet a school district's evolving needs, and such designs, when so modified, have a greater success rate and generally provide greater return on investment. Furthermore, the more a particular prototype-school design is repeated, the lesser the design fees, and the lesser the risk - which may also reduce construction costs. Variations in site configuration, geological characteristics, and climate, however, can limit the usefulness and advantages of repeating a particular prototype-school design.

9:37:09 AM

MR. BARIL indicated that rapid growth in student population and the resulting high demand for additional classroom space might warrant the use of prototype-school designs, and such are perceived by the public as a good use of public funds. School districts reported that whether prototype-school designs were used made no difference with regard to delivering educational services effectively, but variations in educational-program requirements could limit the effectiveness of using prototype-school designs. For example, across the state, elementary school educational-program requirements are generally similar, and thus the use of prototype-school designs for elementary schools may be more warranted than for middle schools and high schools, which generally have more variations in their educational-program requirements.

MR. BARIL relayed that prototype-school designs are not typically site specific, and thus adaptation of either the site or the design is generally required; that most school districts - with the exception of the MSBSD and the Lower Kuskokwim School District - had either stable or declining student populations; that in most school districts, education specifications vary per school, though the ASD and the MSBSD have districtwide education specifications; that six of the school districts visited had used prototype-school designs in the past as a means of addressing student-population growth and/or needs; that [most conference attendees] were of the opinion that in the long run,

savings in operations- and maintenance-costs through the use of prototype-school designs for many facilities and components would exceed upfront costs; and that rural school districts have indicated that the use of prototype-school designs for components such as gymnasiums and kitchens could be a viable option.

9:40:10 AM

MR. BARIL indicated that [Chapter 4] of the report addresses the issue of developing urban schools versus rural schools. In summary, differences between urban school districts and rural school districts can impact how successful using prototype-school designs will be, and certain other factors can also be impacted, factors such as design approach; student populations; [facility] functionality [and spacing]; building construction, labor, and equipment, and materials procurement; and operations and maintenance. Communities and school districts utilizing prototype-school designs were typically the larger ones with greater population bases, and since rural communities are typically smaller, use of prototype-school designs tended to be impractical. Furthermore, the communities and school districts that utilized prototype-school designs typically did so in response to rapid student-population growth so as to be able to maintain desired student:teacher ratios. In response to questions and comments, he confirmed that what was being referred to as "single-site" school districts were included in the report and were considered to be rural school districts; and clarified that for purposes of compiling the statutorily-required report, the team sought information from school districts about the benefits and disadvantages of utilizing prototype-school designs, but the team didn't analyze [school districts' possible funding sources or specific project costs]. Again, though, one of the benefits of using prototype-school designs is the potential to reduce costs.

REPRESENTATIVE KITO added that he has worked with the EED on both urban and rural school projects, and found that there was a lot of effort in rural school districts to contain costs - regardless of funding sources - to the point where those school districts made a significant sacrifice regarding much of the exterior areas of the schools, such as playground amenities, in order to ensure adequate classrooms and interior spaces for the students. He predicted that future efforts to maintain and support all of Alaska's schools would be challenging.

9:47:50 AM

MR. BARIL, returning to his presentation, explained that rural communities with significant geographical variations typically do not utilize prototype-school designs, and those with schools with significant variations in student populations are less likely to have success with prototype-school designs. On the latter point, large urban school districts, in contrast, may be able to equalize their student-population numbers by changing [neighborhood] boundary lines. Chapter 5 of the report addresses the issue of utilizing prototype-school-design systems for components, providing detailed analyses of the benefits and disadvantages, broken down by engineering type - civil, structural, mechanical, and electrical - for each of Alaska's climatic regions - the Arctic, the Interior, Southcentral, Southwest, Southeast, and the Aleutians. The design, selection, and implementation of prototype-school designs for components is greatly affected by Alaska's diverse climate, geography, geology, and other factors.

MR. BARIL said civil engineering systems in Alaska are greatly influenced by climate, soil and site conditions, and the difficulty and cost of bringing services such as water and sewer to remote locations, and there can also be a wide range of variables to address within a particular region or school district. Also, rural communities located off the road system have unique construction challenges, which impact civil engineering systems greatly. Climate, soil conditions, water supplies, and wastewater treatment systems vary greatly across the state; many civil-engineering improvements for schools have similarities, but there will always be exceptions within regions and school districts, and thus prototype-school-design components will always have to be modified to fit the particular site. This can negate [any of the benefits of] using prototype-school designs [for components], particularly when the goal is to save on costs. However, there are alternatives to utilizing such designs, in order to eliminate duplicate efforts, increase construction and design reliability, and potentially reduce costs, though in some instances, utilizing prototype-school designs for water and wastewater treatment systems may still be of benefit.

[9:52:00 AM](#)

MR. BARIL said structural engineering systems in Alaska are greatly influenced by variations in climate, soil condition, site topography, materials availability, and facility size, and therefore structural-engineering designs must be highly

individualized and site-specific. And although this does not preclude utilizing prototype-school designs for such systems altogether, it does present unique challenges to using them. Furthermore, due to variations in building-design-loads and foundation types, there is little opportunity to create a true prototype-school design that could be used throughout Alaska. For example, to design a prototype with a structure capable of withstanding seismic activity in Unalaska, high coastal winds in Gambel, heavy snow loads in Valdez, and extreme cold in Barrow would neither be practical nor cost-effective, whether for components or for entire facilities.

MR. BARIL added that extreme conditions aside, it could still be cost effective to have prototype-school designs that could be modified to meet the specific conditions of particular site types. And although this could increase design costs, such expense could easily be offset by savings made later on, and taking this approach has worked well for prototype-school designs in Anchorage, Fairbanks, and the Mat-Su Borough, even though each school district had to make modifications. With regard to foundations, he pointed out that even if two schools in the same district have essentially the same snow, wind, and seismic load, the soil conditions could vary from site to site, possibly requiring different foundation types. It may still be possible, however, to create several prototype-school designs with adaptable structural foundation systems that could be modified on a per site basis, depending on the specifics of the region, to serve as a basis of design.

[9:54:17 AM](#)

MR. BARIL said mechanical engineering systems in Alaska are greatly influenced by climate, available energy sources, building size, construction method, water supply, and the availability of properly trained and skilled operations and maintenance personnel. And although all these factors vary throughout each region of the state and thus there is little possibility of being able to create a prototype-school design that could be applied across the state, for sites with similar climates it could still be possible to limit variability in prototype-school designs for mechanical engineering systems. For such to work, however, the buildings must be of similar size and use the same type of fuel. For example, several regions have both larger schools in urban settings and smaller schools in rural settings, and to the extent that the climate is the same throughout the region, a prototype-school design for the mechanical systems for each of those two types of schools could

be utilized. Also, schools generally have a classroom wing, a gymnasium, a multipurpose room - usually used as a cafeteria - a kitchen, and sometimes a vocational/technical area, and so the more similarly schools can be configured, the closer particular mechanical-system designs could be to becoming prototypes.

MR. BARIL said electrical engineering systems - power systems, lighting, and specialty systems - are not as affected by location as by the other engineering systems being used in a particular building. Creating prototype-school designs for electrical engineering systems will still be challenging, however, because of continuing rapid advances in technology. In response to comments and questions, he confirmed that what source a school district's electrical power is generated from won't result in differences in the interior designs of its buildings, and that the team understands that the mechanical and structural engineering systems do currently vary from school to school across Alaska.

SENATOR MACKINNON noted that providing for such variations tends to cost the state more money.

REPRESENTATIVE KITO pointed out that some of the existing variations were the result of facilities having been built at different points in time over the course of several decades, and surmised that that would still be the case moving forward.

[10:01:02 AM](#)

MR. BARIL, returning to his presentation, indicated that the use of prototype-school designs has the potential to provide short-term capital gains and long-term operational and maintenance efficiencies when initial designs are well thought out, tested, evaluated, and modified to minimize deficiencies. Utilization of prototype-school designs can also promote uniformity, both districtwide and within the physical environs of the schools themselves, and can contribute to efficiencies in maintenance and operations - in turn leading to energy [savings] - and results in no measurable difference in the [delivery] of educational services. Growth in student populations can be efficiently and quickly accommodated through the design, development, and construction of schools utilizing such designs. However, most school districts in Alaska are currently experiencing static or declining student enrollments, negating the need for new-school construction. Furthermore, most school districts also have significant variation in geological soil conditions, topography, climate, community populations, and

conventional and alternative energy sources, any of which can negate the benefits of utilizing prototype-school designs.

MR. BARIL said that school districts also generally encourage community involvement in the school-construction planning process, and invite personalization of their schools, which can in turn negate any benefits of using a prototype-school design. Differing educational programs for elementary schools, middle schools, high schools, and K-12 schools necessitates the use of multiple prototype-school designs, and school districts with extreme variations in the design of their schools have the potential for creating inefficient and over-designed schools. With regard to utilizing prototype-school designs for components, he indicated that such could theoretically produce long-term savings for school districts through having energy efficient components, operations and maintenance efficiencies, and bulk purchasing agreements [for construction materials]. The utilization of prototype-school designs for components is currently encouraged and desired by many school districts across the state, and there is the potential for sharing equipment recommendations and maintenance techniques with other districts.

[10:05:13 AM](#)

MR. BARIL said that to realize any theoretical cost savings, prototype-school designs for components would need to be able to address specific environmental requirements and constraints, and be able to be modified in order to accommodate a wide range of building sizes. Furthermore, multiples of such components would have to be designed and constructed within a short timeframe. Aligning these three factors into an economical, prototype-school-design program is unlikely. Furthermore, the rapid pace of component innovation would require constant monitoring of available products so as to be able to select those with the best performance, efficiencies, and cost. With the minimal growth in student enrollment currently projected for many school districts, utilization of prototype-school designs for components would most likely be relegated to retrofitting existing facilities, and yet any such replacement components would have to be compatible with existing systems. Careful evaluation of existing systems within Alaska's school districts would therefore be required. Specific components have the potential to become proprietary, reduce competition, increase costs, and require the amendment of state regulations. Also, because Alaska's existing facilities come in various sizes, prototype-school designs for components of various sizes would have to be developed.

MR. BARIL, to summarize, indicated that nationwide, statewide deployment of prototype-school designs was found to be impractical due to the multitude of variables that had to be contended with. Alaska's own set of unique variables only increases the chances of that being the case in Alaska as well. There is still the potential, however, for success to be achieved at the district level through the use of prototype-school designs, both for schools and for components, as long as certain factors apply. And when variables can be minimized and multiple schools and building systems are needed over a short period of time, utilizing prototype-school designs at the district level, and possibly at the regional level, could become feasible, and such represents the greatest potential for viability.

10:09:35 AM

MS. NUDELMAN, in response to comments and questions, indicated that the EED is pleased with the amount of information that the report has brought forth, and would be willing to research any of the issues raised, such as that of cost, further.

SENATOR MACKINNON offered her understanding that a school in Eagle River was constructed using a prototype-school design, and that this resulted in savings of over \$1 million.

MS. NUDELMAN observed that the report explains that there is opportunity at the district level to achieve savings through the use of prototype-school designs, and indicated that the EED would be reviewing that information further, and is ready to do everything it can to help the state save money [with regard to school construction].

The committee took an at-ease from 10:19 a.m. to 10:21 a.m.

10:21:36 AM

LESLIE RIDLE, Deputy Commissioner, Office of the Commissioner, Department of Administration (DOA) - referring to a PowerPoint presentation - explained that the Twenty-Eighth Alaska State Legislature's House Bill 278 directed the DOA to present the legislature with a written proposal for a salary and benefits schedule for school districts, including an evaluation of, and recommendations for, teacher tenure; and indicated that to comply with that mandate, the DOA had the Center for Alaska Education Policy Research (CAEPR), Institute of Economic

Research (ISER), conduct a study and compile a report of its findings.

10:24:00 AM

DIANE HIRSHBERG, PhD, Director, Center for Alaska Education Policy Research (CAEPR), Institute of Social and Economic Research (ISER), University of Alaska Anchorage (UAA) - referring to Section 52 of the Twenty-Eighth Alaska State Legislature's House Bill 278 - mentioned that in addition to the brief report and the appendices that members currently have, a longer, more technical report would be forthcoming; and explained that both the aforementioned PowerPoint presentation and the reports use the term, "community salary differential." Calculations were used to determine how much teachers in different school districts would need to be paid if salary were the primary means of attracting and retaining them. However, CAEPR/ISER won't be proposing a single-salary schedule for Alaska's principals or superintendents because there wasn't a way of making comparisons between those few positions in Alaska and the national market, due to variations in the scope and responsibilities of such positions in Alaska. For example, in some schools the principal is also the superintendent, or a teacher, or a special education coordinator, or is tasked with fulfilling some other duties in addition to that of principal. In response to a question, she confirmed that the aforementioned appendices both detail community salary differentials and describe the duties of superintendents and principals, and that that information is also summarized in the aforementioned brief report.

DR. HIRSHBERG, returning to her presentation, said that nationwide literature and policies regarding teacher compensation and tenure were reviewed, and that the tenure policies of other states is contained in the appendices. Interviews and focus groups were held with key personnel and stakeholders, including school business officers, superintendents, teachers, and representatives from the EED, including the commissioner. A survey was also sent out, and statistical analyses were conducted regarding school districts, community characteristics, compensation terms, and the employment records of certified personnel. There are a lot of factors that affect teacher recruitment and retention, such as community demographics; geographic characteristics - for example, the distance from a hub community; cost of living indicators - for example, other available employment within the community; and student demographics. In other words, teachers

make their decisions about where to teach based on a number of factors, with salary being only one such factor.

10:33:06 AM

DR. HIRSHBERG, with regard to salary, noted that the question is, what must be paid in order to attract and retain teachers without overpaying them and with consideration of the aforementioned other factors. Using the salary schedule for the Anchorage School District (ASD) as the base salary schedule, a salary differential was calculated for each community, in order to understand what would be needed to compensate teachers for the factors that make that particular community either more or less attractive than Anchorage. The results ranged broadly - between 0.85 and 2.01, with numbers less than 1.0 reflecting teachers' preferences for teaching in other communities compared to teaching in the ASD. In Alaska there are some very large school districts that have significant variations in their communities, there are school districts that have both urban hubs and remote communities, and there are school districts that have only remote but distinctly different communities. Again, such factors are amongst those considered by teachers when deciding whether to work in a particular community.

DR. HIRSHBERG, in response to a question, relayed that although the salary schedule of the ASD was not initially selected to serve as the base, it was ultimately chosen because Anchorage is often used for comparison purposes due to it being Alaska's largest community. With regard to attracting [and retaining] teachers, however, Anchorage does not have the fewest problems. For example, the report illustrates that the ASD is underpaying teachers by an estimated amount of about 10 percent.

SENATOR MACKINNON expressed dissatisfaction with CAEPR/ISER having chosen to use the ASD's salary schedule as the base when calculating community salary differentials.

10:38:33 AM

ALEXANDRA "LEXI" HILL, Associate Director, Finance and Administration, Institute of Social and Economic Research (ISER), University of Alaska Anchorage (UAA), indicated that CAEPR/ISER initially used the Matanuska-Susitna Borough School District's (MSBSD's) salary schedule as the base because of its record of attracting and retaining teachers, but then reformulated the calculation for purposes of using the ASD's salary schedule for the aforementioned reason. She

acknowledged, though, that Anchorage doesn't have the lowest costs. In response to a further question, she explained that although cost-of-living "indicators" were used in the calculations, the cost-of-living indices themselves were not, because it was necessary for CAEPR/ISER to look at every Alaska community individually, though standardized data was used when possible for factors such as fuel prices and transportation costs, for example.

DR. HIRSHBERG, returning to her presentation, referred to a chart on page 16 of the aforementioned brief report listing the community salary differentials by school district. With regard to "Pay relative to proposed Anchorage pay schedule", the middle left-hand column reflects the community salary differential for school districts that had similar community salary differentials across the district, and the two middle right-hand columns reflect the range of community salary differentials for school districts that had significant variations in their community salary differentials across the district. The last column on the chart reflects by what percent a school district's current salaries would change if the listed salary differentials were applied. In response to comments and questions, she explained that the 1 percent change listed for the MSBSD is an average for the entire school district, and takes into account turnover rates and other factors in some of its outlying communities; that Appendix F contains the community salary differentials of each community within a given school district; and that when a school district's community salary differential is above 1.0, it indicates that because of certain factors in the community, and if salary were the only means of attracting and retaining teachers, that perhaps that community's teachers may have to be paid more [to make working there as attractive as working in the ASD].

[10:48:10 AM](#)

MS. HILL added that the community salary differentials listed in Appendix F are similar to the teacher salary differentials used when geographic cost differentials are calculated; and that for the individual community salary differentials listed in Appendix F, CAEPR/ISER used three different models in its calculations, and so the column titled "Turnover" relates to teachers staying in a particular community, the column titled "Move" relates to teachers moving from one community to another, and the column titled "HQ" relates to highly qualified teachers; and that because there was no theoretical basis for favoring one of those three models over the other, CAEPR/ISER averaged the

resulting figures to arrive at the community salary differentials [that were used in the aforementioned chart on page 16 of the brief report].

MS. HILL, in response to a question, indicated that for the chart on page 16 of the brief report, the aforementioned three middle columns reflect community salary differentials calculated using the base salary schedules proposed [on page 15 of that report], whereas the last column on the chart reflects instead the percent a school district's current salaries would need to change in order to meet those proposed base salaries.

DR. HIRSHBERG added that the figures used for the brief report were from two years ago, and acknowledged that using more recent figures could perhaps change the results, allowing them to reflect things like existing teacher shortages. In response to further questions and comments, she indicated that [the country's] current teacher shortages can't as yet be quantified via model; that although the national data is a couple of years behind, Alaska's teacher pay is still amongst the highest in the country but is no longer the highest; and that there are a lot of factors that affect teacher recruitment and retention in Alaska, some of them intangible and some of them the result of changes occurring outside of Alaska. She indicated that CAEPR/ISER would urge [lawmakers and other interested parties] to continue discussions about all the things, in addition to salary, that can be done in Alaska to encourage teacher recruitment and retention. In response to a request, she relayed that CAEPR/ISER would compile information on the average teacher salary in other states, but cautioned that the data obtained could be about three or four years old, and that the focus should not be just on whether to increase teacher salary in Alaska, because the state's budget couldn't support that as the only solution, because having teachers who come to a particular community solely because it paid the most may not be the right solution, and because there are other factors that affect teacher recruitment and retention in Alaska.

[11:01:13 AM](#)

SENATOR MACKINNON expressed dissatisfaction that CAEPR/ISER's report doesn't address the issue of student outcomes.

DR. HIRSHBERG acknowledged that point. Continuing with her presentation, she explained that the chart on page 15 of the aforementioned brief report illustrating a proposed "base step-and-lane salary" schedule for Alaska's teachers was calculated

using a proposed base salary that would allow the ASD to attract and retain teachers without overpaying them. This proposed base salary schedule gets multiplied by the community salary differentials in order to arrive at the aforementioned percentage-change amounts on page 16.

DR. HIRSHBERG, in response to a question, concurred that the proposed base salary schedule on page 15 is simply being provided for purposes of discussion; CAEPR/ISER is not recommending implementing it. The cost to do so, particularly in rural school districts, would be prohibitive, given the state's current fiscal situation, and may not constitute the right approach. For example, according to information gleaned from a survey provided to teachers in rural communities, better support by administrators and the community, rather than simply a higher salary, might instead better address the issue of teacher recruitment and retention. In response to comments and further questions, she acknowledged that in general, obtaining quantifiable information about student outcomes is difficult.

DR. HIRSHBERG, returning to her presentation, indicated that there is therefore a lot of interest in the concept of utilizing a merit/performance-based pay schedule for Alaska's teachers - tying teacher compensation to student outcomes. There is not much, however, in the way of national research that outlines how such can be done successfully, but perhaps once Alaska's new teacher-evaluation system and student-examination system are in place for a couple of years, some new data might come forth that will provide Alaskans with the opportunity to research the issues involved more systematically. Referring to the proposed base step-and-lane salary schedule on page 15 of the report, she reiterated that CAEPR/ISER is not recommending its implementation at this time, and concurred that it is not based on student outcomes.

[11:15:33 AM](#)

MS. HILL, in response to comments and questions regarding recruiting teachers from outside of Alaska, noted that that's how many of the teaching positions in Alaska are currently being filled, particularly in rural communities. Such indicates that it is possible to make teaching jobs in Alaska attractive.

DR. HIRSHBERG, in response to further comments and questions, reiterated that there are a lot of factors that affect teacher recruitment and retention; the question becomes how to make the factors other than salary more attractive, such that more

teachers can be recruited and retained without overpaying them. For example, one long-term partial solution might be to create conditions within the schools that will inspire students to become teachers themselves. After referring to some of the other [studies/reports] required by the Twenty-Eighth Alaska State Legislature's House Bill 278, she again noted that information gleaned from a survey provided to teachers indicated that better support by administrators and the community, rather than simply a higher salary, might instead better address the issue of teacher recruitment and retention, particularly in rural Alaska. Some good efforts to increase such support are already being undertaken by certain entities, but nothing statewide or systematically.

DR. HIRSHBERG - returning to her presentation, and referring to superintendent duties and compensation - reiterated that in Alaska there is enormous variation in superintendent roles and the size of school districts; CAEPR/ISER did not see a correlation between compensation for superintendents, the magnitude of their responsibilities, and the community salary differentials. Alaska's school boards set compensation rates and do the hiring, and CAEPR/ISER wasn't able to make a solid recommendation regarding a salary schedule for Alaska's superintendents, whose salaries, statewide, are currently below national averages, which also vary greatly. One of the aforementioned appendices addresses this issue further, and it's an issue that warrants future discussions, she noted.

[11:30:58 AM](#)

DR. HIRSHBERG explained that CAEPR/ISER considered the issue of benefits, and found that benefit packages can make a difference with regard to recruiting and retaining teachers, but currently the only statewide benefit being provided is retirement - through the State of Alaska. And although health care benefits are also provided, there is not a single plan for educators, and so what educators contribute for health care varies considerably. There are also differences in leave benefits, travel compensation, and tuition reimbursement, for example. The various benefits are detailed in one of the appendices provided, but unfortunately there is nothing consistent with regard to those benefits that allowed CAEPR/ISER to draw conclusions about what's been working, she emphasized.

DR. HIRSHBERG, on the issue of teacher tenure, relayed that CAEPR/ISER surveyed teachers regarding what they would be willing to receive in lieu of tenure, or in lieu of tenure being

granted after just three years of probation, and the results clearly indicate that teachers value tenure highly. The monetary value of tenure was found to be approximately \$34,000 over the course of a career, or \$16,000 if tenure is awarded at the end of three years instead of at the end of five years. At this point, she stated, CAEPR/ISER does not recommend changing Alaska's existing tenure [policies/schedules], but does recommend that further discussions regarding teacher tenure occur in the future. She ventured that there are a lot of misconceptions about tenure.

DR. HIRSHBERG, in response to questions and comments, confirmed that the aforementioned forthcoming longer, more technical report would provide more detailed information on teacher tenure, and indicated that CAEPR/ISER conducted an extensive review of national literature and practices regarding tenure, as well as a detailed analysis of survey responses from parents, teachers, and community members on that issue. Teachers in particular consistently valued tenure, though school business officers didn't have such a view, but this is understandable given their fiscal and business perspective. She reiterated that there are a lot of misconceptions about tenure. Tenure in Alaska, she ventured, is really about due process; a person with tenure cannot be fired at will, but that does not mean he/she cannot be removed from his/her position so long as there is documentation of improper or ineffective teaching practices, or of a fiscal climate necessitating lay-offs, and such is generally not difficult to document, according to many school administrators.

11:36:48 AM

DR. HIRSHBERG, in response further to comments and questions, said her perception is that the new teacher-evaluation system will provide the necessary systematic data for everyone to become involved in the process, thereby lessening the burdens placed on the larger schools in particular. Continuing with her presentation, she said there is a significant difference in labor markets between certified personnel, such as teachers and principals, and classified personnel, such as those performing administrative, maintenance, and clerical duties, and thus compiling salary schedules for all positions in the schools would be problematic. Additionally, although the former can be recruited from a national market, the latter are generally recruited locally, particularly in rural communities, and thus some schools can have difficulty filling such classified positions with trained personnel because of local labor-market

conditions. Related service providers, such as those who work with "special needs" children - speech pathologists, occupational therapists, for example - can also be very difficult to recruit and retain, she relayed, even on a contractual basis from a national market or through a statewide organization, and so offering a single salary schedule for such positions [isn't feasible].

DR. HIRSHBERG said that CAEPR/ISER therefore doesn't recommend providing for a single teacher-salary schedule, particularly given that there could be some significant salary-cost increases - about 15 percent across the state as a whole - and doesn't recommend changing the state's tenure policy at this time. However, CAEPR/ISER does recommend that a merit/performance-based pay schedule be discussed. And once the new teacher-evaluation and student-assessment systems become solidified, valuable data will be obtained from them. The current system isn't working well for many teachers and students in remote communities, and this can be problematic in terms of teacher retention, so changes must be made in order to improve what's occurring in the schools, she concluded.

CHAIR HAWKER offered his belief that legislators are concerned about student outcomes as well as how to achieve the [desired ends] efficiently and effectively with the resources available, and surmised that all the various studies conducted and reports compiled will therefore be helpful to legislators as they deliberate their next courses of action.

APPROVAL OF MINUTES

[11:46:28 AM](#)

CHAIR HAWKER announced that the next order of business would be approval of the minutes.

[11:46:46 AM](#)

SENATOR MACKINNON made a motion to approve the minutes of October 21, 2015. There being no objection, the minutes from the meeting of October 21, 2015, were approved.

LEGISLATIVE REVISED PROGRAMS (RPLs)

[11:47:01 AM](#)

CHAIR HAWKER announced that the final order of business would be consideration of [RPL 05-06-0111, Child Nutrition Programs, Department of Education and Early Development (EED); RPL 05-06-0114, Alaska State Council on the Arts, Department of Education and Early Development (EED); and RPL 18-6-0360, Tsunami Marine Debris Cleanup, Department of Environmental Conservation (DEC)].

[11:47:23 AM](#)

HEIDI TESHNER, Director, Administrative Services, Department of Education and Early Development (EED), with regard to RPL 05-06-0111, explained that if approved, it would authorize an additional \$8.7 million in federal receipts for the Division of Teaching and Learning Support, Child Nutrition Programs, for fiscal year 2016 (FY 16). Currently the total authorization is \$52.3 million and approval of the RPL would bring that amount up to \$61 million. This additional grant funding from the U.S. Department of Agriculture (USDA) is intended to address large increases in school-based programs, and it is anticipated that there will be a 17 percent increase in funding amounts school districts are eligible for and can claim.

[11:48:51 AM](#)

LACEY SANDERS, Fiscal Analyst, Legislative Finance Division, Alaska State Legislature, added that there aren't any technical issues with RPL 05-06-0111.

[11:49:44 AM](#)

SHANNON DAUT, Executive Director, Alaska State Council on the Arts (ASCA), Department of Education and Early Development, with regard to RPL 05-6-0114, explained that if approved, it would authorize an additional \$800,000 in statutory designated program receipts for the "current" fiscal year, for a Margaret A. Cargill Foundation grant program. She indicated that this grant program - involving a ten-year initiative - will help "teacher preparedness" in the [Kodiak area], that last year an initial grant of \$120,000 for the first-year planning process was received, and that additional grants to implement the resulting plan would be forthcoming.

MS. SANDERS indicated that approval of the RPL would result in \$1,221,600 total statutory designated program receipts, and that the \$15,000 that has been allocated for personal services could offset general funds (GF). The Legislative Finance Division can research that latter issue further once the [operating] budget

is submitted in December. She added that there aren't any other technical issues with RPL 05-06-0114.

MS. DAUT, in response to comments, clarified:

The state allocation that our agency receives needs to be matched one-to-one with our federal award from the National Endowment for the Arts, and we're getting ... very close to that, that match point, so the [\$15,000] may have some bearing on that ability to meet our match for the federal dollars.

11:52:50 AM

TOM CHERIAN, Director, Division of Administrative Services, Department of Environmental Conservation (DEC), with regard to RPL 18-6-0360, explained that if approved, it would authorize \$950,000 in federal receipts from the National Ocean & Atmospheric Administration (NOAA) for tsunami marine-debris cleanup pertaining to the March 2011 tsunami that struck Japan. These funds will be used for cleanup activities on Kayak Island and Montague Island, and for the disposal - in an approved [landfill] facility - of the debris collected. It is anticipated that these cleanup activities will take place between May and September 2016. Approval of the RPL will have no impact upon the GF nor are any [new] positions being requested. Once [the RPL is] approved, all aspects of the debris collection/removal/disposal/reporting will be completed by October 1, 2016, he concluded.

MS. SANDERS ventured that given: the non-controversial nature of the RPL; the facts that federal funds would be added to an existing capital project and that no GF or new positions are being requested; the anticipated funding-receipt date of January 1, 2016; and the possibility of a delay in adjournment, the Legislative Budget and Audit Committee may wish to consider [approving this request at this time] in order to ensure that resulting contracts can be in place before May 2016. She added that there aren't any technical issues with RPL 18-6-0360.

CHAIR HAWKER acknowledged those points and expressed interest, therefore, in approving the RPL at this time.

11:56:38 AM

SENATOR MACKINNON made a motion to approve RPL 05-06-0111, Child Nutrition Programs, Department of Education and Early

Development (EED); RPL 05-06-0114, Alaska State Council on the Arts, Department of Education and Early Development (EED); and RPL 18-6-0360, Tsunami Marine Debris Cleanup, Department of Environmental Conservation (DEC).

CHAIR HAWKER stated that there was objection to the motion.

SENATOR GIESSEL, referring to RPL 05-6-0111, relayed that constituents of hers have expressed concern about and objected to the EED's Child Nutrition Programs. She expressed concern, therefore, that [the state] would be taking more federal monies to support a program which may not be needed in Anchorage.

SENATOR GIESSEL then made a motion to "divide the RPLs."

SENATOR MACKINNON instead made a motion to "withdraw the previous motion."

CHAIR HAWKER ascertained that there were no objections.

[12:00:08 PM](#)

SENATOR MACKINNON then made a motion to approve RPL 05-6-0111, Child Nutrition Programs, Department of Education and Early Development (EED).

SENATOR GIESSEL objected.

[12:00:48 PM](#)

A roll call vote was taken. Representatives Kito, Thompson, Pruitt, and Hawker, and Senator MacKinnon voted in favor of approving RPL 05-6-0111. Senator Giessel voted against it. Therefore, RPL 05-6-0111 failed to be approved by a vote of 5-1. [The Chair noted that a full affirmative vote of the majority of the committee is required to pass an RPL.]

[12:02:29 PM](#)

SENATOR MACKINNON made a motion to approve RPL 05-06-0114, Alaska State Council on the Arts, Department of Education and Early Development (EED); and RPL 18-6-360, Tsunami Marine Debris Cleanup, Department of Environmental Conservation (DEC). There being no objection, RPL 05-6-0114 and RPL 18-6-0360 were approved.

[12:03:44 PM](#)

ADJOURNMENT

There being no further business before the committee, the Legislative Budget and Audit Committee meeting was adjourned at 12:03 p.m.