

ALASKA STATE LEGISLATURE
SENATE EDUCATION STANDING COMMITTEE

March 29, 2019

9:00 a.m.

MEMBERS PRESENT

Senator Gary Stevens, Chair
Senator Shelley Hughes, Vice Chair
Senator Chris Birch
Senator Mia Costello

MEMBERS ABSENT

Senator Tom Begich

COMMITTEE CALENDAR

SENATE BILL NO. 74

"An Act relating to funding for Internet services for school districts."

- MOVED CSSB 74(EDC) OUT OF COMMITTEE

SENATE JOINT RESOLUTION NO. 9

Proposing amendments to the Constitution of the State of Alaska relating to an appropriation bill funding public education for grades kindergarten through 12.

- MOVED SJR 9 OUT OF COMMITTEE

PREVIOUS COMMITTEE ACTION

BILL: SB 74

SHORT TITLE: INTERNET FOR SCHOOLS

SPONSOR(s): SENATOR(s) HOFFMAN

03/06/19	(S)	READ THE FIRST TIME - REFERRALS
03/06/19	(S)	EDC, FIN
03/19/19	(S)	EDC AT 9:00 AM BUTROVICH 205
03/19/19	(S)	Heard & Held
03/19/19	(S)	MINUTE(EDC)
03/29/19	(S)	EDC AT 9:00 AM BUTROVICH 205

BILL: SJR 9

SHORT TITLE: CONST.AM: APPROP. BILL FOR PUBL EDUCATION
SPONSOR(s): SENATOR(s) COSTELLO

03/06/19 (S) READ THE FIRST TIME - REFERRALS
03/06/19 (S) EDC, JUD, FIN
03/14/19 (S) EDC AT 9:00 AM BUTROVICH 205
03/14/19 (S) Heard & Held
03/14/19 (S) MINUTE(EDC)
03/29/19 (S) EDC AT 9:00 AM BUTROVICH 205

WITNESS REGISTER

SENATOR LYMAN HOFFMAN
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Sponsor of SB 74.

PATIENCE FREDERICKSEN, Director
Division of Library, Archives, and Museums
Department of Education and Early Development (DEED)
Juneau, Alaska

POSITION STATEMENT: Suggested a change to SB 74 and reviewed the fiscal note.

DAVID GUTTENBERG, representing self
Fairbanks, Alaska

POSITION STATEMENT: Supported SB 74 and spoke about the lack of Internet infrastructure in Alaska.

DAVID NEES, representing self
Anchorage, Alaska

POSITION STATEMENT: Testified on the need for Internet infrastructure.

ELWIN BLACKWELL, School Finance Manager
School Finance and Facilities Section
Department of Education and Early Development (DEED)
Juneau, Alaska

POSITION STATEMENT: Reviewed the fiscal notes for SJR 9.

JUDY ELEDGE, representing self
Anchorage, Alaska

POSITION STATEMENT: Opposed SJR 9.

DAVID BOYLE, representing self
Anchorage, Alaska

POSITION STATEMENT: Opposed SJR 9.

ACTION NARRATIVE

9:00:00 AM

CHAIR GARY STEVENS called the Senate Education Standing Committee meeting to order at 9:00 a.m. Present at the call to order were Senators Costello, Birch, Hughes, and Chair Stevens.

SB 74-INTERNET FOR SCHOOLS

9:00:17 AM

CHAIR STEVENS announced the consideration of SB 74, Version M.

9:00:20 AM

SENATOR LYMAN HOFFMAN, Alaska State Legislature, Juneau, Alaska, sponsor of SB 74, stated that he was available to answer any additional questions that the committee may have.

9:00:53 AM

SENATOR HUGHES said that this is an important bill that will help students across the state. The committee learned at the last meeting that the ideal speed is 100 megabits of download per second (Mbps). She expressed hope that as the bill moves forward there would be consideration for stair stepping so that over time as schools are ready and as the legislature has the funding, they could increase their speed to 100 Mbps. This would free the legislature of annual review of similar bills.

9:02:01 AM

PATIENCE FREDERICKSEN, Director, Division of Library, Archives, and Museums, Department of Education and Early Development (DEED), Juneau, Alaska, said the division would suggest eliminating the proposed new text "a minimum of" because it is vague and open to interpretation. For clarity it would be most helpful to say, "bring the applicant's share to 25 megabits of download a second [of the Internet services.]"

CHAIR STEVENS asked where that was located in the bill.

MS. FREDERICKSEN said the underlined phrase "a minimum of" is on page 1, line 7. She explained that the phrase is problematic for administration of the program and that it would be much clearer to identify the applicant's share as 25 megabits a second.

CHAIR STEVENS said the committee will ask the sponsor to comment on the suggestion. He asked if she had any comments about the fiscal note.

MS. FREDERICKSEN replied that the fiscal note is written as though the division could start the program right away but they would suggest an effective date of September. She explained that school districts have an E-rate filing window in the spring and then they submit a grant application to the School Broadband Assistance Grant (BAG) program. Those two applications have to agree. The E-rate filing window closed two days ago. Therefore, an effective date of September 2019 will give the division one more year of School BAG program at 10 Mbps. Then July next year the School BAG program would be 25 Mbps. If the effective date is September, the \$8,676,300 for the FY 2020 appropriation request would not be needed. The governor's budget has \$1,487,500 for School BAG now and that will cover the cost for FY 20 if the program is run at 10 Mbps. In FY 2021, the division would need what is shown in the fiscal note. She explained that starting the program is somewhat complicated and entails revising regulations and grant applications and benchmarking what schools pay for Internet to ensure equity among school districts.

MS. FREDERICKSEN explained that for the fiscal note, DEED used a Federal Communications Commission (FCC) list that shows that 245 schools had less than 25 Mbps at the end of February. The average FY 2019 School BAG cost per school was \$16,594. The School Bag cost for 245 schools at 10 Mbps is \$4,065,530 and the proportional increase from 10 to 25 Mbps is just over \$10 million. There are no positions associated with this program but the cost of the E-rate consultant is added onto the contract. That person does the lion's share of the review of the grant applications and works with the school districts to ensure they are eligible.

[9:07:22 AM](#)

SENATOR COSTELLO commented that the effective date issue seems to be more programmatic than fiscal and could be left to the Finance Committee to decide. The official record of this conversation could include the legislative intent of how it would best work for the program to go into effect.

CHAIR STEVENS asked the sponsor if he had any comment on DEED's suggestion to strike the language "a minimum of" and instead identify an applicant's share as 25 megabits of download a second.

SENATOR HOFFMAN replied that he did not object to the conceptual amendment.

SENATOR COSTELLO offered a conceptual amendment to SB 74, Version M, to strike the words "a minimum of" on [page 1,] line 7.

CHAIR STEVENS found no objection and the conceptual amendment to SB 74 was adopted.

[9:09:11 AM](#)

CHAIR STEVENS opened public testimony.

[9:09:32 AM](#)

DAVID GUTTENBERG, representing self, Fairbanks, Alaska, said the committee heard quite a bit from education experts when SB 74 was introduced, but he believes that they minimized the impact of bringing broadband to Alaska schools. He highlighted that the bill seeks to bring broadband to students across the state, not just rural schools. He pointed out that if more communities had connectivity and sustainable high-speed broadband, then all of Alaska would have significant increases in quality of life and educational opportunities. Diversifying the economy would also be more likely.

MR. GUTTENBERG referenced Senator Hughes' question about industry regulation and said he doesn't understand why the Regulatory Commission of Alaska (RCA) refuses to recognize that the Internet is a telecommunication. The universal service fund is a tax and the Alaska universal service fund is a tax, all of which flows into a specific fund. But what's disturbing about the situation in Alaska is that the demand for Internet is escalating but there is no control of cost. Ms. Fredericksen testified during the previous hearing that schools spend about \$145 million a year for Internet. He said the reports the legislature told the RCA to produce on Internet are significant with regard to broadband in Alaska. Billions of dollars of tax money are going into Alaska for Internet infrastructure but there is no infrastructure or no guiding hand that says Alaska needs infrastructure, not just escalating costs. All the reports, including the state's broadband task force, recommended that there be a quasigovernmental entity to point out where the efficiencies are to build out an infrastructure. Part of the broadband task force report is that the estimated cost is \$1.3 billion. That was about eight years ago, so it's probably higher now. The point is that the billions of dollars in public funds

coming into Alaska now could pay for infrastructure if an entity pointed out where Alaska lacks infrastructure not just for schools but for telemedicine and public safety too. He emphasized the need for the legislature to address this issue.

[9:17:46 AM](#)

DAVID NEES, representing self, Anchorage, Alaska, said the House education task force discussed Internet broadband speed and the concern that schools are just paying for operations and there is no incentive to upgrade facilities. He cited several failed efforts to improve Internet service in Alaska and agreed with Mr. Guttenberg that the issue is lack of infrastructure, not connectivity speed. He said no one has presented a proposal about what would happen if fiber optics were installed in schools. If it is going to be the schools' mission to do distance delivery, it is a good idea to look at the broadband report and decide on a way to do this. He suggested that this is a basic unmet need that should be addressed by [the department of] commerce or a similar entity. Increasing speed alone is not the solution. He pointed out that a number of schools do not meet the current minimum and raising that minimum won't change anything. The access point is the problem. He said people are subsidizing this and everyone would benefit from faster access. That will take infrastructure.

[9:20:11 AM](#)

CHAIR STEVENS closed public testimony.

[9:20:20 AM](#)

SENATOR HUGHES moved to report SB 74, Version M as amended, from committee with individual recommendations and accompanying fiscal notes.

There was no objection and CSSB 74(EDC) moved from the Senate Education Standing Committee.

[9:20:31 AM](#)

At ease

SJR 9-CONST.AM: APPROP. BILL FOR PUBL EDUCATION

[9:22:11 AM](#)

CHAIR STEVENS reconvened the meeting and announced the consideration of SJR 9. He asked the sponsor if she had additional comments.

[9:22:21 AM](#)

SENATOR MIA COSTELLO, speaking as prime sponsor of SJR 9, said the original testimony highlighted that it creates havoc for school districts to pass education funding later in the session. She summarized that last session the legislature forward funded education with \$50 million, which districts appreciated. Another issue in testimony was that Alaska needs certainty for the economy and that extends to the education community. She opined that forward funding will benefit students because their teachers will be there for the long haul and administrators won't be required to issue pink slips to teachers every year. She explained that it is preferable to address forward funding education with a constitutional amendment, not a statute change, because one legislature is not allowed to encumber another.

[9:24:25 AM](#)

SENATOR BIRCH said he appreciates the intent and is comfortable with forward funding but is concerned about compelling the legislature to commit such significant financial resources by the 45th day of the session. Education is just one of a myriad of vital issues the legislature needs to balance. He summarized that he supports the intent but is concerned about how this might impact the budget process.

[9:26:18 AM](#)

SENATOR HUGHES said she too appreciates the intent because it is a real problem for school districts but she also shares Senator Birch's concern. She offered an outside the box suggestion to convene the legislature in October or November, take a Christmas break, and return in January.

[9:26:51 AM](#)

CHAIR STEVENS commented that the suggestion is outside the box, but he appreciates the thought.

[9:27:09 AM](#)

ELWIN BLACKWELL, School Finance Manager, School Finance and Facilities Section, Department of Education and Early Development (DEED) said the fiscal notes associated with SJR 9 are zero. There is no expectation that this would impact DEED's budget processes and procedures. But it would require the governor's office to submit a separate, K-12 education budget for public schools to be presented to the legislature.

[9:28:24 AM](#)

CHAIR STEVENS opened public testimony.

[9:28:29 AM](#)

JUDY ELEDGE, representing self, Anchorage, Alaska, stated opposition to the constitutional amendment proposed in SJR 9. She argued that constitutional amendments must only be used for great policy changes, not as a budget process. As a retired educator who has received pink slips in the past, she said she agrees that change is needed, but not as proposed in SJR 9. Rather, the pink slip issue can be corrected by changing the budget deadline in AS 14.14.060 from May 1 to June 1. She opined that constitutionally mandating that K-12 education be funded first is unfair and it reduces the power of appropriation for the legislature. She expressed concern about unintended consequences if education gets a bigger piece of the budget pie early on and suggested the committee consider creative solutions such as a three-year pilot program of forward funding if all districts agree to keep their funding at the same level.

[9:31:06 AM](#)

DAVID BOYLE, representing self, Anchorage, Alaska, described SJR 9 as a solution for a problem caused by the legislature and local taxing entities. He said AS 14.14.060 requires school districts to submit their budget for the following school year by May 1, but the legislature's budget work is not done timely. He said this is a process issue and a calendar issue that can be corrected by changing the date in the statute from May 1 to sometime in June. He posited that constitutional amendments should not be used for budget process issues. If this resolution were to pass, K-12 education would be first in line for funding and would not compete on an equal basis with public safety, transportation, and health and social services. He concluded that putting K-12 funding in the Alaska constitution will not improve student achievement or ensure that public funds are spent wisely.

[9:36:45 AM](#)

CHAIR STEVENS closed public testimony. He noted that SJR 9 had referrals to Judiciary and Finance and solicited a motion.

[9:37:09 AM](#)

SENATOR HUGHES moved to report SJR 9, Version S, from committee with individual recommendations and accompanying fiscal notes.

There being no objection, SJR 9 moved from the Senate Education Standing Committee.

[9:37:18 AM](#)

At ease

[9:38:53 AM](#)

CHAIR STEVENS reconvened the committee.

SENATOR COSTELLO expressed appreciation to the individuals who called in to testify.

[9:39:34 AM](#)

There being no further business to come before the committee, Chair Stevens adjourned the Senate Education Standing Committee meeting at 9:39 a.m.