

**ALASKA STATE LEGISLATURE**  
**SENATE EDUCATION STANDING COMMITTEE**

March 30, 2017

8:30 a.m.

**MEMBERS PRESENT**

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

**MEMBERS ABSENT**

Senator Gary Stevens

**COMMITTEE CALENDAR**

SENATE BILL NO. 78

"An Act creating the education endowment fund and the dividend lottery fund; authorizing contributions from the permanent fund dividend to the dividend lottery fund; relating to transfers from the dividend lottery fund and the education endowment fund; relating to the definition of 'gambling'; and providing for an effective date."

- MOVED CSSB 78(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 78

SHORT TITLE: PERM FUND DIVIDEND CONTRIBUTIONS/LOTTERY

SPONSOR(s): SENATOR(s) BISHOP

03/06/17 (S) READ THE FIRST TIME - REFERRALS  
03/06/17 (S) EDC, FIN  
03/24/17 (S) EDC AT 8:00 AM BUTROVICH 205  
03/24/17 (S) Heard & Held  
03/24/17 (S) MINUTE(EDC)  
03/30/17 (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  
03/27/17 (S) Heard & Held  
03/27/17 (S) MINUTE(EDC)  
03/28/17 (S) EDC AT 5:30 PM BUTROVICH 205  
03/28/17 (S) Heard & Held  
03/28/17 (S) MINUTE(EDC)  
03/30/17 (S) EDC AT 8:00 AM BUTROVICH 205

**WITNESS REGISTER**

PAUL KENDALL, representing himself

Anchorage, Alaska

**POSITION STATEMENT:** Testified in opposition to SB 78.

SENATOR CLICK BISHOP

Alaska State Legislature

Juneau, Alaska

**POSITION STATEMENT:** Sponsor of SB 78.

PETE FELLMAN, Staff

Senator Click Bishop  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** Answered questions regarding SB 96 on behalf of the sponsor.

TIM PARKER, President  
NEA Alaska  
Fairbanks, Alaska

**POSITION STATEMENT:** Testified on SB 96.

JEREMY HOLAN, Business Representative  
Teamsters Local 959  
Teamster Director  
Student Transportation  
Fairbanks, Alaska

**POSITION STATEMENT:** Testified about concerns with SB 96.

NORM WOOTEN, Executive Director  
Association of Alaska School Boards  
Juneau, Alaska

**POSITION STATEMENT:** Testified on SB 96.

DR. LISA SKILES PARADY, Executive Director  
Alaska Council of School Administrators  
Juneau, Alaska

**POSITION STATEMENT:** Testified on SB 96.

#### **ACTION NARRATIVE**

[8:30:41 AM](#)

**CHAIR SHELLEY HUGHES** called the Senate Education Standing Committee meeting to order at 8:30 a.m. Present at the call to order were Senators Begich, Giessel, and Chair Hughes. Senator Coghill arrived shortly thereafter.

#### **SB 78-PERM FUND DIVIDEND CONTRIBUTIONS/LOTTERY**

[8:31:09 AM](#)

**CHAIR HUGHES** announced the consideration of SB 78. She said the intent is to pass the bill out of committee.

[8:31:36 AM](#)

**CHAIR HUGHES** opened public testimony on SB 78.

[8:31:50 AM](#)

PAUL KENDALL, representing himself, testified in opposition to SB 78.

[8:36:12 AM](#)

CHAIR HUGHES closed public testimony on SB 78.

[8:36:26 AM](#)

SENATOR BEGICH noted the bill says it's a lottery fund, but it is a raffle or a drawing. He said "lottery" implies gambling, which will create a backlash. He suggested calling it the "dividend drawing fund." He asked if the sponsor has considered that.

[8:37:30 AM](#)

SENATOR CLICK BISHOP, Alaska State Legislature, sponsor of SB 78, said he has had those discussions.

PETE FELLMAN, Staff, Senator Click Bishop, Alaska State Legislature, answered questions regarding SB 96 on behalf of the sponsor. He commented that lotteries get advertised a lot and bring a lot of attention. People get excited about lotteries, not bucket raffles. They felt the title would generate talk. He offered to take another look at the title.

[8:38:55 AM](#)

SENATOR BEGICH said he had a negative reaction at first because lotteries negatively impact the poor and minorities. However, the bill does not do that, which he discovered after he read it. He thought changing the title might be an easy way to move a great idea to a good conclusion.

[8:39:50 AM](#)

SENATOR BISHOP said his comments are well taken.

CHAIR HUGHES said she also had the same concerns.

SENATOR GIESSEL commented that she agrees with the idea that lottery is associated with gambling. She provided other examples of gambling terms in the bill.

[8:41:19 AM](#)

SENATOR COGHILL moved to report CS for SB 78, version R, from committee with individual recommendations and attached fiscal notes.

CHAIR HUGHES announced that without objection, CSSB 78(EDC).

[8:41:47 AM](#)

At ease

**SB 96-EDUCATION: SCHOOLS/TEACHERS/FUNDING**

[8:43:05 AM](#)

CHAIR HUGHES announced the consideration of SB 96. She said there would be invited testimony.

TIM PARKER, President, NEA Alaska, testified on SB 96. He related that the educators he represents have a goal to maximize student learning and they appreciate the goal of the bill - to find efficiencies while still delivering a high quality of education. He emphasized the need for a long-term fiscal solution, which is their number one priority.

He addressed SB 96 beginning with the virtual education piece. Educators like digital learning when done right because it increases student learning. Synchronous digital learning is one of the best methods of delivery. The main concern is whether there is good or bad implementation and this bill has the intent to provide good implementation.

He turned to Section 1 and the fact that virtual education does not replace good teachers. He said NEA supports that.

He said DEED is moving forward with the Alaska Education Challenge and the section on modernization fits well into that plan.

[8:48:01 AM](#)

MR. PARKER had questions regarding the bill. He inquired what kind of resources DEED will need to accomplish what is in the bill regarding virtual education, such as districts having enough broadband. NEA would like to know which districts have enough broadband to accomplish the goals in the bill. He suggested including educators in the conversation when developing content, as that would result in student learning.

He wondered if usage fees will cover the costs districts might incur from expanding virtual education.

He stressed the importance of high standards as they relate to the Praxis test. He said the bill suggests tying the test to other states standards; however, standards that are right for Alaska should be considered. The Praxis is a legitimate way of demonstrating content knowledge.

[8:50:41 AM](#)

MR. PARKER said NEA struggles with the idea of insurance pooling, as mentioned in Sections 7 and 8, because in the past it has not resulted in savings. They do not want to see the quality of health care diminish. There is a problem in Section 8; the issue of outsourcing education services to the private sector. He said student health and safety would be at risk. He maintained that people who work in schools should be employees of the district.

He said he shares concerns of unintended consequences in Sections 10 and 11.

[8:52:20 AM](#)

He concluded that NEA's number one concern is student learning.

[8:52:28 AM](#)

SENATOR BEGICH referred to Section 8, which he worked on. He asked for clarification of Mr. Parker's concern about outsourcing of education on page 4, lines 23-29.

MR. PARKER explained that it is the mention of the word "businesses" to be outsourced. He said currently that is funded at \$100,000 and the bill would raise it to \$200,000 to outsource economical, administration or educational services. The turnover issue is a concern, as is the quality of the employee.

He pointed out that the first person to see a student is the bus driver. Next is a custodian or food service person. Finally, a teacher sees the student. All employees should be employees of the district and have high standards.

[8:54:49 AM](#)

CHAIR HUGHES thanked Mr. Parker.

[8:55:00 AM](#)

JEREMY HOLAN, Business Representative, Teamsters Local 959, Teamster Director, Student Transportation, testified about concerns in SB 96. He began with Section 6(b)(2) and said only requiring one state bus inspection a year is inadequate because it will increase the risk to students, bus drivers, and the public, and will potentially increase the amount of late buses due to break downs. Two inspections a year are currently the only checks on maintenance to ensure safety. He referred to a chart provided by Department of Transportation and Public

Facilities (DOTPF) that shows the percentage of buses passing inspections from the year 2004 to present.

[8:57:47 AM](#)

MR. HOLAN turned to his second concern Section 23 on page 14. Removing the two times the minimum wage for school bus drivers could increase the driver shortage in Alaska. He provided data on the bus driver wage as it relates to the number of drivers. He shared information on the reasons for driver shortages; low wages, long hours, split shifts, and lack of opportunity to hold a second job.

He said drivers can carry up to 84 very precious cargo and must pass a background check, pass a CDL permit, a road test, and work a very flexible schedule. There are many stresses place on bus drivers.

[9:00:06 AM](#)

He summarized his concerns about only one state school bus inspection a year. He requested that they not remove the double minimum wage for drivers and that they spend more time on the bill before moving it forward.

[9:00:39 AM](#)

CHAIR HUGHES thanked Mr. Holan.

[9:00:54 AM](#)

NORM WOOTEN, Executive Director, Association of Alaska School Boards, testified in opposition to SB 96. He noted districts did a good job of addressing elements of SB 96 at the previous meeting. He began with Section 4:

**Section 4** - This session expands the content areas that students may challenge out of physical education, art and music. We support this as seat time is never an appropriate gauge, but rather mastery of content. I might suggest that you add CTE courses as well to the list of content areas to give students more options.

[9:02:55 AM](#)

**Section 5** - I suspect you are looking for accountability from school districts. However, this seems redundant as districts already report this data in other places. Additionally, this is yet one more requirement for one more report. Although it might seem to be a small requirement districts are already struggling to comply with state and federal reporting requirements.

[9:03:29 AM](#)

**Section 6** - We appreciate the easing of requirements in any way possible and one school bus inspection per year seems reasonable.

[9:03:47 AM](#)

**Section 7** - We support the idea of districts being free to share space in school facilities. However, it should always be voluntary and allow districts to make the choice for what is appropriate in their community. Sharing space with businesses might take a little more thought but as long as it was a local decision it could be good option.

[9:04:21 AM](#)

**Section 8** - The opportunity to obtain a one-time grant would allow districts to make necessary modifications in their facilities to create separations necessary for student safety.

[9:05:08 AM](#)

**Section 9** - Among the items in this section it refers to districts join the state of Alaska health plans. The number one cost driver in districts is health insurance. Anything that would contain or lower these costs would be of help. There is are many questions to be answered on how this could occur with those health benefits currently being contained in collective bargaining agreements. The first step is changing statute to allow it to happen. All the ensuing details would then need to be ironed out.

[9:06:19 AM](#)

**Section 10** - This section is the most troubling in this bill. This in effect opens up the foundation formula by adding a building capacity element to the formula. Student populations fluctuate from year to year. This provision will be devastating to many districts in Alaska. Changes to the foundation formula deserve to be carefully considered and vetted for any unintended consequences.

[9:07:43 AM](#)

**Section 15 & Section 23** - the provisions concerning the PTPC are in alignment with the Legislative Audit recommendations and we are in support of those.

[9:08:08 AM](#)

**Article 15** - AASB supports the use of and expansion of distance delivery of course material. Many districts are providing or purchasing these services for delivery in both inter and intra

district. Costs for courses should always be driven by the market. Membership in the consortium should be voluntary allowing districts to determine the benefit for their students. This is not the solution to virtual education but it is a first step. We need to continue to pursue greater access to broadband for all districts. He referred to Dr. Bob Wicker's work in this area.

[9:10:19 AM](#)

SENATOR BEGICH referred to the suggestion by NEA to eliminate the word "business" in Section 8.

MR. WOOTEN said they have no opposition to the word "business." He had not considered that outsourcing would be a problem.

SENATOR BEGICH said he had not considered it either. He requested an opinion from Mr. Wooten at a later date.

[9:11:30 AM](#)

DR. LISA SKILES PARADY, Executive Director, Alaska Council of School Administrators (ACSA), testified on SB 96. She praised school districts for their testimony on the bill at the last meeting. She voiced appreciation for the important work the committee has done on the bill, which includes useful concepts in Sections 2, 3, 4, 6, and 12. She suggested expanding the provision to allow credits from outside of school hours to also include career and technical education.

She said ACSA supports Section 7, the idea of schools sharing facilities, however, it should not be required, only recommended. They also support the cooperative grant programs and the adjustment to the Professional Teaching Practices Commission (PTPC).

[9:14:57 AM](#)

DR. PARADY addressed Section 9 and noted their support to address rising health care costs which are significant cost drivers. However, with over 15 bargaining agreements, this will be problematic, and a timeframe will need to be considered. She agreed that the first step is to change the statute and then to provide time to allow details to be addressed. Measures to lower costs to districts need to be considered and she appreciated the committee's efforts.

She suggested working on SB 96 through the interim with DEED and the State Board of Education.

[9:16:38 AM](#)

DR. PARADY turned to sections of concern. She said ACSA agrees with AASB that Section 5 adds a requirement back to the annual report school districts have to make to the department to include categories of administrative employees and the ratio of each category to the number of students in the district. This is a return to a recently repealed bureaucratic reporting requirement. The information is already reported and available on DEED's website. It is an unfunded mandate without basis. She pointed out that administration cost is a legitimate cost of operating a large system.

[9:17:39 AM](#)

DR. PARADY addressed the fiscal notes on pages 11-13 regarding the delay, but full impact of the bill. Overall, cuts to school districts are about \$21 million in FY18, \$36.8 million in FY19, and \$52.7 million by FY20. This is a sustained loss of over \$68 million to school districts in FY21 and every year after. The losses appear to occur in only 20 of the 54 districts; there are clear winners and losers. For example, Anchorage will lose roughly \$1.7 million in FY18, \$6.6 million in FY19, \$11.6 million in FY20, and \$16.5 in FY21. Sitka will lose \$220,000 in FY18, \$990,000 in FY19, \$1.7 million in FY20, and \$2.5 million in FY21. These cuts would come about if the district does not consolidate schools operating below 80 percent capacity and located within 25 miles by road to another school.

[9:19:16 AM](#)

DR. PARADY said she has asked the department about how they are looking at the 25 mile provision, but has not received a list of what that would look like. She cautioned that there are many missing details in the bill. It is a substantial change to the well-established school finance methodology and does not have input from stakeholders. The provision will have profound impacts to school districts.

[9:20:05 AM](#)

DR. PARADY stated that Section 11 intends to drive districts to use schools to greater capacity, a worthy goal, but it falls short. She used the North Slope Borough District as an example of a district where some schools use modules interconnected by hallways and the square footage for occupancy is distorted by the hallways. The reduction in funding would begin on July 1, 2017, which does not provide enough time for schools to address school closures. The "one size fits all" approach does not work for Alaska schools.

She had questions about the proposed occupancy rate in the bill. She listed examples of questions she had about space and use. She maintained that decisions about space are best left to local boards and administrators. She suggested taking more time and working together on this issue.

[9:22:16 AM](#)

DR. PARADY turned to Section 12 - the virtual education consortium. She thanked the committee for promoting distance education. She appreciated that experts were invited to talk about this issue. There are many things happening already in Alaska with virtual education. She agreed that virtual education needs to be expanded and supported. However, the bill would require districts to pay to join the consortium and potentially, make changes to classroom schedules and district calendars, and provide professional development for all teachers. She suggested that the committee take more time to work out the details and work together with the Alaska Education Challenge on increasing broadband and expanding virtual education.

[9:24:01 AM](#)

She concluded by thanking the committee for its work. She said she will provide additional written testimony.

CHAIR HUGHES thanked Dr. Parady.

[9:24:29 AM](#)

SENATOR BEGICH asked if there is a concern about removing the word "business" in Section 8.

DR. PARADY wanted to send a written response to that question, but did not think it would be a problem.

[9:25:32 AM](#)

CHAIR HUGHES thanked everyone for their testimony, and held SB 96 in committee.

[9:25:56 AM](#)

There being no further business to come before the committee, Chair Hughes adjourned the Senate Education Standing Committee at 9:25 a.m.