

HOUSE FINANCE COMMITTEE
May 7, 2019
1:30 p.m.

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CALL TO ORDER

Co-Chair Wilson called the House Finance Committee meeting to order at 1:30 p.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; Kris Curtis, Legislative Auditor, Alaska Division of Legislative Audit; Charles Ward, Marine Pilot Coordinator, Division of Corporations, Business and Professional Licensing, Department of Commerce, Community and Economic Development; Norm Wooten, Executive Director, Association of Alaska School Boards; Justin Parish, Self, Juneau; Alexei Painter, Analyst, Legislative Finance Division; Heidi Teshner, Administrative Services Director, Department of Education and Early Development, Office of Management and Budget; Michael Johnson, Commissioner, Department of Education and Early Development.

PRESENT VIA TELECONFERENCE

John Conwell, Superintendent, Unalaska City School District, Unalaska; Annemarie O'Brien, Superintendent, Northwest Arctic Borough School District, Kotzebue; Amy Eakin, Northwest Arctic Borough School District, Kotzebue; Christine O'Connor, Executive Director, Alaska Telecom Association.

SUMMARY

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.

Co-Chair Wilson reviewed the meeting agenda.

#sb29

SENATE BILL NO. 29

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

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DAVID SCOTT, STAFF, SENATOR BERT STEDMAN, had finished his presentation during an earlier meeting [May 7, 2019 9:00 A.M.].

KRIS CURTIS, LEGISLATIVE AUDITOR, ALASKA DIVISION OF LEGISLATIVE AUDIT, reviewed the audit findings for the Board of Marine Pilots. The audit recommended the maximum eight-year extension. She referenced the audit report ["A Sunset Review of the Department of Commerce, Community, and Economic Development, Board of Marine Pilots (board)" April 20, 2018 Audit Control Number 08-20112-18] dated April 20, 2018 (copy on file). She read sections from the audit report:

The audit concludes the board is serving the public's interest by effectively licensing marine pilots and deputy marine pilots and approving trainees and apprentices. Board meetings were conducted in

compliance with laws, investigations were processed timely, and the board actively changed regulations to improve the industry and better protect the public.

Ms. Curtis turned to licensing activity displayed on a table titled "Exhibit 2" on page 12 of the audit. She reported that the total number of licenses as of January 31, 2018 was 103. She moved to a table titled "Exhibit 4" on page 14 of the audit showing the Schedule of Revenues and Expenditures, FY 14 through March 31, 2018. She indicated that the board had a surplus balance of over \$229 thousand. She added that the board fees were listed on page 13.

Ms. Curtis continued with the recommendations on page 15 of the report. She read the following:

Recommendation 1:

The Board of Marine Pilots (board) should ensure all applicable documents are aboard foreign pleasure crafts in accordance with regulatory requirements.

Specifically, 12 AAC 56.115 requires an operator of a pleasure craft applying for a pilotage exemption to ensure the pleasure craft has aboard documents such as nautical charts, current tidal tables, and other guides. Auditors found five of the seven applications indicated that required documents were not on the vessel.

According to the MPC, the operators can obtain these documents at port or electronically while at sea. It has been standard procedure for the board to approve the exemptions with the understanding that the applicant will follow through and obtain the required documents later. The board did not consider the need for or importance of verifying that the documents were actually obtained. Additionally, the exemption does not include a stipulation that the applicant obtain the required documents prior to entering the applicable area. Issuing foreign pleasure craft exemptions without verifying required documents are aboard the vessel increases the risk to public safety.

Ms. Curtis moved to Recommendation 2 on page 16 and read the following:

The board should ensure the Southeast Alaska Pilots' Association improves procedures for tracking drug test notifications.

In a sample of nine drug test donors from the Southeast Alaska Pilots' Association, the audit found three donors notified by mail were not tracked by date and recipient. Therefore, the timeliness of the drug tests could not be confirmed.

The Southeast Alaska Pilots' Association relied on a third party contractor to notify selected donors that were out-of-state or out-of-town. The association was not aware the mail notifications were not adequately tracked. Drug test requirements under 46 CFR 16.230(h) specify that each marine employer shall ensure random drug tests are unannounced. Inadequate procedures for tracking drug test notifications limit the ability to verify timeliness of drug tests and increase the risk to public safety.

We recommend the board ensure the Southeast Alaska Pilots' Association improves procedures for tracking drug test notifications.

Ms. Curtis noted that the responses to the audit began on page 25, from both the Department of Commerce, Community and Economic Development (DCCED) and board and relayed that both agreed with the recommendations. She added that the board's chair at the time was also the commissioner of DCCED [Mike Navarre].

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Co-Chair Wilson OPENED and CLOSED public testimony.

Co-Chair Wilson asked to hear from the department on the fiscal note.

CHARLES WARD, MARINE PILOT COORDINATOR, DIVISION OF CORPORATIONS, BUSINESS AND PROFESSIONAL LICENSING, DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT, was available for questions.

Co-Chair Wilson discussed a fiscal note attachment titled "Board of Marine Pilots Schedule of Revenues and Expenditures" (copy on file) that was included in the members' packets that contained the board's expenses and fees.

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RECONVENED

Co-Chair Wilson noted that the fiscal note reported the use of Designated General Funds (DGF) only, which meant the board's expenses were paid by licensing fee receipts.

Representative Knopp referenced hearing concern expressed by the marine pilots over the size of one the new largest cruise ships maneuvering in high winds. He wondered how the issue was addressed. Mr. Ward answered that the topic of VLS (Very Large Cruise Ships) had been discussed at board meetings for the past year. He relayed that the board was aware of the navigational concerns raised. The Southeast Alaska Pilots Association would be piloting the ships and had been working with the cruise agencies on how to bring ships into ports. The entities were developing best practices with the ship captains and Coast Guard on how to navigate the ships safely into Southeast Alaska and Alaskan waters. Representative Knopp inquired whether the ships would be allowed to dock if any uncertainties remained due to high winds. Mr. Ward answered in the affirmative. He indicated that the pilot and the ship's captain would confer on a navigation plan. If conditions prohibited a safe approach, a safe port would be found for docking.

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Vice-Chair Ortiz interjected that there was a recognition amongst the pilot association that larger tugs were necessary to provide service to the VLS coming into ports. The larger tugs meant a larger investment in the support infrastructure. The discussions were ongoing with the pilots, cruise lines, and local communities. He offered that the local communities had a vested interest in assuring that the expensive port facilities were protected in high wind situations. The issues regarding VLS were a significant concern.

Representative Merrick looked at the fiscal note analysis and noted that total revenue collected from the fees equated to the regulatory costs. She cited a balance from the scheduled revenues and expenditures of close to \$300 thousand. She wondered whether there was something else the money was used for. She noted that the pilot's fees were \$2.5 thousand each year. She thought that the fees were too high. Mr. Ward answered that the board had a significant fee reduction in 2018. The new pilot's fee was \$1.5 thousand and agent fees were reduced from \$1 thousand to \$5 hundred and test and application fees were reduced. The board and division were aware of the healthy surplus and was engaged in lowering fees and using some of the surplus to offset any other board costs that arose. He noted that investigations were costly, and the board wanted a reserve to cover the costs in the event of an investigation. A costly investigation with a small board membership could quickly increase licensing fees and the reserve would offset the situation.

Co-Chair Wilson asked if the money could be utilized for anything other than what the board was authorized to do. Mr. Ward replied in the negative.

Co-Chair Wilson set an amendment deadline of 9:00 am the following day.

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."

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Co-Chair Wilson relayed that public testimony had been left open during the morning meeting. She relayed public testimony would continue.

JOHN CONWELL, SUPERINTENDENT, UNALASKA CITY SCHOOL DISTRICT, UNALASKA (via teleconference), testified in support of the legislation. He relayed stories from personal experience regarding technological advances in

schools. He reported that the schools shared 20 megabits (Mbps) of bandwidth between two buildings and 425 students and in the evening, it shifted to the public library for the OWL (Online With Libraries) program. The school was able to offer a distance class with the University of Alaska Fairbanks (UAF); Writing 111. He indicated that during the class it was necessary to cut the internet off to the other buildings. The insufficient bandwidth worked for the class, but it caused an inconvenience for others. He reported that he hired a substitute teacher for two weeks to carry out assessment and performance evaluation tests in pencil and paper due to lack of bandwidth. He encouraged the committee to support the bill.

Co-Chair Wilson asked how much the cost would be if the district had to pay for the cost itself. Mr. Conwell would follow up. He acknowledged that the district had a "scalable contract" with the provider but needed to review the contract to answer the question.

Co-Chair Wilson thanked the testifier.

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ANNEMARIE O'BRIEN, SUPERINTENDENT, NORTHWEST ARCTIC BOROUGH SCHOOL DISTRICT, KOTZEBUE (via teleconference), testified in support of the bill. She communicated that the internet played a critical role in the delivery of instruction across the school district that included a range of over 38 thousand square miles with 11 schools. She reiterated the importance of the internet in relation to giving students the educational opportunities they deserved.

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AMY EAKIN, NORTHWEST ARCTIC BOROUGH SCHOOL DISTRICT, KOTZEBUE (via teleconference), testified in support of the bill. She relayed the various internet speeds that the district's schools received and noted the bill would allow the remaining 12 schools to reach 25 (Mbps). In addition, some district schools had a high latency connection that performed at speeds under the actual bandwidth speed the schools purchased. Currently, the district received 90 percent E-rate funding and no funding from the School Broadband Assistance Grant (BAG) program. The cost to the district was \$50 thousand each month totaling \$600 thousand each year of uncovered broadband expenses. She delineated

that the cost of internet had decreased since the inception of the BAG program and some district schools no longer qualified for the program. Some village internet speeds were very low, which affected testing at school sites and increased the length of time it took to carry out the test. The testing disrupted class instruction time. She relayed stories of how the disruption affected some district schools. Currently, students across the region were able to take video teleconference classes (Virtual School). Only one quality connection was available to each school. The virtual school system allowed access to pre-algebra in eighth grade for students to qualify for the Alaska Native Science and Engineering Program (ANSEP). She elucidated that the increased bandwidth would allow more than one concurrent virtual class each class hour and increased the educational opportunities for the students to achieve the Alaska Performance Scholarship. She emphasized the benefit of the virtual instruction that included a live teacher and cohort of district peer students. She elaborated that the district would spend \$1.75 million more per year to increase each school to 25 (Mbps), which was essentially unaffordable for the district.

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Co-Chair Wilson asked for clarity regarding the \$1.75 million. Ms. Eakin answered that currently, the district spent \$5.9 million per year on internet; 90 percent was currently covered by E-rate and the district spent \$50,000 per month on internet. The \$1.75 million was the additional cost per year to increase each school to 25 Mbps.

Co-Chair Foster referenced Ms. Eakin's testimony that the district could get one quality connection for an online class. He wondered if one quality connection worked for a small school that only received 10 Mbps. Ms. Eakin answered in the affirmative. She elucidated that the district had a great number of restrictions on all its internet use; it blocked internet use for personal devices. One phone update prevented other students from carrying out school studies. Currently, the district had dedicated internet for one secure connection that offered a standard feed to provide one virtual class per school.

Co-Chair Foster surmised that the district would have to shut access down for everything else to provide the one class.

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Vice-Chair Johnston asked if Quintillion [commercial internet provider] had a "trunk" [fiber optic internet service] into Kotzebue. Ms. Eakin answered in the affirmative. She detailed that the service applied to Kotzebue only and was not offered to villages. Roughly half of the villages had microwave tower access and 5 villages had satellite connections. Vice-Chair Johnston asked if bill passage would allow the district to use the E-rate funds to increase the Kotzebue schools to 25 Mbps and if the cost would be reasonable due to fiber optics technology. Ms. Eakin responded in the affirmative. She emphasized that Kotzebue schools were some of the largest schools in the region.

Representative Carpenter asked about the bandwidth speed for schools on fiber optic cable. Ms. Eakin answered that each Kotzebue school currently received 10 Mbps. Representative Carpenter noted that fiber could be much faster. He asked what the limiting factors were. Ms. Eakin replied that cost was the limiting factor.

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NORM WOOTEN, EXECUTIVE DIRECTOR, ASSOCIATION OF ALASKA SCHOOL BOARDS, testified in support of the legislation. He relayed his personal experience of changing technology used in schools. He opined that the most important education technology in classrooms today was the internet. He looked forward to releasing students from "the confines of textbooks" and offer open source information. He supported virtual textbooks that were always updating. He believed that one of the greatest inequities in the state was bandwidth capacity. Every district in rural and urban areas experienced bandwidth shortages; however, the issue was most noticeable in rural areas. He discussed that internet crashes during testing was routine. The districts were using "work around fixes." He characterized the bill as a "baby step," but it was a baby step in the right direction. He was aware that the desired amount of bandwidth was unaffordable but with continued legislative support the equity gap would continue to close. He noted that he had spent time researching members' questions from the day's earlier meeting. He provided answers to the questions. He discussed the three schools that did not participate in the grants to increase internet speed from 3 Mbps to 10 Mbps.

He relayed that the Tenakee Springs School in the Chatham School District was closed due to insufficient enrollment. The district operated an independent learning center for the 8 students 3 mornings each week via correspondence and served special needs students through speech and occupational therapy online. The school was not eligible to participate through the grants due to the closure. He informed the committee that the Karluk School in the Kodiak Island Borough School District had closed and paid for an aide to help with home support for 7 students and the district was paying for the internet and teaching cost out-of-pocket. The Port Alexander School in the Southeast Island school district did not apply for the federal e-rate funding due to a provider error. The error had been corrected and the application to increase the speed was submitted. He responded to the question of what would happen if the federal e-rate funding program was eliminated. He ascertained that it was highly unlikely the federal e-rate funding would be abolished because the funding did not rely on a congressional appropriation; the program was funded through the Universal Services Fund.

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Mr. Wooten continued that the federal Universal Services Fund surcharge was assessed to every phone bill. The fund was established in the 1930's with passage of the Telecommunications Act and updated in 1996. The fund was originated to provide underprivileged areas equal access to phone lines. The update expanded the definition of universal services in four different areas; one area called the "Schools and Libraries Support Mechanism" or E-rate program. He read the mechanism's definition, "provides telecommunication services which includes local and long distance calling high speed lines internet access and internal connections that is the equipment to deliver the services to eligible schools and libraries." He offered to give members a copy of the universal services fund information.

Co-Chair Wilson noted that the committee had been hearing a significant amount about virtual schools in the state. She asked if there was anything that would prevent a school district from using out-of-state virtual schools. Mr. Wooten replied that no provision existed to prevent a

district from doing so. He detailed that more and more districts in Alaska were providing virtual services.

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CHRISTINE O'CONNOR, EXECUTIVE DIRECTOR, ALASKA TELECOM ASSOCIATION (via teleconference), spoke in support of HB 75 that would allow districts to increase broadband speeds. She revealed that the association represented telecommunication providers offering landline, long distance, wireless, and broadband service to Alaska. The bill would allow schools to better access the federal E-rate program and more robust broadband networks in the entire community. The school's broadband connection could be leveraged to allow the community library to access it. The association reviewed the list of schools that would benefit from the legislation. She confirmed that every school could receive the upgrade. Some upgrades may require changes to remote end equipment or other equipment specific to each site, but costs would be low. She reiterated the association's support of the bill.

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Co-Chair Wilson asked that if the state paid \$100 million, every school could increase beyond 25 Mbps. She ascertained that the capacity to provide higher speeds existed and the limiting factor was cost. She asked for the accuracy of her statement. Ms. O'Connor answered the statement was broadly correct. She clarified that some schools would need some equipment changes and upgrades necessary at the cite. She equated the need to changing a router in a home but on a larger scale. She did not expect the upgrade costs to be major. Co-Chair Wilson shared that she paid one-third of what her son paid who was a heavier internet user. She asked whether every district's bills would increase with the increase to 25 Mbps. Ms. O'Connor answered that she would not expect that to occur. She expounded that schools submitted a request for proposal (RFP) that included competitive bidding for the contracts. Every school could be served by two or three providers; the costs had been dropping due to competition. The bidding process was confidential.

Vice-Chair Johnston asked for the status of the Alaska Plan. She believed it was a 10-year plan. She asked for the status. Ms. O'Connor answered that the plan was currently

in year three. She elaborated that companies had been reporting the locations they served through an internet portal. Every company was meeting the goals with 7 years remaining. She had queried the companies recently and they had collectively spent over \$270 million in capital expenditures. She voiced that the networks were building. Vice-Chair Johnston asked for an explanation of the Alaska Plan. Ms. O'Connor replied that the Alaska Plan was part of the Universal Services Fund. She provided further detail about the plan. The fund was divided into 4 "buckets." She listed the divisions as follows: Lifeline - for low income consumers; Rural Healthcare - for healthcare connectivity; E-Rate Program - for schools and libraries; the Connect America Fund (High Cost Fund) - to help operate and construct networks in high cost areas. The Alaska Plan was part of the Connect America Fund. She detailed that the Alaska Plan was adopted in 2016 to stabilize the funding. The Federal Communications Commission (FCC) in a reform attempt, disadvantaged Alaska's providers through funding cuts. However, the E-rate funding was not affected. The Alaska Plan was currently stabilized in cooperation with the FCC.

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Representative Merrick shared that she had a standard cell phone plan. She asked how many megabits that would be if she used a hotspot on her phone. Ms. O'Connor answered that the answer varied by type of use. She guessed that at a minimum usage level, the use was 100 Mbps and could be as high as 1 Gbps if she was streaming in high definition. Representative Merrick asked if a teacher using their own cell phone to show a video in class using a cell hot spot violated terms of use. Ms. O'Connor answered that she was uncertain.

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JUSTIN PARISH, SELF, JUNEAU, testified in support of the bill. He supported the bill. He believed that remote and virtual classrooms were vital to the future of the state. He shared his one concern regarding the tremendous amount of profiteering on the part of the telecom companies like GCI, that tended to wield monopolistic power in the state. He commented that there was a good bit of very difficult negotiation on the part of telecommunication companies that was often monopolistic. He relayed that in 2017, one school

district with 700 students spent an excess of \$230,000 per month, which was approximately \$300 per student. He found the costs "unconscionable." He suggested that the state regulate telecommunication companies the same as utility companies. The telecommunication companies would receive a reasonable rate of return on investment rather than "sticking" the public with the bill.

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Co-Chair Wilson CLOSED public testimony.

Co-Chair Wilson asked to hear from the Legislative Finance Division.

ALEXEI PAINTER, ANALYST, LEGISLATIVE FINANCE DIVISION, spoke to the disparity test issue. He explained that there were three sources of funding for the school foundation formula; one was federal impact aid. Federal Impact aid amounted to \$80 million to \$90 million per year in aid that was allotted to school districts and was deducted from the state's share of the K-12 formula. The deduction saved the state money. The state had to pass a disparity test to qualify for the impact aid. The test ensured that the state had an equitable funding formula. He elaborated that the test demonstrated that the difference in funding between the highest and lowest funded districts in Alaska was no higher than 25 percent and was normally somewhere between 22 to 23 percent. The federal government allowed the state to remove 5 percent of the highest and lowest funded districts so that outliers did not affect the test. The number was the reason for the 23 percent cap on optional local effort in the foundation formula. The complication for the disparity test was that the state received funds outside of state or local government - the largest was federal E-rate funding, which was counted in the disparity test, but was not subject to the 23 percent local cap. He observed that the test had been reshaped with the increase in E-rate funding. In the FY 18 test, the top district was the Lower Kuskokwim, which was a Regional Educational Attendance Area (REAA) and had no local contributions, which made it likely the district would rank so high. However, the E-rate funding floated the school to the top of the list. The bill would further increase federal E-rate funding to the Lower Kuskokwim among other districts. Since the money did not flow equally to all districts, disproportionately providing more funding to Lower

Kuskokwim would likely cause the state to fail the disparity test. He relayed that the district superintendent's testimony that stated Lower Kuskokwim received \$28 million in E-rate funding and the district's total subject to the cap was approximately \$108 million. He furthered that if the bill caused the district's funding to double the state would test at a 40 percent disparity versus the 25 percent. The Department of Education and Early Development (DEED) had requested that the state be allowed to disregard the federal disparity test to avoid the failure. The department was waiting for an answer from the federal government. A contingent effective date had been added to the Senate version of the bill, meaning the bill would only become effective if the federal government allowed the state to waive the disparity test. The waiver would resolve any complications from the bill. He offered that the waiver was the way the Senate had addressed the issue.

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Representative Josephson asked whether there were any regulations granting an exemption from the E-rate similar to the Medicaid waiver program or if DEED made a special request. Mr. Painter answered that the department may better address the question. He understood that the disparity test regulations allowed for some flexibility due to local circumstances but were not specific.

HEIDI TESHNER, ADMINISTRATIVE SERVICES DIRECTOR, DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT, OFFICE OF MANAGEMENT AND BUDGET, replied that the request was not a special waiver. The E-rate was included in the definition of what was considered a current expenditure as part of the disparity test regulations, which allowed the federal Department of Education to determine whether not to consider E-rate as part of the definition. The definition included excludable items. She noted that she failed to bring the list of items and could provide the definition later. The request was clarifying the definition to ensure the E-rate did not fit the definition of what was included in the disparity test.

Representative LeBon cited the document titled "2017-2018 School Year School District Bandwidth Counts less than 25 Mbps" (copy on file) included in the member's bill backup. He noted that the Juneau, Mat-Su, and Fairbanks School

Districts were not included in the list. He assumed that the districts were at the 25 Mbps level. Ms. Teshner answered in the affirmative. Representative LeBon voiced that the schools still maintained internet expenses and he guessed the districts were paying for the internet within their own funding mechanisms that included federal, state and local dollars. Ms. Teshner replied in the affirmative. Representative LeBon wondered that if all districts could tap the BAG program, it would come at the expense of the rural school districts listed in the document. He deduced that what made the bill important was the rural versus urban "element." Ms. Teshner deferred to her colleagues for an answer.

Representative LeBon repeated his question and added that he viewed the program's goal as bringing internet parity between rural and urban school districts.

MICHAEL JOHNSON, COMMISSIONER, DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT, replied that he believed it was an accurate assessment. He explained that many urban districts had access to higher speed internet that was much less expensive than the cost in rural communities. He thought that the program acknowledged the fact that the cost of internet for rural school districts was much higher than urban districts, even at the 25 Mbps limit.

Co-Chair Wilson noted that part of the committee's concern was considering the cost for the upgrade up to 25 mbps and the cost to school districts. Commissioner Johnson asked for clarification. Co-Chair Wilson did not understand who was chosen first. She assumed that a district had to have funds to pay their portion. She wanted to ensure the districts were not increasing class size to obtain more internet. Commissioner Johnson answered that the application process included information regarding whether the district could afford the increase. He disclosed that if the district could not pay, they lost their ability to apply for the program.

Co-Chair Wilson queried about the legality of school districts using an out-of-state virtual school for K-12 education.

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Commissioner Johnson answered that there were currently many students in the state taking courses from vendors who provided the courses from outside the state. The district was able to utilize the vendors and ask a district teacher to support the students using them. The courses available were regular and AP (advanced placement). He reported that some of the companies spent \$500 thousand developing the courses and they were very rigorous. He added that there was a growing field of Career and Technical Education (CTE) classes available. Co-Chair Wilson referenced paraprofessionals in a classroom. She asked whether a course could currently be taught using a virtual teacher with only a paraprofessional in a classroom, or if it violated state statute or regulation. Commissioner Johnson answered that he was reluctant to say there would never be issues. He affirmed that there was an opportunity to do what Co-Chair Wilson described at present. A teacher was required based on current statute. However, he exemplified that in small school districts, if a small number of students had conflicts with the sole English class, the students could take a virtual class with the school's English teacher as the teacher of record. He indicated that the department was considering how to modernize the teacher of record concept to extend the benefit of great teaching to many students. Co-Chair Wilson clarified that she was not talking about replacing teachers. She understood the difficulties and issues in small schools with accessing classes. She relayed personal experience observing non-village teachers traveling home for the holidays or summer and not having buy-in in the community versus the paraprofessionals who remained in the community and could provide additional educational access to the students. She considered that the issue was access.

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Commissioner Johnson shared that technology could extend the benefit of a great teacher to more and more students. He believed that the discussion centered on teacher quality. He relayed a story regarding a friend who was a pilot for Alaska Airlines who had communicated that they could land a plane in Juneau in weather they could not land in 20 years earlier. He declared that it was due to increased technology, but that navigational aide did not replace the need for pilots. He reiterated that increased bandwidth thereby increasing technology enhanced good teaching but in no way replaced the teacher.

Vice-Chair Johnston spoke to technology enhancing cooperation among districts. She shared that her favorite subject was something that Commissioner Johnson had started in his prior district that enable a great teacher to expand his network through technology. Commissioner Johnson shared that there were some amazing examples in the state of extending great teaching to more and more students through technology. He noted that Ketchikan and the Northwest Arctic School District were examples. He spoke of a teacher in Kotzebue that taught students all around the district. Extending the benefit of a great teacher to as many students as possible was now available. He noted that there were some other great examples. He cited Seward High School that was full of teachers providing instruction to students that may or may not be in the facility when the class was taught.

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Vice-Chair Ortiz offered that the developments were positive and should be applauded. He inquired whether as the state moved towards the opportunities if there were concerns about cost sharing among districts. Commissioner Johnson answered that the question had arisen around athletics. He believed that athletics played a wonderful role in student life, but often the coaches were teachers and the coach travelled with the team making a substitute necessary. He considered whether the instruction was of the same quality. The coach was taking time to serve a limited number of students and he considered whether it took time away from his classroom students. He believed that the question was important and not limited to the use of technology. Vice-Chair Ortiz commented that the example was a bit different since the coach was coaching students in his district and not outside the district.

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Vice-Chair Johnston spoke to cost sharing between school districts. She pointed out that Anchorage was currently cost sharing with the Lower Kuskokwim and Copper River was sharing with Chugach. She asked for details. Commissioner Johnson clarified that he was not suggesting the need to open the foundation formula. He stated that the application of the formula needed to be reviewed. He explained that extending the benefit of great teachers served students. He specified that if the way the state applied funding

hindered a student from receiving great teaching, it needed to be addressed. He did not want to penalize any district for teaching across districts.

Co-Chair Wilson clarified that the discussion regarding the education formula was appropriate. She posed a hypothetical scenario where a teacher in North Pole wanted to help another district offer trigonometry. She asked if there was a problem for the other school district to reimburse the Fairbanks North Star Borough School District. Commissioner Johnson answered that the scenario was possible. He communicated that school districts could enter an agreement and reimburse one another similar to when a district had a contract with a vendor and paid the vendor for courses. He delineated that another approach was for one district school to enroll the student three-quarter time and the other district school would receive funding for one-quarter time. He noted that the scenario was more common for high school but could be done for elementary and middle school. He deduced that there may be other approaches to make the process easier and less complicated

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Representative Carpenter considered the \$7 million per year fiscal note [FN1 EED]. He pointed to the second page of the fiscal note analysis that was based on estimates. He asked if Commissioner Johnson could poll his districts to determine what it would cost to get to 25 mbps. He assumed that the numbers varied and wondered whether the actual costs were available. Commissioner Johnson was sure the information existed somewhere and was part of the application process. The department did not currently have the data but would ask the school districts for the numbers. Representative Carpenter thought it would be helpful to know the costs for each district to determine whether the legislature was approaching the issue in the right way.

Co-Chair Wilson wondered about the \$7 million per year cost. She thought that the money would bring the schools up to 25 Mbps and wondered why it would be needed annually. She thanked the commissioner for his time. She wanted to ensure districts would have the ability to pay for the increase.

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

Co-Chair Wilson reviewed the schedule for the following morning.

ADJOURNMENT

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The meeting was adjourned at 2:56 p.m.