

**ALASKA STATE LEGISLATURE
HOUSE EDUCATION STANDING COMMITTEE**

March 10, 2017

8:03 a.m.

MEMBERS PRESENT

Representative Harriet Drummond, Chair
Representative Justin Parish, Vice Chair
Representative Zach Fansler
Representative Ivy Spohnholz
Representative Jennifer Johnston
Representative Chuck Kopp
Representative David Talerico

MEMBERS ABSENT

Representative Lora Reinbold (alternate)
Representative Geran Tarr (alternate)

COMMITTEE CALENDAR

CONFIRMATION HEARING(S) :

University of Alaska Board of Regents

Mary Katherine Hughes - Anchorage

- CONFIRMATION(S) ADVANCED

HOUSE BILL NO. 64

"An Act relating to the establishment of the Task Force on Reading Proficiency and Reading Instruction for All Students and on the Effects of Dyslexia on Some Students."

- MOVED CSHB 64(EDC) OUT OF COMMITTEE

HOUSE BILL NO. 135

"An Act relating to school district participation in the school construction grant program."

- HEARD & HELD

HOUSE BILL NO. 137

"An Act re-designating the Alaska State Council on the Arts as a public corporation and governmental instrumentality of the state; defining the powers and duties of the Alaska State

Council on the Arts; providing exemptions from certain statutes for the Alaska State Council on the Arts; making conforming amendments; and providing for an effective date."

- MOVED HB 137 OUT OF COMMITTEE

PREVIOUS COMMITTEE ACTION

BILL: HB 64

SHORT TITLE: READING PROFICIENCY TASK FORCE; DYSLEXIA

SPONSOR(S): REPRESENTATIVE(S) DRUMMOND

01/20/17	(H)	READ THE FIRST TIME - REFERRALS
01/20/17	(H)	EDC
01/30/17	(H)	EDC AT 9:00 AM CAPITOL 106
01/30/17	(H)	Heard & Held
01/30/17	(H)	MINUTE(EDC)
03/10/17	(H)	EDC AT 8:00 AM CAPITOL 106

BILL: HB 135

SHORT TITLE: SCHOOL CONSTRUCTION GRANT PROGRAM

SPONSOR(S): REPRESENTATIVE(S) WESTLAKE

02/20/17	(H)	READ THE FIRST TIME - REFERRALS
02/20/17	(H)	EDC
03/10/17	(H)	EDC AT 8:00 AM CAPITOL 106

BILL: HB 137

SHORT TITLE: ST. COUNCIL ON THE ARTS: PUBLIC CORP.

SPONSOR(S): EDUCATION

02/20/17	(H)	READ THE FIRST TIME - REFERRALS
02/20/17	(H)	EDC, FIN
03/10/17	(H)	EDC AT 8:00 AM CAPITOL 106

WITNESS REGISTER

MARY KATHERINE HUGHES, Appointee
University of Alaska Board of Regents
Anchorage, Alaska

POSITION STATEMENT: Testified as appointee to the University of Alaska Board of Regents.

KRISTIN KRANENDONK, Staff
Representative Harriet Drummond
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Presented the committee substitute (CS) for HB 64, on behalf of the House Education Standing Committee, sponsor by request, chaired by Representative Drummond.

REPRESENTATIVE DEAN WESTLAKE

Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Presented HB 135, as prime sponsor, and answered questions.

ANNMARIE O'BRIEN, PhD, Superintendent
Northwest Arctic Borough School Board
Kotzebue, Alaska

POSITION STATEMENT: Testified in support of HB 135 and answered questions.

MIKE NAVARRE, Mayor
Kenai Peninsula Borough
Soldotna, Alaska

POSITION STATEMENT: Testified in support of HB 135 and answered questions.

KRISTIN KRANENDONK, Staff
Representative Harriet Drummond
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Presented HB 137, on behalf of the House Education Standing Committee, sponsor by request, chaired by Representative Drummond.

BENJAMIN BROWN, Chair, Board of Trustees
Alaska State Council on the Arts
Department of Education and Early Development
Juneau, Alaska

POSITION STATEMENT: Testified in support of HB 137.

ANDREA NOBLE-PELANT, Executive Director
Alaska State Council on the Arts
Department of Education and Early Development
Anchorage, Alaska

POSITION STATEMENT: Testified in support of HB 137.

ALICE TUNUUNATAQ BIOFF, Member, Board of Trustees
Alaska State Council on the Arts; Business Planning Specialist
Kawerak, Inc.
Nome, Alaska

POSITION STATEMENT: Testified in support of HB 137.

ACTION NARRATIVE

[8:03:18 AM](#)

CHAIR HARRIET DRUMMOND called the House Education Standing Committee meeting to order at 8:03 a.m. Representatives Drummond, Kopp, Parish, Johnston, and Talerico were present at the call to order. Representatives Fansler and Spohnholz arrived as the meeting was in progress.

CONFIRMATION HEARING(S): **University of Alaska Board of Regents**

[8:04:06 AM](#)

CHAIR DRUMMOND announced that the first order of business would be a confirmation hearing for Mary Hughes, appointee to the University of Alaska (UA) Board of Regents.

[8:04:18 AM](#)

MARY KATHERINE HUGHES, Appointee, University of Alaska (UA) Board of Regents, directed attention to the committee packet and reviewed the highlights of her resume. Ms. Hughes informed the committee she is a lifelong Alaskan and practiced law in Anchorage for 20 years, with a focus on telecommunications. Ms. Hughes also served as the municipal attorney for Anchorage and worked for U.S. Senator Lisa Murkowski as her chief administrative officer and as her state director for Alaska. She said she was first appointed to the UA Board of Regents in 2002 and was reappointed in 2008. Ms. Hughes also serves on the Willamette University [Salem, Oregon] board of trustees, is a life trustee at Willamette University, and has served for the last four years on the board of directors of the Association of Governing Boards of Universities and Colleges, which is like a trade association for regents and trustees. She added that several members of her family have served as teachers, on school boards, and in support of institutions of higher learning for many years, and she is honored to continue to do so. During her time serving on the Board of Regents, UA has undergone many changes, and the university is very dear to her family. She said she is especially pleased to assist the university at this time as the university faces a loss of state general funds and a decline in the school population in Alaska, noting high schools are the major source of students for the university. Ms. Hughes said the Board of Regents will continue to provide "college

knowledge" for students throughout Alaska. One of her goals for UA has not been met: The university has the capability and the teaching excellence to be the university for all Alaskans. Service on the board is a big job and each member needs to be very committed to the university and its president and programs.

8:10:04 AM

REPRESENTATIVE JOHNSTON referred to the seat the appointee holds on the board of trustees at Willamette University, and asked whether the position includes governance.

MS. HUGHES replied yes, just as the Board of Regents selects the president of UA, the board of trustees selects the president of Willamette University.

REPRESENTATIVE JOHNSTON opined serving a private university such as Willamette University, and a public university such as UA, could provide an interesting perspective. She asked whether the appointee's experience provides institutional knowledge on how to approach declining enrollment.

MS. HUGHES agreed, noting that her longstanding service to both institutions has been recognized by the Association of Governing Boards. She advised private schools, due to their high tuition, were affected by the depression felt strongly in the Lower 48, and thus are very interested in knowing from where their students originate. For example, Willamette University has discovered that many of their students no longer originate in Oregon, other Pacific Northwest states, and Hawai'i, but are coming from California. However, California wants students to remain in California, and provides financial [incentives], affecting Willamette University's ability to attract students. She said at Willamette University and UA, every student counts. Further, many UA students are returning to education on a part-time basis, thus UA is educating all Alaskans - at some point - through programs such as mining certificates and fisheries programs. Ms. Hughes opined each institution needs to develop its own plan from a matriculation standpoint, so the institution ensures it has the students it needs to remain healthy.

8:14:31 AM

REPRESENTATIVE PARISH pointed out the cost of tuition has increased at more than twice the rate of inflation. He asked what approach might be taken to remedy the situation of student debt which, on a national level, exceeds \$1 trillion.

MS. HUGHES responded that increases in tuition at UA typically result from the university's financial circumstances, which are based on income from general funds (GF), tuition, and research, in fact, every dollar of research [funding] has a compounding affect within the community. The regents believe UA tuition is still quite good, and increases in tuition are considered carefully. She expressed her preference to not raise tuition, but UA does not receive GF at a level consistent with past appropriations, and concluded UA provides a good quality of education for the cost paid.

REPRESENTATIVE KOPP inquired about her role as a regent to resolve the divide between UA leadership and faculty staff who recently took a vote of no confidence in the president of the university.

MS. HUGHES said change is difficult for all and opined the situation with Strategic Pathways [a multi-part, multi-year process to reconfigure UA administrative and academic programs to address funding cuts] has led to fears on the part of faculty members. At a March [2017], public meeting regents met with representatives - which was very helpful - and she said she thought there would be similar meetings. The regents and the president value and respect the faculty, and the circumstances that UA faces today are unprecedented, with the possibility of "cutting lines of education ... the lines of what are we going to teach, at what campuses, and what is going to be closed down" She stressed UA must face major issues, although all parties are in the process together. Ms. Hughes stated faculty, students, and the administrative staff will present ideas; not all the ideas will come from Strategic Pathways, the regents, and UA executive staff. The response from the faculty was due to faculty members feeling threatened by how UA will seek funding, and she expressed her hope that including representatives from faculty, students, and the administration, at every future meeting, will be helpful.

[8:20:57 AM](#)

REPRESENTATIVE PARISH referred to UA's large, statewide staff and noted Dr. Abel Bult-Ito [University of Alaska (UAF) Department of Biology and Wildlife] has proposed a staff reduction in order to increase the level of scholarships and to increase the research staff, thereby increasing UA attendance. He asked whether Dr. Bult-Ito has presented his proposal to the regents.

MS. HUGHES acknowledged that many of the university's statewide functions have positions - such as payroll and accounting - that would need to be discontinued, and she said Dr. Bult-Ito's plan is available to all of the regents and has been discussed. In looking at statewide functions, the regents have considered transferring some positions to Fairbanks and Anchorage; however, these positions are not limited to the president's executive staff.

CHAIR DRUMMOND noted that faculty and students have been weighing in on the statewide staffing situation and the high salaries that these mostly non-teaching positions represent. She questioned whether the regents are considering dismantling the UA statewide department in the same manner as was implemented by the state university in Oregon.

MS. HUGHES said that consolidation of statewide positions to accomplish administrative operations is a concern in many states, and the regents are looking at "any and all opportunities to provide Alaskans [with a] better education." In further response to Chair Drummond, she said she is the longest serving member presently on the Board of Regents.

CHAIR DRUMMOND expressed support for the appointee.

[8:26:25 AM](#)

REPRESENTATIVE PARISH moved to advance the confirmation of the appointee to a joint session of the House and Senate for consideration. He noted that each member's signature on the committee's report in no way reflects the member's vote during the joint floor session. There being no objection, the confirmation was advanced.

[8:27:03 AM](#)

The committee took an at-ease from 8:27 a.m. to 8:29 a.m.

HB 64-READING PROFICIENCY TASK FORCE; DYSLEXIA

[8:29:27 AM](#)

CHAIR DRUMMOND announced that the next order of business would be HOUSE BILL NO. 64, "An Act relating to the establishment of the Task Force on Reading Proficiency and Reading Instruction

for All Students and on the Effects of Dyslexia on Some Students."

CHAIR DRUMMOND asked Representative Parish to withdraw his motion to report HB 64 out of committee with individual recommendations and forthcoming fiscal notes. [The motion by Representative Parish and the objection to the motion stated by Representative Talerico were made and left pending on 1/30/17.]

[8:29:58 AM](#)

REPRESENTATIVE PARISH withdrew his motion.

[8:30:08 AM](#)

REPRESENTATIVE PARISH moved to adopt the proposed committee substitute (CS) for HB 64, labeled 30-LS0345\J, Glover, 3/2/17, as the working document. [Without objection, Version J was before the committee.]

[8:30:39 AM](#)

KRISTIN KRANENDONK, Staff, Representative Harriet Drummond, Alaska State Legislature, presented the changes made by the CS, which are offered to address concerns voiced during a previous hearing. She directed attention to the bill on page 1, lines 11-12, and explained language was changed to recognize the work the state is doing for students, while still acknowledging there is room for improvement. Continuing to page 2, line 27, [subparagraph] (C) was added to examine what education reforms are currently being implemented in the state and to provide an effectiveness evaluation. On page 2, beginning on line 27, through page 3, line 2, language was changed to clarify the scope of the task force and language related to funding was removed. On page 4, lines 1-3, language was changed to allow one member to represent either the Association of Alaska School Boards or the Alaska Council of School Administrators. On page 4, lines 4-5, language was removed regarding a seated member of the task force being a non-voting judge and replaced that member with a person representing the Alaska Association of Elementary School Principals. On page 4, line 13, language was changed to recognize all non-profit organizations focused on reading and education issues and to include that at least one of those members is a parent of a child with a reading disability. Finally, on page 4, line 31, language was added to define the term "dyslexia," using the most universally accepted definition.

REPRESENTATIVE FANSLER referred to the removal of the judicial member and asked if there is any concern that the removal will be detrimental in any way.

MS. KRANENDONK said the judicial member was removed at the request of the court system as judges are not permitted to be partisan and serve on a task force.

[8:34:17 AM](#)

REPRESENTATIVE PARISH moved to report CSHB 64, Version 30-LS0345\J, Glover, 3/2/17, out of committee with individual recommendations and the accompanying zero fiscal note. There being no objection, CSHB 64(EDC) was reported from the House Education Standing Committee.

[8:34:50 AM](#)

The committee took an at-ease from 8:34 a.m. to 8:36 a.m.

HB 135-SCHOOL CONSTRUCTION GRANT PROGRAM

[8:36:58 AM](#)

CHAIR DRUMMOND announced that the next order of business would be HOUSE BILL NO. 135, "An Act relating to school district participation in the school construction grant program."

[8:37:17 AM](#)

REPRESENTATIVE DEAN WESTLAKE, Alaska State Legislature, introduced HB 135 paraphrasing from a prepared statement, which read as follows [original punctuation provided]:

HB 135 will allow the Commissioner of the Department of Education to grant time extensions to school districts raising their percentage share of project costs appropriated through the "Educational facilities maintenance and construction fund" (as outlined under AS 14.11.008 "School district participation in grant program" for appropriations made under AS 37.05.560).

Currently, school districts are required to raise the percentage share of the total project cost within 3-years of appropriation approval.

However, since the adoption of the 3-year time constraint in 1993, multiple projects have required more time to raise their required percentage share.

The more recent examples of projects that have required more time include, but not limited to, projects within the Yukon Flats School District, Northwest Arctic Borough School District, Yupiit School District and the Kenai Peninsula Borough School District.

According to the Department of Education & Early Development, the 3-year time lapse is appropriate for about 95% of approved projects. However, there's about 5% of the projects that could utilize a time extension when faced with extenuating circumstances outside of the school districts' control.

The Kivalina Replacement School project is one example of why a provision for extensions is needed.

In FY2015 the State appropriated \$48,958,120 for the project State Share funding, and the participating share amounted to \$12,239,530, for a total EED Recommended amount to \$61,197,650.

However, the grant agreement has not yet been executed for reasons beyond the control of both the Borough and District.

First, for FY 2016 a moratorium was placed on approval of the grant pending legislative consideration of the balance of funding [does it need further explanation on the moratorium?].

Secondarily, the project cannot begin until the access road is constructed as a separate project. The road development is proceeding in conjunction with DOT/PF, but it is not scheduled to be completed before the three-year deadline expires.

Without an approved grant agreement, it is difficult to apply for other grant funds that could be used towards the local share.

Furthermore, if the Borough and School District cannot apply for an extension, there is potential that a

critically needed school project might be forced to forfeit the previously appropriated State funds when all that is needed is more time to secure additional matching sources.

In this case, if HB 135 is passed, the Northwest Arctic Borough could apply in writing to the Commissioner to request an extension. If the Commissioner decided that the project demonstrated good cause to for the requested extension, then the Commissioner could grant one.

REPRESENTATIVE WESTLAKE named projects that fall within the 5 percent category, which are: Tuluksak School improvement, Hoonah major maintenance, Arctic Village soil remediation, Kivalina replacement school, and Kachemak Selo new K-12 school facility.

[8:41:18 AM](#)

REPRESENTATIVE JOHNSTON asked what the current balance is for the outstanding 5 percent, and how many of the schools were part of a judicial decision [Kasayulie v. State of Alaska].

REPRESENTATIVE WESTLAKE said he could provide further information regarding the outstanding 5 percent, and he clarified Kivalina School was part of a lawsuit settlement.

REPRESENTATIVE JOHNSTON inquired as to whether the Kivalina School project includes infrastructure [access] to the school as well as the school building.

REPRESENTATIVE WESTLAKE advised a separate project is the infrastructure road being handled by the Department of Transportation & Public Facilities (DOT&PF).

REPRESENTATIVE KOPP surmised that the access road that is needed has delayed the replacement of Kivalina School.

REPRESENTATIVE WESTLAKE concurred and said the road must be completed prior to the school being rebuilt, and the road project is outside of the school district's control.

CHAIR DRUMMOND questioned whether construction can begin on a school prior to having the local share in hand.

REPRESENTATIVE WESTLAKE deferred comment to the mayor of the Northwest Arctic Borough.

[8:43:56 AM](#)

ANNMARIE O'BRIEN, PhD, Superintendent, Northwest Arctic Borough School Board (NWABSD), stated support for HB 135, paraphrasing from a prepared statement, which read as follows [original punctuation provided]:

The Northwest Arctic Borough School District wholeheartedly endorses House Bill 135, a bill addressing the participation in the school construction grant program allowing the Commissioner of Education to grant an extension of the time limitation for the identification of the required local participating share of grant funding.

Currently, the statutes require that the local match be identified within three years of the approval of the legislative appropriation of grant funding. There is no provision for the consideration of exceptional circumstances that warrant additional time to secure the match. This bill recognizes that such situations may occur from time to time and allows Boroughs and Districts to justify and petition the Commissioner for an extension. Without such an extension, there is a potential that a critically needed school project might be forced to forfeit the State appropriation when all that is needed is more time to secure additional local funding sources.

The existing State regulations for administration of the school construction grant program protect the State's interests and assure the local match is provided. The Department releases grant funding to recipients only after specific milestone conditions are met. The payments are a percentage of only the State share of the project amount and in addition, 5% of the state share is withheld until the source of the local match is identified. There is not a danger of the State over reimbursing a project.

Not only is the State facing restricted funding, so are local governments. Incorporating some flexibility into the provision for local match will allow local

governments more time to fund their share of the cost of a greatly needed school facility upgrade.

Admittedly, the Northwest Arctic has a project that would benefit from this bill and the Kivalina Replacement School project is a perfect example of why a provision for exceptions is needed. In April 2015, the legislature appropriated partial grant funding for the Kivalina Replacement School. At that time the clock started ticking to secure the local share. However, the grant agreement has not yet been executed for several reasons beyond the control of the Borough and District. For FY 2016 a moratorium was placed on approval of the grant pending legislative consideration of the balance of funding.

Another complication is construction of the project cannot begin until an access road is constructed as a separate project. The road development is proceeding in conjunction with DOT/PF [Department of Transportation & Public Facilities], but it is not scheduled to be complete before the three-year deadline for the match expires. Without an approved grant agreement, it is difficult to apply for other grant funds that could be used as part of the local share.

House Bill 135 will delegate to the Department discretion in extraordinary circumstances to allow projects such as Kivalina Replacement School to move forward without the potential of having to forfeit appropriated funding, and to continue managing risk to the State and local entities and support the improvement of educational conditions for the children of Alaska.

[8:48:42 AM](#)

REPRESENTATIVE JOHNSTON noted Northwest Arctic Borough School District (NWABSD) has been undergoing a methodical rebuilding of the school facilities begun in the 1990s or 2000, and asked if this is the final rebuild project.

DR. O'BRIEN replied yes.

REPRESENTATIVE JOHNSTON asked for the percentage of the average local participation match funding.

DR. O'BRIEN replied the borough-required match is 20 percent.

CHAIR DRUMMOND expressed concern that because of the delay, the project will cost significantly more, and thus the school project, as well as school programs, may suffer.

DR. O'BRIEN said it's hard to consider the full effect of inflation on a project that has been delayed. However, the needs of the students attending Kivalina School are paramount to funding issues. The school is in poor condition and the district makes the best effort with the existing facility. She pointed out as the delay continues, energy efficiencies and new construction methods are becoming available.

REPRESENTATIVE JOHNSTON asked for the student population at Kivalina School, and for the number of students who graduated in 2016.

DR. O'BRIEN answered 160 students are enrolled in grades K-12, and deferred response on the number of graduates.

CHAIR DRUMMOND said the legislature has been concerned about Kivalina School for at least five years and asked for an update on the current project schedule.

DR. O'BRIEN said the completion of the road is indeterminate, but once construction of the road is complete, school construction can begin, and that is expected to be completed within two years; with the road construction estimated at three years, a five-year timeframe is anticipated in the best circumstances.

[8:53:55 AM](#)

MIKE NAVARRE, Mayor, Kenai Peninsula Borough, said as currently drafted, HB 135 doesn't directly affect the Kenai Peninsula Borough at this time, but he expressed support for the bill's intent. Mayor Navarre recalled last year the borough received a legislative grant in the amount of \$10 million to build a school in Kachemak Selo, which is a small community located at the terminus of East End Road. Access to the school is not legal access because of switchbacks and the steep grade of the road, thus the borough is exploring options on where to build the school. The bill would allow the commissioner, for good cause, to provide some flexibility [in the school construction grant program] for issues such as looking at school population trends.

Mayor Navarre said additional flexibility for good cause makes good sense. Regarding the percentage of the match, which is 35 percent for the Kenai Peninsula Borough, he cautioned that due to the economic contraction and the fiscal situation in Alaska, the amount of the match is a challenge for local governments to achieve. He noted the borough seeks to find a successful model that can be applied for all local governments with remote schools throughout the state. Mayor Navarre related in 1991 there was a recommendation to relocate Kivalina because the village was being eroded by the ocean and the river; Kivalina is the best demonstrated case that HB 135 may prevent a local government from rushing to find the funds to preserve a grant, instead of finding the most rational and fiscally responsible solutions.

[8:57:39 AM](#)

REPRESENTATIVE JOHNSTON asked the mayor if, given a choice, the borough would prefer the \$10 million designated for the school, for education, or for other capital projects.

MR. NAVARRE responded that the reality of budget priorities must be faced. He described the existing student housing in Kachemak Selo as deficient and inadequate, and reluctantly suggested that for this community, correspondence education may be the best option, or perhaps a change to the grant in order to build a multi-purpose building to also serve as a school. He acknowledged funding education is a dilemma for the borough and the state and expressed his support for education.

CHAIR DRUMMOND asked if Kachemak Selo is located at the head of Kachemak Bay.

MR. NAVARRE said yes, adding the village is situated at the end of East End Road and across tidal flats. The village was built in a difficult area due to its topography and soil conditions; in fact, to build a road would cost about \$15 million.

CHAIR DRUMMOND surmised that busing is not an option.

MR. NAVARRE concurred and said a gondola was considered but that option was also ruled out - there are no easy options.

[9:02:28 AM](#)

CHAIR DRUMMOND, after ascertaining no one else wished to testify, closed public testimony on HB 135.

[HB 135 was held over.]

HB 137-ST. COUNCIL ON THE ARTS: PUBLIC CORP.

9:03:35 AM

CHAIR DRUMMOND announced that the final order of business would be HOUSE BILL NO. 137, "An Act re-designating the Alaska State Council on the Arts as a public corporation and governmental instrumentality of the state; defining the powers and duties of the Alaska State Council on the Arts; providing exemptions from certain statutes for the Alaska State Council on the Arts; making conforming amendments; and providing for an effective date."

9:03:54 AM

KRISTIN KRANENDONK, Staff, Representative Harriet Drummond, Alaska State Legislature, introduced HB 137 on behalf of the House Education Standing Committee, sponsor by request. She informed the committee the bill would [quasi] privatize the Alaska State Council on the Arts (ASCA) by restructuring the council as a public corporation, thereby allowing ASCA to continue its work with Alaskan artists and art businesses. The bill would improve the ability of the council to leverage nonstate funding and remain within the Department of Education and Early Development. Also, HB 137 would exempt ASCA from state procurement code, but would provide formal and appropriate procurement protocols. Restructuring would keep ASCA's operating budget under the Executive Budget Act for openness and transparency, and transition language would allow its advisory committee public processes and public participation to remain in place as ASCA administers grants programs and services. Further, the bill would allow ASCA to grow and develop a funding base and reduce its reliance on state funds. Ms. Kranendonk presented a sectional review, paraphrasing from a prepared statement, which read as follows [original punctuation provided]:

Section 1 (Pages 1-4): Amends AS 39.25.110 concerning exempt state employees to add all employees of the Alaska State Council on the Arts (ASCA), thus making employees of ASCA exempt from the State Personnel Act.

Section 2 (Pages 5-7): Adds artists' submissions made in response to an inquiry or solicitation initiated by

the Alaska State Council on the Arts, to the list of records that are exempt from public inspection under AS 40.25.120.

Section 3 (Page 7): Repeals and re-enacts AS 44.27.040 regarding the creation of ASCA, to establish the Council as a separate and independent public corporation of the state of Alaska within the Department of Education and Early Development (DEED).

Section 4 (Page 7): Amends AS 44.27.041 to charge ASCA to be governed by an 11 member board of trustees, adds literary arts as a field represented within the board, and a member's expertise, rather than interest, as a factor for consideration for board membership.

Section 5 (Page 7): Amends AS 44.27.042 to replace the term "members" with the term "trustees" and "council" with "board of trustees".

Section 6 (Page 8): Amends AS 44.27.043 to replace the term "member" with "trustee".

Section 7 (Page 8): Replaces the term "members" with the term "trustees" in AS 44.27.044 and replaces language that entitles trustees to be reimbursed for travel expenses at the same rate of members of state boards under AS 39.20.180.

Section 8 (Page 8): Amends AS 44.27.045 to use gender-neutral terms for board members.

Section 9 (Page 8-9): Amends AS 44.27.050 to require the council to encourage literary arts as well as other disciplines, invest in arts throughout the state, and conduct research into artistic and cultural activities throughout the state.

Section 10 (Page 9): Amends AS 44.27.052(a) to replace "educational" objectives with "strategic" objectives as it relates to the council's ability enter into contracts and accept gifts, contributions, and bequests.

Section 11 (Page 9-10): Amends AS 44.27.054 to replace language with the proper terms "chair" and "trustees"

previously established and makes a conforming amendment to Section 1.

Section 12 (Page 10): Adds a new section to AS 44.27 detailing the administration of affairs of the board of trustees. The board of trustees shall manage the assets of the council, establish and amend bylaws governing the business of the corporation, and employ an executive director to supervise the administration of ASCA. This section also exempts ASCA from the State Procurement Code (AS 36.30), instructs the board of trustees to establish procedures for procurement, and requires consistency with the Alaska Veterans preference established in AS 36.30.32(f). The operating budget of ASCA is subject to the provisions established in the Executive Budget Act (AS 37.07).

Section 13 (Page 10): Amends AS 44.27.058 to require that ASCA comply with the 20 U.S.C 951 - 960 (National Foundation on the Arts and the Humanities Act of 1965) as it relates to the receipt and disbursement of funds from the National Endowment for the Arts.

Section 14 (Page 10-11): Amends AS 44.27.060 to add new subsections (e) and (f) regarding confidentiality of artist submissions and adds a provision for public disclosure to submissions when the artist is awarded a commission for said submission. However, under subsection (g), subsections (e) and (f) do not apply if the submission was created as a work for hire under 17 U.S.C. 101 or if the artist's copyright has been transferred under 17 U.S.C. 204.

Section 15 (Page 11): Amends AS 44.27 to add definitions for "board of trustees" and "council".

Section 16 (Page 11-12): Creates transition language for ASCA to allow council members to remain on the board of trustees until their term is over, allows current employees to remain with ASCA, allows regulations, contracts, rights, liabilities, and obligations created under current law to remain in effect, and allows ASCA to retain all records, equipment, appropriations, and other property.

Section 17 (Page 12): Creates an effective date for this legislation as July 1, 2017.

[9:11:13 AM](#)

BENJAMIN BROWN, Chair, Board of Trustees, Alaska State Council on the Arts (ASCA), Department of Education and Early Development (DEED), stated the ASCA Board of Trustees ("council") has spent the last year searching for ways to address challenges facing the state's art agency, which are similar to those facing all parts of state government. The bill would allow ASCA to perform well for the next 50 years, and he related HB 137 is the result of a lengthy and considered process involving all of the volunteer council members, staff, and stakeholders, such as the Rasmuson Foundation.

REPRESENTATIVE KOPP asked how HB 137 would enable the arts council to more effectively partner with nonprofits that wish to make donations to ASCA.

MR. BROWN said ASCA has a long-standing working relationship with the Rasmuson Foundation, which provides the majority of funds supporting arts education programs. Recently, ASCA has embarked on a multi-year partnership with the Margaret A. Cargill Foundation, and its funds are supporting meaningful and transformative work with the Copper River and Kodiak school districts through the new visions initiative partnerships. Mr. Brown pointed out the bill does not exempt ASCA from oversight by the governor or the legislature in the receipt and expenditure of private foundation funds; however, the state procurement code brought out the need for the bill because when ASCA receives funds from a private foundation, spending the funds as it would undesignated general funds by a state agency is unnecessarily cumbersome, and he provided an example. In fact, the procurement code creates time-consuming hoops to be negotiated, while affording few benefits. Being a state agency impedes ASCA's desire to be nimble in its actions, to seek out private foundation partner funding, and to best serve its constituency of arts educators, individual artists, or arts organizations. He offered further examples of how state procedures and bureaucratic red tape impede the council's mission.

[9:16:39 AM](#)

REPRESENTATIVE SPOHNHOLZ recalled other state programs that have gone private to obtain additional flexibility, such as the Alaska Children's Trust, and asked whether the arts council

considered all of its options before selecting the model defined by the bill.

MR. BROWN pointed out ASCA could not become fully private without losing matching funds from the National Endowment for the Arts (NEA); the National Foundation on the Arts and the Humanities Act provides that state arts agencies must be part of state government with one exception, and the funds to match NEA money must be a state appropriation: money from the Rasmuson Foundation or the Cargill Foundation could not supplant the appropriation received from the state legislature. Therefore, the bill directs for quasi-privatization. He cautioned in Kansas, the state arts organization lost all its NEA funding by privatizing, so ASCA sought a compromise, and will remain housed within DEED and retain its enabling statute. Mr. Brown explained the current council is comprised of eleven active members, and the bill would allow the council to be nimble but still accountable to the public. He restated ASCA, in a similar situation as The Children's Trust, faced difficulties granting funds in the best manner, and encountered obstacles created by the procurement code when sponsoring events. Further, regarding staffing, ASCA is down from six to four fulltime positions and having employees in the exempt service, rather than the classified service, and using contractors when necessary, are ways ASCA can meet the realities of its new budget environment. The council seeks to continue to meet its mission to encourage all Alaskans to create and enjoy art for all of its benefits; however, the current system will not serve the council into the future.

[9:20:50 AM](#)

REPRESENTATIVE JOHNSTON asked whether the council would still be subject to the personnel rules of the state.

MR. BROWN clarified ASCA employees would be reclassified from classified into exempt service; the rules would be less constraining. He related ASCA staff is aware of the proposed changes to their status.

REPRESENTATIVE JOHNSTON asked if the council is assigned a vacancy factor from the Department of Administration (DOA).

MR. BROWN responded six employees and one part-time position are currently on the books, and only four positions are currently filled. One of the positions is the Visual and Literary Arts Program Director and is a maintained vacancy. The other

position was moved to shared services. Mr. Brown noted ASCA staff members accept duties outside their job descriptions to ensure all the work is done in a collaborative environment. He was unsure whether ASCA has an assigned vacancy factor.

CHAIR DRUMMOND asked whether ASCA receives services from shared services.

MR. BROWN deferred comment to the executive director and noted ASCA is in need of accounting services.

[9:24:25 AM](#)

CHAIR DRUMMOND opened public testimony on HB 137.

[9:24:36 AM](#)

ANDREA NOBLE-PELANT, Executive Director, Alaska State Council on the Arts (ASCA), stated support for HB 137, and offered an example of a current project - involving several partners - that has a planning timeframe of three months. [ASCA] turned over the administration of the logistics of the project to Americans for the Arts because ASCA could not complete its tasks quickly due to its present structure. Further, she paraphrased from a prepared statement, which read as follows [original punctuation provided]:

The Alaska State Council on the Arts, now in its 51st year, is ready for organizational change. The timing of HB137 is opportune as Alaska's creative industry is currently growing and expanding due to a decade of targeted public and private investment and focus on the arts and culture sector as an economic player. As a result, the Alaska State Council on the Arts has experienced rapid growth in grants, programs and public/private partnerships.

We wish to continue this effort, and with the provisions in HB137, the Alaska State Council on the Arts is poised to continue grant-making as a public corporation that will also allow new and existing programs to reach more Alaskans with increased impact and efficiency.

As staff of four, we work on local, national and international levels to oversee projects and initiatives that build capacity for arts

organizations, provide practical professional development for individual artists and boost students' chances for success through arts in education. Through mutually beneficial alliances with public/private sector partners, our reach extends to military service members and their families who experience PTSD, incarcerated individuals, pre-service teachers from rural communities, Alaskan children and youth who want opportunities to learn through arts and culture, and parents who want to raise their families in safe, sustainable communities.

Keeping with our mission, revenue from funders and services goes back to Alaskan residents and communities as grants, programs and resources. Longstanding partnerships are in place with The Rasmuson Foundation, The Alaska Arts and Culture Foundation, and The Atwood Foundation. New partners include Margaret A. Cargill Philanthropies, The CIRI Foundation, and Sealaska Heritage Institute. Other partners include the Alaska Humanities Forum and The Western States Arts Federation who contribute in-kind support, resources and funding.

HB137 provides flexibility for staff to manage fast flow projects in a timely manner and to work statewide across sectors such as health, economic development, tourism, and transportation. HB137 allows for responsive project execution that is necessary for desired collaborative outcomes which affect performance evaluations and our ability to secure future funding.

[9:29:40 AM](#)

ALICE BIOFF, Business Planning Specialist, Kawerak, Inc.; Member, [Board of Trustees], Alaska State Council on the Arts, Department of Education and Early Development, stated support for HB 137, paraphrasing from a prepared statement, which read as follows [original punctuation provided]:

I am testifying today in my capacity as an ASCA council member. I am a tribal member of the Native Village of Koyuk and grew up there and in Nome. My family and I have lived in Nome for the last 17 years. For much of that time, I have been employed by Kawerak, Inc., the regional Native non-profit

consortium of tribes for the Bering Strait region, as a business planning Specialist.

Through our work here at Kawerak, I am honored and privileged to work with artist entrepreneurs within our communities. We provide direct technical assistance offering tools and resources to assist artists continue their work so that they can sustain themselves, their families and their communities. It is through this work that I have seen firsthand how important it is for these artists who live in communities with very few resources and infrastructure, to grow their businesses through opportunities such as those that become available through ASCA and others.

Artist Entrepreneurs are economic development drivers in their communities and the Alaska State Council on the Arts supports these communities through their work and advocacy. With their partnerships, resources and programs, we see a bright future and growth opportunity to support all artists across the State.

Through the restructuring initiative, we see ASCA services continued and strengthened to support the artists through improved ability to react to funding opportunities and better represent, support and advance the artists by offering the tools and services needed to strengthen an already existing and important economy. This is critical to strengthening and sustaining our rural communities in this fiscally challenging time.

HB 137 streamlines the process ASCA will use to present opportunities to artists all over Alaska, including those artists we have worked with for years here in the Bering Strait region. From my perspective, this will be a great benefit for all artists including those in rural Alaska.

CHAIR DRUMMOND, after ascertaining no one else wished to testify, closed public testimony on HB 137.

[9:33:02 AM](#)

REPRESENTATIVE PARISH moved to report HB 137 out of committee with individual recommendations and the accompanying fiscal

notes. There being no objection, HB 137 was reported from the House Education Standing Committee.

[9:33:42 AM](#)

ADJOURNMENT

There being no further business before the committee, the House Education Standing Committee meeting was adjourned at 9:33 a.m.