

SENATE FINANCE COMMITTEE

April 5, 2018

9:04 a.m.

9:04:59 AM

CALL TO ORDER

Co-Chair MacKinnon called the Senate Finance Committee meeting to order at 9:04 a.m.

MEMBERS PRESENT

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

MEMBERS ABSENT

Senator Donny Olson

ALSO PRESENT

Brittany Hartmann, Staff, Senator Anna MacKinnon; Jonathan King, Staff, Senator Natasha Von Imhof; Marcy Herman, Special Assistant, Department of Education and Early Development; Rachel Hanke, Staff, Senator Peter Micciche; Alexei Painter, Analyst, Legislative Finance Division.

PRESENT VIA TELECONFERENCE

Heidi Teshner, Director, Finance and Support Services Division, Department of Education and Early Development; Peter Caltagirone, Attorney General's Office, Anchorage; Michael Stanker, Department of Law, Anchorage; Kris Hess, Division of Mining, Land, and Water, DNR, Anchorage; Marla Thompson, Division of Motor Vehicles, Anchorage; Mindy Lobaugh, School Finance Specialist, Department of Education and Early Development.

SUMMARY

SB 92 VESSELS: REGISTRATION/TITLES; DERELICTS

CSSB 92(FIN) was REPORTED out of committee with a "do pass" recommendation and with one new zero fiscal note from the Department of Natural Resources; one new fiscal impact note from the Department of Administration; one new fiscal impact note from the Department of Natural Resources; and one previously published fiscal impact note: FN 3(DEC).

SB 104 EDUCATION CURRICULUM

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

SB 216 SCHOOL FUNDING FOR CONSOLIDATED SCHOOLS

SB 216 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."

9:06:29 AM

Vice-Chair Bishop stated that there were two fiscal notes, and outlined the fiscals notes.

9:08:11 AM

BRITTANY HARTMANN, STAFF, SENATOR ANNA MACKINNON, discussed the bill. She stated that curriculum was one of the "vital levels that we need to pull" in order to improve education and educational outcomes for all Alaska students. She stated that the bill sought to improve educational outcomes for all Alaska students by providing the best curriculum available. She remarked that the bill charged the Department of Education and Early Development (DEED) and the Board of Education to find and approve of the best curriculum in the world. The curriculum would be made available to five school districts through and application

process; and would be tested in a three-year pilot program for its appropriateness and effectiveness. She stated that the curriculum would become available to all districts after the pilot program. She announced that there would be incentive payments to those participating schools.

[9:09:15 AM](#)

Co-Chair MacKinnon stated that there was a portion about Individual Education Programs (IEPs); and a reporting mechanism for DEED and parents to understand the curriculum used in all districts. Ms. Hartman replied in the affirmative.

Vice-Chair Bishop MOVED to REPORT SB 104 from committee with individual recommendations and attached fiscal notes. There being NO OBJECTION, it was so ordered.

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

[9:10:17 AM](#)

AT EASE

[9:13:23 AM](#)

RECONVENED

#sb216

SENATE BILL NO. 216

"An Act relating to the calculation of state aid for schools that consolidate; relating to the determination of the number of schools in a district; and providing for an effective date."

[9:13:55 AM](#)

Vice-Chair Bishop MOVED to ADOPT the committee substitute for SB 216, Work Draft 30-LS1483\T (Bruce, 4/3/18).

Co-Chair MacKinnon OBJECTED for discussion.

[9:14:13 AM](#)

JONATHAN KING, STAFF, SENATOR NATASHA VON IMHOF, outlined the Explanation of Changes (copy on file):

Section 4

Page 3, lines 15-31 through page 4, line 1: Adds subsections that will allow the Department of Administration to issue a "To Title Issued" registration in the event that they are not satisfied with proof of ownership or believe there may be an undisclosed security interest. A certificate of title will be issued if the applicant presents sufficient documentation or if the "No Title Issued" registration goes uncontested for three years. This section will also ensure that the Department will not be held liable for any damages or costs.

Section 6

Page 4, line 10: Removed the amendment to increase the fee for motorized boat registration, registration renewal, and transfer of registration. The fee will remain as it is in current statute: \$24. The increased fees would not have benefitted the derelict vessels program and therefore were removed from the bill.

Co-Chair MacKinnon WITHDREW the OBJECTION. There being NO OBJECTION, it was so ordered.

Senator Stevens queried the difference between closures of schools and consolidation of schools. He shared that in his district, there were three larger communities and several villages. He shared that there was a constant process of closing village schools, because of their smaller populations. He noted that there were very small schools that opened and closed consistently. He wondered whether a district could take advantage of a closure of a district school, and consider that a "consolidation" to receive additional funding under the bill. Mr. King replied that the question had multiple pieces. He shared that the idea behind consolidation was that in many districts with multiple schools, the districts had attendance boundaries. He noted that the consolidation was related to where a school district was closing a school that had an attendance boundary; therefore, those attendance boundaries were subsumed into another. Those children were then assigned to a new base school. He noted that transportation would then be provided within those boundaries. He shared that a rural environment created that question of whether those students

were formally assigned to a different school. He furthered that closing the school, and providing the students with distance education would not result in a new school boundary area. He felt that it would not be consolidation. He deferred to DEED for further information.

[9:20:09 AM](#)

MARCY HERMAN, SPECIAL ASSISTANT, DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT, deferred to Ms. Teshner.

[9:20:15 AM](#)

AT EASE

[9:22:41 AM](#)

RECONVENED

[9:22:45 AM](#)

Senator Stevens felt that the issue was important. He understood that the bill had a good intent of effecting urban Alaska. He stressed that any law would have an impact on rural Alaska. He restated his question.

Co-Chair MacKinnon wondered whether the bill was voluntary or mandatory.

[9:24:34 AM](#)

HEIDI TESHNER, DIRECTOR, FINANCE AND SUPPORT SERVICES DIVISION, DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT (via teleconference), stated that the bill was a voluntary program.

Co-Chair MacKinnon noted the concerns about the communities with a smaller number of students.

Senator Stevens queried the difference between closure and consolidation. Ms. Teshner replied that there could be consolidation if there were multiple schools within a community. She furthered that there would not be a process for consolidation for communities with only one school, unless the district chose to change the grades served within a school.

Co-Chair Hoffman surmised that the bill would not affect a school district, but rather it would effect a community. He

noted that his community had several school districts with schools in multiple communities, therefore the bill did not allow for consolidation in the school districts. Ms. Teshner responded replied that most of the schools within the rural communities were already K-12 schools, so they would be consolidated under the legislation. She stressed that the bill was directed at communities with multiple elementary, middle, or high schools.

Co-Chair Hoffman recalled a school district that was looking at the possibility of bringing the high schools into one community. He wondered whether that would be considered consolidation. Ms. Teshner replied that it would not be considered consolidation.

Co-Chair MacKinnon explained that the bill did not prohibit or allow consolidation. She stated that the bill only addressed stepping down of funding. She also stressed that it was a voluntary program, and would largely affect the buildings in the larger communities.

Vice-Chair Bishop stressed that the program was voluntary.

Co-Chair MacKinnon noted that the buildings in larger school districts currently remained open to prevent the loss of funding.

Senator Micciche recalled that he had several small schools in his district. He wondered whether those schools would be affected by the time limit. Ms. Teshner replied that those schools would not be subject to the seven year timeline.

[9:30:14 AM](#)

Senator von Imhof remarked that there were provisions and statutes in place to address the ten student threshold currently in place with its own rules and parameters.

Co-Chair MacKinnon queried the prioritization process and how the laws would interact with each other. Ms. Teshner replied that choosing to consolidate under the bill would not trigger the current "hold harmless" provision. She stated that it would be one or the other, and it would be the decision of the school district.

Senator von Imhof surmised that a school at the nine student threshold could choose, depending on their

circumstances, which statute they wished to utilize. Ms. Teshner replied in the affirmative for a community that was able to have consolidation.

Senator von Imhof queried the definition of a community.

MINDY LOBAUGH, SCHOOL FINANCE SPECIALIST, DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT (via teleconference), replied that there was a current hold harmless provision for the school size factor. She stated that the rural communities typical would go through that process. The current bill would help the larger districts who did not access the current provision.

[9:35:34 AM](#)

Senator Stevens surmised that the village were a part of the district, but not a part of the community. Ms. Teshner agreed.

Co-Chair MacKinnon remarked that the definition of community was used in regulation that stood up other portions of statute. She stated that the regulation for the bill had yet to be written.

Senator Stevens felt that superintendents could find a loophole in the law, if it benefited their districts.

Co-Chair MacKinnon wanted greater clarity. She queried the challenge for some of the urban districts.

Senator von Imhof shared that the idea was brought forward when the Anchorage School District had a presentation for the Anchorage legislators, when they shared that there was excess capacity due to population migration within and outside of the city.

[9:40:04 AM](#)

Co-Chair MacKinnon remarked that there would be less cost for taxpayers in any individual districts.

Co-Chair Hoffman wondered whether the legislation would affect charter schools.

Senator von Imhof replied that she believed that it would apply to charter schools.

Co-Chair Hoffman asked whether the charter schools would be consolidated with other charter schools.

Senator von Imhof stated that consolidation could occur if there was a building that could pass education specifications.

[9:41:08 AM](#)

AT EASE

[9:53:18 AM](#)

RECONVENED

[9:53:49 AM](#)

Co-Chair MacKinnon wanted to make sure that the legal team was able to examine the legislation.

Mr. King reiterated that the bill was a voluntary consolidation program. The intent was to add a new tool to the toolbox, and not force consolidation.

SB 216 was HEARD and HELD in committee for further consideration.

#sb92

SENATE BILL NO. 92

"An Act relating to abandoned and derelict vessels; relating to the registration of vessels; relating to certificates of title for vessels; relating to the duties of the Department of Administration; relating to the duties of the Department of Natural Resources; establishing the derelict vessel prevention program; establishing the derelict vessel prevention program fund; and providing for an effective date."

[9:56:08 AM](#)

AT EASE

[10:03:09 AM](#)

RECONVENED

[10:03:20 AM](#)

Vice-Chair Bishop MOVED to ADOPT the committee substitute for SB 92, Work Draft 30-LS048\N (Bruce, 4/2/18).

Co-Chair MacKinnon OBJECTED for discussion.

[10:03:39 AM](#)

RACHEL HANKE, STAFF, SENATOR PETER MICCICHE, discussed the changes in the committee substitute.

Co-Chair MacKinnon WITHDREW the OBJECTION. There being NO OBJECTION, it was so ordered.

Senator Micciche recalled that the 24 and under feet was removed from needing a title. He noted that it was voluntary to title that vessel. He noted that an undocumented vessel saw no change on the registration or title under 24 feet. He stated that the only difference was the registration fee changes.

Vice-Chair Bishop thanked the bill sponsor and staff.

[10:06:14 AM](#)

PETER CALTAGIRONE, ATTORNEY GENERAL'S OFFICE, ANCHORAGE (via teleconference), stated that he had no comments.

MICHAEL STANKER, DEPARTMENT OF LAW, ANCHORAGE (via teleconference), had no comment.

KRIS HESS, DIVISION OF MINING, LAND, AND WATER, DNR, ANCHORAGE (via teleconference), had no comment.

MARLA THOMPSON, DIVISION OF MOTOR VEHICLES, ANCHORAGE (via teleconference), had no comment

[10:07:37 AM](#)

ALEXEI PAINTER, ANALYST, LEGISLATIVE FINANCE DIVISION, discussed the fiscal notes.

Senator Stevens understood that it was a necessary step for addressing the problem. He asserted that none of the money collected would go to assisting of the removal of vessels.

Senator Stevens repeated his question. Mr. Stanker deferred to Mr. Caltagirone

Mr. Caltagirone explained that additional funds would need to be appropriated for vessel cleanup. He agreed to provide further information.

Co-Chair MacKinnon asked for preparation to answer that question on the floor. Senator Micciche replied in the affirmative.

[10:12:49 AM](#)

Mr. Painter explained that Section 23 noted that one of the uses of the fund was to reimburse state agencies and municipalities for expenses related to removal of derelict vessels from the water of the state. Therefore, the money could be used to remove derelict vessels.

Co-Chair MacKinnon appreciated the effort to clean the abandoned derelict vessels.

Senator Micciche noted that the funds were small, but the main value of the bill was the education.

Co-Chair MacKinnon recalled that the Coast Guard could speak to the issues.

Senator Micciche stated that he always hoped that the government not be involved in issues unless necessary.

MOVED to REPORT CSSB 92(FIN) out of committee with individual recommendations and accompanying fiscal notes. There being NO OBJECTION, it was so ordered.

CSSB 92(FIN) was REPORTED out of committee with a "do pass" recommendation and with one new zero fiscal note from the Department of Natural Resources; one new fiscal impact note from the Department of Administration; one new fiscal impact note from the Department of Natural Resources; and one previously published fiscal impact note: FN 3(DEC).

[10:16:42 AM](#)

AT EASE

[10:18:50 AM](#)

RECONVENED

Co-Chair MacKinnon discussed the afternoon's agenda.

#

ADJOURNMENT

10:19:18 AM

The meeting was adjourned at 10:19 a.m.