

ALASKA STATE LEGISLATURE
SENATE EDUCATION STANDING COMMITTEE

April 15, 2019

5:01 p.m.

MEMBERS PRESENT

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

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

SENATE BILL NO. 64

"An Act repealing state aid for costs of school construction debt; and providing for an effective date."

- MOVED CSSB 64(EDC) OUT OF COMMITTEE

CONFIRMATION HEARING(S):

Professional Teaching Practices Commission

Chris Reitan - Craig

- CONFIRMATION ADVANCED

SENATE BILL NO. 79

"An Act relating to course credit for students; relating to annual reports regarding school district performance and school district employees; relating to school operating fund reserves; relating to competency examinations for teacher certificates; relating to the duties and powers of the Department of Education and Early Development; relating to the Professional Teaching Practices Commission; relating to a virtual education consortium; and providing for an effective date."

- BILL HEARING CANCELED

SENATE BILL NO. 114

"An Act relating to course credit for students; relating to annual reports regarding school district performance and school district employees; relating to cooperative arrangements between school districts; relating to school operating fund reserves; relating to competency examinations for teacher certificates; relating to the duties and powers of the Department of Education and Early Development; relating to the Professional Teaching Practices Commission; relating to a virtual education consortium; establishing a reading intervention program for students in grades kindergarten through three; establishing the Alaska middle college program for public school students; relating to the powers of the University of Alaska; relating to reporting requirements of the Board of Regents of the University of Alaska; and providing for an effective date."

- BILL HEARING CANCELED

PREVIOUS COMMITTEE ACTION

BILL: SB 64

SHORT TITLE: REPEAL STATE DEBT REIMBURSE. FOR SCHOOLS

SPONSOR(S): RULES BY REQUEST OF THE GOVERNOR

02/18/19	(S)	READ THE FIRST TIME - REFERRALS
02/18/19	(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)
04/15/19	(S)	EDC AT 9:00 AM BUTROVICH 205

WITNESS REGISTER

TOM WRIGHT, Staff

Senator Mia Costello

Alaska State Legislature

POSITION STATEMENT: On behalf of Senator Costello, presented Amendment 1 for SB 64.

HEIDI TESHNER, Director

Administrative Services

Department of Education and Early Development (DEED)

Juneau, Alaska

POSITION STATEMENT: Answered questions on the proposed amendment for SB 64.

ELWIN BLACKWELL, School Finance Manager

Department of Education and Early Development (DEED)
Juneau, Alaska

POSITION STATEMENT: Explained suggested changes to the proposed amendment for SB 64.

CHRIS REITAN, Governor Appointee
Professional Teaching Practices Commission
Craig, Alaska

POSITION STATEMENT: Testified as appointee to the Professional Teaching Practices Commission during his confirmation hearing.

ACTION NARRATIVE

[5:01:13 PM](#)

CHAIR GARY STEVENS called the Senate Education Standing Committee meeting to order at 5:01 p.m. Present at the call to order were Senators Hughes, Costello, Begich, Birch, and Chair Stevens.

SB 64-REPEAL STATE DEBT REIMBURSE FOR SCHOOLS

[5:02:15 PM](#)

CHAIR STEVENS announced the consideration of SB 64. He stated his intent to report the bill out of committee.

[5:02:55 PM](#)

SENATOR COSTELLO moved to adopt Amendment 1, work order 31-GS1091\A.1, Caouette, 3/21/19:

AMENDMENT 1

OFFERED IN THE SENATE
TO: SB 64

BY SENATOR COSTELLO

Page 1, line 1:
Delete "**repealing**"
Insert "**relating to**"

Page 2, line 29:
Delete "**former**"

Page 3, lines 2 - 27:
Delete all material and insert:
"*** Sec. 4.** AS 14.11.100(a) is amended to read:

(a) During each fiscal year, the state shall allocate to a municipality that is a school district the following sums:

(1) payments made by the municipality during the fiscal year two years earlier for the retirement of principal and interest on outstanding bonds, notes, or other indebtedness incurred before July 1, 1977, to pay costs of school construction;

(2) 90 percent of

(A) payments made by the municipality during the fiscal year two years earlier for the retirement of principal and interest on outstanding bonds, notes, or other indebtedness incurred after June 30, 1977, and before July 1, 1978, to pay costs of school construction;

(B) cash payments made after June 30, 1976, and before July 1, 1978, by the municipality during the fiscal year two years earlier to pay costs of school construction;

(3) 90 percent of

(A) payments made by the municipality during the fiscal year two years earlier for the retirement of principal and interest on outstanding bonds, notes, or other indebtedness incurred after June 30, 1978, and before January 1, 1982, to pay costs of school construction projects approved under AS 14.07.020(a)(11);

(B) cash payments made after June 30, 1978, and before July 1, 1982, by the municipality during the fiscal year two years earlier to pay costs of school construction projects approved under AS 14.07.020(a)(11);

(4) subject to (h) and (i) of this section, up to 90 percent of

(A) payments made by the municipality during the current fiscal year for the retirement of principal and interest on outstanding bonds, notes, or other indebtedness incurred after December 31, 1981, and authorized by the qualified voters of the municipality before July 1, 1983, to pay costs of school construction, additions to schools, and major rehabilitation projects that exceed \$25,000 and are approved under AS 14.07.020(a)(11);

(B) cash payments made after June 30, 1982, and before July 1, 1983, by the

municipality during the fiscal year two years earlier to pay costs of school construction, additions to schools, and major rehabilitation projects that exceed \$25,000 and are approved under AS 14.07.020(a)(11); and

(C) payments made by the municipality during the current fiscal year for the retirement of principal and interest on outstanding bonds, notes, or other indebtedness to pay costs of school construction, additions to schools, and major rehabilitation projects that exceed \$25,000 and are submitted to the department for approval under AS 14.07.020(a)(11) before July 1, 1983, and approved by the qualified voters of the municipality before October 15, 1983, not to exceed a total project cost of (i) \$6,600,000 if the annual growth rate of average daily membership of the municipality is more than seven percent but less than 12 percent, or (ii) \$20,000,000 if the annual growth rate of average daily membership of the municipality is 12 percent or more; payments made by a municipality under this subparagraph on total project costs that exceed the amounts set out in (i) and (ii) of this subparagraph are subject to (5)(A) of this subsection;

(5) subject to (h) - (j) of this section, 80 percent of

(A) payments made by the municipality during the fiscal year for the retirement of principal and interest on outstanding bonds, notes, or other indebtedness authorized by the qualified voters of the municipality

(i) after June 30, 1983, but before March 31, 1990, to pay costs of school construction, additions to schools, and major rehabilitation projects that exceed \$25,000 and are approved under AS 14.07.020(a)(11); or

(ii) before July 1, 1989, and reauthorized before November 1, 1989, to pay costs of school construction, additions to schools, and major rehabilitation projects that exceed \$25,000 and are approved under AS 14.07.020(a)(11); and

(B) cash payments made after June 30, 1983, by the municipality during the fiscal year

two years earlier to pay costs of school construction, additions to schools, and major rehabilitation projects that exceed \$25,000 and are approved by the department before July 1, 1990, under AS 14.07.020(a)(11);

(6) subject to (h) - (j) and (m) of this section, 70 percent of payments made by the municipality during the fiscal year for the retirement of principal and interest on outstanding bonds, notes, or other indebtedness authorized by the qualified voters of the municipality on or after April 30, 1993, but before July 1, 1996, to pay costs of school construction, additions to schools, and major rehabilitation projects that exceed \$200,000 and are approved under AS 14.07.020(a)(11);

(7) subject to (h) - (j) and (m) of this section, 70 percent of payments made by the municipality during the fiscal year for the retirement of principal and interest on outstanding bonds, notes, or other indebtedness authorized by the qualified voters of the municipality after March 31, 1990, but before April 30, 1993, to pay costs of school construction, additions to schools, and major rehabilitation projects;

(8) subject to (h), (i), (j)(2) - (5), and (n) of this section and after projects funded by the bonds, notes, or other indebtedness have been approved by the commissioner, 70 percent of payments made by the municipality during the fiscal year for the retirement of principal and interest on outstanding bonds, notes, or other indebtedness authorized by the qualified voters of the municipality on or after July 1, 1995, but before July 1, 1998, to pay costs of school construction, additions to schools, and major rehabilitation projects that exceed \$200,000 and are approved under AS 14.07.020(a)(11);

(9) subject to (h), (i), (j)(2) - (5), and (n) of this section and after projects funded by the bonds, notes, or other indebtedness have been approved by the commissioner, 70 percent of payments made by the municipality during the fiscal year for the retirement of principal and interest on outstanding bonds, notes, or other indebtedness authorized by the qualified voters of the municipality on or after July 1, 1998, but before July 1, 2006, to pay costs of school construction, additions to schools, and major

rehabilitation projects that exceed \$200,000 and are approved under AS 14.07.020(a)(11);

(10) subject to (h), (i), and (j)(2) - (5) [, AND (o)] of this section, and after projects funded by the bonds, notes, or other indebtedness have been approved by the commissioner, 70 percent of payments made by the municipality during the fiscal year for the retirement of principal and interest on outstanding bonds, notes, or other indebtedness authorized by the qualified voters of the municipality on or after June 30, 1998, to pay costs of school construction, additions to schools, and major rehabilitation projects that exceed \$200,000, are approved under AS 14.07.020(a)(11), and are not reimbursed under (n) of this section;

(11) subject to (h), (i), and (j)(2) - (5) of this section, and after projects funded by the bonds, notes, or other indebtedness have been approved by the commissioner, 70 percent of payments made by a municipality during the fiscal year for the retirement of principal and interest on outstanding bonds, notes, or other indebtedness authorized by the qualified voters of the municipality on or after June 30, 1999, but before January 1, 2005, to pay costs of school construction, additions to schools, and major rehabilitation projects and education-related facilities that exceed \$200,000, are approved under AS 14.07.020(a)(11), and are not reimbursed under (n) [OR (o)] of this section;

(12) subject to (h), (i), and (j)(2), (3), and (5) of this section, 60 percent of payments made by a municipality during the fiscal year for the retirement of principal and interest on outstanding bonds, notes, or other indebtedness authorized by the qualified voters of the municipality on or after June 30, 1999, but before January 1, 2005, to pay costs of school construction, additions to schools, and major rehabilitation projects and education-related facilities that exceed \$200,000, are reviewed under AS 14.07.020(a)(11), and are not reimbursed under (n) [OR (o)] of this section;

(13) subject to (h), (i), and (j)(2) - (5) [, AND (p)] of this section, and after projects funded by the tax exempt bonds, notes, or other indebtedness have been approved by the commissioner, 70 percent of payments made by a municipality during the fiscal year for the retirement of principal and interest on

outstanding tax exempt bonds, notes, or other indebtedness authorized by the qualified voters of the municipality on or after June 30, 1999, but before October 31, 2006, to pay costs of school construction, additions to schools, and major rehabilitation projects and education-related facilities that exceed \$200,000, are approved under AS 14.07.020(a)(11), and are not reimbursed under (n) [OR (o)] of this section;

(14) subject to (h), (i), and (j)(2), (3), and (5) [, AND (p)] of this section, 60 percent of payments made by a municipality during the fiscal year for the retirement of principal and interest on outstanding tax exempt bonds, notes, or other indebtedness authorized by the qualified voters of the municipality on or after June 30, 1999, but before October 31, 2006, to pay costs of school construction, additions to schools, and major rehabilitation projects and education-related facilities that exceed \$200,000, are reviewed under AS 14.07.020(a)(11), and are not reimbursed under (n) [OR (o)] of this section;

(15) subject to (h), (i), and (j)(2) - (5) [, AND (q)] of this section, and after projects funded by the bonds, notes, or other indebtedness have been approved by the commissioner, 90 percent of payments made by a municipality during the fiscal year for the retirement of principal and interest on outstanding bonds, notes, or other indebtedness authorized by the qualified voters of the municipality on or after June 30, 1999, but before October 31, 2006, to pay costs of school construction, additions to schools, and major rehabilitation projects and education-related facilities that exceed \$200,000, are approved under AS 14.07.020(a)(11), meet the 10 percent participating share requirement for a municipal school district under the former participating share amounts required under AS 14.11.008(b), and are not reimbursed under (n) [OR (o)] of this section;

(16) subject to (h), (i), and (j)(2) - (5) of this section, and after projects funded by the tax exempt bonds, notes, or other indebtedness have been approved by the commissioner, 70 percent of payments made by a municipality during the fiscal year for the retirement of principal and interest on outstanding tax exempt bonds, notes, or other indebtedness authorized by the qualified voters of the municipality on or after October 1, 2006, but before January 1, 2015, to pay costs of school construction, additions

to schools, and major rehabilitation projects and education-related facilities that exceed \$200,000 and [,] are approved under AS 14.07.020(a)(11) [, AND ARE NOT REIMBURSED UNDER (o) OF THIS SECTION];

(17) subject to (h), (i), and (j)(2), (3), and (5) of this section, 60 percent of payments made by a municipality during the fiscal year for the retirement of principal and interest on outstanding tax exempt bonds, notes, or other indebtedness authorized by the qualified voters of the municipality on or after October 1, 2006, but before January 1, 2015, to pay costs of school construction, additions to schools, and major rehabilitation projects and education-related facilities that exceed \$200,000 and [,] are reviewed under AS 14.07.020(a)(11) [, AND ARE NOT REIMBURSED UNDER (o) OF THIS SECTION.

(18) REPEALED

(19) SUBJECT TO (h), (i), AND (j)(2) - (5) OF THIS SECTION, AND AFTER PROJECTS FUNDED BY THE TAX EXEMPT BONDS, NOTES, OR OTHER INDEBTEDNESS HAVE BEEN APPROVED BY THE COMMISSIONER, 50 PERCENT OF PAYMENTS MADE BY A MUNICIPALITY DURING THE FISCAL YEAR FOR THE RETIREMENT OF PRINCIPAL OF AND INTEREST ON OUTSTANDING TAX EXEMPT BONDS, NOTES, OR OTHER INDEBTEDNESS AUTHORIZED BY THE QUALIFIED VOTERS OF THE MUNICIPALITY ON OR AFTER JULY 1, 2020, TO PAY COSTS OF SCHOOL CONSTRUCTION, ADDITIONS TO SCHOOLS, AND MAJOR REHABILITATION PROJECTS AND EDUCATION-RELATED FACILITIES THAT EXCEED \$200,000, ARE APPROVED UNDER AS 14.07.020(a)(11), AND ARE NOT REIMBURSED UNDER (o) OF THIS SECTION;

(20) SUBJECT TO (h), (i), AND (j)(2), (3), AND (5) OF THIS SECTION, 40 PERCENT OF PAYMENTS MADE BY A MUNICIPALITY DURING THE FISCAL YEAR FOR THE RETIREMENT OF PRINCIPAL OF AND INTEREST ON OUTSTANDING TAX EXEMPT BONDS, NOTES, OR OTHER INDEBTEDNESS AUTHORIZED BY THE QUALIFIED VOTERS OF THE MUNICIPALITY ON OR AFTER JULY 1, 2020, TO PAY COSTS OF SCHOOL CONSTRUCTION, ADDITIONS TO SCHOOLS, AND MAJOR REHABILITATION PROJECTS AND EDUCATION-RELATED FACILITIES THAT EXCEED \$200,000, ARE REVIEWED UNDER AS 14.07.020(a)(11), AND ARE NOT REIMBURSED UNDER (o) OF THIS SECTION].

* **Sec. 5.** AS 14.11.100(s) is amended to read:

(s) Notwithstanding any other provision of law, the commissioner may not approve an application for bond debt reimbursement made by a municipality for

school construction or major maintenance for indebtedness authorized by the qualified voters of the municipality on or after January 1, 2015 [, BUT BEFORE JULY 1, 2020].

* **Sec. 6.** AS 14.11.102(c) is amended to read:

(c) The commissioner may not allocate funds to a municipality under AS 14.11.100 for the retirement of the principal of and interest on outstanding tax-exempt bonds, notes, or other indebtedness authorized by the qualified voters of the municipality on or after January 1, 2015 [, BUT BEFORE JULY 1, 2020]."

Renumber the following bill sections accordingly.

Page 6, lines 9 - 14:

Delete all material.

Renumber the following bill sections accordingly.

Page 6, line 15:

Delete "14.11.100, 14.11.102, and AS 37.15.011(b)(2)"

Insert "14.11.100(o), 14.11.100(p), and 14.11.100(q)"

Page 6, following line 15:

Insert new bill sections to read:

"* **Sec. 10.** Section 6, ch. 3, SLA 2015, is repealed.

* **Sec. 11.** The uncodified law of the State of Alaska is amended by adding a new section to read:

APPLICABILITY. This Act applies to bond debt reimbursement for school construction and major maintenance incurred by a municipality on or after the effective date of this Act."

Renumber the following bill sections accordingly.

Page 6, line 21:

Delete all material and insert:

"* **Sec. 13.** This Act takes effect July 1, 2019."

[5:03:03 PM](#)

CHAIR STEVENS objected for purposes of discussion.

[5:03:17 PM](#)

At ease.

[5:04:27 PM](#)

CHAIR STEVENS reconvened the meeting.

TOM WRIGHT, Staff, Senator Mia Costello, Alaska State Legislature, Juneau, explained that Amendment 1 will not affect the moratorium after January 1, 2015. It would reinstate the language for the debt on bond debt that was incurred prior to that date. He explained that municipalities issued bond debt under an agreement with [the State of Alaska] for reimbursement at a certain percentage ranging from 60 to 90 percent. Amendment 1 would [prevent the bill from affecting the state's share of bond debt that is outstanding and would instead limit the repeal of the bond reimbursement program to bonds issued on or after January 1, 2015]. Amendment 1 also contains substantial language that references all the debt that was incurred before January 1, 2015, he said.

CHAIR STEVENS recapped that Amendment 1 would not have any impact after January 1, 2019, but it would reinstate prior arrangements on [school construction bond] debt.

MR. WRIGHT answered yes, subject to appropriation by the legislature.

SENATOR BEGICH asked for clarification that the bill with Amendment 1 would still terminate the program, but not the prior debt for municipalities.

MR. WRIGHT replied that is correct.

[5:06:20 PM](#)

SENATOR BEGICH asked for clarification that debt payments would still be subject to appropriation for those prior years.

MR. WRIGHT replied that is correct.

SENATOR STEVENS acknowledged that this was short notice on a complex issue.

[5:06:48 PM](#)

SENATOR HUGHES said she understood that the state would still be responsible for [school construction bond debt] prior to 2015. She further understood that a moratorium has been in effect since 2015. She asked whether Amendment 1 would repeal the moratorium going forward. If so, organized boroughs would pay 100 percent of school construction costs and unorganized boroughs would still be able to access 100 percent of state funding for their capital projects for schools.

MR. WRIGHT deferred to the department, but he understood that was correct.

SENATOR BEGICH remarked that even the unorganized boroughs are required to do some minimal capital matching, perhaps two or five percent.

MR. WRIGHT responded that Amendment 1 has some references to subsections [AS 14.11.100} (o), (p), and (q) [related to the amount of school construction projects approved for reimbursement by the department] scattered throughout the bill. In his discussions with the department prior to this hearing, DEED indicated its preference to retain these references because of some nuances with the school bond debt reimbursement program. The department can further explain the rationale for retaining the references. In response to Chair Stevens, he directed attention to page and line references in Amendment 1:

Page 4, line 16: [,AND (o)]
Page 5, line 1
Page 5, line 8

CHAIR STEVENS clarified that the concern was about "and."

MR. WRIGHT reiterated the references were to subsections (o), (p), and (q). He referred to page 5, line 10.

CHAIR STEVENS said he didn't see an (o) there

MR. WRIGHT replied that page 5, line 10 referenced subsection (p).

MR. WRIGHT directed attention to the following references in Amendment 1:

Page 5, line 18: [OR (o)]
Page 5, line 19: [AND (p)]
Page 5, line 26: [OR (o)]
Page 5, line 27: [AND (q)]
Page 6, line 5: [OR (o)]

MR. WRIGHT referred to page 6, line 15 of Amendment 1. He said the department recommended this language be reinstated and not be deleted:

[,AND ARE NOT REIMBURSED UNDER (o) OF THIS SECTION].

MR. WRIGHT referred to page 6, lines 22-23. He said the department recommended the following language be reinstated:

[, AND ARE NOT REIMBURSED UNDER (o) OF THS SECTION.

CHAIR STEVENS asked for further clarification that this language would not be deleted.

MR. WRIGHT said that is correct.

MR. WRIGHT referred to page 8 line [5] of Amendment 1. He explained that [language on line 5 would be deleted, which read:

"14.11.100, 14.11.102, and AS 37.15.011(b)(2)."

He referred to language on page 8, line 6, which would not be deleted. It read:

Insert "14.11.100(o), 14.11.100(p) and 14.11.100(q).

CHAIR STEVENS asked for further clarification on the reference.

MR. WRIGHT remarked that the department just informed him of these changes.

CHAIR STEVENS asked the department to explain the recommended changes.

[5:12:44 PM](#)

ELWIN BLACKWELL, School Finance Manager, Department of Education and Early Development (DEED), Juneau, said that subsections (o), (p), and (q) in Amendment 1, reference the part of the statute that sets some limits on the amount of principal that the department could approve for capital projects. The department noticed that subsections (m) and (n) were left in Amendment 1. These subsections also set limits on how much principal the department could approve during those earlier timeframes.

MR. BLACKWELL explained that it didn't seem reasonable to leave some limitations in but remove others. One concerns in removing those limitations was the possibility of some prior voter authorization for bonds not yet sold so jurisdictions could later request department approval. While he was unsure if any prior bond approval exists, the possibility exists, he said. Therefore, the department recommended leaving that boundary in place since it would not affect the purpose. Amendment 1 would

keep any new [state school debt reimbursement] from occurring, but the program would remain active to reimburse the current outstanding [school construction] debt.

[5:14:46 PM](#)

HEIDI TESHNER, Director, Administrative Services Section, Department of Education and Early Development (DEED), Juneau, in response to an earlier question from Senator Hughes, explained that the major maintenance and school construction program currently set out in statute would continue. REAAs [Regional Educational Attendance Areas], cities and boroughs can apply for reimbursement under the program. These entities could still request reimbursement for a school construction project that is not debt related.

SENATOR HUGHES recalled that Senator Begich indicated that perhaps some of the borough schools have a requirement for matching funds.

MS. TESHNER replied that any project approved under the major maintenance or school construction grant programs have a participating share, similar to matching funds. She reported that the participating share was 20 percent for municipalities and two percent for the REAAs.

CHAIR STEVENS asked whether the department agreed to the changes that Mr. Wright specifically identified for Amendment 1.

MS. TESHNER answered that the department approved the changes.

SENATOR BEGICH asked whether a conceptual amendment to Amendment 1 was required to incorporate those changes.

CHAIR STEVENS replied yes.

[5:16:09 PM](#)

SENATOR BEGICH moved Conceptual Amendment 1 to Amendment 1 [for Legislative Legal Services to incorporate the changes Mr. Wright described for Amendment 1].

CHAIR STEVENS reiterated the motion was to offer Conceptual Amendment 1 to Amendment 1 to incorporate the changes outlined by Mr. Wright.

[5:16:17 PM](#)

SENATOR BEGICH explained that Conceptual Amendment 1 to Amendment 1 would ensure that the language previously identified by Mr. Wright was appropriately removed from Amendment 1.

[5:16:40 PM](#)

SENATOR COSTELLO suggested an amendment to Conceptual Amendment 1 to Amendment 1 to retain sections (o), (p), and (q) in [Amendment 1].

CHAIR STEVENS found no objection and Conceptual Amendment 1, as amended, to Amendment 1 was adopted. Amendment 1, as amended, was before the committee.

CHAIR STEVENS removed his objection.

SENATOR COSTELLO remarked that it was important that the legislative branch maintain trust with the public and entities with which the state conducts business. She said she viewed Amendment 1, as amended, as an effort [by the legislature and the state] to keep its word.

[5:17:41 PM](#)

CHAIR STEVENS found no objection and Amendment 1, as amended, was adopted. He solicited a motion to move the bill.

[5:18:11 PM](#)

At ease.

[5:18:36 PM](#)

CHAIR STEVENS reconvened the meeting.

[5:18:37 PM](#)

SENATOR HUGHES moved to report SB 64, work order 31-GS1091\A, as amended, from committee with individual recommendations and attached fiscal note.

CHAIR STEVENS objected for purposes of discussion.

SENATOR BEGICH expressed a number of concerns about the bill. He acknowledged that [SB 64, as amended] would meet one of the state's obligations, which is to pay past debts. However, he recalled that when the bill was presented, the administration commented that voters knew risk was involved when voting for school bond debt reimbursement. He argued that when voters do not have lawyers [in the voting booth] to explain the fine detail on measures before them. Instead, voters vote in good faith on ballot measures.

SENATOR BEGICH said that he agreed with Senator Costello's [remarks]. However, the actual bill, SB 64, would damage the long-term future of the state in terms of eliminating a program that is used to guarantee adequate facilities for students, he said.

SENATOR BEGICH offered his belief that the bill has constitutional problems. In 2010, a mechanism passed to partially address the Kasayulie suit, which was finely crafted as part of a consent decree. That mechanism ensured that the main issue of the lawsuit was the arbitrary nature of how the state funded schools. In fact, the court found the state was arbitrary in its processes to fund schools. The mechanism [in AS 14.100] was designed to correct that inequality. It relied on an understanding by municipalities that the amount of school bond debt the state funded would be matched by an equivalent amount for rural schools. The purpose of the equivalent funds was to address existing needs and to compensate for the past inadequate process the state used to build schools in Alaska.

He said that eliminating the Bond Debt Reimbursement Program would invalidate that piece. One section of SB 64 indicates that won't happen and that for a period of time deposits will continue to be made to the rural education fund, he said. However, no legislature cannot bind a future legislature. He predicted that the net consequence of abolishing the program under SB 64 would result in litigation.

SENATOR BEGICH characterized the 1999 court decision as pretty dramatic. The state was required to change its arbitrary system for school construction decisions. The court decision also called for a reconstitution of the Public Schools Lands Trust. In 1999, the estimate was \$200 million to reconstitute that trust. He said he could not imagine today's estimated costs. He indicated he would be a "do not pass" on this bill because the entire bill presents a substantial risk to the legislature and the state. He reminded members a bill must have one "do pass" to pass out of committee, so he encouraged members to consider the long term consequences of their votes. Although he said he is not opposed to strong and sensible fiscal solutions to the state's issues, he expressed grave concern about constitutional issues that passage of SB 64 could bring.

[5:23:00 PM](#)

CHAIR STEVENS related his understanding that the requirement for a bill to receive one "do pass" means it must have one "do pass" in the process, not necessarily from this committee.

SENATOR COSTELLO said that she recently reviewed the Uniform Rules and it is possible for a bill to reach the floor without any "do pass" votes through the process. A vote on the floor would allow satisfy the requirement. She said the committee addresses serious concerns and significant bills, which should move through the process to allow committees to have a chance to review them. She offered to provide the committee members with a copy of the rule, if needed.

CHAIR STEVENS said his key point is that it does not need a "do pass" to move out of the Senate Education Committee and happens to the bill after that is up to the system. He asked whether Senator Costello agreed with his interpretation.

SENATOR COSTELLO answered yes.

[5:24:36 PM](#)

SENATOR BIRCH said, "I don't like this bill. I don't like it at all. I think it breaks with a constitutional obligation." He recalled working on school issues during the mid-1980s, following the Molly Hootch case. In that case, a young woman had the courage to say that the state constitution requires the State of Alaska to provide an educational program and system that fulfilled those education requirements. He indicated that what troubled him about this proposal was that it dumped a significant financial burden on his constituents and others. For example, the Mat-Su Borough has a \$100 million liability [for school construction debt.] Organized boroughs in the state are burdened with school construction costs because these communities have a structure for raising taxes, he said. However, in communities slightly north of the Mat-Su, such as Glennallen or Tok, or other areas outside of an unorganized borough, the state has full responsibility and basically "writes a check" for all aspects of education. The legislature wants to spend responsibly, which he absolutely supports, he said. However, problems exist with the division of authority between local school districts and the state with respect to how individual school districts are managed. For example, he did not believe the districts had any control over contract terms and labor costs.

SENATOR BIRCH said he is very troubled about [SB 64.]. He referred to [the transmittal letter] from the governor and read,

"The program, while well-intentioned, has become unsustainable and unnecessary." He offered his belief that these terms "unsustainable and unnecessary" are not optional for schools because the state has an underlying fiscal responsibility to maintain the [state school construction debt reimbursement] program. He offered that the amendment the committee adopted [Amendment 1] was a step in the right direction, of course, but he expressed concern that the bill was "pulling the rug out" from his municipality and any organized borough in the state.

SENATOR HUGHES said the Constitution of the State of Alaska is required to establish and maintain the K-12 system, which could be interpreted to involve the actual facilities. She echoed some of Senator Birch's concerns. She lamented that she was not prepared to offer an amendment to extend the moratorium instead of repealing the [school debt reimbursement' program]. She related her understanding that it was not currently possible [given the state's financial condition] to do so. She remarked that the state and legislature are working to get the state's fiscal house in order, including currently working to diversify the economy.

She asked to correct an earlier statement she made in another committee, that the state was building schools in her area at the rate of one new school per year, which is actually one school every three to four years. She pointed out the Joe Reddington High School was built three years ago, and it already has eight portables so the communities will soon need to build another high school.

SENATOR HUGHES expressed concern [that passage of SB 64] meant that one hundred percent of the burden would fall on the local taxpayers in organization boroughs. Her constituents are concerned about property tax increases, she said. Some residents in some communities do not share the [school construction debt] costs in the same way. She suggested that once the state gets its fiscal house in order, the legislature should consider a fair and more equitable system to provide capital construction for schools statewide.

CHAIR STEVENS, based on his service as a borough mayor and school board member, expressed concern about the effect SB 64 would have on communities.

[5:29:44 PM](#)
At ease.

[5:29:49 PM](#)

CHAIR STEVENS reconvened the meeting. He removed his objection and there being no further objection, CSSB 64(EDC) was reported from the Senate Education Standing Committee.

[5:30:32 PM](#)

At ease.

CONFIRMATION HEARING(S)
Professional Teaching Practices Commission

[5:32:24 PM](#)

CHAIR STEVENS announced the confirmation hearing of the governor's appointee to the Professional Teaching Practices Commission (PTPC), Chris Reitan. He asked Mr. Reitan to introduce himself and speak to what he brings to the commission, why he is interested in serving, and any goals he may have.

[5:33:14 PM](#)

CHRIS REITAN, Appointee, Professional Teaching Practices Commission, Craig, said he has 25 years of public education experience in the State of Alaska, including serving 21 years as an administrator in public education, eight years as a superintendent, two years as an assistant superintendent, eight years as a principal, and three years as an assistant principal. This is his first year serving as superintendent of the Craig City School District. He previously served as superintendent in Galena Coty School District. He offered his belief that he brings to the commission a solid understanding of how state and federal laws influence board policy and negotiated agreements. He also understood sure process, policies, and the appropriate actions given the circumstances related to any student or staff issues that require discipline.

MR. REITAN said that he is interested on serving on the PTPC because it would give him an opportunity to collaborate with professionals across Alaska to help foster and support the best public education system in the nation. He wanted to ensure that teachers hold themselves accountable to the highest standards of conduct and to continuously improve the levels of services for their students. He outlined his goals, which included to increase and be more proactive with communication. Communication is difficult to accomplish in a strategic and precise way. In his experience in serving on a number of professional education associations, many people lack a true understanding about the PTPC and its responsibilities. It is incumbent upon the

commission members to work more closely with professional organizations to share the roles of the commission in supporting the entire public education process. Further the PTPC must ensure that the code of ethics is central and that everyone in public education are held to the highest standard.

[5:35:37 PM](#)

CHAIR STEVENS asked as a superintendent whether he provides in-service training for teachers related to the PTPC.

MR. REITAN replied that in-service has not touched upon that directly. He related that his staff would be advised when information would be shared with the PTPC, if appropriate. He recalled testimony before the House Education Committee about when the PTPC conducts an investigation and when it is done at the local level. Everything starts at the local level, he said. When any possibility of suspension, reprimand, or revocation of certification occurs, it is referred to the PTPC. He offered his belief that the local level works with the local NEA [National Education Association] chapter on how to share that information with the teaching pool.

[5:37:24 PM](#)

SENATOR BIRCH noted his extensive time in Galena, which is one of his favorite communities. He appreciated Galena's growth in distance learning. One issue raised during the last hearing relating to the engagement the PTPC would have when a teacher or employee displayed "creepy" behavior. He asked how an isolated incident in a school would be shared between the school district and the commission. He asked whether confidentiality provisions apply. For example, could other districts be informed about such employees.

MR. REITAN answered that was a complex question with nuances. He explained that "creepy behavior" can be defined differently. He explained that the districts follow due process and apply progressive discipline at the local level. Depending on the circumstances, the school district's progressive discipline could range from an oral warning, a written reprimand, suspension with or without pay, and termination. However, if ongoing or egregious behavior occurs, it could move to a certification issue, and the incident would be shared with the PTPC's executive director to inform the commission on the actions taken. Once the district's investigation was complete, the district would file a complaint with PTPC, if appropriate. The local school and district would handle issues related to progressive discipline and/or decisions about maintaining

employment. If the behavior or incident was severe enough to impact certification, it would be referred to the commission to handle the investigation, collect evidence, and make a determination.

SENATOR BIRCH said that is helpful. He asked if this disciplinary information would be shared across districts for anything less than termination or initiating a review of someone's license.

MR. REITAN replied yes, but the district must protect employees' rights. He suggested that districts would be able to share information via reference checks without damaging someone's reputation or violating their rights.

SENATOR BIRCH said that in his experience, references have to be "plain vanilla" or someone runs the risk of impugning someone's character or professional reputation. He remarked that he was curious about the interplay between individual districts and the PTPC worked.

[5:42:33 PM](#)

SENATOR BEGICH asked if Mr. Reitan's name was submitted by the Superintendents Advisory Commission.

MR. REITAN answered yes.

SENATOR BEGICH referred to AS 14.20.470, related to powers of the commission, includes making recommendations to the board or to school boards that will promote an improvement in the teaching profession. He asked if he was comfortable with that role.

MR. REITAN replied yes. He viewed sharing information as a means to improve the strength of an organization.

SENATOR BEGICH said another part of the responsibility of commission members is advising the legislature on ways to improve laws. He asked if Mr. Reitan was willing to do so.

MR. REITAN answered yes, of course.

SENATOR BEGICH said the statute referred to the standard of illegal, immoral, or unethical conduct. He asked Mr. Reitan how he would characterize that word immoral and what it meant to him.

MR. REITAN answered by referencing the code of ethics that is stipulated in the Professional Teaching Practices Commission, which forms the foundation of how the commission makes its decisions. He acknowledged that everyone has biases, lens, and life experiences. He offered his belief that immoral was clearly defined in the code of ethics.

SENATOR HUGHES said everything starts locally and the districts can handle some matters while the commission handles other matters. She expressed an interest in ensuring that the districts and the commission handle matters in a consistent and fair manner. She asked whether the PTPC provides guidelines to districts about what cases should come to the PTPC or if these decisions are left to the district. For example, could one district handle a teacher disciplinary matter in-house with no loss of certification whereas another district might pass a similar case on to the PTPC and the teacher, which resulted in the teacher's certification being suspended.

MR. REITAN answered that most of the time complaints are handled uniformly, following the due process of law. The district would conduct an investigation at the local level and if necessary, work with law enforcement. At that point, the district should notify the PTPC. Further, violations against the code of ethics with clear contractual, abuse-related, or egregious concerns would need to be shared with the PTPC. However, the PTPC would not become involved until the process at the local level was completed, he said.

[5:48:44 PM](#)

SENATOR HUGHES asked whether districts were required to communicate with the PTPC for illegal behavior or conduct or if it was up to district administrators to do so. She understood he would expect administrators to do so but she wondered if this always occurred.

MR. REITAN replied that he was unsure if this always occurred. He could only speak from his personal experience in collaborating with the PTPC. He said that districts have an obligation to share egregious behavior that could be a potential certification issue, with the PTPC.

SENATOR HUGHES said if he is confirmed, she would ask him to consider whether districts are provided guidelines and when to communicate with the PTPC. She asked him to make sure administrators across the state have a good comprehension of the code of ethics. She asked him whether superintendents are well

informed about the contents of the code of ethics as opposed to having a general sense of what is ethical.

MR. REITAN reiterated that he cannot speak for every administrator. He said he hoped that every administrator was aware of the code of ethics. He acknowledged that Senator Hughes touched on an important aspect about the importance of standardized practices across the for school district interactions with the PTPC and vice versa. Further, the commission should provide guidelines to districts on the code of ethics. He offered his belief that this is a noble and important direction for the commission to do.

CHAIR STEVENS said the committee learned earlier that a booklet needed to be updated and that might be something the commission could consider.

[5:52:21 PM](#)

CHAIR STEVENS opened public testimony and after ascertaining no one wished to testify, closed public testimony. He solicited a motion.

[5:52:31 PM](#)

SENATOR HUGHES moved that in accordance with AS 39.05.080, the Senate Education Standing Committee reviewed the following and recommends the appointment be forwarded to a joint session for consideration:

Professional Teaching Practices Commission

Chris Reitan - Craig

[5:52:47 PM](#)

CHAIR STEVENS found no objection and the motion passed.

Signing the reports regarding appointments to boards and commissions in no way reflects individual members' approval or disapproval of the appointees; the nominations are merely forwarded to the full legislature for confirmation or rejection.

[5:53:03 PM](#)

At ease.

[5:53:07 PM](#)

There being no further business to come before the committee, Chair Stevens adjourned the Senate Education Standing Committee at 5:53 p.m.