

ALASKA STATE LEGISLATURE
SENATE EDUCATION STANDING COMMITTEE

January 17, 2018

7:59 a.m.

MEMBERS PRESENT

Senator Gary Stevens, Chair
Senator Cathy Giessel
Senator John Coghill
Senator Tom Begich
Senator Shelley Hughes (via teleconference)

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

SENATE BILL NO. 131

"An Act relating to a separate appropriation bill for operating expenses for public education and establishing a date by which the bill must be passed by the legislature and transmitted to the governor each year; relating to the budget responsibilities of the governor; and providing for an effective date."

- HEARD & HELD

PREVIOUS COMMITTEE ACTION

BILL: SB 131

SHORT TITLE: EDUCATION FUNDING

SPONSOR(s): SENATOR(s) STEVENS

01/08/18	(S)	PREFILE RELEASED 1/8/18
01/16/18	(S)	READ THE FIRST TIME - REFERRALS
01/16/18	(S)	EDC, FIN
01/17/18	(S)	EDC AT 8:00 AM BUTROVICH 205

WITNESS REGISTER

TIM LAMKIN, Staff
Senator Gary Stevens
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Presented SB 131 on behalf of the sponsor.

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

POSITION STATEMENT: Answered questions related to SB 131.

MARCY HERMAN, Legislative Liaison
Department of Education and Early Development (DEED)
Juneau, Alaska

POSITION STATEMENT: Answered questions related to SB 131.

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

POSITION STATEMENT: Testified in support of SB 131.

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

POSITION STATEMENT: Testified in support of SB 131.

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

POSITION STATEMENT: Testified in support of SB 131.

MARK MILLER, Ph.D., Superintendent
Juneau School District
Juneau, Alaska

POSITION STATEMENT: Testified in support of SB 131.

ACTION NARRATIVE

[7:59:44 AM](#)

CHAIR GARY STEVENS called the Senate Education Standing Committee meeting to order at 7:59 a.m. Present at the call to order were Senators Giessel, Coghill, Begich and Chair Stevens.

SB 131-EDUCATION FUNDING

[8:00:34 AM](#)

CHAIR STEVENS announced the consideration of SB 131 and added that the bill avoids pink-slipping teachers. [SB 131, version 30-LS1106\A, was before the committee.]

[8:01:10 AM](#)

TIM LAMKIN, Staff, Senator Gary Stevens, Alaska State Legislature, presented SB 131 on behalf of the sponsor.

MR. LAMKIN said this bill is about early funding for the foundation formula as detailed in AS 14.17. One of the challenges faced by many districts is that they must submit their budgets to their local municipalities by May 1. It can be problematic because many times the state budget is not passed by that time. So, the purpose of this bill is to allow for better budget planning. There may be a question of whether that funding is enough on April 1, but probably many districts would appreciate knowing what the amount is, whatever it is, by April 1. At its core the bill is about the pink-slip issue.

[8:02:24 AM](#)

SENATOR BEGICH asked if a bill like this been proposed before and what its progress was.

[8:02:44 AM](#)

MR. LAMKIN said yes, a similar bill was introduced by Senator Stevens in 2003. At that time, the biggest pushback was that if the budget process went further into the calendar year, districts would have more negotiating power to secure more funds. That was largely contingent on the fact that the state had a healthy Constitutional Budget Reserve (CBR) and now that the CBR is substantially diminished, that argument may no longer be as potent.

CHAIR STEVENS added districts objected in the past, because then they thought the longer they waited, the more funds they could get. He said he thought that is not the case presently and he wanted to hear about that from the districts.

[8:04:03 AM](#)

HEIDI TESHNER, Director, Administrative Services, Department of Education and Early Development (DEED), answered questions related to SB 131. She said DEED supports districts knowing their foundation funding early so that they can avoid delivering unnecessary pink-slips and will know that they have enough funds to open at the start of the school year.

[8:04:46 AM](#)

CHAIR STEVENS asked for the timeline for sending out pink-slips.

[8:04:55 AM](#)

MS. TESHNER deferred to Ms. Herman about the timeline, but said since foundation funding is a \$1.2-billion program, districts want to know what funds will be available to them.

[8:05:36 AM](#)

CHAIR STEVENS asked Ms. Herman to explain what happened when districts did not have a budget by a certain time.

[8:06:00 AM](#)

MARCY HERMAN, Legislative Liaison, Department of Education and Early Development (DEED), answered questions related to SB 131. She said previously, districts had to notify teachers in March that they might lose their jobs for the next school year. Two or three sessions ago, the notification deadline was changed to May 15. Since the 90-day session ends mid-April, a May 15 deadline would prevent unnecessary layoff notices. However, since the legislature has remained in session more than 90 days the past few years, districts have been in a tough spot regarding layoff notifications.

[8:07:02 AM](#)

SENATOR COGHILL said the governor has a certain amount of time to amend his budget, so the budgeting process can extend into March. This would only give the legislature 15 days for debate. He questioned whether April 1 should be the date because of the compressed timeline.

[8:08:01 AM](#)

SENATOR BEGICH asked if DEED would have the capacity to deal with the potential 15-day timeline.

[8:08:40 AM](#)

SENATOR COGHILL said that is part of the equation, but 60 other people would have to be part of that equation.

[8:08:51 AM](#)

CHAIR STEVENS said the date of April 1 was a starting point that could be changed.

SENATOR HUGHES joined via teleconference.

[8:09:22 AM](#)

MS. TESHNER said DEED does have the capacity to do this because the projections come in early November and DEED can do reports about projections for the following fiscal year.

[8:09:48 AM](#)

SENATOR GIESSEL said SB 131 deals with appropriations, but since the bill was in the Education Committee, she wanted to bring the discussion back to a more foundational, basic level. She asked what is it that the state is funding. This summer, Commissioner Michael Johnson of DEED put together the Education Challenge that created numerous recommendations for transformation of how the state educates students. She said the bill is about when funding for education is available, but equally critical is to address what the state is funding. She would like to hear from the commissioner about what he has gleaned from the Education Challenge and how he plans to transform the product they are asked to appropriate money for.

[8:11:18 AM](#)

CHAIR STEVENS said that was a good point.

[8:11:27 AM](#)

MS. HERMAN said she formally requested that a joint House and Senate Education Committee hearing be held with the Alaska State Board of Education January 29 about how DEED is moving forward with the Alaska's Education Challenge.

[8:12:27 AM](#)

CHAIR STEVENS said he has talked to the House Education Chair about a joint hearing.

[8:13:23 AM](#)

NORM WOOTEN, Executive Director, Association of Alaska School Boards (AASB), testified in support of SB 131. He said AASB has several resolutions that support the elements of SB 131. A major concern of many school districts is the ability to recruit and retain teachers and administrators. Because districts cannot pass an unbalanced budget, many times they are forced to issue layoff notices. He said this makes it difficult to recruit and retain teachers and administrators.

[8:16:23 AM](#)

LISA SKILES PARADY, Ph.D., Executive Director, Alaska Council of School Administrators, testified in support of SB 131. She noted that SB 131 is concise but will have a huge positive impact on school districts. The 2018 joint position statements that she presented to the committee represent a consensus from Alaska administrators. The first sentence states that the State of Alaska must provide timely, reliable, and predictable revenue for funds. The timing is particularly important. State law requires that tenured teachers receive layoff notices by May 15 and nontenured by the last day of school. She said recruiting

and retaining qualified educators is a bigger challenge than ever before in the history of Alaska, at a time when the State of Alaska is experiencing incredibly high turnover rates at every level. She said if districts cannot issue contracts the state's qualified educators go elsewhere. Her organization sees the bill as accomplishing two straightforward tasks, separating education to its own appropriations bill and requiring it to be passed by April 1. This would address the issue of premature pink-slips, something districts have experienced for the last three years.

[8:19:36 AM](#)

CHAIR STEVENS said he was president of his local school board in the 80s when the budget was cut in half. Many teachers who were pink-slipped found jobs in other states. He said pink-slipping and then hiring people back doesn't retain all the people who received pink-slips.

[8:20:14 AM](#)

SENATOR GIESSEL asked if other states are having difficulties retaining teachers.

[8:20:34 AM](#)

DR. PARADY said absolutely, yes. There is a national educator shortage of superintendents and principals, but most prominently, teachers, which is very hard for Alaska, because Alaska historically recruits from the lower 48. But educators can get jobs almost anywhere in the lower 48 at this point.

[8:21:01 AM](#)

CHAIR STEVENS said in the 70s and 80s people came because of the wonderful retirement system, but now it's a portable system. People can take the money and leave the state readily.

[8:21:21 AM](#)

DR. PARADY replied that Alaska is less competitive than it has been historically and, in addition, fewer people are going into education.

[8:21:41 AM](#)

CHAIR STEVENS said he would like to know whether the quality of hired teachers has been reduced, whether there are fewer qualified teachers, and whether the state should change its requirements.

[8:22:03 AM](#)

SENATOR BEGICH asked if Dr. Parady had analyzed Alaska's competitiveness with other states.

[8:22:24 AM](#)

DR. PARADY said her organization has been working with Northwest Regional Educational Laboratory (NWREL) to do that. It is also working with DEED to get more precise numbers about Alaska's educator shortage. She would like to present those numbers in a joint education session.

[8:23:56 AM](#)

CHAIR STEVENS responded that a joint session was a good idea.

[8:24:11 AM](#)

SENATOR GIESSEL said that when she worked in very rural Alaskan schools, she would often encounter very young, new teachers, eager to start the school year, and when she came back a few months later they would be gone. "The cultural shock was so much, the environment, just the light itself, far above the Arctic Circle, such a factor," she said. While the retirement system has changed, these elements haven't changed. She asked if the state is attempting to hire so many brand-new teachers who aren't ready to be out on their own in a challenging environment.

[8:25:21 AM](#)

DR. PARADY said to be quite candid, school districts are struggling to hire, period. The majority have gone the entire year without being fully staffed. In many cases they are trying to balance paraeducators and substitutes to cover courses. Recently, working with DEED and the University of Alaska (UA), they looked at school district vacancies for special education. Before Christmas, Alaska lacked almost 100 special education teachers across the state.

[8:26:54 AM](#)

CHAIR STEVENS said the bill is just the tip of the iceberg and exposes enormous problems across the state in education K-12.

[8:27:40 AM](#)

SENATOR BEGICH said that teacher retention grants that were part of the Moore [vs. State of Alaska] lawsuit were being evaluated. He wondered if DEED could present whether there was an increase in teacher retention because of those efforts.

[8:28:28 AM](#)

CHAIR STEVENS asked that DEED plan to present on that issue.

[8:28:54 AM](#)

DAVE JONES, Assistant Superintendent, Kenai Peninsula Borough School District, testified in support of SB 131. He said districts need funding certainty to move forward with staffing decisions and contract commitments. He said he didn't see any consequence in the bill for missing the deadline. He suggested that perhaps it should be flat funding, so districts could make staffing decisions.

CHAIR STEVENS asked Mr. Jones to describe his experience at job fairs and the impact that pink-slipping may have on his hires.

[8:31:17 AM](#)

MR. JONES said many teachers that his district wants to retain have young children and they cannot feed a family on a promise that they probably will get a contract after receiving a pink-slip. By the time his district can issue contracts they have moved on to another district or state. He also said the quality of the candidate pool is so much higher in April than July or August.

[8:33:29 AM](#)

SENATOR HUGHES said this has been an issue for many years. She wondered what reception SB 131 would receive in Senate Finance because education funding is a huge part of the overall budget. She asked what if districts always worked with the previous year's funding, so their budget deadlines had nothing to do with the current budget being debated by the legislature.

[8:36:00 AM](#)

CHAIR STEVENS said SB 131 was one solution out of many for this issue.

[8:36:21 AM](#)

MR. JONES said there are many alternatives to solve this problem. The fiscal year starts in July and ends in June, but the revenue source is not solidified until the 20-day count in October ends. If funding were based on the student enrollment the previous year, the district would know its budget for the next school year in March or April. He said this is what Wyoming does. Wyoming does not penalize for decreases in enrollment, but districts can get more money for increases of more than 10 percent.

[8:38:23 AM](#)

CHAIR STEVENS said the foundation formula included more than teachers. It included transportation, for example. He asked if the foundation formula could be divided up so at least the teacher element could be known.

[8:38:57 AM](#)

MR. JONES said that would be difficult.

[8:39:41 AM](#)

SENATOR HUGHES asked if districts could change the fiscal year.

[8:40:50 AM](#)

MR. JONES said the legislature would have to change that. He was not sure if changing the fiscal year would solve the problem if it started before the legislature passed a budget.

[8:41:21 AM](#)

SENATOR HUGHES clarified that she meant that districts would already have their appropriations. She wondered about other options if Finance members thought it might be too difficult to address education funding separately from the rest of state budget.

[8:42:40 AM](#)

CHAIR STEVENS said all those issues would be discussed and everything was on the table. He noted that education is a very important discussion and not easy to solve.

[8:43:37 AM](#)

MARK MILLER, Ph.D., Superintendent, Juneau School District, testified in support of SB 131. He said SB 131 is needed to prevent unnecessary layoff notices and maintain consistent staff to address the points in the Alaska Education Challenge. Because tenured teachers cannot be laid off without a three percent reduction in the budget, he had to make one of the most difficult choices of his career last May when the legislature was discussing a five percent reduction to the Base Student Allocation. He had to decide whether to pink-slip all nontenured teachers before the end of school. He didn't issue layoff notices to any teacher, but it was risky. He estimated that Juneau's end fund balance this year would be around \$400,000, what it cost to run the district for one day. He said, "We have one school day worth of money between us being solvent and us not being able to write checks to cover our debts."

[8:48:14 AM](#)

CHAIR STEVENS asked Dr. Miller whether he had any reflections on the right date.

8:48:31 AM

DR. MILLER said the earlier the better, but by the first of May at the latest because of the rules for laying off tenured teachers.

8:49:09 AM

SENATOR GIESSEL asked for an update on the situation with Juneau's second high school regarding low enrollment numbers and the possibility of consolidation.

8:49:31 AM

DR. MILLER said a consultant just concluded that consolidating both schools did not make sense. The brand new high school does not have the capacity to hold all students and putting all the students in an old building, away from where 70% of the students live, does not save money. Trying to restructure the entire district to close one old building does not save money because transportation costs go up. Trying to solve one problem often creates another.

CHAIR STEVENS held the bill in committee.

8:51:16 AM

There being no further business to come before the committee, Chair Stevens adjourned the Senate Education Standing Committee at 8:51 a.m.