

ALASKA STATE LEGISLATURE
SENATE EDUCATION STANDING COMMITTEE

March 27, 2017

7:57 a.m.

MEMBERS PRESENT

Senator Shelley Hughes, Chair
Senator Gary Stevens
Senator Cathy Giessel
Senator Tom Begich

MEMBERS ABSENT

Senator John Coghill

COMMITTEE CALENDAR

SENATE BILL NO. 87

"An Act relating to energy efficiency standards and standardized options for building and equipment components for school construction and major maintenance; relating to school construction and major maintenance grants and bond debt reimbursement; establishing a working group to make recommendations relating to energy efficiency and standardized components in schools; and providing for an effective date."

- HEARD & HELD

SENATE BILL NO. 96

"An Act relating to education; relating to school districts; relating to course credit for students; relating to group insurance, self-insurance, and other cooperative arrangements between school districts and businesses, nonprofit organizations, and government agencies; relating to funding for school districts; relating to school operating funds; relating to competency examinations for teacher certificates; relating to the Professional Teaching Practices Commission; relating to the duties and powers of the Department of Education and Early Development and the commissioner of education and early development; relating to a virtual education consortium; relating to the minimum wage for bus drivers; relating to the investment, appropriation, and administration of the public school trust fund; and providing for an effective date."

- HEARD & HELD

PREVIOUS COMMITTEE ACTION

BILL: SB 87

SHORT TITLE: SCHOOL CONSTRUCTION ENERGY EFFICIENCY STD

SPONSOR(s): SENATOR(s) MACKINNON

03/10/17	(S)	READ THE FIRST TIME - REFERRALS
03/10/17	(S)	EDC, FIN
03/22/17	(S)	EDC AT 8:00 AM BUTROVICH 205
03/22/17	(S)	Heard & Held
03/22/17	(S)	MINUTE(EDC)
03/24/17	(S)	EDC AT 8:00 AM BUTROVICH 205
03/24/17	(S)	Heard & Held
03/24/17	(S)	MINUTE(EDC)
03/27/17	(S)	EDC AT 8:00 AM BUTROVICH 205

BILL: SB 96

SHORT TITLE: EDUCATION: SCHOOLS/TEACHERS/FUNDING

SPONSOR(s): EDUCATION

03/20/17	(S)	READ THE FIRST TIME - REFERRALS
03/20/17	(S)	EDC, FIN
03/22/17	(S)	EDC AT 8:00 AM BUTROVICH 205
03/22/17	(S)	Heard & Held
03/22/17	(S)	MINUTE(EDC)
03/23/17	(S)	EDC AT 8:00 AM BELTZ 105 (TSBldg)
03/23/17	(S)	Heard & Held
03/23/17	(S)	MINUTE(EDC)
03/24/17	(S)	EDC AT 8:00 AM BUTROVICH 205
03/24/17	(S)	<Bill Hearing Canceled>
03/27/17	(S)	EDC AT 8:00 AM BUTROVICH 205

WITNESS REGISTER

SENATOR ANNA MACKINNON
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Sponsor of SB 87.

CRAIG FREDEEN
Vice Chair
Association for Learning Environments
Anchorage, Alaska

POSITION STATEMENT: Presented information on SB 87.

JOSHUA BANKS, Staff
Senator Shelley Hughes
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Explained the changes in version T of SB 96.

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

POSITION STATEMENT: Answered questions related to SB 96.

ACTION NARRATIVE

[7:57:01 AM](#)

CHAIR SHELLEY HUGHES called the Senate Education Standing Committee meeting to order at 7:57 a.m. Present at the call to order were Senators Begich, Giessel, Stevens, and Chair Hughes.

SB 87-SCHOOL CONSTRUCTION ENERGY EFFICIENCY STD

[7:57:25 AM](#)

CHAIR HUGHES announced the consideration of SB 87. She noted there would be public testimony on the bill. There were several changes to the bill; to add an architect and another construction industry member to the working group, and to extend the life span of a building from 30 years to 50 years. However, the new CS is not ready yet. The intent is to pass SB 87 from committee at the next meeting.

[7:58:02 AM](#)

CHAIR HUGHES opened and then closed public testimony on SB 87.

[7:58:49 AM](#)

SENATOR ANNA MACKINNON, Alaska State Legislature, sponsor of SB 87, thanked the committee for hearing the bill. She noted it is a work in progress and said she looks forward to public testimony as the bill moves through the process.

CHAIR HUGHES expressed appreciation for Senator MacKinnon's work on the bill.

[7:59:25 AM](#)

CHAIR HUGHES opened public testimony again.

[7:59:43 AM](#)

CRAIG FREDEEN, Vice Chair, Association for Learning Environments, presented information on SB 87. He requested more time to work on the bill with the sponsor. He said the association has suggestions for ways to improve the bill and help reduce operational costs. He related that they like that an architect was added to the working group. They requested that mechanical and electrical engineers also be added. They like the inclusion of AEA, Cold Climate Housing, DOTPF, and AHFC.

He said the association would provide a letter to the committee with their suggestions. He appreciated the addition of superintendents to the group. However, he said they represent all the facility managers across the state and he requested that two facility managers replace the two superintendents. He said he would submit the rest of the items in writing. He looks forward to seeing the bill progress and he offered the association's services throughout the process.

[8:03:14 AM](#)

CHAIR HUGHES noted there would be additional opportunities for public testimony.

SENATOR STEVENS commented that it would be hard for existing small schools to share their space. He asked Mr. Fredeen if he approves of sharing new construction facilities.

MR. FREDEEN agreed with the concept. He understood that through the DEED process it was already available to a certain extent. He referred to the discussion about co-location at the last meeting, but thought having separate entrances was not mentioned in the bill. He suggested having a facility across from the school instead of within the school for safety reasons. He said technical services can be shared to save money. He pointed out that there is a lack of technical resources in the state.

[8:06:05 AM](#)

CHAIR HUGHES closed public testimony and held SB 87 in committee.

SB 96-EDUCATION: SCHOOLS/TEACHERS/FUNDING

[8:06:16 AM](#)

CHAIR HUGHES announced the consideration of SB 96. She noted there was a new CS for SB 96 and she wished to adopt it prior to public testimony and the next meeting.

[8:06:59 AM](#)

SENATOR GIESSEL moved to adopt the CS for SB 96, labeled 30-LS0452\T, as the version before the committee.

CHAIR HUGHES objected for discussion.

[8:07:10 AM](#)

At ease

[8:07:35 AM](#)

JOSHUA BANKS, Staff, Senator Shelley Hughes, Alaska State Legislature, explained the changes in version T of SB 96.

[8:07:55 AM](#)

He explained the change on page 4, lines 6-13: Deletes changes in Version R that may require school districts to cooperate with businesses, nonprofit organizations, and other state or local government agencies.

[8:09:00 AM](#)

He said the next change is on page 6, lines 8-12: Adds language in Version T so that the multiplier is 1.00 for schools that are subject to the changes made in Section 11. Adds a definition of "road" to be one that is open to the public and receives year-round maintenance.

[8:10:20 AM](#)

MR. BANKS referred to a proposed phase-in in Section 11 of the reduction in funds for a school district. He explained that the formula already contains a phase-in over three years. Due to the number of schools that are below 80 percent capacity the hold harmless provision would apply.

[8:11:26 AM](#)

CHAIR HUGHES requested information on the fiscal note.

[8:11:40 AM](#)

SENATOR STEVENS asked for clarification of the phase-in in Section 11.

MR. BANKS said the school size adjustment is in Section 10 where it shows how the ADM is summed up and each step of the cost factors. The phase-in comes in as the next step in the formula.

[8:12:48 AM](#)

MR. BANKS addressed the next change found on page 8. There are some third-party vendors that offer curriculum, and this would allow for it.

[8:13:31 AM](#)

MR. BANKS turned to page 9, lines 3-6: Adds language in Version T to allow for a district offering virtual education courses to charge a fee for the course based on the actual cost the district incurs to provide the course. The fee in Version R based on a fraction of the base student allocation is set as a ceiling for the course fee in Version T. He pointed out that schools can offer courses at a lower rate.

[8:14:19 AM](#)

CHAIR HUGHES commented that a set market rate might make a lot more sense.

[8:14:36 AM](#)

MR. BANKS said the last change is in Section 21: An additional sentence in line 21 was deleted at the request of the Department of Review because during a year of net loss, the legislature would not have been able to appropriate anything from the fund. The Department of Law is looking into this section.

[8:15:38 AM](#)

CHAIR HUGHES clarified that the constitutional concern is that the draw cannot come from the principal. There may be a need for additional language in order to protect the principal.

[8:16:09 AM](#)

CHAIR HUGHES noted a fiscal note from DEED that relates to Sections 10 and 11 of the bill.

MR. BANKS explained that the reduction to school districts will be realized over three years.

CHAIR HUGHES corrected it is over four years. She said the provision is a starting point and is the worst case scenario. The numbers may not play out if the districts make certain choices.

[8:18:14 AM](#)

MR. BANKS said it would take place if the school district did nothing to merge schools together. It would provide incentive to combine schools in order to save money.

CHAIR HUGHES provided an example of the savings when 6 schools merge to 3 schools.

She suggested looking at a chart showing school capacity, noting that 53 percent of schools are not at capacity. She maintained that there are opportunities to save administrative funds. She added that the current commissioner combined schools in his district.

[8:22:16 AM](#)

SENATOR BEGICH said if it is a district of one school this provision would not apply.

MR. BANKS said correct.

SENATOR BEGICH asked if the intent is to spread students across the district.

MR. BANKS said their intent is not to overcrowd a school. He explained the process of combining schools. He said there are situations where it would not make sense to merge schools.

SENATOR BEGICH said that is a concern of his because it is not stated in the bill.

He asked about cost savings noting that transportation costs should be considered, as well as the maintenance cost of the old buildings. He wanted to ensure that the bill does what it intends.

[8:25:19 AM](#)

CHAIR HUGHES pointed out that it is the beginning of the discussion. She did not want unintended consequences.

She noted there are two fiscal notes she wanted explained.

[8:26:09 AM](#)

HEIDI TESHNER, Director, Administrative Services, Department of Education and Early Development (DEED), answered questions related to SB 96. She explained the DEED Public Education Fund fiscal note. She said the formula is over four years because the first year is a base year. If the district ADM decreases by more than 5 percent from the base year to the next fiscal year, the hold harmless provision kicks in and the three-year phase in begins.

[8:26:53 AM](#)

CHAIR HUGHES inquired if DEED could run a scenario of how the numbers would be affected by possible school combinations.

MS. TESHNER agreed to do so.

[8:27:32 AM](#)

SENATOR BEGICH asked for the inclusion of transportation costs in that analysis.

MS. TESHNER did not think that was possible because districts determine their own routes and the department has no say.

[8:28:00 AM](#)

SENATOR BEGICH asked what the impact would be on the amount the state appropriates for pupil transportation.

MS. TESHNER explained that the number of routes would not have an effect on the amount the state appropriates.

SENATOR BEGICH summarized that consolidation would not affect the amount provided for transportation.

MS. TESHNER said correct.

[8:28:49 AM](#)

CHAIR HUGHES hoped to hear from districts on that topic.

She requested information about DEED's other fiscal note.

[8:29:42 AM](#)

CHAIR HUGHES noted it is DEED - Teaching and Learning Support; Student and School Achievement.

[8:29:58 AM](#)

MS. TESHNER explained that the note would require 8 full-time positions and for 26 districts to receive the cooperation grant of \$100,000 each. Also, there is a one-time cost for course development and review of 10 courses over three years.

CHAIR HUGHES requested more information about the 8 staff positions.

[8:32:09 AM](#)

MS. TESHNER referred to Section 9 of the fiscal note where there would be one full-time position to manage the grant. In Section 16, there are 7 education specialists that would implement the virtual education; of those, 3 are content experts, 1 would establish the consortium, and 2 positions would create and maintain the database.

[8:33:21 AM](#)

CHAIR HUGHES asked what the total amount for those positions is.

MS. TESHNER replied that the total amount, including salary and benefits, would be \$860,400.

[8:33:41 AM](#)

CHAIR HUGHES asked what kind of savings that would provide for districts.

MS. TESHNER replied that collaboration would save administrative costs, from sharing offices and shifting costs from administrative costs to classroom costs.

[8:34:37 AM](#)

CHAIR HUGHES asked why the number 26 for cooperative agreements was chosen.

MS. TESHNER explained that 26 is half of all school districts and assumes partnerships will occur.

[8:35:17 AM](#)

CHAIR HUGHES removed her objection and version T was adopted.

CHAIR HUGHES held SB 96 in committee.

[8:36:08 AM](#)

There being no further business to come before the committee, Chair Hughes adjourned the Senate Education Standing Committee at 8:36 a.m.