

ALASKA STATE LEGISLATURE
SENATE EDUCATION STANDING COMMITTEE

March 28, 2017

5:30 p.m.

MEMBERS PRESENT

Senator Shelley Hughes, Chair
Senator Cathy Giessel
Senator John Coghill
Senator Tom Begich

MEMBERS ABSENT

Senator Gary Stevens

OTHER LEGISLATORS PRESENT

REPRESENTATIVE DANIEL ORTIZ

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."

- MOVED CSSB 87(EDC) OUT OF COMMITTEE

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
03/27/17	(S)	Heard & Held
03/27/17	(S)	MINUTE(EDC)
03/28/17	(S)	EDC AT 5:30 PM 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
03/27/17	(S)	Heard & Held
03/27/17	(S)	MINUTE(EDC)
03/28/17	(S)	EDC AT 5:30 PM BUTROVICH 205

WITNESS REGISTER

JOSHUA BANKS, Staff

Senator Shelley Hughes
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Explained the three changes in version U.

CASS POOK, President
Sitka School Board
Sitka, Alaska

POSITION STATEMENT: Testified in opposition to SB 96.

BEN WHITE, Principal
Blatchley Middle School
Sitka, Alaska

POSITION STATEMENT: Testified in opposition to SB 96.

DEENA BISHOP, Superintendent
Anchorage School District
Anchorage, Alaska

POSITION STATEMENT: Testified in opposition to SB 96.

STARR MARSETT, Member
Anchorage School Board
Eagle River, Alaska

POSITION STATEMENT: Testified in opposition to SB 96.

JIM ANDERSON, Chief Financial Officer
Anchorage School District
Anchorage, Alaska

POSITION STATEMENT: Testified in opposition to SB 96.

MIKE HANLEY, Superintendent
Chugach School District
Former Commissioner
Department of Education and Early Development (DEED)
Anchorage, Alaska

POSITION STATEMENT: Testified in opposition to parts of SB 96.

DEENA MITCHELL, Member
Great Alaska Schools
Anchorage, Alaska

POSITION STATEMENT: Testified on SB 96.

DAVE JONES, Assistant Superintendent
Kenai Peninsula Borough School District
Soldotna, Alaska

POSITION STATEMENT: Testified against the proposed changes to the school size factor adjustment in SB 96.

JACK WALSH, Superintendent
Craig School District
Craig, Alaska

POSITION STATEMENT: Testified in opposition to SB 96

ROBERT BOYLE, Superintendent
Gateway Borough School District
Ketchikan, Alaska

POSITION STATEMENT: Testified in opposition to SB 96.

SHAWN ARNOLD, Superintendent
Nome Public Schools
Nome, Alaska

POSITION STATEMENT: Testified in opposition to SB 96.

ROB PICOU, Superintendent
Lower Yukon School District
Mountain Village, Alaska

POSITION STATEMENT: Testified in opposition to SB 96.

PAUL KENDALL, representing himself
Anchorage, Alaska

POSITION STATEMENT: Testified in opposition to SB 96.

SCOTT MACMANUS, Superintendent
Alaska Gateway School District
Tok, Alaska

POSITION STATEMENT: Testified in opposition to SB 96.

TRACIE WEISZ, Director
Curriculum and Instruction
Alaska Gateway School District
Tok, Alaska

POSITION STATEMENT: Testified in opposition to SB 96.

LISA CONRAD, Chair
Alaska Gateway Regional School Board
Tok, Alaska

POSITION STATEMENT: Testified in opposition to SB 96.

BARB JEWELL, Chair
Cordova Board of Education
Cordova, Alaska

POSITION STATEMENT: Testified in opposition to SB 96.

PETE HOEPFNER, Member
Cordova Board of Education

President
Alaska Association of School Boards
Cordova, Alaska

POSITION STATEMENT: Testified in opposition to SB 96.

PATRICK MAYER, Superintendent
Wrangell Public Schools
Wrangell, Alaska

POSITION STATEMENT: Testified in oppositions to Sections 10 and 11 in SB 96.

AMY LUJAN, Executive Director
Alaska Association of School Business Officials
Juneau, Alaska

POSITION STATEMENT: Testified in opposition to SB 96.

CLAY KOPLIN, Mayor
Cordova, Alaska

POSITION STATEMENT: Testified in opposition to SB 96.

ACTION NARRATIVE

[5:30:18 PM](#)

CHAIR SHELLEY HUGHES called the Senate Education Standing Committee meeting to order at 5:30 p.m. Present at the call to order were Senators Begich, Giessel, Coghill, and Chair Hughes. Senator Stevens was excused.

SB 87-SCHOOL CONSTRUCTION ENERGY EFFICIENCY STD

CHAIR HUGHES announced the consideration of SB 87. She said the committee would adopt the new CS and move the bill out of committee.

[5:31:19 PM](#)

SENATOR GIESSEL moved to adopt the CS for SB 87, labeled LS0535\U, as the working document.

CHAIR HUGHES objected for discussion.

JOSHUA BANKS, Staff, Senator Shelley Hughes, Alaska State Legislature, explained the three changes in version U:

Page 9, Lines 12-13: Adds a member from the construction industry with expertise in rural areas.

Page 9, Line 14: Adds a member from the architecture and design industry.

Page 10, Line 19: Changes the recommendation to have designs for buildings with a 30-year life, to designs for buildings with a 50-year life.

[5:32:41 PM](#)

SENATOR GIESSEL asked for clarification on page 9. She wondered if there are now three members from the construction industry in the working group.

MR. BANKS said yes.

CHAIR HUGHES removed her objection and asked the will of the committee.

[5:33:21 PM](#)

SENATOR GIESSEL moved to report the CS for SB 87, version 30-LS0535\U, from committee with individual recommendations and attached fiscal notes.

CHAIR HUGHES stated that seeing no objection, CSSB 87(EDC) is moved from committee.

[5:33:53 PM](#)

At ease

SB 96-EDUCATION: SCHOOLS/TEACHERS/FUNDING

[5:35:19 PM](#)

CHAIR HUGHES announced the consideration of SB 96.

[5:35:47 PM](#)

CHAIR HUGHES opened public testimony on SB 96.

CHAIR HUGHES noted the presence of Representative Ortiz.

CHAIR HUGHES encouraged those not able to testify today to submit comments to senate.education@akleg.gov and they will be distributed to members. She commented that it has been a pleasure to work with so many stakeholders and the members of the committee to make various changes to the bill. She noted there may be concern about the school size adjustment, but the committee is currently at step one in the process. Also, she said the fiscal note represents the worst case scenario - if districts were to do nothing. Some districts might not be

impacted at all. She said the committee is working on another CS and she appreciates the input. It is a joint effort.

She pointed out that this hearing on version T of SB 96 does not relate to any action of a Finance Committee.

[5:37:18 PM](#)

CASS POOK, President, Sitka School Board, testified in opposition to SB 96. She related the problems SB 96 would cause the 20 districts. Sitka School District's enrollment does not support SB 96. She stated that consolidation of schools and class-size increase would hurt the district. She did not think stakeholders supportive of education would support this bill. Education decisions should be up to local control, not state control.

[5:40:31 PM](#)

BEN WHITE, Principal, Blatchley Middle School, testified in opposition to SB 96. He thanked the members of the committee for their service. He said the bill would cut about \$68 million from 20 districts, and Sitka, alone, would lose \$4.1 million. He maintained that the bill was not done with stakeholder input. He said decisions should be made at the local level. He had concerns about security and privacy. He was opposed to consolidation of schools and maintained it would not save money. Section 16 is a dramatic shift away from Sitka's goals. He urged the committee to consider Alaska's children first.

CHAIR HUGHES said she appreciates his information and they are still working on sections of the bill.

[5:43:56 PM](#)

DEENA BISHOP, Superintendent, Anchorage School District (ASD), testified in opposition to SB 96. She found issue with the provisions of the bill which place Alaska students at the bottom of priorities. The changes proposed to the 80 percent capacity provision and subsequent decrease in funding inequitably, penalize the educational goals of Anchorage and other communities. ASD calculates an additional loss of \$15 million in revenue due to the bill, given that it would not qualify for hold harmless. The decision to impact a small portion of the BSA formula, increases or impacts other areas of revenues. A 5 percent reduction of statewide funding over the next three years is proposed, yet only 20 of 53 school districts may be affected by this plan.

She said while SB 96 does include innovative thinking with regard to instruction, it does not protect Alaska's future. ASD is already reducing over 100 full-time employees next year with the most coming from administration.

[5:46:30 PM](#)

STARR MARSETT, Member, Anchorage School Board, testified in opposition to SB 96. She described problems that SB 96 will cause their district, including requiring higher Praxis scores to weed out bad teachers. Alaska has unique teacher recruitment issues, a poor retirement plan, and teacher shortage. She said the plan to cut education 5 percent is not clear. She urged Alaskans to encourage the legislature to not cut education.

[5:49:02 PM](#)

JIM ANDERSON, Chief Financial Officer, Anchorage School District, testified in opposition to SB 96. He stated that Anchorage cannot survive more cuts to education. He addressed problems with proposed cuts to the foundation formula and their effect on the local contribution. The hold harmless provision in the foundation formula only applies to districts that haven't had a 5 percent reduction to the ADM. Anchorage and many other districts don't fit the current definition and will have unintended consequences. He thanked the committee for their service.

CHAIR HUGHES encouraged people to provide written testimony.

[5:51:26 PM](#)

MIKE HANLEY, Superintendent, Chugach School District (CSD), Former Commissioner, Department of Education and Early Development (DEED), testified in opposition to parts of SB 96. He addressed Section 5, the reporting of the number of administrators, and explained why it would not work when funding certain grants due to administrator requirements. He suggested to put "state funded" in front of those administrators so the count would recognize accountability, but not be a disincentive to receiving grants.

He spoke to Sections 10 and 11 which would not affect CSD, however, the consolidation of schools based on occupancy percentage will not work in many instances. He provided an example.

[5:53:59 PM](#)

DEENA MITCHELL, Member, Great Alaska Schools, testified on SB 96. She found some things she likes in the bill, but also some

issues that need work. There is not much in the bill that would help schools address their fiscal gap, having already made severe cuts. She suggested listening to rural districts about how their administrators are serving students.

She addressed teacher quality provisions and suggested consideration of all factors. She referred to an audit in Anchorage that suggested ideas for improvement, but noted that resources would be required to do so. She hoped the bill would address some of the areas of Best Practices.

She voiced concern that the bill is very heavy on secondary learning, but contains nothing on early learning, where dollars are best spent. She spoke of the harm of a potential 5 percent reduction on top of the reductions from not inflation-proofing the BSA.

[5:56:56 PM](#)

DAVE JONES, Assistant Superintendent, Kenai Peninsula Borough School District, testified against the proposed changes to the school size factor adjustment in SB 96. He thanked the legislature for previously funding K-12 education as a priority in Alaska. He provided the history of the school size factor adjustment and all the favorable reviews it has had. He voiced concern about SB 36, which uses a capacity formula to adjust the foundation formula which has known weaknesses. Any adjustments to the foundation funding need to be based on empirical data derived from studies. SB 96 reduces funding of buildings below 80 percent capacity and within 25 miles of each other. This is arbitrary and does not provide a sound basis for funding education. He urged the committee not to take action to change the school size factor adjustment.

[5:59:48 PM](#)

JACK WALSH, Superintendent, Craig School District, testified in opposition to SB 96. He spoke of his history in rural Alaska with bills such as this one. He voiced concern about the unsound methods of determining the foundation formula funding. The process of consolidation of schools is also a concern. He spoke of how the district uses virtual learning in the state and locally. He said he is concerned with the process this bill is going through. He appreciated the committee's work to try to find solutions.

[6:01:51 PM](#)

ROBERT BOYLE, Superintendent, Gateway Borough School District, testified in opposition to SB 96. He described what the bill

would do to his district. The 80 percent occupancy provision is highly intrusive and counterproductive. The bill is a micromanagement mandate for schools and creates a Senate PTR. It does not reflect quality education in Ketchikan. He pointed out that DEED determined the size of the school buildings currently in place and the bill penalizes the district because they maintained those schools. The bill is a brutal intrusion into local control and limits the district's ability to use research-based programs.

[6:04:24 PM](#)

SHAWN ARNOLD, Superintendent, Nome Public Schools, testified in opposition to SB 96. He focused on Section 11 of the bill. He described how that section would play out in Nome where there are two buildings, Nome Elementary School at 74 percent capacity and Nome Jr./Sr. High at 14 percent. He related how they could transfer the Jr./Sr. High to the Elementary School to save money, but it is not the right decision for their district. He described what would result - no money would be saved and it would cost to add modulars to the existing school. He pointed out that they already make better use of the Jr./Sr. High capacity by bringing in the Northwestern Alaska Career and Technical Center (NACTE) program where students from other areas use their learning space. None of this is factored into the formula.

[6:07:25 PM](#)

ROB PICOU, Superintendent, Lower Yukon School District, testified in opposition to SB 96. He suggested that some elements of the bill could lead to cost savings, but others could have unintended consequences. In light of past and proposed cuts, the district has already taken means to save money and he listed them. The language regarding school size adjustment in SB 96 would result in another \$1.5 million reduction, and an additional 5 percent cut would bring their structural deficit to about \$4.7 million. He said virtual education is not transformative in their district without increased broadband and staff development and an emphasis on the importance of the teacher.

He concluded that the district is not oblivious to the financial crisis, nor to their responsibilities to help reduce expenditures. They are aware of what is needed in education to transform education in rural Alaska. They are leaning into the challenge of reduced revenue and working with regional partners to transform education. He urged the legislature to give careful

consideration to unintended consequences of legislation that may harm children.

[6:11:18 PM](#)

PAUL KENDALL, representing himself, testified in opposition to SB 96. He did not approve of using children for political purposes.

[6:13:44 PM](#)

SCOTT MACMANUS, Superintendent, Alaska Gateway School District, testified in opposition to SB 96. He applauded the legislature for their efforts. He liked seeing support for virtual and distance education and the emphasis on having good teachers. He discussed Section 5, which attempts to eliminate administration, but instead increases the work for administrators. There needs to be language that differentiates between general revenues and special revenues like grant funds, especially in small schools. He maintained that the fiscal note related to Sections 10 and 11 is based on flawed information. Many schools will be impacted by this and the capacity formula provision.

[6:16:09 PM](#)

TRACIE WEISZ, Director, Curriculum and Instruction, Alaska Gateway School District, testified in opposition to SB 96. She thanked the committee for hearing her testimony and said she was glad to see the inclusion of virtual and distance education in the bill. Many districts already have their own digital and virtual learning initiatives and have cooperative agreements to share these services. She took issue with Section 5 and noted that it is not at all unusual for small districts to have the appearance of being top heavy. The administrators have multiple duties and already provide cost savings.

She addressed detrimental cuts as a result of Sections 10 and 11.

[6:18:33 PM](#)

LISA CONRAD, Chair, Alaska Gateway Regional School Board, testified in opposition to SB 96. She said she is opposed to Sections 10 and 11, which would cut \$1.7 million from the district. She would like to see more work done on attracting and keeping quality teachers. She provided examples of teacher shortages. She spoke in support of the Alaska Education Challenge and suggested the committee work together and not pass SB 96 until the issues are resolved.

[6:20:43 PM](#)

BARB JEWELL, Chair, Cordova Board of Education, testified in opposition to SB 96. She voiced concern with all the proposed changes and the short time to consider them. She concurred with the previous speakers, especially Superintendents Jones and Walsh.

She addressed Sections 5 and 7 related to administration and management. She also had concerns about Sections 10 and 11. She said the numbers for school size and square footage in Cordova are not correct. School spaces are already being shared with businesses, non-profits, and other organizations. She provided examples. She asked them to not use the incorrect numbers. She cautioned the committee to carefully consider the cuts.

[6:23:46 PM](#)

PETE HOEPFNER, Member, Cordova Board of Education, President, Alaska Association of School Boards, testified in opposition to SB 96. He said he is concerned about the lateness of the bill and that it contains many problems. He said he will focus on the funding issues, which is a substantial change to a well-established school finance methodology and lacks input from stakeholders. It will drastically cut Cordova's staff. He took issue with the 5 percent proposed cuts to their district, which is \$68 million. Only 20 of Alaska's districts are being cut. In addition, there is a proposed reduction of \$1.4 million to Cordova. That is a 37 percent reduction in state funding for Cordova, the highest cut of any district in the state, and Cordova has only .255 percent of the students in Alaska. He asked where the equity is. He spoke of unintended consequences of the bill.

He said he wished to address the defunding of the Alaska Education Challenge.

CHAIR HUGHES said that is not related to SB 96.

MR. HOEPFNER reiterated the question as to why Cordova is being cut 37 percent in four years.

CHAIR HUGHES said she will be considering all the comments today.

[6:28:20 PM](#)

PATRICK MAYER, Superintendent, Wrangell Public Schools, testified in oppositions to Sections 10 and 11 in SB 96. He provided the history of the Wrangell community when it was thriving and schools were at capacity. Schools were built with

expansion in mind and were approved by the state. He described the changes in Wrangell since then. He said SB 96 proposes a community-wide issue of major proportion and student disruption. It disproportionately impacts some communities over others. He said Wrangell Public Schools could lose 32 percent of its funding over four years. SB 96 is not a solution and is not fair. He requested more reaction time to address concerns.

[6:30:14 PM](#)

AMY LUJAN, Executive Director, Alaska Association of School Business Officials, testified in opposition to SB 96. She focused on Section 11 of the bill. She maintained that four months is not enough time to address that reduction in funding. She wondered where the 80 percent and 25 mile figures came from.

She used Nome as an example of a district that would be affected by Section 11. There are two schools operating below the 80 percent capacity. If Nome were to move one group of students from one school to the other, it would save foundation funding, but students would not be in the best environment for their educational needs, it would cost money to retrofit the one school, and there would be no cost savings. She said there are several other districts where this scenario would apply. She requested more time to review the bill.

[6:33:14 PM](#)

CLAY KOPLIN, Mayor of Cordova, testified in opposition to SB 96. He noted that Cordova has a large population of young families with future students. He said they have invested heavily in school programs, a strategic plan to have a great school system. It attracts professionals and other workers to the community. Cutting education cuts deeper than the one line item.

[6:34:08 PM](#)

CHAIR HUGHES closed public testimony on SB 96. She thanked everyone for their testimony.

CHAIR HUGHES held SB 96 in committee.

[6:35:07 PM](#)

There being no further business to come before the committee, Chair Hughes adjourned the Senate Education Standing Committee at 6:35 p.m.