

SENATE FINANCE COMMITTEE
February 15, 2018
9:02 a.m.

9:02:34 AM

CALL TO ORDER

Co-Chair Hoffman called the Senate Finance Committee meeting to order at 9:02 a.m.

MEMBERS PRESENT

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

MEMBERS ABSENT

None

ALSO PRESENT

Michael Johnson, Commissioner, Department of Education and Early Development; Sana Efird, Deputy Commissioner, Department of Education and Early Development; Heidi Teshner, Director, Administrative Services, Commissioner Johnson.

PRESENT VIA TELECONFERENCE

Janelle Banasse, Superintendent, Mt. Edgecumbe High School.

SUMMARY

SB 144 APPROP: OPERATING BUDGET/LOANS/FUNDS

SB 144 was HEARD and HELD in committee for further consideration.

PRESENTATION: FY19 OPERATING BUDGET

#sb144

SENATE BILL NO. 144

"An Act making appropriations for the operating and loan program expenses of state government and for certain programs; capitalizing funds; amending appropriations; making supplemental appropriations; making appropriations under art. IX, sec. 17(c), Constitution of the State of Alaska, from the constitutional budget reserve fund; and providing for an effective date."

[9:03:23 AM](#)

^PRESENTATION: FY19 OPERATING BUDGET

[9:03:25 AM](#)

MICHAEL JOHNSON, COMMISSIONER, DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT, (DEED) offered a prayer for the victims of the school shooting at Stoneman Douglas High School in Parkland, Florida.

[9:04:28 AM](#)

Co-Chair Hoffman expressed appreciation for the prayer and recalled the school shooting at the Bethel Regional High School in 1997.

[9:05:20 AM](#)

SANA EFIRD, DEPUTY COMMISSIONER, DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT, introduced herself.

HEIDI TESHNER, DIRECTOR, ADMINISTRATIVE SERVICES, COMMISSIONER JOHNSON, introduced herself.

Commissioner Johnson discussed the presentation, "Alaska Department of Education and Early Development FY2019 Governor's Budget Overview Senate Finance Committee" (copy on file).

[9:05:47 AM](#)

Commissioner Johnson addressed Slide 2, "Alaska State Constitution -Alaska Statutes":

- Alaska Constitution Section 7.1 -Public Education

The legislature shall by general law establish and maintain a system of public schools open to all children of the State, and may provide for other public educational institutions. Schools and institutions so established shall be free from sectarian control. No money shall be paid from public funds for the direct benefit of any religious or other private educational institution.

•State Education Policy: AS 14.03.015

It is the policy of this state that the purpose of education is to help ensure that all students will succeed in their education and work, shape worthwhile and satisfying lives for themselves, exemplify the best values of society, and be effective in improving the character and quality of the world about them.

Department Mission: To ensure standards-based instruction to improve academic achievement for all students.

Key Functions: Fund, provide oversight and support, set standards, assess students towards standards.

Governing Statutes -Alaska Statutes Title 14

Commissioner Johnson highlighted Slide 3, "Alaska's Mission and Vision for Public Education":

Mission Statement

An excellent education for every student every day.

Vision Statement

All students can succeed in their education and work, shape worthwhile and satisfying lives for themselves, exemplify the best values of society, and be effective in improving the character and quality of the world about them. AS 14.03.015

[9:06:54 AM](#)

Commissioner Johnson looked at Slide 4, "Organizational Chart." The slide showed the current organizational chart for the department.

[9:07:28 AM](#)

Ms. Teshner discussed Slide 5, "Education and Early Development Budget Compared to All Agencies Budgets." She noted that the graphs on slides 5 through 10 had been created by the Division of Legislative Finance and would provide 10-year look backs. Slide 5 examined the department's non-formula appropriations:

- The department's non-formula general fund budget grew by \$1.9 million (4.2 percent) between FY09 and the FY19 Governor's Request - an average annual growth rate for that period of 0.4 percent.
- The department's total non-formula FY19 general fund budget equals \$139 per resident worker.
- According to the Department of Labor and Workforce Development, there were 333,583 resident workers in Alaska in 2015.

Ms. Teshner pointed out to the committee that the general fund budget for the department was \$46,113.8, of which approximately \$32 million was unrestricted and \$14 million was designated. She shared that since FY 15, the non-formula, unrestricted general fund portion of the budget had been reduced by \$25.3 million. She noted that the increase in FY 15, as indicated on the slide, was due to the passage of HB 278, in 2014. The bill added funds for the college and career readiness assessment, broadband access grants, and a three-year pilot program for STEM programs in middle schools.

[9:08:26 AM](#)

Co-Chair MacKinnon wondered whether the designated general funds money was coming from the Public School Trust Fund.

Ms. Teshner replied that approximate \$4.6 million the non-formula portion of the budget was from the fund and went to Mount Edgecumbe High School. She said that the rest was receipt authority and technical and vocational education funding.

[9:09:03 AM](#)

Ms. Teshner addressed Slide 6, "DEED Formula and Non-Formula Funding (Non-Retirement)." She said that the slide provided a technical look back at the formula and non-formula unrestricted and designated general funds. She

highlighted that the formula funds were the largest portion of the department's budget. She stated that the included in the formula programs was the foundation program, people transportation, boarding home grants, special schools, youth in detention, and the Alaska Performance Scholarship. Formula funds comprised approximately 96 percent of the general funds; non-formula was 4 percent.

[9:09:44 AM](#)

Co-Chair Hoffman asked when the base student allocation (BSA) had been last increased.

Ms. Teshner replied that there would be a chart later in the presentation concerning the BSA but that it had been increased in 2017.

[9:09:58 AM](#)

Co-Chair MacKinnon asked about an increase in the FY 15 management plan, with a decrease in FY 16. She asserted that the BSA had never been decreased and wondered where the decrease factored into the management plan.

Ms. Teshner responded that the increase in FY15 was the change between HB 278, the Education Bill that increased funding for non-formula dollars in the foundation program; a three-year increase that would only happen for one year.

[9:10:41 AM](#)

Co-Chair MacKinnon felt that the chart was misleading because the BSA had never been decreased. She contended that the chart made it look as if money had been removed from the BSA.

[9:11:14 AM](#)

Vice-Chair Bishop thought that there was a slide further in the presentation that would clarify the information on Slide 6.

[9:11:29 AM](#)

Ms. Teshner looked at Slide 7, "DEED Non-Formula Line Item Comparisons." The comparison of department non-formula line items showed the majority of funding in the "grants" line.

In the FY 19 Governor's requested budget the grants line comprised 74 percent of the overall non-formulas budget. The majority of the grants were federal grant programs. Most of the federal funding was distributed as pass-through grants to the various school districts. The bar graph charted the management plan from FY 09 through FY 19 by:

- Grants, Benefits
- Services
- Personal Services
- Travel
- Commodities
- Capital Outlay
- Miscellaneous

[9:12:05 AM](#)

Senator von Imhof asked whether the grants were purely "pass through" or was there an administrative fee taken by the department.

Ms. Teshner replied that it depended on the grant. She said that the majority of the grants were pass through but that some of the grants did allow for a small administrative percentage.

Senator von Imhof queried the definition of "small amount."

Ms. Teshner responded that it would depend on the grant. She offered to follow up with the committee on the information. She believed the number was anywhere from 2 to 5 percent.

[9:12:47 AM](#)

Ms. Teshner continued to discuss slide 7. She noted that the two spikes on the chart, in FY 10 and in FY 12, were attributed to American Recovery and Reinvestment Act funding and the Broadband Technology Opportunity Grants, respectively.

[9:13:06 AM](#)

Ms. Teshner highlighted Slide 8, "Department of Education and Early Development Non-Formula Budget Comparisons (by Appropriations)." The slide provided a 10-year look back of the non-formula appropriations, broken down by

appropriation for all fund sources. The majority of non-formula funding in the department was federal grant funding that went out to grants to school districts from the Education Support and Administrative Services appropriation (blue line).

[9:13:56 AM](#)

Ms. Teshner displayed Slide 9, "Department of Education and Early Development Non-Formula Budget Comparisons (by Appropriations)." The slide illustrated a 10-year look back of non-formula appropriations broken down by appropriation for unrestricted and general funds only. The pink line reflected Education Support Services and received the largest unrestricted and designated funds when compared to other non-formula appropriations. She said that the increased from FY 09 to FY 13 included funding for the Alaska Native Science and Engineering Program (ANSEP), Best Beginnings, and Parents as Teachers. She said that the reductions from FY 15 to FY 17 were contributed to the repeal of the High School Education Qualifying Exam and reductions in personal services and budgeted positions.

[9:14:50 AM](#)

Ms. Teshner looked at Slide 10, "K-12 Aid to School Districts (Formula, All Funds)."

[9:15:05 AM](#)

Ms. Teshner discussed Slide 11, "FY2019 Governor's Budget." The table at the top of the slide broke down the department's budget between the K-12 formula programs and the agency and program operations. The FY 19 budget for the department, for all fund sources, was approximately \$1.6 billion. She said that the designated general funds received by the department were the general fund program receipts, funding from the Alaska Higher Education Investment Fund, and the Technology and Vocational Education Program. She continued that unrestricted funds included general funds, general fund match, and the general fund mental health funding. She furthered that federal funding consisted of impact aid, special schools, the United States Department of Education Title Program (Title 1 and Title 2.a), Carl Perkins funding, child and adult care food program, and the National School Lunch Program.

[9:15:56 AM](#)

Vice-Chair Bishop asked about the Title 1 funding. He wondered whether the Title 1 funding for school lunch programs were in jeopardy of reductions due to the administration on the national level.

Commissioner Johnson replied that he had not seen any recent plans to cut child nutrition or Title 1.a programs. He noted that the President's budget currently eliminated Title 2.a, which provided much needed money to many Alaskan districts for professional development.

[9:17:08 AM](#)

Senator von Imhof asked how much money the state received in Title 2.a funding.

Ms. Efird replied that the state received approximately \$9 million under Title 2.a.

[9:18:18 AM](#)

Senator von Imhof characterized the idea of districts losing the Title 2.a funding as "disturbing."

[9:18:38 AM](#)

Co-Chair MacKinnon made a formal request of the possible Title 2 loss and how it would financially impact districts.

[9:19:12 AM](#)

Ms. Teshner continued to discuss Slide 11. She stated that the other funds in the department's budget were the Public School Trust Fund funding, interagency receipt authorization, Mental Health Trust Authority authorized receipts, and statutory designated program receipts. She noted that the pie chart at the bottom of the slide was a break out of the fund sources, broken down.

[9:19:24 AM](#)

Ms. Teshner announced that Slides 12 through 15 would provide a breakdown of results delivery units, by component; by fund source. She looked at Slide 12, "FY2019

Governor's Budget." The slide contained K-12 Formula Programs:

K-12 Aid to School Districts
Foundation Program
Pupil Transportation

K-12 Support
Boarding Home Grants
Youth in Dentition
Special Schools

She noted that the funding for the Foundation program was comprised of unrestricted general funds, federal funding, and Public School Trust Fund funding. All other programs listed were funded solely by unrestricted general funds.

[9:20:09 AM](#)

Ms. Teshner highlighted slide 13, "FY2019 Governor's Budget." The slide contained numbers for K-12 Education Support and Administrative Services (ESAS). She noted the amount of federal funding for Child Nutrition and Student and School Achievement.

[9:20:36 AM](#)

Ms. Teshner discussed Slide 14, "FY2019 Governor's Budget." The slide was a continuation of the agency and program operations.

Co-Chair Hoffman asked how the swimming pool at Mount Edgecumbe was addressed in the budget.

Ms. Teshner said she would discuss the pool further on in the presentation.

Senator von Imhof queried the difference in allocation from last year's budget to this year's budget in department programs.

Ms. Teshner said that most of the allocations were the same. She stated that any differences would be covered further in the presentation under "Budget Highlights."

[9:22:51 AM](#)

Ms. Teshner looked at Slide 15, "FY2019 Governor's Budget."

[9:23:21 AM](#)

Ms. Teshner addressed Slide 16, "FY2019 Governor's Budget by Structure." The slide reflected that K-12 programs were over \$1.3 billion and 79.9 percent of the department's budget, followed by ESAS.

[9:23:44 AM](#)

Senator von Imhof asked when the last time the formula was reviewed.

Ms. Teshner replied that there had been subtle changes to the formula throughout the years but that the last time it had been changed was in 1999.

Co-Chair MacKinnon interjected that that was not accurate.

Senator von Imhof asked whether a review of formula funding should be conducted and whether the formula should be reviewed every decade, coinciding with the national census.

Commissioner Johnson understood that the fundamental structure of the current formula had been created in 1999, and that changes had been made to the structure since that time. He felt that the world had changed significantly since 1999 and felt that the formula should be reviewed to assess whether the formula could address delivery methods of education that had not existed in 1999.

Senator von Imhof wondered about having a regular review of the formula.

Commissioner Johnson thought that the idea could be considered.

[9:26:32 AM](#)

Co-Chair MacKinnon asserted that a review had been conducted since she had been elected to the legislature in 2007, she said that there had been two increases to the BSA since then, as well as some "tweaking" that increased the calculation for students with disabilities.

[9:27:23 AM](#)

Co-Chair Hoffman understood that in 1999 there had been three different factors considered and increased.

Commissioner Johnson said that he would need to look into the issue and respond to the committee later.

[9:27:52 AM](#)

Co-Chair Hoffman recalled the three factors specifically because he had been involved at the time. He declined to enlighten the committee as to what those factors were.

[9:28:10 AM](#)

Co-Chair MacKinnon pointed out to the committee that that the department was working hard to provide education for Alaskans but that most of the money that the legislature allocated to invest in K-12 education was distributed to local communities, who then decided how the funds should be spent. She said that the formula written in statute limited the opportunities for encouraging different spending behaviors among districts.

Commissioner Johnson agreed. He countered that although the department had very limited authority, there was still significant opportunity to effect change. He said that he had worked to inspire a demand for great schools across the entire state.

[9:30:04 AM](#)

Co-Chair MacKinnon noted that education comprised a significant portion of the general fund spending in the state's budget.

[9:30:56 AM](#)

Senator Stevens said that the foundation formula was complex and difficult to understand. He thought that the possibility of revisiting the formula and making changes would be an enormous and time-consuming undertaking.

[9:31:55 AM](#)

Ms. Teshner looked at Slide 17, "FY2019 Governor's Budget by Line Item." She pointed out to the committee that over \$1.5 billion of the department's budget was Grants;

approximately \$32 million was Personal Services; \$51.2 was Other Lines (travel services and commodities).

[9:32:31 AM](#)

Ms. Teshner discussed Slide 18, "FY2019 Governor's Budget by Line Item (UGF only)." The total unrestricted general fund budget was \$1,379,867.4; \$10,284.4 in Personal Services; \$9,516.7 in Other Lines (travel services and commodities).

[9:33:02 AM](#)

Co-Chair Hoffman requested a brief report on the funding for Kindergarten.

Ms. Efird replied that those numbers would be discussed further in the presentation.

[9:33:36 AM](#)

Senator von Imhof spoke of an audit of the department from several years ago. She wondered whether the speakers were prepared to discuss the findings of that audit.

[9:34:26 AM](#)

Senator Micciche commented on semantics when discussing big numbers. He expressed concern that people would think that the committee did not value education.

Ms. Teshner said that a pencil chart further in the presentation would show the actual BSA amount and would hopefully clarify the issue for constituents.

[9:36:11 AM](#)

Co-Chair MacKinnon said that it would be helpful to clarify the information on Slide 6.

[9:38:58 AM](#)

Senator Micciche wondered whether the department had considered looking into BSA changes and conducting evaluations of education disparate spending by district.

Commissioner Johnson understood that there were many educators in the state that were grateful to the Governor and the Legislature for fully funding the BSA. He appreciated the slide notations and feedback from the committee. He felt that there were districts that wanted to revamp the formula and those that did not, he believed that considering how education was delivered in the state the basic structure of the formula should be reviewed.

[9:41:31 AM](#)

Senator Micciche felt that the conversation would continue in the future.

[9:42:19 AM](#)

Co-Chair Hoffman shared that he was part of the legislature when changes were made in 1999. He said that the process between smaller and larger communities had been cordial but difficult.

[9:42:59 AM](#)

Vice-Chair Bishop wondered whether any ideas for education funding had resulted from the Education Challenge Survey.

Commissioner Johnson replied that the survey allowed people a limited number of characters to share their comments. He said that the survey had taken place a year ago and at that time many of the comments were to sustain or increase funding for education. He stated that people got "antsy" when discussing the formula and how it worked for their individual districts.

[9:44:29 AM](#)

Senator Stevens understood that the formula did not allow for any districts to fall below the costs for Anchorage. He wondered whether there were districts in the state that were less expensive to fund than Anchorage.

Commissioner Johnson responded that there were no districts that were less expensive than Anchorage.

[9:45:46 AM](#)

Co-Chair MacKinnon noted that there were differences of opinion on that point, which was why people were coming to the Anchorage delegation for discussion of the issue. She said that the problem for the Anchorage school district was the issue of square footage and the negative impacts of the current formula when migrating schools together because of a reduced population.

[9:47:57 AM](#)

Senator Micciche believed that more efficiencies could be mined in the formula.

[9:49:38 AM](#)

Senator von Imhof spoke of the variable in the fluctuating cost of living for many areas of the state. She asked the department to work with the Legislature on looking into making changes to the BSA. She said that the school size cost factor was a significant deterrent to consolidations and efficiencies in the state.

[9:51:25 AM](#)

Ms. Teshner addressed Slide 19, "FY2019 Governor's Budget - Position." In 2018 the department will employ 283 Alaskans in full-time, part-time, and non-permanent positions in 3 locations: Juneau, Anchorage, and Sitka. She stated that ESAS was the largest portion of the budgeted positions at 93, followed by the Alaska Commission on Postsecondary Education (ACPE) at 82 positions. She relayed that the smallest component of the budget was the Professional Teaching Practices Commission (PTPC) at 1 full-time position.

[9:52:20 AM](#)

Senator Stevens requested further information about reductions in budgeted positions.

Ms. Teshner stated that since the FY 15 management plan, the number of budgeted positions had been reduced departmentwide by 81 positions or 22 percent.

[9:52:51 AM](#)

Co-Chair MacKinnon asked about the level of positive return in education value based on the 93 staff positions of the ESAS.

Commissioner Johnson shared that the majority of the ESAS positions were federally funded. He felt that there were both specific examples of successes and unachieved goals statewide. He expressed optimism with the state's plan for the Every Student Succeeds Act.

[9:54:25 AM](#)

Co-Chair MacKinnon asked whether there would be criteria for measurable goals that could be referenced for improved student outcomes.

Commissioner Johnson replied that the Every Student Succeeds Act included specific goals for academic achievement and graduation rate. He explained that the goals were spread out over a number of years and then divided up to be measured year by year for progress. He relayed that the department had received positive feedback for the work done so far and hoped to extend the range of impact to other districts.

[9:56:42 AM](#)

Ms. Teshner highlighted Slide 20, "FY2019 Governor's Budget Highlights":

- Foundation -
 - Fully funded at the statutory Base Student Allocation (BSA) of \$5,930; Total: \$1,215,805.8
- Pupil Transportation -
 - Fully funded based on statutory formula; Total: \$78,184.6
- Special Schools -
 - (\$5.7) UGF decrement for the Special Education Service Agency (SESA) based on statutory formula
- Information Services -
 - Transfer 3 PFT positions to Department of Administration for Centralized Office of Information Technology Implementation
- Student and School Achievement -
 - \$100.0 UGF one-time increment for developing, updating, and adopting new science standards
- Early Learning Coordination -

- \$1,200.0 UGF base-budget increment to restore funding for additional early learning program support

[9:58:29 AM](#)

Senator Stevens asked about the \$100.0 UGF for Student and School Achievement, which he understood was a requirement under the Education Skills and Funding Agency (EFSA). He wondered how the money would be spent.

Ms. Efird replied that the money would go to provide the required academic standards in English, Language Arts, Math, and Science. She furthered that the funding would be used to understand and manage the standard adoptions process.

[10:01:16 AM](#)

Senator Stevens understood that failure to meet the EFSA requirements would result in decreased federal funding.

Ms. Efird responded that there could be several penalties that could include a loss of federal funding.

[10:01:51 AM](#)

Senator von Imhof thought that standardized test scores from student in the state should be in the presentation to reflect how the EFSA standards were translating to academic performance.

Ms. Efird stated that the information could be provided later.

[10:03:16 AM](#)

Ms. Teshner discussed Slide 21, "FY2019 Governor's Budget Highlights":

- Mt. Edgecumbe Boarding School Facilities Maintenance-
 - New component (was part of State Facilities Maintenance)
 - Transfer 7 PFT positions to Department of Transportation and Public Facilities, Division of Facilities Services for centralized facility services

- Library Operations -
 - (\$135.9) DGF decrement to reduce the School Broadband Access Grants (School BAG) program to align budget with anticipated expenditures
- Museum Operations -
 - (\$105.6) UGF reduction as a result of elimination of the Museum Grant-In-Aid Program
- Andrew P. Kashevaroff Facilities Maintenance -
 - New component (was part of Library Operations)

[10:05:14 AM](#)

Co-Chair Hoffman asked where the Andrew P. Kashevaroff Building was located.

Ms. Teshner relayed that it was the new State Library and Archives Building in Juneau.

[10:05:30 AM](#)

Ms. Teshner continued to discuss Slide 21:

- WWAMI Medical Education -
 - \$81.6 DGF increment request for projected increase in the WWAMI contractual obligation

[10:05:41 AM](#)

Co-Chair MacKinnon expressed interest in the decrement for school broadband access grants. She related that the national standard for moving information on the internet was 100 megabits. She said that Alaska's current standard was 25 megabits. She wondered whether the grant amount was being reduced because of statute.

Ms. Teshner said that statute set the standards at 10 megabits

[10:06:34 AM](#)

Co-Chair MacKinnon mentioned that she had crafted legislation that would increase the standard in statute.

[10:06:53 AM](#)

Co-Chair Hoffman interjected that the issue was further complicated by the funds being matched \$1 to \$9 with federal funds.

Co-Chair MacKinnon clarified the match was \$1 to \$7 and depended on location. Some smaller schools had different rates.

[10:07:21 AM](#)

Vice-Chair Bishop understood that the decrement was due to the lowering of the overall cost of broadband.

Ms. Teshner replied in the affirmative.

[10:07:36 AM](#)

Vice-Chair Bishop thought that the net neutrality issue should be considered as it could lead to a future increase in cost.

[10:08:07 AM](#)

Senator Stevens reiterated his appreciation for the WWAMMI program. He wondered how many doctors the state achieved in bringing back to Alaska to practice.

Commissioner Johnson agreed to provide that information later.

[10:09:01 AM](#)

Co-Chair MacKinnon spoke of the possible removal of Title 2 funding from the federal budget and wondered whether it would affect funding for broadband access.

Commissioner Johnson said that he had not received any information specifically related to cuts to broadband funding.

[10:10:02 AM](#)

Ms. Efird asked Co-Chair Hoffman if he would like to address the early learning question her ad asked earlier in the meeting.

Co-Chair Hoffman replied that he could wait for future slides.

[10:10:22 AM](#)

Ms. Efird explained that Slide 20 highlighted the \$1,200.0 UGF base-budget increment to restore funding for additional early learning program support under the bullet "Early Learning Coordination." She explained that the funding for early learning consisted of \$6.8 million for Head Start Grants. She relayed that the department originally had \$2 million for pre-elementary grants in the budget, last year a Legislative \$1.2 million was added to continue funding under the Moore lawsuit settlement (see Moore v. State of Alaska), the FY19 budget request of \$1.2 million would be added to the \$2 million, resulting in \$3.2 million for pre-elementary grants. She added that there was \$500 thousand for the Parents as Teachers Program, \$320 thousand for Best Beginnings, and other small grants for technical assistance.

[10:11:38 AM](#)

Ms. Teshner highlighted Slide 22, "FY2018 Supplemental Items":

- Mt. Edgecumbe Boarding School
 - \$400.0 DGF (municipal capital project matching grant fund) -support for the operations and maintenance costs of the Mt. Edgecumbe High School Aquatic Center from the opening in FY2018 through FY2019.
- Executive Administration
 - Extend the multi-year appropriation to support the implementation of the Every Student Succeeds Act (ESSA) funding into FY2019. Current funding is scheduled to terminate at the end of FY2018, however the department is still awaiting ESSA revisions from the federal government and is still in the implementation phase.

[10:12:30 AM](#)

Senator von Imhof understood that the second bullet point was an extension and not new money.

Ms. Teshner replied in the affirmative.

[10:12:48 AM](#)

Ms. Teshner looked at Slide 23, "Budget Changes (FY2015 - FY2019)." The slide provided the committee with budget history from the FY15 budget management plan through FY 19 Governor's budget. She said that the top of the slide contained all funds, broken down between formula and non-formula spending. She noted that there had been a \$62.6 million decrease, or 3.7 percent, for all funds. The bottom of the slide reflected UGF only, which showed an 8.2 percent reduction, or \$114,911.7, over the same period. She noted that the non-formula portion had been reduced by 44.2 percent.

[10:13:42 AM](#)

Ms. Teshner highlighted Slide 24, "Position Changes (FY2015 -FY2019)." She reiterated that 81 positions had been eliminated, or 22.3 percent.

[10:14:03 AM](#)

Senator Micciche asked how the position decrease had impacted the department.

Commissioner Johnson responded that all content curriculum related positions had been eliminated. He furthered that the department was stretched financially and when positions became vacant, a backlog was created without a margin for error due to the loss of positions.

[10:15:11 AM](#)

Senator Micciche understood that districts had been picking up the slack and he asserted that graduation rates in certain districts had improved. He wondered whether districts were taking more ownership of certain services, to positive outcomes.

Commissioner Johnson responded that he did not have data to support a direct correlation between less people working in education and increased results in school districts. He offered that challenging times were an opportunity for districts and the department to rethink efficiency of service delivery.

[10:16:40 AM](#)

Senator Stevens thought that some districts were picking up the slack and some were not. He highlighted that some districts could not function without the help of the department.

[10:17:02 AM](#)

Co-Chair MacKinnon pointed out that the senate had advanced a bill the previous year that would have added funds to the department to conduct curriculum review for the entire state. The bill would also have changed statute pertaining to powers of the Board of Education. She spoke of several ideas that the bill considered and that would be reconsidered by the committee.

[10:18:48 AM](#)

Senator von Imhof recalled previous discussions about curriculum and the department's lack of funding and positions. She believed that the department should be a priority over other departmental functions.

Commissioner Johnson said that the legislation that Co-Chair MacKinnon spoke of was a good way of leveraging curriculum in an efficient manner to yield positive result throughout the state. He agreed that curriculum should be a priority for the department. He thought that positive work was currently being done.

[10:21:31 AM](#)

Ms. Teshner addressed Slide 25, "Alaska K-12 Funding." The slide contained the pencil chart that showed the BSA from FY09 to FY19.

[10:21:57 AM](#)

Ms. Teshner looked at Slide 26, "Average Daily Membership (ADM) History." The slide showed the regular average daily membership and the correspondence average daily membership for FY09 through FY19.

[10:22:18 AM](#)

Commissioner Johnson discussed Slide 27, "Alaska Education Challenge":

- State Board of Education Strategic
- Governor's State of the State
- Survey of Alaskans (separate attachment)
- Development of committees around strategic priorities
- Process
- Report and Recommendations

The slide offered a Venn diagram based on an excellent education being provided for every student that included:

- **Increase Student Success**
 - Success will be identified using multiple measures as part of a rich and varied curriculum.
- **Cultivate Safety and Well-Being**
 - All Schools will be safe and nourish student well-being.
- **Support Responsible and Reflective Learners**
 - Families, tribes, educators, and communities will provide relevant learning opportunities.

[10:23:21 AM](#)

Senator Stevens lauded the efforts of the commissioner in the arena of Alaska's Educational Challenge.

[10:24:12 AM](#)

Co-Chair Hoffman asked about self-governance compacting.

Commissioner Johnson shared that one of the recommendations sent to the state board from the education challenge committee had been to create the option for self-governance compacting in the state. He believed that it would allow the opportunity for health conversations between locally elected school boards and tribes. He expressed hope that

there would be productive and respectful conversation that would have a positive impact on school across the state.

[10:25:13 AM](#)

Co-Chair Hoffman asked whether the administration had considered a demonstration project regarding self-governance compacting.

Commissioner Johnson said that he had been in conversations with individual school districts to explore already existing options in statute. He hoped that the conversations could primarily take place between locally elected school boards and tribes within those districts.

[10:26:09 AM](#)

Ms. Teshner discussed Slide 28, "Mt. Edgecumbe Aquatic Center." She relayed that there was water in the pool and that it was expected to be substantially complete by the end of the week. She said that pool accessories and additional equipment that would be installed by the end of March 2018. She stated that the pool should be opened in mid-April and would be complete by mid-August 2018.

[10:27:09 AM](#)

Co-Chair MacKinnon asked whether the second pool in Sitka was up and running.

Ms. Teshner replied yes.

[10:28:22 AM](#)

Co-Chair MacKinnon queried the population of Sitka, which would now have 2

Ms. Teshner replied that she did not know the population of Sitka.

Co-Chair MacKinnon asked whether the state had any agreement with the city to help fund the new pool.

Ms. Teshner said that conversations with the city were ongoing.

Co-Chair MacKinnon asked whether it was anticipated that the city pool would close, leaving the state paying for a pool for the entire community.

Ms. Teshner said that a plan for the Blatchley Middle School pool was unknown at this time.

Co-Chair MacKinnon asked when the Blatchley pool had been built.

Ms. Teshner did not know the age of the pool.

[10:28:35 AM](#)

Senator Stevens understood that there were discussions happening with the city, the Alaska State Troopers, the United States Coast Guard, and the local hospital concerning the cost of the new pool.

Ms. Teshner agreed.

[10:28:55 AM](#)

Co-Chair Hoffman asked who would make the decision on user fees for the new facility.

Ms. Teshner replied that the department was working with the design team from the Department of Transportation and Public Facilities to develop a tentative schedule and discuss potential costs.

[10:29:52 AM](#)

JANELLE BANASSE, SUPERINTENDENT, MT. EDGE CUMBE HIGH SCHOOL (via teleconference), addressed Slide 29, "Mt. Edgcumbe Boarding School":

- Students
 - 422 students -October 2015
 - 403 as of January 2018 -95 percent retention
- 113 different home communities
- 58 percent Female
- 90 percent Alaska Native
- 73 percent Free/Reduced Lunch
- 11 percent Limited English Proficient

[10:31:04 AM](#)

Ms. Banasse highlighted Slide 30, "Mt. Edgecumbe Boarding School":

- Performance
 - 2016-2017 School Year -100 graduates
 - 48 percent qualified for the Alaska Performance Scholarship (28 percent Collegiate and 20 percent Vocational)
 - 2016-2017 Four-Year Graduation Rate: 97.09 percent (Graduate: 100 / Cohort: 103)
 - 2016-2017 Five-Year Graduation Rate: 100.00 percent (Graduate: 84 / Cohort: 84)
 - State of Alaska Report Card to the Public 2016-2017 for Mt. Edgecumbe -separate attachment
- Teacher Retention
 - 23 teachers employed as of October 2015 -of these, one was new (4.3 percent turnover)
 - 25 teachers employed as of October 2016 -of these, two were new (8.0 percent turnover)
 - 27 teachers employed as of October 2017 -of these, four were new (14.8 percent turnover)

[10:32:38 AM](#)

Co-Chair Hoffman asked whether there was anything that she could point to that contributed to the high graduation rates for Mt. Edgecumbe compared to other schools in the state.

Ms. Banasse believed that one of the advantages was that students attended the school by choice and were committed to their education. She commended the residential staff at the school for the support they provided. She stressed that students at the school received strong support in mental and physical health. She felt that student/teacher relationships were strong, which resulted in more positive outcomes. She noted that the school maintained a stable staff, which fostered long-term student/teacher relationships.

[10:33:59 AM](#)

Senator von Imhof asked how Mt. Edgecumbe fared for Performance Evaluation for Alaska's Schools (PEAK) testing for the 2017 school year.

Ms. Banasse said that the test had only been given once and so hard data was difficult to assess. She stated that the rates had been low for the first year, but that given that 83 percent of the students that were coming to the school were not on track to be college ready, the low rates of PEAK assessment was not surprising for 9th and 10th graders. She said that the school was accepting that many student students would come to the school not yet on track for college and that it was the schools job to give their students the experiences that would improve student's prospects for college.

[10:35:39 AM](#)

Co-Chair MacKinnon wondered whether the student population had grown with the incre3ased retention of teachers.

Ms. Banasse clarified that two of the teachers listed under Teacher Retention on Slide 30 were part-time teachers. She said that the school used Title 1 money and some teacher worked on a swing shift, working with teachers in the afternoon and students in the evening during study hours. She stressed the money used for the increase in teachers was federal dollars. She countered that the data showed a significant increase in enrollment over the last 8 years.

[10:37:54 AM](#)

Co-Chair MacKinnon requested a follow up on the numbers. She asserted that 4 new teaching staff had been hired, while enrollment had been flat for the last 10 years.

Ms. Banasse [the recording is unclear for her response]

Co-Chair Hoffman noted that Ms. Banasse's connection was breaking up.

[10:38:57 AM](#)

Ms. Banasse reiterated that the 4 new positions were not 4 new teaching positions.

Co-Chair Hoffman requested her response in writing as the connection was still poor.

[10:39:26 AM](#)

Senator Micciche was also curious about how many teachers were employed at the school.

10:40:18 AM

Ms. Teshner looked at Slide 31, "Major Maintenance

- Capital Improvement Project (CIP) Grant Application
 - Due from School Districts on or before September 1 (annually)
 - CIP Application materials are posted on our website (<https://education.alaska.gov/facilities/faciliti escip>)
- Project Ranking
 - Ranked in accordance with criteria in AS 14.11 and 4 AAC 31

10:41:39 AM

Co-Chair Hoffman requested a history of the funding for major maintenance for the school.

Ms. Teshner agreed to provide the information.

10:42:00 AM

Ms. Teshner continued to discuss Slide 31:

- Eligibility
 - Districts must have a six-year plan, a fixed asset inventory system, adequate property loss insurance, and a preventive maintenance and facility management program certified by the department
- CIP Priority lists
 - Initial lists are released on November 5
 - Final lists are released after any appeals for reconsideration are finalized
- FY2019 Major Maintenance List -separate attachment
 - https://education.alaska.gov/facilities/final/FY19_MaintenanceFinalList.pdf

10:43:33 AM

Ms. Teshner addressed Slide 32, "Preventive Maintenance and Facility Management":

- Encourage good stewardship of school facilities constructed with state aid, part of a school board's duties per AS 14.14.090(10), and provide for the development and implementation of a preventive maintenance and facility management program for school facilities.
- Preventive maintenance (PM) is defined as "scheduled maintenance actions that prevent the premature failure or extend the useful life of a facility, or a facility's systems and components, and that are cost-effective on a life-cycle basis."
- AS 14.11.011(b)(4) and AS 14.11.100(j)(5) establish the elements required in a district's PM plan in order for a district to be eligible for state aid under AS 14.11. Minimum requirements in the five elements (reports), listed below, are implemented by 4 AAC 31.013.
- Reports: Maintenance Management Program; Energy Management Plan; Custodial Program; Maintenance Training Program; and Renewal and Replacement Schedule (RandR)
- Certification occurs annually; on-site certification assessments are made every five years.
- Additional resources available on DEED's website: <https://education.alaska.gov/facilities/PM>

[10:44:41 AM](#)

Commissioner Johnson thanked the committee for their time and offered assurances to provide requested information in a timely manner.

[10:45:00 AM](#)

Vice-Chair Bishop commented that a culture of education should be developed in the state.

[10:46:10 AM](#)

Co-Chair Hoffman discussed housekeeping.

SB 144 was HEARD and HELD in committee for further consideration.

ADJOURNMENT
10:46:29 AM

The meeting was adjourned at 10:46 a.m.