

SENATE FINANCE COMMITTEE

April 14, 2017

1:39 p.m.

[1:39:24 PM](#)

CALL TO ORDER

Co-Chair MacKinnon called the Senate Finance Committee meeting to order at 1:39 p.m.

MEMBERS PRESENT

Senator Lyman Hoffman, Co-Chair
Senator Anna MacKinnon, Co-Chair
Senator Click Bishop, Vice-Chair
Senator Shelley Hughes
Senator Peter Micciche
Senator Donny Olson
Senator Natasha von Imhof

MEMBERS ABSENT

None

ALSO PRESENT

Brittany Hutchison, Staff, Senator MacKinnon; Michael Johnson, Commissioner, Department of Education and Early Development; Heidi Teshner, Director, Administrative Services, Department of Education and Early Development; Paul Prussing, Director, Division of Student Learning, Department of Education; Representative Sam Kito, Sponsor; Kris Curtis, Legislative Auditor, Alaska Division of Legislative Audit; Sara Chambers, Deputy Director, Division of Corporations, Business, and Professional Licensing, Department of Commerce, Community and Economic Development; Johanna Crossett, Midwife, Juneau; Madi Nolan-Grimes, Midwife, Juneau; Representative Zach Fansler, Sponsor; Mary Schlosser, Staff, Representative Zach Fansler; Greg Cashen, Deputy Commissioner, Department of Labor and Workforce Development; Paloma Harbour, Director, Division of Administrative Services, Department of Labor and Workforce Development; Juli Lucky, Staff, Senator Anna MacKinnon.

PRESENT VIA TELECONFERENCE

Deborah Schnider, Board of Midwives, Anchorage; Suzanne Trewilliger, President, Midwives Association of Alaska, Eagle River; Doug Walrath, Director, Northwestern Alaska Technical Center, Nome; Dennis Dishion, Executive Director, Yuut Elitnaurviat, Bethel; Annette Caruso, Executive Director, Southwest Alaska Vocational and Education Center, King Salmon; Pearl Brower, Ilisagvik College, Barrow; Fred Villa, Associate Vice President, Workforce Programs, University of Alaska, Fairbanks; Cheryl Edenshaw, Director, Alaska Technical Center, Kotzebue; Joey Crum, Self, Anchorage; Cathy LeCompte, Director, Alaska Vocational and Technical Center, Seward; Paul Prussing, Director, Division of Student Learning, Department of Education and Early Development.

SUMMARY

SB 104 EDUCATION CURRICULUM

CSSB 104(FIN) was REPORTED out of committee with a "do pass" recommendation and with one new fiscal note from the Department of Education and Early Development.

[Note: Action to report CSSB 104(FIN) from committee was later rescinded on February 22, 2018 for further consideration by the Senate Finance Committee.]

CSHB 49(FIN)

EXTEND BOARD OF DIRECT-ENTRY MIDWIVES

SCS CSHB 49(L&C) was REPORTED out of committee with a "do pass" recommendation and with one previously published fiscal impact note: FIN 1(CED).

HB 141 AK WORKFORCE INVESTMENT BOARD;FUNDS

HB 141 was HEARD and HELD in committee for further consideration.

#sb104

SENATE BILL NO. 104

"An Act relating to the duties of the state Board of Education and Early Development; and relating to school curriculum."

[1:40:41 PM](#)

Vice-Chair Bishop MOVED Conceptual Amendment 1 (copy on file):

Page 1, line 6, following "review"
Delete "test"

Page 1, line 9, following "curricula"
Insert the word "currently".

Page 2, Lines 3-5, following "state"
Delete "The department shall implement a program to test the curricula during the two immediately succeeding school years in the five largest school districts based on the district ADM for the 2015-2016 school year."

Page 2, lines 6-7, following "if"
Delete "after testing under (c) of this section."

Page 2, following line
Insert a new section to read

"* Sec. 2. The uncodified law of the State of Alaska is amended by adding a new section to read:

"REPORT ON CURRICULUM. The Department of Education and Early Development shall submit to the legislature an electronic report, and make the report publically available on the department's website. The report will provide information on the curriculum that each school district has adopted. On or before July 1, 2018, and each year thereafter, the department shall submit the report required under this section to the senate secretary and the chief clerk of the house of representatives and notify the legislature that the report is available."

Co-Chair MacKinnon OBJECTED for discussion.

[1:41:03 PM](#)

BRITTANY HUTCHISON, STAFF, SENATOR MACKINNON, explained the amendment.

Vice-Chair Bishop queried the deletion of the word "test."

MICHAEL JOHNSON, COMMISSIONER, DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT, responded that the testing of students and curriculum were two different things. He stated that the vetting of curriculum would still occur within the districts without the use of the word "test."

Co-Chair MacKinnon WITHDREW her OBJECTION.

Co-Chair MacKinnon queried comments.

Commissioner Johnson thanked the committee for the legislation. He stressed that effective curriculum was one of the fundamental components of teaching students. He remarked that assisting districts by providing flexibility in the curriculum review process was helpful during the time of necessary efficiencies, and was helpful for families to have more information about curriculum materials adopted by the local school boards.

Co-Chair MacKinnon stated that there would be a forthcoming fiscal note.

[1:48:05 PM](#)

Senator von Imhof noted that the bill stated that the Department of Education and Early Development (DEED) would be required to review curricula used in other states and countries, and by 2019 identify the best practices for teaching math and language arts at each grade level. She queried the challenges that may occur in the process outlined in the fiscal note. Commissioner Johnson replied that the fiscal note reflected the need for additional staff to accomplish the intent of the bill.

Senator von Imhof noted the line item, "Program Administration and Operations" with 83 individuals for FY 18. She queried the details of that line item.

[1:50:08 PM](#)

HEIDI TESHNER, DIRECTOR, ADMINISTRATIVE SERVICES, DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT, stated that

the line item was the Alaska Commission on Postsecondary Education, which was a corporation to handle loans and grants within DEED.

Senator von Imhof surmised that cutting budgets for curriculum was wrong.

[1:51:38 PM](#)

PAUL PRUSSING, DIRECTOR, DIVISION OF STUDENT LEARNING, DEPARTMENT OF EDUCATION, stated that the intent was to assist districts in aligning to the new curriculum standards.

Co-Chair MacKinnon requested a new fiscal note. Mr. Prussing replied he would provide the fiscal note in the afternoon.

Vice-Chair Bishop hoped that DEED would work with the University to align curriculum standards.

Senator Hughes remarked that there was confusion about DEED making the curriculum available to all school districts and the costs related to materials. She wondered whether the state was purchasing all the materials for the schools.

Co-Chair MacKinnon replied in the negative.

Ms. Hutchison announced that the state would not purchase the curriculum.

Senator Hughes felt that DEED may have had incorrect information in a previous committee.

Ms. Hutchison stated that DEED had been helpful, and communication had enhanced throughout the committee process.

SB 104 was HEARD and HELD in committee for further consideration.

[1:56:11 PM](#)

AT EASE

[1:58:16 PM](#)

RECONVENED

#hb49

CS FOR HOUSE BILL NO. 49(FIN)

"An Act extending the termination date of the Board of Certified Direct-Entry Midwives; and providing for an effective date."

1:58:49 PM

REPRESENTATIVE SAM KITO, SPONSOR, introduced the legislation. He stated that the bill provided an extension of Board of Certified Direct-Entry Midwives through 2021, which was the recommended extension from Legislative Audit.

1:59:53 PM

KRIS CURTIS, LEGISLATIVE AUDITOR, ALASKA DIVISION OF LEGISLATIVE AUDIT, shared that there was an audit available dated 2016 (copy on file). The last sunset audit of the board was conducted in 2014. At that time the Division of Corporation, Business, and Professional Licensing (DCBPL) investigative staff had not actively processed investigations that posed a public safety risk. After that audit was released, the board was only extended two years. The most recent audit found that the board was effectively licensing and regulating certified direct entry midwives and midwife apprentices, and she recommended a four-year extension. He stated that there were four recommendations located in the audit document.

2:04:28 PM

Senator Olson queried the reasons for the deficits. Ms. Curtis replied that the board had struggled with investigative fees.

Senator Olson wondered whether there were lawsuits related to malpractice of midwives. Ms. Curtis replied that there were four cases involving two individuals that were not moving forward and resulted in additional costs. She stressed that the audit did not typically go into detail on investigative cases.

Senator Olson wondered whether did not pursue a license because of the high fee. Ms. Curtis deferred to the department.

Senator Olson asked whether there were any mergers of the boards for economic reasons in the state or other states. Ms. Curtis replied that there were no recent board mergers.

Senator Hughes wondered whether the investigations were of licensed individuals or fraudulent midwives. Ms. Curtis that, historically, there was a mixture of both.

[2:07:48 PM](#)

SARA CHAMBERS, DEPUTY DIRECTOR, DIVISION OF CORPORATIONS, BUSINESS, AND PROFESSIONAL LICENSING, DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT, shared that the department concurred with the first two findings in the audit regarding administrative errors and fees. She stated that there was a fee increase to \$3800 for fully authorized midwives, and under \$2000 for apprentices. She stated that there were no documented departures from the industry because of the fees, but it was a fairly new fee. She stated that the board only have approximately 50 licensees, so there was an economy of scale issue with unlicensed practice and some standard of care investigations.

Co-Chair MacKinnon shared that Senator Olson had valuable medical expertise.

Senator Olson wondered whether the licensees included the apprentices. Ms. Chambers responded in the affirmative. She stated that the latest numbers for the fee analysis indicated that there were 43 fully licensed midwives and approximately 20 apprentices.

Senator Olson wondered whether the investigations were for midwives or apprentices. Ms. Chambers agreed to provide that information, but midwives had fiduciary responsibility over apprentices.

Senator Hughes queried the licensure fees for physicians, nurses, and nurse practitioners. Ms. Chambers replied that the physician fee was \$300, physician assistant's fee was \$200, nurse's fee was approximately \$200.

Senator Hughes noted that midwives paid a significantly larger license fee, and thanked them for their dedication.

[2:13:54 PM](#)

Co-Chair MacKinnon wondered whether the department could advance the concern that was listed from the officer to either the presiding officers, Labor and Commerce, or the appropriate chairman. She remarked that there was a liability for choosing to use a midwife.

Co-Chair Hoffman remarked that the bill only dealt with the extension. He felt that addressing the third recommendation in the audit may require work from the Senate Health and Social Services Committee.

Co-Chair MacKinnon agreed.

Senator Micciche wondered how long it took to build an operation deficit of \$183,083. Ms. Chambers replied that the board has had a deficit since 2012 of \$65,000 and had grown annually until the most recent renewal cycle. The deficit began to reduce because of the increased fees. She remarked that the fees were dropped in 2009, but did not know the rationale for lowering the fee at that time.

Senator Micciche wondered whether the four-year sunset renewal was too long, because the board should continue to be investigated.

Senator Olson supported keeping independent midwives. He queried the estimated forecast. Ms. Chambers replied that there was a fee analysis to address the issues with setting fees. She stated that, assuming that the fees remain the same, the board's deficit would be eliminated by FY 21.

[2:22:31 PM](#)

DEBORAH SCHNIDER, BOARD OF MIDWIVES, ANCHORAGE (via teleconference), testified in support of the bill.

[2:24:21 PM](#)

JOHANNA CROSSETT, MIDWIFE, JUNEAU, spoke in support of the bill.

Senator Micciche queried whether there was support of the licensees covering the deficit. Ms. Crossett replied in the affirmative.

Vice-Chair Bishop wondered whether the midwives might not want to pay the fee, and stop licensing. Ms. Crossett

replied that the initial proposed licensing fee was \$4700. The reduction to \$3800 was a good compromise. She hoped that there would not be another fee increase.

[2:26:25 PM](#)

MADI NOLAN-GRIMES, MIDWIFE, JUNEAU, spoke in support of the bill.

[2:27:21 PM](#)

SUZANNE TREWILLIGER, PRESIDENT, MIDWIVES ASSOCIATION OF ALASKA, EAGLE RIVER (via teleconference), testified in support of the bill.

Senator Micciche wondered whether the number of midwives was changing. Ms. Trewilliger replied that that there was a reduction of thirteen midwives, and did not know the number of apprentices.

Co-Chair MacKinnon CLOSED public testimony.

[2:31:03 PM](#)

Vice-Chair Bishop addressed the fiscal note: FN 1(CED).

[2:32:01 PM](#)

AT EASE

[2:32:48 PM](#)

RECONVENED

Vice-Chair Bishop MOVED to REPORT SCS CSHB 49(L&C) out of committee with individual recommendations and attached fiscal note.

SCS CSHB 49(L&C) was REPORTED out of committee with a "do pass" recommendation and with one previously published fiscal impact note: FIN 1(CED).

[2:33:51 PM](#)

AT EASE

[2:40:39 PM](#)

RECONVENED

#hb141

HOUSE BILL NO. 141

"An Act relating to allocations of funding for the Alaska Workforce Investment Board; and providing for an effective date."

2:41:29 PM

REPRESENTATIVE ZACH FANSLER, SPONSOR, introduced himself.

MARY SCHLOSSER, STAFF, REPRESENTATIVE ZACH FANSLER, introduced herself.

Representative Fansler introduced the legislation. The bill was the renewal of funding allocations for ten programs through the Technical and Vocational Education Program (TVEP). The purpose of the funding was to put Alaskans back to work and into the job market. The program was regionally aimed at ten different institutions across the state. The institutions concentrated on the skills that were needed for the jobs in the region. He went through the ten programs and the allocations in the bill.

2:45:21 PM

Senator von Imhof wondered whether TVEP analyzed the number of people obtained jobs after training, and whether those jobs were retained a year later. Representative Fansler replied in the affirmative.

Senator Olson queried the reason for the change to the one-year extension. Representative Fansler replied that he assumed that there was a concern about changing the reporting requirements to ensure that the programs were adequately serving and accomplishing their tasks. He stressed that there was a hope to provide stable funding for the programs. He remarked that the programs depended on the funding.

2:50:23 PM

Senator Olson stressed that the concern was about addressing the same issue in a year.

Co-Chair MacKinnon queried information about the change to a one-year extension.

Senator Hughes felt there was a varied cost per student. She felt that there would be consideration with recommendations of how to be sure that the dollars were well spent. The hope was that the funds would be used to assist students in preparation for needed jobs. She noted that there was funding for office training, but there may be redundancies in the programs.

[2:55:01 PM](#)

Senator Micciche wondered whether there reporting requirements could be improved while the training was occurring as normal. Representative Fansler replied in the affirmative.

Senator Micciche felt hoped that there may be a compromise on the length of effectiveness of the bill.

Co-Chair MacKinnon announced that amendments were due the following day at noon.

[2:58:09 PM](#)

DOUG WALRATH, DIRECTOR, NORTHWESTERN ALASKA TECHNICAL CENTER, NOME (via teleconference), spoke in support of the bill.

[3:00:25 PM](#)

DENNIS DISHION, EXECUTIVE DIRECTOR, YUUT ELITNAURVIAT, BETHEL (via teleconference), he felt that a one-year sunset would be detrimental to the rural training centers.

[3:02:23 PM](#)

ANNETTE CARUSO, EXECUTIVE DIRECTOR, SOUTHWEST ALASKA VOCATIONAL AND EDUCATION CENTER, KING SALMON (via teleconference), spoke in support of the bill, with a five-year reauthorization.

[3:04:32 PM](#)

PEARL BROWER, ILISAGVIK COLLEGE, BARROW (via teleconference), supported the five-year extension in the bill.

[3:05:24 PM](#)

FRED VILLA, ASSOCIATE VICE PRESIDENT, WORKFORCE PROGRAMS, UNIVERSITY OF ALASKA, FAIRBANKS (via teleconference), spoke in support of the bill.

[3:07:23 PM](#)

CHERYL EDENSHAW, DIRECTOR, ALASKA TECHNICAL CENTER, KOTZEBUE (via teleconference), spoke in support of the five-year extension in the bill.

[3:08:45 PM](#)

JOEY CRUM, SELF, ANCHORAGE (via teleconference), supported the current version of the bill, in order to determine the effectiveness of the programs.

[3:11:23 PM](#)

CATHY LECOMPTE, DIRECTOR, ALASKA VOCATIONAL AND TECHNICAL CENTER, SEWARD (via teleconference), spoke in support of the bill.

Co-Chair MacKinnon CLOSED public testimony.

[3:13:07 PM](#)

GREG CASHEN, DEPUTY COMMISSIONER, DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT, introduced himself.

PALOMA HARBOUR, DIRECTOR, DIVISION OF ADMINISTRATIVE SERVICES, DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT, introduced herself.

Co-Chair MacKinnon queried comments regarding the reduction from five years to one year. Mr. Cashen replied that an extension of more than one year would allow for stability, and allow for examination of the performance measures.

Co-Chair MacKinnon noted that there was approximately \$12.5 million distributed between the programs. Ms. Harbour agreed. She stated that there was an average cost of \$1215 per student, which was an affordable training program.

Co-Chair MacKinnon queried the percentage of unemployment contributions overall. Ms. Harbour replied that she needed a moment to collect that information.

[3:15:05 PM](#)

AT EASE

[3:15:47 PM](#)

RECONVENED

[3:15:53 PM](#)

Co-Chair MacKinnon restated her question. Ms. Harbour replied that the contribution that the employee made into TVEP was 0.16 percent of their taxable wage base, which was a maximum of \$63.84 in 2017 per employee. She stated that the overall collection percentage in 2017 was approximately 11 percent of total unemployment insurance from employers and employees in 2017.

Co-Chair MacKinnon queried comments on the assertion that there were no clearly defined goals for the program. Ms. Harbour replied that there were statutory requirements for reporting performance of the program. She noted that there was an examination of the fact that some performance measures were implemented at establishment, but did not fit the program.

[3:18:38 PM](#)

Co-Chair MacKinnon wondered whether the investment board had created a master list of education opportunities in the state. Mr. Cashen replied that the Eligible Training Providers list had all the training providers in the state that may receive funding.

Co-Chair MacKinnon remarked that there was training opportunities available in multiple regions in the state. She wondered whether there may be a duplication of services by providing additional state money. Ms. Harbour replied that the Workforce Investment Board outlined areas of high-demand occupations and industries to invest in training. The board did a review to determine a workforce demand, the training capacity, and the possible gaps. She stressed that the training did not meet the needs in the state. She did not believe that there was a program by program review.

Co-Chair MacKinnon noted that the department had never quantified private training sources, so other similar training was available.

Senator Olson wondered whether any for profit corporations that received TVEP funding. Ms. Harbour replied that TVEP funding was only available for not for profit entities. She furthered that there was the State Training and Employment Program (STEP) which had private entities that applied for that program.

Senator Olson wondered whether the private entity received TVEP funding. Ms. Harbour replied in the negative; a private entity could only receive STEP funding.

Co-Chair MacKinnon requested a list of recipients of STEP grant program. Ms. Harbour agreed to provide that information.

Vice-Chair Bishop queried the list of all the Individual Training Accounts (ITA) recipients. Ms. Harbour agreed to provide that information

Co-Chair Hoffman requested a list of the areas of the state with the highest unemployment rates. Ms. Harbour agreed to provide that information.

Co-Chair MacKinnon stated that the fiscal notes needed to be corrected.

[3:22:38 PM](#)

AT EASE

[3:23:10 PM](#)

RECONVENED

[3:23:19 PM](#)

JULI LUCKY, STAFF, SENATOR ANNA MACKINNON, explained the forthcoming fiscal notes.

Co-Chair MacKinnon remarked that the numbers would be replicated in the out years, based on the number of years in the extension.

HB 141 was HEARD and HELD in committee for further consideration.

[3:26:32 PM](#)

AT EASE

[3:28:05 PM](#)

RECONVENED

[3:28:09 PM](#)

Co-Chair MacKinnon announced the following day's schedule.

[3:28:33 PM](#)

RECESS

[3:45:10 PM](#)

RECONVENED

#sb104

SENATE BILL NO. 104

"An Act relating to the duties of the state Board of Education and Early Development; and relating to school curriculum."

[3:45:45 PM](#)

PAUL PRUSSING, DIRECTOR, DIVISION OF STUDENT LEARNING, DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT (via teleconference), explained the fiscal note.

Co-Chair MacKinnon asked for further information about the \$1 million for contract services. Mr. Prussing replied that education consultants "were not cheap." He stated that there was a difference in the curriculum based on the education level.

Co-Chair MacKinnon wondered whether the number was for "Alaska Challenge" or the bill. Mr. Prussing replied that it referenced the bill.

[3:48:42 PM](#)

AT EASE

[3:50:50 PM](#)

RECONVENED

Co-Chair MacKinnon remarked that DEED could not suggest using the Higher Education Fund. She felt that DEED should have assigned the request at UGF 1004.

Co-Chair MacKinnon changed the fiscal note to \$500,0000

[3:53:28 PM](#)

Vice-Chair Bishop MOVED to REPORT CSSB 104(FIN) out of committee with individual recommendations and attached fiscal note. There being NO OBJECTION, it was so ordered.

CSSB 104(FIN) was REPORTED out of committee with a "do pass" recommendation and with one new fiscal note from the Department of Education and Early Development.

[Note: Action to report CSSB 104(FIN) from committee was later rescinded on February 22, 2018 for further consideration by the Senate Finance Committee.]

Co-Chair MacKinnon announced the following day's schedule.

Co-Chair Hoffman queried a schedule for the following Sunday.

Co-Chair MacKinnon announced that she hoped that there would be "light load" on Sunday, based on floor session.

#

ADJOURNMENT

[3:55:45 PM](#)

The meeting was adjourned at 3:55 p.m.