

HOUSE FINANCE COMMITTEE

May 7, 2019

9:00 a.m.

9:00:04 AM

CALL TO ORDER

Co-Chair Wilson called the House Finance Committee meeting to order at 9:00 a.m.

MEMBERS PRESENT

Representative Neal Foster, Co-Chair
Representative Tammie Wilson, Co-Chair
Representative Jennifer Johnston, Vice-Chair
Representative Dan Ortiz, Vice-Chair
Representative Ben Carpenter
Representative Andy Josephson
Representative Gary Knopp
Representative Bart LeBon
Representative Kelly Merrick
Representative Colleen Sullivan-Leonard
Representative Cathy Tilton

MEMBERS ABSENT

None

ALSO PRESENT

David Scott, Staff, Senator Bert Stedman; Captain Ed Sinclair, Deputy Marine Pilot, Southeast Alaska Pilotage Area, Juneau; Representative Sara Rasmussen, Sponsor; Krysten Walker, Staff, Representative Sara Rasmussen; Lisa Skiles Parady, Executive Director, Alaska Council of School Administrators.

PRESENT VIA TELECONFERENCE

Daniel Walker, Superintendent, Lower Kuskokwim School District, Bethel; Laura Hylton, Finance Director, Lake and Peninsula School District, Alaska Peninsula; Sam Jordan, Self, Juneau.

SUMMARY

HB 68 LABOR STDRS/SAFETY; WORKER COMPENSATION

CSHB 68(FIN) was REPORTED out of committee with a "do pass" recommendation and with one new fiscal impact note from the Department of Labor and Workforce Development and one previously published zero note: FN1 (LWF).

HB 75 INTERNET FOR SCHOOLS; FUNDING

HB 75 was HEARD and HELD in committee for further consideration.

SB 29 EXTEND BOARD OF MARINE PILOTS

SB 29 was HEARD and HELD in committee for further consideration.

#hb68

HOUSE BILL NO. 68

"An Act relating to the division of labor standards and safety; relating to the division of workers' compensation; establishing the division of workers' safety and compensation; and providing for an effective date."

[9:00:33 AM](#)

Vice-Chair Johnston MOVED to REPORT CSHB 68(FIN) out of committee with individual recommendations and the accompanying fiscal note. There being NO OBJECTION, it was so ordered.

CSHB 68(FIN) was REPORTED out of committee with a "do pass" recommendation and with one new fiscal impact note from the Department of Labor and Workforce Development and one previously published zero note: FN1 (LWF).

[9:00:59 AM](#)

AT EASE

[9:02:04 AM](#)

RECONVENED

#sb29

SENATE BILL NO. 29

"An Act extending the termination date of the Board of Marine Pilots; and providing for an effective date."

[9:02:23 AM](#)

DAVID SCOTT, STAFF, SENATOR BERT STEDMAN, introduced the bill with the sponsor statement:

The Board of Marine Pilots (Board) protects the safety of the public and the environment by licensing and regulating marine pilots for almost all foreign vessels and vessels over a certain size in Alaskan waters. Board activities provide a good level of assurance that marine pilot licensees are competent and able to safely pilot passenger and cargo ships.

As required under Title 24 and Title 44 of the Alaska statutes, the Legislative Budget and Audit Division reviewed the actions of the Board of Marine Pilots. The audit found a continued need for the Board and that the Board is following the law, processing investigations timely, and actively changing regulations to "improve the industry and better protect the public." The audit recommended the Legislature extend the Board's termination date to June 30, 2027.

SB 29 extends the termination date of the Board of Marine Pilots to June 30, 2027.

[9:04:23 AM](#)

CAPTAIN ED SINCLAIR, DEPUTY MARINE PILOT, SOUTHEAST ALASKA PILOTAGE AREA, JUNEAU, supported the bill and believed that the board was performing well.

SB 29 was HEARD and HELD in committee for further consideration.

#hb75

HOUSE BILL NO. 75

"An Act relating to funding for Internet services for school districts; and relating to the Alaska higher education investment fund."

[9:05:08 AM](#)

REPRESENTATIVE SARA RASMUSSEN, SPONSOR, introduced the legislation. She read from prepared remarks:

Thank you, Madam Chair and members of the committee. For the record, I'm Sara Rasmussen, representing District 22, the Sand Lake area of Anchorage. I am here with my staff, Krysten Walker.

I appreciate the committee taking the time today to hear House Bill 75. This bill raises the minimum standard for internet in schools from 10 megabits per second to 25 megabits per second. This works to provide equal access to education for all children regardless of where the student lives by improving access to bandwidth. This gives teachers additional tools, including access to resources and other educators.

The Federal E-Rate program allows districts to apply for discounted internet services based on their participation rate in the free and reduced school lunch programs, which covers up to 90% of the cost of internet. The state's Broadband Assistance Grant, or BAG program, fills the remaining gap to get schools up to the minimum speed, which is 25 megabits per second under HB 75.

The House Education Committee Substitute made a few changes to the bill, as outlined in your packet.

First, the phrase "a minimum of" was removed to clear up ambiguity identified by the Department. This makes it clear that the BAG program will only fund schools to get up to the 25 megabits per second benchmark and will not fund schools to go higher than 25.

Second, the last two sections of the bill were removed. These sections identified the funding source as the Alaska higher education investment fund. The current version funds the program with general funds.

Moving to the fiscal note - There is a small error in the fiscal note. Currently, it shows funds would be needed in FY 2020. The application period for the BAG program ends in March each year for applications for funds for the following school year. Because it is now

past March and the bill has not passed, the funds will not be needed until FY 2021.

There is one issue flagged by Legislative Finance. This bill may cause Alaska to fall out of compliance with the federal Disparity Test for equalized school funding. The Senate Finance Committee added conditional language to the senate companion, SB 74, allowing the bill to take effect only after the state has received a waiver. My plan for this bill is to match the senate companion and would ask the committee to consider a committee substitute or an amendment.

We have invited representatives from Legislative Finance as well as the Department of Education and Early Development for further explanation.

[9:07:50 AM](#)

Vice-Chair Ortiz inquired whether the 25 megabits per second (Mbps) was enough for student's online testing and met the state's needs. Representative Rasmussen replied that the federal recommendation was 100 (Mbps) and the bill was an incremental approach due to costs. She was unsure if testing could be accomplished.

Co-Chair Wilson asked what raising the megabits to 25 would allow the schools to do that they could not currently accomplish under 10 (Mbps).

KRYSTEN WALKER, STAFF, REPRESENTATIVE SARA RASMUSSEN, deferred the answer to Lisa Parady (Executive Director, Alaska Council of School Administrators) for specifics. She knew that streaming video on Netflix or You Tube took 3 (Mbps).

Co-Chair Wilson did not believe video was the same as testing. She reiterated her question regarding what raising the internet speed from 10 (Mbps) to 25 (Mbps) would allow students to accomplish. Representative Rasmussen deferred the question to Dr. Parady. Co-Chair Wilson asked if the sponsor had done the research regarding raising the internet speed. Representative Rasmussen replied that she had included the list of schools currently operating at 10 (Mbps) that would increase to 25 (Mbps) and superintendents from rural districts were available to testify.

Co-Chair Wilson asked the sponsor to provide the information to the committee.

9:11:23 AM

Vice-Chair Ortiz asked how many districts were operating under 10 (Mbps). Ms. Walker answered with a reference to a document in member's packets [2017-2018 School Year School District Bandwidth Counts less than 25 Mbps (copy on file)]. She noted that the list included two schools that were under 10 (Mbps).

Co-Chair Wilson wondered why the two schools were not able to utilize the grant program. Ms. Walker assumed that the schools did not apply and deferred the answer to the Department of Education and Early Development (DEED). Co-Chair Wilson wondered how a school that could not reach 10 (Mbps) could increase its bandwidth to 25 (Mbps). Ms. Walker answered that the internet service providers ensured the sponsor that they had the current infrastructure in place to get all schools to 25 (Mbps) if they choose to apply. Co-Chair Wilson asked if the sponsor had included information that listed the cost per school to increase bandwidth to 25 megabytes. She wondered if it would save districts money in the long run and why districts could not utilize BSA (base student allocation) funding. Ms. Walker answered that the department had calculated the fiscal note based on the district's costs for 10 (Mbps) and multiplied the amounts by 2.5. Co-Chair Wilson clarified that her question was why BSA funds were not utilized. Ms. Walker deferred the answer to superintendents.

Co-Chair Wilson questioned whether the increase would move the state any closer to utilizing virtual schools. Representative Rasmussen answered in the affirmative. She said that it would move the state closer to virtual learning opportunities. Co-Chair Wilson asked if there were any current state laws that prevented that from taking place. Representative Rasmussen answered in the affirmative. She believed that a statute required a teacher to be physically present in a classroom. She reported that she requested clarification from Legislative Legal Services. Co-Chair Wilson reasoned that some districts were having a difficult time recruiting teachers and believed the bill would help.

9:15:04 AM

Representative Knopp asked whether the funds were explicitly for increased broadband width or whether it included infrastructure upgrades. Ms. Walker replied that the legislation did not include any infrastructure upgrades, which was why 25 (Mbps) was chosen. The internet providers were able to provide service to that level without major capital investments. Representative Knopp asked whether all the schools had the capability to increase its bandwidth to 25 (Mbps). He noted that Vice-Chair Ortiz was shaking his head negatively. He wanted to know what districts were eligible.

Representative Rasmussen responded that they had been told by various internet providers that they had the ability to provide up to 25 megabits per second to the districts. Increasing speeds above the number in rural districts would require major capital investment from the providers.

Representative Carpenter asked what the agreement would look like between districts and the internet provider.

[9:17:36 AM](#)

Representative Rasmussen deferred the answer to DEED.

Co-Chair Wilson asked if every district could afford to take on the cost. She acknowledged that it would give the districts an increased opportunity because the state was essentially providing a grant. Ms. Walker answered that up to 90 percent of the internet service was covered by the federal E Rate program. The local share of the internet service was covered by the School BAG grant. Co-Chair Wilson asked if they were providing free internet service to every school in the state. She did not believe the statement was accurate.

Representative LeBon cited the list of schools and school districts. He was surprised to see schools in Anchorage and Fairbanks included on the list. He noted that two schools in Fairbanks had bandwidths at 20 (Mbps). He assumed that the school district could cover the increase to 25 (Mbps). He wondered whether his conclusion was incorrect. Representative Rasmussen answered that she could not speak to the intentions of every school without speaking to them.

[9:20:10 AM](#)

Representative LeBon realized his question was unfair. He did not expect to see any Fairbanks schools on the list. Representative Rasmussen was surprised to see some Anchorage schools included on the list as well. She noted that bandwidth was a statewide issue that deserved attention.

Co-Chair Wilson relayed that the Fairbanks district schools, including the schools that have a bandwidth over 25 (Mbps), could not perform testing without scheduling schools over a number of days. She identified that as the reason she was asking what school districts could accomplish at 25 (Mbps) versus 10 (Mbps). Alternatively, she considered whether the bill would help the state offer virtual learning, especially in districts where it was difficult to recruit teachers. She believed that it was necessary to consider whether 25 (Mbps) was enough. She noted that even with the grant program bandwidth was not free to the schools.

Representative Sullivan-Leonard wanted to hear from the department.

[9:21:50 AM](#)

LISA SKILES PARADY, EXECUTIVE DIRECTOR, ALASKA COUNCIL OF SCHOOL ADMINISTRATORS, spoke in support of the legislation. She believed that the issue was extremely important. She recapped that the bill raised the minimum standard for internet in schools from 10 megabits per second to 25 megabits per second and helped the district's pay for the increase through the state's Broadband Assistance Grant program. She shared that she had been working on the issue for a long time. In 2015, she worked as a school administrator for the North Slope Borough School District when the first broadband increase to 10(Mbps) was implemented. She elucidated that the plan was to incrementally start increasing the broadband capability with the leverage of the BAG program for federal dollars. She understood that the cost to "connect" the entire state was over \$2 billion and was unattainable. She considered the incremental approach an exceptional opportunity. She relayed that increasing the bandwidth to outlying areas was one of the association's highest priorities. She referred to the organization's joint position statement and read from the document (copy not on file):

Alaska's students need and deserve the full transformative power of technology and equitable access to online resources. Students, teachers and school leaders of Alaska, some of whom live in the most remote areas of the world, require access to modern technology in order to transform learning, create efficiencies, provide online health services, and keep pace with their peers globally.

ACSA supports continuing the Broadband Assistance Grant (BAG) and increasing the level of state funded bandwidth for schools to a minimum of 25 megabits of download per second. This funding leverages federal e-rate funds at 8:1 to provide Alaska's students and educators fair access to the digital world.

Dr. Skiles Parody pointed out that technology had been an add-on to core instruction but was becoming increasingly integrated with core instruction; without it, students lacked equitable access. She maintained that reliable access to the internet was a critical component to modern learning. Many Alaskan students were unable to access the internet at the Federal Communications Commission's (FCC) minimum connectivity standard. She characterized the bill as an investment. She emphasized that passing the bill during the current session was important so the districts could meet the annual filing window that was at the end of March each year. If adopted, the following spring the Department of Education and Early Development (DEED) and school districts could apply for the following year. The association wanted to ensure all schools had equitable access to educational opportunities. She emphasized that quality education required connectivity and ensured that students received the education they deserved regardless of where they lived.

[9:29:19 AM](#)

Vice-Chair Johnston asked about why \$1.8 million in funding was left available with two schools remaining under 10 (Mbps) and why the two schools did not apply to get connectivity up to 10 (Mbps). Dr. Skiles Parody answered that the cap of 10 (Mbps) left money on the table. She did not have the specific information regarding the two schools that remained under 10 (Mbps). She voiced that the increase still relied on the individual districts to contribute and acknowledged that was impossible for some schools. Vice-

Chair Johnston stated that the cost for broadband had been decreasing in Alaska. She wondered whether lower costs were a trend and if low orbital satellites contributed to the situation. Dr. Skiles Parady replied affirmatively. She noted that a map was created that showed where "the fiber" was located in relation to schools. She would provide the map to members. She indicated that the map demonstrated the need in the state and pointed to the schools that did not have access to satellites or fiber. She spoke to the inadequacies of the current internet speed. She believed that increased bandwidth could extend the reach of good or specialized teachers and help achieve equity. She believed that a shift from 10 (Mbps) to 25 (Mbps) was beneficial.

Co-Chair Wilson reiterated her question regarding virtual teaching related to students trying to qualify for the state's performance scholarship and whether other issues besides inadequate broadband would interfere with virtual schools. Dr. Skiles Parady thought that logistical issues would need to be addressed. She maintained that the state was looking at virtual education that would not be possible without increased bandwidth. She noted that the joint House and Senate Education Committee was examining the issue of virtual schools. She was uncertain whether they would replace teachers. Co-Chair Wilson contended that no one wanted to replace teacher. She maintained that in schools with a small number of students virtual learning could ensure equity in education.

Co-Chair Foster cited a document included in members titled, "Household Broadband Guide" (copy on file). He pointed out that it highlighted what could be done at various broadband speeds. He noted the chart showing Basic Service at 3 (Mbps) to 8 (Mbps) for one user and one device could have Basic functions: email, browsing, basic video, Internet radio. He deduced that only 2 users could utilize basic functions in a school with 10 (Mbps). He turned to the Medium Service listing at 12 (Mbps) to 25 (Mbps) that enabled Basic functions plus one high demand application: streaming HD video, multiparty video conferencing, etc. He thought that the document was useful to see how little could be done with basic and medium service. He referenced a document showing the annual cost of internet, e-rate portion, school portion, and school BAG portion [document with no title] (copy on file). He reported that St. Mary's School District paid \$428 thousand annually for internet services, the E-rate paid \$385

thousand, the BAG (Broadband Assistance Grant) grant program paid \$13 thousand and the remainder of \$30 thousand was paid by St. Mary's. He calculated that the school paid approximately 70 percent of the remainder. He moved to the column showing the St. Paul school where the total internet cost was \$139 thousand, the E-rate paid \$111 thousand, and the school paid \$11 thousand of the \$28 thousand remaining. The school paid 40 percent for St. Paul and 60 percent was paid by the BAG program. He wondered about the disparity and what formula was used.

[9:39:05 AM](#)

Dr. Skiles Parady that the grant was based on the free and reduced lunch poverty formula by district that was different for each district.

Vice-Chair Ortiz asked how many districts had access to more than one internet service provider. He wondered about the level of competition in the state. Dr. Skiles Parady responded that the council had been working on the exact bill for four years. The bill died on the last day of session the previous year. She answered that it was determined that all providers could increase bandwidth to 25 (MBPS) and the number was not a prohibitive bar. Vice-Chair Ortiz clarified that his question was about the cost to the district. He imagined that the absence of competition meant one district may have to pay a substantial amount, more than districts with multiple internet providers. He inquired about the percentage of districts that only had access to one provider. Dr. Skiles Parady deferred the answer to the providers.

Co-Chair Wilson interjected that the bill would be heard during the afternoon meeting as well. She noted that HB 75 had a \$7 million fiscal note, which she reasoned was why the bill had not passed in the prior year. The Legislative Finance Division (LFD) would speak to the fiscal note and the disparity test. Dr. Skiles Parady replied that she was working with DEED to help them obtain a waiver to offset the formula used for the disparity test.

Co-Chair Wilson noted they would try to have the DEED commissioner available during the afternoon meeting. She reiterated her strong desire to ensure that virtual teaching was available in order to give more tools to

districts and meet the need for specialized teachers in all areas of the state.

[9:43:56 AM](#)

Co-Chair Wilson OPENED public testimony.

DANIEL WALKER, SUPERINTENDENT, LOWER KUSKOKWIM SCHOOL DISTRICT, BETHEL (via teleconference), supported the bill. He echoed support for comments made by Dr. Skiles Parady. He shared that the district was the largest Regional Educational Attendance Area (REAA) in the state with approximately 4,100 students. He provided details about the makeup of the district. He shared that he worked for the Lower Kuskokwim School District (LKSD) for 27 years and remembered when there had not been internet connectivity. He believed that access to quality broadband helped level the playing field for rural districts. He strongly supported internet access for LKSD's schools to provide tools for students and teachers. He elaborated that the district was on the forefront of building a distant learning network. The network was a critical teaching tool to engage students in the digital age. He stressed the importance of internet access because it was very difficult to provide qualified teachers for every subject. The network consisted of 5 teaching studios offering 15 different classes; social studies, language arts, science, math, and college dual credit courses. The current bandwidth could not support the media rich content needed for students. Overall, the district was woefully short of the Federal Communications Commission's (FCC) target of 1 mb per student. The district used its video conferencing system to connect to remote villages in the district for meetings and professional development. The bill would enable the district to continue to increase its internet capacity. He urged passage of the bill in the current year.

[9:47:48 AM](#)

Representative Carpenter asked how much the district currently spent for internet access. Mr. Walker replied that LKSD spent approximately \$3 million from its regular budget. Representative Carpenter asked how much was subsidized in state and federal money. Mr. Walker answered that the subsidies totaled roughly \$28 million. Representative Carpenter asked what the breakdown between federal and state dollars was. Mr. Walker indicated that

the district was not eligible for the BAG grants in the prior year because the district was utilizing the 10 (Mbps) speed.

Co-Chair Wilson asked how much more regular internet service would cost the district if it increased speed to 25 (Mbps). Mr. Walker did not know off the top of his head what the cost was. The fact that the district was using \$3 million out of its own current funds said a lot about the need for the legislation. Co-Chair Wilson asked for verification that the district was using \$28 million in its district on internet service. She wondered if there were other beneficial ways the district could spend \$28 million besides internet. She stressed the large expense for only 10 (Mbps). Mr. Walker answered that the \$28 million was the e-rate subsidy and \$3 million was the districts expense. Co-Chair Wilson understood, but she reasoned that if the state and federal government was going to spend \$28 million on 4,100 students that there may be a better way to use the funds on students instead of giving it to internet providers. She was concerned that the money was going to a service that could elevate learning if used in other areas. She understood that the money could not be used for teachers and must be used for internet. She asked how he could better expend the funds to benefit students other than on internet services.

[9:51:43 AM](#)

Mr. Walker answered that one of the district's major challenges was finding enough teachers. He did not believe the district would have the ability to fill all its positions. He communicated that an actual teacher in the classroom was the most beneficial scenario, but he did not believe it was a realistic goal. The ability to have access to broadband internet "had taken the walls down" for the district's students - it broadened their world. He believed a balance was necessary. He acknowledged that the service was expensive. The district chose "terrestrial internet," which removed the satellite. He delineated that terrestrial internet was important for the distance learning network because it removed the delay and caused a lower quality experience for the end user. The district needed to make sure the experience was on par with a live teacher in the classroom. The district had chosen to have a dedicated circuit, which meant that LKSD was not sharing with all the other internet users in the area and provided the ability

for the schools to manage their internet. He commented that bandwidth needed to be managed in order to provide online testing and rich media experiences for the students.

[9:54:51 AM](#)

Representative Carpenter asked for a cost estimate of 25 (Mbps) service for the district. Mr. Walker did not presently have the estimate.

Vice-Chair Johnston asked if greater connectivity got the district closer to individual learning plans and had the district considered teaching coding. Mr. Walker answered that the bill did get the district closer to the goal. He noted that the district was currently at 10 percent of the per student internet capacity recommended by the FCC. He believed that it would take significant growth to get to that point. He delineated that there were ways to manage the bandwidth through caching and prioritizing certain services, which the district engaged in. However, online testing remained problematic and LKSD tested on certain grade levels on certain days at certain schools. He emphasized that increasing the bandwidth would be very beneficial for the district and would get it closer to achieving personalized individual learning. The district was teaching coding and anticipated growth in the area.

[9:57:14 AM](#)

Vice-Chair Ortiz asked if online testing had impacts on test scores - the student had to know the information and how to use the computer. He wondered if there was a correlation in districts that may not have significant access to computers in general and test scores. Mr. Walker answered it was challenging to determine the answer. He believed for the first few years it probably had a small impact, but as students advanced in school the tests became easier to take.

[9:59:31 AM](#)

Co-Chair Wilson noted that she would leave public testimony open until the afternoon meeting.

Vice-Chair Ortiz spoke to a district's limitations to deliver a test online. He wondered if it impacted test scores. Mr. Walker replied that the district had some

challenges with online testing that led to incredible frustration for students and teachers. He noted that at some point, when students got frustrated it led to them shutting down and performing poorly. He believed that the district had a decent experience with state testing but had some challenges with math testing that was performed twice each year. He observed that the situation had an impact.

[10:02:19 AM](#)

LAURA HYLTON, FINANCE DIRECTOR, LAKE AND PENINSULA SCHOOL DISTRICT, ALASKA PENINSULA (via teleconference), testified in favor of the legislation. She stressed that bandwidth was a critical piece of what the school did in its classrooms daily. The district had offered some online instruction via their master teachers that was limited by bandwidth. The district worked carefully around scheduling and managing internet. She explained that most of the district had small rural one, two, and three teacher sites that were K through 12 with a few larger schools. The ability for a district teacher to teach high level classes throughout the day helped the small schools achieve more by exposure to better teachers and better instruction. She stated that they barely pulled the work off at the 10 (Mbps) rate. Overall the system functioned, but they had difficulties during testing and students had times when the internet was disconnected. The teachers used many internet resources to bring different learning experiences into the classrooms. She strongly believed that increased bandwidth was critical and urged support of the legislation.

[10:05:30 AM](#)

Co-Chair Wilson asked how much state funding the district used, how much was federal, and the number of students served. Ms. Hylton answered the district had 300 students and their cost was \$1.17 million. The E-rate covered over \$1 million, the BAG grant paid just over \$5 thousand and the district paid \$118 thousand.

[10:06:20 AM](#)

SAM JORDAN, SELF, JUNEAU (via teleconference), spoke in support of the bill. He spoke to educational equity and reported that providing it was challenging for the entire country. Equity provided a baseline of common education experience no matter where a student resided. Internet

access had become an equity issue over the past 20 years. He noted that broadband access was an important requirement for a good education. He supported increased broadband width across the state.

[10:08:18 AM](#)

Co-Chair Wilson discussed the procedure and topics for the afternoon hearing.

HB 75 was HEARD and HELD in committee for further consideration.

#

ADJOURNMENT

[10:11:01 AM](#)

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