

ALASKA STATE LEGISLATURE
SENATE EDUCATION STANDING COMMITTEE

January 28, 2020

8:59 a.m.

MEMBERS PRESENT

Senator Gary Stevens, Chair
Senator Shelley Hughes, Vice Chair
Senator John Coghill
Senator Mia Costello
Senator Tom Begich

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

SPONSOR SUBSTITUTE FOR SENATE BILL NO. 6

"An Act relating to early education programs provided by school districts; relating to funding for early education programs; relating to the duties of the Department of Education and Early Development; establishing a reading intervention program for public school students enrolled in grades kindergarten through three; establishing a literacy program in the Department of Education and Early Development; and providing for an effective date."

- HEARD & HELD

PREVIOUS COMMITTEE ACTION

BILL: SB 6

SHORT TITLE: PRE-K/ELEM ED PROGRAMS/FUNDING; READING

SPONSOR(S): SENATOR(S) BEGICH

01/16/19	(S)	PREFILE RELEASED 1/7/19
01/16/19	(S)	READ THE FIRST TIME - REFERRALS
01/16/19	(S)	EDC, FIN
03/21/19	(S)	EDC AT 9:00 AM BUTROVICH 205
03/21/19	(S)	Heard & Held
03/21/19	(S)	MINUTE(EDC)
04/16/19	(S)	EDC AT 9:00 AM BUTROVICH 205
04/16/19	(S)	Heard & Held
04/16/19	(S)	MINUTE(EDC)

01/21/20 (S) SPONSOR SUBSTITUTE INTRODUCED-REFERRALS
01/21/20 (S) EDC, FIN
01/23/20 (S) EDC AT 3:30 PM SENATE FINANCE 532
01/23/20 (S) Heard & Held
01/23/20 (S) MINUTE (EDC)
01/28/20 (S) EDC AT 9:00 AM BUTROVICH 205

WITNESS REGISTER

MICHAEL JOHNSON, Ph.D., Commissioner
Department of Education and Early Development (DEED)
Juneau, Alaska

POSITION STATEMENT: Spoke in support of SB 6.

HEIDI TESHNER, Director
Finance and Support Services
Department of Education and Early Development (DEED)
Juneau, Alaska

POSITION STATEMENT: Reviewed the fiscal notes for SB 6.

MICHAEL PARTLOW, Fiscal Analyst
Legislative Finance Division
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Described changes to the Public School Trust Fund.

JUDY ELEDGE, representing self
Anchorage, Alaska

POSITION STATEMENT: Supported SB 6.

ACTION NARRATIVE

8:59:30 AM

CHAIR GARY STEVENS called the Senate Education Standing Committee meeting to order at 8:59 a.m. Present at the call to order were Senators Coghill, Begich, Hughes, and Chair Stevens. Senator Costello arrived shortly thereafter.

SB 6-PRE-K/ELEM ED PROGRAMS/FUNDING; READING

8:59:54 AM

CHAIR STEVENS announced the consideration of SPONSOR SUBSTITUTE FOR SENATE BILL NO. 6, "An Act relating to early education programs provided by school districts; relating to funding for early education programs; relating to the duties of the

Department of Education and Early Development; establishing a reading intervention program for public school students enrolled in grades kindergarten through three; establishing a literacy program in the Department of Education and Early Development; and providing for an effective date."

[SSSB 6, version 31-LS0159\S, known as the Alaska Reads Act, was before the committee.]

He stated his intention was to focus on the five fiscal notes, and hold the bill for further review. He asked the bill sponsor, Senator Begich, for any comments.

9:00:42 AM

SENATOR BEGICH noted that at the last meeting the committee had a lengthy review of the details in the bill. It has three major components. One addresses early learning, one addresses the science- and evidence-based reading component, and one provides intensive intervention for the lower-performing schools. From the research his office has done, the committee testimony, and the work of Senator Hughes and Representative LeDoux and others, he has learned that to have a successful reading program, kids need to be prepared to read when they come to school. To have a successful pre-K program, a strong reading program is needed to reinforce the gains made in evidence-based prekindergarten. This bill accomplishes both of those tasks. He, the governor, the commissioner, and others have developed that concept and put aside political differences to make this work for all kids in Alaska. The sponsors and administration want to make sure all kids have the opportunity to succeed. Today the committee will get the cost of success. He is hoping that the committee comes away with the idea that a price tag cannot be placed on it.

SENATOR BEGICH said there are pragmatic ways of addressing the cost of the legislation, but in the end, if the state is able to reduce the number of kids in special education and increase the ability of students to move on to better opportunities by providing those starting points for kids, the change will be transformative for the state. There is no way to measure the economic impact of that. He said the committee needs to hear from the experts and from those who prepared the fiscal notes. This will help flesh out the bill and answer some questions.

9:03:53 AM

MICHAEL JOHNSON, Ph.D., Commissioner, Department of Education and Early Development (DEED), Juneau, Alaska, said part of what makes this a great bill is that it reflects many discussions

from previous bills and brings them together to address reading comprehensively. If the bill were only pre-K or only about intervention it would not be as strong. The school improvement piece is also critical because it tries to build capacity in schools that have struggled for decades.

COMMISSIONER JOHNSON said the cost of the bill is a worthy investment if it is implemented effectively. It will make all the other money spent on public education that much more effective and meaningful in the lives of kids.

9:06:01 AM

HEIDI TESHNER, Director of Finance and Support Services, Department of Education and Early Development (DEED), Juneau, Alaska, noted the five fiscal notes for SB 6 and stated that she would start with Fiscal Note 5, which addresses the foundation program, OMB Component Number 141, and Fiscal Note 3, which is for the fund capitalization, OMB component number 2804. These two fiscal notes are what affect the addition of the four-year-olds to the foundation formula. Fiscal Note 5 has no money tied to it because this is a funding mechanism for this program. It is a general fund transfer into the Public Education Fund, not the foundation program, which is why it is a zero fiscal note.

MS. TESHNER said Fiscal Note 3 is where the committee starts seeing the money needed to make the foundation program whole. This fiscal note takes the total amount of projected state aid and divides it by the total number of Average Daily Membership (ADM) to come up with an average cost of ADM. The bill funds students at one-half of that average, so \$4,685 is the estimated per student cost. As kids flow through the formula, districts may receive more, depending on where the school is located. This number is just for analysis of the school impact. Six cohorts will go through the early education grant program. The first cohort would transition into the foundation formula in FY 2024, after the district finished the initial three-year grant. The assumption is that all the programs will be approved, and the students will transition into the funding formula.

MS. TESHNER said that starting in FY 2024, the foundation program would increase by \$1,724,100. This would increase to \$4,305,500 in FY 2025, and to \$6,887,000 in 2026. By the time all cohorts run through each of the three-year grants by FY 29, the total increase to the foundation program is \$17,217,400.

9:09:20 AM

MS. TESHNER continued with Fiscal Note 1, OMB Component Number 2912. It shows the cost of operating the early education grant program, as well as providing the training and support to the grantees. The estimate is three staff members to operate the program and provide that training and support. There are two education specialist positions and one education associate reflected in the fiscal note. In addition to the salary and benefits costs, there are department chargeback costs of \$9,600 per person and a one-time charge of \$5,000 per person for supplies and equipment and a one-time cost of \$6,000 for the legal fees to implement the regulations tied to the early education program. The total estimate for FY21 \$401,900.

MS. TESHNER said that Fiscal Note 2, OMB Component Number 3028, shows the cost for the pre-K program grants. The chart on Page 3 provides the breakdown of funding by fiscal year for the three-year grant program. Table 1 shows that statewide, the number of four-year-olds is about 10,000. The table estimates that striving for a participation rate of 88 percent would be an additional 3,675 students served by SB 6 [current district pre-K number is 3,590 and the number for Head Start is 1,580]. Table 2 estimates how many students would flow through each grant year. Participation in the grant program by 10 percent of the lowest-performing school districts in Year 1 would be 368 students. The cohort of students in the grant program for Year 2 and Year 3 is estimated to be 551 students each year and then 735 students each year for Years 4, 5, and 6 for a total of 3,675 students.

MS. TESHNER explained that Table 3 shows which cohort would flow through the grant every year and the number of students every year. Year 1 would just be Cohort 1, Year 2 would be Cohorts 1 and 2, and Year 3 would be Cohorts 1, 2, and 3. For Year 4, Cohort 1 would transition to the foundation formula and Cohort 4 would start, joining Cohorts 2 and 3. The total estimated cost for the three-year education grant year is \$1,724,080 in Year 1, and \$4,305,515 in Year 2. Once all six cohorts move through the three-year grant program, the estimated total is \$51,652,125. Table 4 reflects the numbers associated with coming up with the foundation formula totals. Those are also reflected in the fiscal analysis of those two fiscal notes. After all cohorts have moved through, the increase to the foundational formula would be \$17,217,375 [the FY2029 cost of the pre-K students being included in the foundation formula].

[9:14:19 AM](#)

MS. TESHNER said Fiscal Note 4, OMB Component Number 2796, addresses the student school achievement costs associated with

the school improvement literacy program and the comprehensive reading intervention program. The first program in the analysis is the school improvement literacy program. Through this program, DEED will provide direct support and intervention to district and school literacy programs. In Year 1, up to 10 low-performing districts would be served by a reading specialist employed by DEED. Up to 20 schools would be served in the second year and beyond. Depending on the size of the school and the need, either one or two reading specialists would be assigned to each school.

MS. TESHNER said DEED anticipates employing 10 to 20 specialists in Year 1 and 20 to 40 in the subsequent years. For fiscal analysis, the department maximized the number of positions in Year 1 with five additional positions phased in annually over the following four years. If DEED cannot hire all 20 staff in Year 1, the out years will be adjusted based on how the program is being implemented. The timing of the passage of the bill is critical to help DEED hire staff as soon as possible in FY21, so it can implement the program quickly and efficiently. In addition to the salary and benefits costs reflected in the fiscal note, the department chargebacks are \$9,600 per person and a one-time cost of \$5,000 per person for supplies and equipment, as well as \$6,000 for legal services associated with regulation changes.

MS. TESHNER said the final cost associated with the school improvement literacy program is the purchase of supplemental reading textbooks and materials for school districts in connection with reading intervention services. The cost per student when adopting a new reading curriculum is about \$[250]. With approximately 10,000 students per grade, there are 40,000 students from kindergarten through third grade. In the present fiscal year, FY20, 390 schools served K-3 students, which is an average of 102 K-3 students per school. The costs associated with supplemental reading textbooks would be \$255,000 [for each year of the literacy program, 10 schools X 102 K-3 students/school X \$.25/student=\$255.0].

[9:17:35 AM](#)

MS. TESHNER added that the comprehensive reading intervention program is the next item reflected in Fiscal Note 3. DEED will manage and operate the program and provide direct support and training to all K-3 teachers on the use of statewide screening or assessment tools. The staff needed for this is one education administrator, two education specialists, and one education associate. The staff will be required to participate in and

present at statewide professional development conferences, as well as to provide direct support to district staff concerning the statewide screening or assessment tool. For that, \$3,000 is needed for travel. In addition to salary and benefits, there are the department chargebacks of \$9,600 per person and a one-time cost of \$5,000 for supplies and equipment.

MS. TESHNER said the comprehensive reading intervention program also requires the adoption and administration of a statewide screening or assessment tool to identify the students in K-3 with reading deficiencies. With the 40,000 students in K-3, the annual estimated cost for the tool is \$320,000. The final costs associated with this program are grants for one staff member per district to attend a statewide training for the screening or assessment tool. With 53 districts and an estimate cost of \$1,000 per staff member, the cost is \$53,000. The overall estimate is \$4,221,700 in FY 21 to begin implementation for those two programs.

[9:19:37 AM](#)

CHAIR STEVENS asked for the bottom line of costs for the entire program.

MS. TESHNER answered that in Year 1 it is \$6,347,700 and by FY26 it will be \$24,606,000.

SENATOR BEGICH noted that he had some clarifying points because the fiscal notes are complex and Fiscal Note 2 took three years to develop. He stated, and Ms. Teshner affirmed, that the bottom line number for the grants program is \$50 million, but that is spread out over nine years. In addition, the grants program is more expensive than the cost of kids being counted as half of the ADM. He pointed out, which Ms. Teshner affirmed, that the impact of the foundation program is less than the cost of kids being in the grants program because of the cost of developing the grants program.

SENATOR BEGICH added, and Ms. Teshner agreed, that some districts will be already qualified to roll [pre-K] kids into the ADM, so that could potentially bring down the impact of the fiscal note.

SENATOR BEGICH said the total estimated amount is the high end of the fiscal note, with absolutely no one in the system and with the need to bring everyone up to speed.

MS. TESHNER added that the maximum possible has to be estimated.

9:21:46 AM

SENATOR BEGICH responded that he is supportive of that. He noted that one thing that cannot be measured is the savings of potentially keeping kids out of such things as special education and remedial education later on, as shown by state and national data and research.

MS. TESHNER said absolutely. If students are caught early, they will not be classified as intensive students. That would definitely bring the cost of the foundation program down.

CHAIR STEVENS said he has heard that and would like confirmation. He asked if many of the students in special education are only there because of a lack of reading ability.

COMMISSIONER JOHNSON replied it is probably true in some cases. National studies show that sometimes students are placed in special education because of a reading issue, not necessarily because of a disability. That is not true in every case. If students are reading proficiently by the end of third grade, they are more likely to take dual credit courses and even graduate early, further saving the system money.

SENATOR HUGHES asked for data showing the total amount other states have saved in special education costs. She said she'd also like to see the grand total for this bill for one year and a number of years broken down into two buckets for pre-K and for reading by the end of third grade.

MS. TESHNER said in Year 1, it is a \$6.3 million increase. By year 2026, it is a \$24 million increase. From FY21 through FY26, the total for those years alone is \$91.5 million.

CHAIR STEVENS asked Senator Begich if the \$50 million figure he mentioned was for nine years of pre-K.

SENATOR BEGICH said student achievement, or the reading component, the first year will be just over \$4 million and the pre-K component will be about \$1.7 million. The pre-K component maxes out in FY 26, when the largest number of districts will be included, but by FY29 it is zero because the pre-K grants program is gone then. That runs its course and it has a termination date in the bill because every district will have had the option to participate. The student and school achievement component, the reading part of the act, continues.

It averages around \$7 million a year. That is the additional money necessary to keep the comprehensive reading program going.

9:26:49 AM

SENATOR HUGHES asked for confirmation that when the grant runs out, the students are shifted to the ADM at the half rate and the ADM will be increased by \$17 million.

SENATOR BEGICH responded that at the end, the kids are rolled into the ADM, which is less expensive than the grants program. The grants program is more expensive because the state wants to make sure that districts develop pre-K programs with the highest levels of quality, similar to the ones the department currently supports and funds. The governor said he supports early learning and pre-K, but he did not want a number of different pre-K programs with different standards or ones that aren't really pre-K. Senator Begich said his response was that the commissioner should have authority to determine what is a pre-K program. Then those are rolled into ADM. The whole approach is to provide integrity so that when kids start the reading program, they can take full advantage of it and lock in the gains made in pre-K.

SENATOR BEGICH asked Ms. Teshner if the fiscal notes reflect the declining population of Alaska that the legislature has been hearing about.

MS. TESHNER answered no.

SENATOR BEGICH said this is a substantial investment in kids, but the cost is spread over nine years and there are mitigating factors not reflected in the fiscal notes. Number one, the population is getting older and shrinking. Number two, over time, some of the districts will already include pre-K in the ADM because they have programs that meet the criteria. That will lower the grants outlay. Number three, with fewer students needing remedial education, the impact on the foundation formula will be less. The fiscal notes are large but the costs are spread over time to provide the full impact of what the bill is trying to do.

9:30:38 AM

SENATOR HUGHES said it would be helpful to have data from other states showing how remedial and special education costs were reduced, and data showing how costs might be reduced because of population trends for Alaska. She expressed concern about the size of the fiscal note and the idea that the state would spend

substantial amounts to teach kids to read by the end of third grade when some schools are already doing that and all of them should. This state has a \$1.5 billion fiscal gap, so it particularly important for the legislature to try to find reductions.

SENATOR HUGHES noted that he said the pre-K grants will phase out and the ADM will be a lower amount [than operating the grants]. She asked if schools would incorporate these reading interventions into what they do or if this would be an added cost for the next 20, 30, and 40 years if this becomes law.

COMMISSIONER JOHNSON replied the bill is a small percentage of the \$15 billion the state will spend on education in the next ten years. As to whether the expense will be ongoing, he said probably yes. The programs phase in over years and new students will enter the system every year with needs that will be addressed through these programs. In addition to reading, there is an ongoing need to address frequent turnovers and the resulting need for teacher training.

[9:35:39 AM](#)

CHAIR STEVENS asked if the department was taking on this responsibility with just an additional three people and if that was reasonable.

MS. TESHNER answered no. Three people would be added to the department to coordinate the early learning grants, and an additional 10 to 40 reading specialists would be employed by the department to work in the schools.

CHAIR STEVENS asked if the 10 to 40 specialists would be department employees.

MS. TESHNER answered yes, and there would be an additional four staff for the reading intervention program. The intention is for the education administrator to be the lead for the three programs outlined in SB 6.

CHAIR STEVENS summarized, and Ms. Teshner affirmed, that there would be seven staff members working in the department and 10 to 40 working in the districts.

[9:37:09 AM](#)

SENATOR COGHILL asked how many schools are in Alaska.

COMMISSIONER JOHNSON answered 505 this year.

SENATOR COGHILL asked if the bill would target underperforming schools.

COMMISSIONER JOHNSON responded that the program starts by targeting those schools.

SENATOR COGHILL asked how many schools are underperforming.

COMMISSIONER JOHNSON offered to follow up with the number.

SENATOR COGHILL said that would help him decide whether he agrees with this policy call. He commented on the retention issue, particularly in rural schools, and questioned whether the state could find that many reading specialists to hire.

[9:39:24 AM](#)

COMMISSIONER JOHNSON replied there is a shortage of educators across the nation, so the recruitment effort will need to be aggressive and preferably sooner rather than later. Some expert capacity exists within the state, but recruitment will also be out of state. Regarding the cost, the department received a \$21 million grant to build expertise and funding capacity and they will look for other federal opportunities to support those positions.

SENATOR COGHILL said he needed to understand the context of the target but the commissioner could talk to him about that later. He said some schools are doing well and he did not want to disrespect that during this process.

CHAIR STEVENS said the meeting probably should have started by talking about how bad things are. Certainly, there are schools and districts doing well, but when Alaska is compared to the rest of the nation, Alaska is particularly bad at reading. He asked the commissioner to comment on that because it seems that the state can only go up.

COMMISSIONER JOHNSON replied that the National Assessment of Education Progress (NAEP) is the one scientific assessment that provides a true comparison across the 50 states. As disappointing as it is, Alaska has ranked at the very bottom in fourth grade reading proficiency in the last two NAEP administrations. He acknowledged that Alaska does have kids who are performing well, but the overall achievement gap is an uncomfortable fact.

COMMISSIONER JOHNSON said there is no reason Alaska kids should not be at the top in the nation. This bill is a path to that end.

[9:44:02 AM](#)

SENATOR COSTELLO said the effort and countless hours that have gone into the challenge of bringing kids up to reading proficiency should not go unrecognized. She mentioned her constituents in particular, including families and teachers and educators. She relayed the concern she's heard about having a definition of a reading specialist to ensure that this is what the state hires for these positions. She also asked what the plan is if the state is unable to find enough reading specialists and what that will do to the fiscal note in the first and subsequent years.

COMMISSIONER JOHNSON agreed that many Alaskans have been focused on this issue for a long time. He said reading specialist and several other elements will be defined in the regulatory process that will include robust stakeholder input. He said in terms of building capacity, DEED is already having conversations about how to implement the professional development part of the bill by partnering with other agencies. He mentioned the recent Response to Intervention conference and meetings with SERRC to align the comprehensive grant with the vision that every student is reading by third grade.

[9:48:44 AM](#)

CHAIR STEVENS offered his understanding that reading specialists are not necessarily new hires or outside people. They could be current teachers with professional development.

COMMISSIONER JOHNSON answered they're both. Some will hopefully be recruited from within the system and some from the Lower 48. If the bill passes, then a conversation will need to begin to make sure that the university's teacher preparation programs and reading specialist programs align with what the legislature has said it wants through this reading bill.

[9:49:39 AM](#)

MS. TESHNER said regarding the rollover of funds if the department cannot hire all the reading specialists or 368 students do not roll through the grant program the first year, the department will adjust outyear requests to true up where the department is with implementation of the programs.

SENATOR COSTELLO asked the commissioner if he said that the term reading specialist will be defined through the regulatory process, not legislation.

COMMISSIONER JOHNSON replied, as the legislation was developed, the conversations were that that it would be defined in regulation, but it's up to the legislature to decide.

SENATOR COSTELLO asked if other states with reading specialist legislation define that aspect in statute.

COMMISSIONER JOHNSON offered to follow up with the answer.

[9:51:14 AM](#)

SENATOR BEGICH said Colorado and other states have a definition for reading specialist and he was not opposed to putting most definitions in the bill if necessary. To address Senator Coghill's statement about honoring schools, he said if districts have a working pre-K program, which many do, they can roll those kids into the ADM without going through the three-year grants process. That is a reward to those districts because it acknowledges that they have already done the hard work.

SENATOR BEGICH disclosed that he runs a scholarship program that funds students in teacher preparation programs but his efforts on the bill would not benefit him or enhance his income.

SENATOR BEGICH said regarding fund issues, the legislature cannot dedicate funds but it often designates them. He cited the example of legislation related the raffle and a change in the percent of market value (POMV) calculation for deposits into the education trust fund that increased the state income, ostensibly for education, by almost \$10 million annually. The legislature cannot dedicate that money to education, but the implication is that there is an extra \$10 million this year for education. He also mentioned the proposed legislation for an education head tax that can't specifically go to education but it would show legislative intent if that bill were to pass. This is not uncommon and is worth remembering as this bill goes through the process.

[9:55:05 AM](#)

SENATOR HUGHES described the idea of training technicians to provide medical services and questioned whether it was possible to train technicians to deliver reading instruction. She also asked if the \$10 million the sponsor described would be per year.

SENATOR BEGICH answered that the change in the deposits in the trust fund now represent an additional \$10 million annually, not one-time money. He said he was guessing at the numbers, but Mr. Partlow would be more accurate in his presentation about the trust and the raffle.

SENATOR HUGHES asked the commissioner if he knew what percentage of kindergarteners are not prepared when they enter school.

9:58:07 AM

COMMISSIONER JOHNSON replied 69 percent, which is a significant number. Teachers administer the Kindergarten Developmental Profile, which has 13 categories, and 69 percent did not meet the threshold of being prepared.

SENATOR HUGHES asked why the participation goal is 88 percent and not 69 percent.

COMMISSIONER JOHNSON deferred to Ms. Teshner to answer about the participation rate. The department goal is to have every child reading proficiently by the end of third grade.

MS. TESHNER said the department is striving to make sure every student is reading proficiently. Last session Senator Begich reported that some states have a participation rate around 70 to 77 percent. The department is striving high. It can look at whether 70 percent is a better starting point.

SENATOR HUGHES said just as Senator Coghill has respect for parents who are doing a good job, she has respect for parents who are doing a good job. She said if the participation rate is too high, perhaps there are kids being put in the program who could be just as well or better served at home. If the state is pushing every child in a public school by age 4, she is resistant to that.

SENATOR BEGICH responded that the bill is based on the Oklahoma bill from about 20 years ago. The participation goal represents the number of kids who would potentially be enrolled in pre-K, but the choice is up to parents. It is not a mandatory pre-K program and parents who would choose not to participate are absolutely respected. He said he heard that loud and clear in 2017 and made sure pre-K was a voluntary component, like Oklahoma's. Some states with these laws have a significantly lower participation rate. Oklahoma happens to be around 88 percent, so that seemed to be a fair target if all districts

were exposed. That percentage is about how many parents might potentially enroll their kids in pre-K, not achievement. The bill has other strong elements to strengthen the parents' voice, just as he and the governor agreed.

[10:01:54 AM](#)

CHAIR STEVENS asked the commissioner whether the 10 to 40 reading specialists could be anything less than certificated teachers.

COMMISSIONER JOHNSON replied that could be defined in the bill but the intent is that it is someone who is certified with a degree that represents skill in reading. He noted that some the education support professionals who work in schools now have been highly trained. To the question about students being prepared for kindergarten and participation in a pre-K program, he said those are two separate things. He agreed with the sponsor that families should have the choice of sending their kids to pre-K. For budget purposes they estimate how many students will participate, but that is different from how many kids are prepared for kindergarten.

CHAIR STEVENS called Michael Partlow to the table.

[10:04:31 AM](#)

MICHAEL PARTLOW, Fiscal Analyst, Legislative Finance Division, Alaska State Legislature, Juneau, Alaska, said he was not prepared to speak in detail about the Public School Trust Fund amount but he could speak generally about trends. He said recent changes in the management of the fund has freed up more money for annual appropriations out of the Public School Trust Fund. Previously, earnings from the fund were placed in a separate fund and only those could be appropriated. This limited potential investment vehicles to things like bonds. That averaged about \$16 million over the last several years for appropriations to the foundation formula payments that essentially supplanted the UGF [unrestricted general funds] payment.

MR. PARTLOW said starting in 2018, the fund was used to help fund operations at Mt. Edgecumbe. That lowered the amount available to the foundation but lowered the UGF obligation for Mt. Edgecumbe. The new percent of market value (POMV) model allows different types of investments which increased the money available for sustainable appropriation from about \$16 million to \$26 million. This year, the governor included a \$29 million appropriation out of that fund for the foundation. He said the

governor proposed funding Mt. Edgecumbe funded with UGF so the Public School Trust Fund earnings would be appropriated go towards foundation funding. The education raffle mentioned earlier is a new source of funds. Unlike the Public School Trust Fund that is used to supplant UGF, education raffle funding, which now is budgeted at \$488,000, is considered additional money outside of the formula.

SENATOR BEGICH observed that after this year, he was hopeful that the state would make a raffle announcement before filing for PFDS begins.

[10:08:21 AM](#)

CHAIR STEVENS noted that Karen Melin, DEED Deputy Commissioner, and Tamara Van Wyhe, Director of Innovation and Education Excellence, were available online for any questions. He opened public testimony.

[10:09:09 AM](#)

JUDY ELEDGE, representing self, Anchorage, Alaska, said she has been in education since 1981 in Alaska and in rural Alaska since 1997. She retired in 2003 and has worked off and on as a state coach consulting with the lowest performing school districts, so she is very aware of what the state needs and does not need. She said she has not always been a proponent of preschool, but when students come to school without the oral language needed for the kindergarten curriculum, it is extremely difficult. If the bill is implemented correctly, she supports it although cost will be an issue for some. She mentioned retirees working in the coaching program and pointed out that retired teachers may be a valuable resource.

CHAIR STEVENS asked if retired teachers could serve as some of the reading specialists.

MS. ELEDGE answered yes. Right now, the coaching program consists mostly of retired teachers who work for the department on contract with low-performing schools.

SENATOR COSTELLO asked how a low-performing school is defined.

MS. ELEDGE replied that is based on data from DEED on test scores and other criteria. The federal government also has a lot of the identifiers of low-performing schools.

SENATOR COSTELLO asked if this bill were enacted, how legislators would know whether it is working and if it is effective.

MS. ELEDGE replied that she would defer to the commissioner because she has had an issue with how money is spent with seemingly no accountability.

[10:12:22 AM](#)

SENATOR BEGICH reported that conversations with Ms. Eledge about accountability have helped enhance the bill. He noted that Senator Hughes raised the same questions in an earlier hearing. He said the bill has a defined research component to track what districts are doing and whether they are meeting benchmarks. Further, the reporting requirement in the bill will help show how the bill is being implemented. He said the governor, commissioner, and he felt the research and accountability components were critical parts of the bill.

COMMISSIONER JOHNSON offered to follow up with a presentation on DEED's accountability system if the committee was interested in the elements. Accountability that is built into the bill includes schools and districts reporting outcomes on the Internet, that specialists are certified and that the definition will be in regulation, and that reading specialists will report to the department. Transparency is ensured with postings on district and the department web sites.

MS. Eledge said it's exciting that the bill builds a strong system of comprehensive support because that has been lacking. She stated support for the commissioner and described the excitement evident at a recent conference from states that have received federal grants.

SENATOR HUGHES described Ms. Eledge as a miracle worker and said she was pleased that she was going to be part of this process. She clarified her earlier comment about technician/aide certification saying that should be an option if the state has trouble keeping certified teachers. She also asked if the bill ties district reporting to their funding, and if some of the coaches working on contract might be retired teachers, which would not add costs to the retirement system.

[10:17:26 AM](#)

COMMISSIONER JOHNSON answered that districts have to demonstrate that they have a quality pre-K to fund those students through the Base Student Allocation. For the foundation formula, there

is no mechanism in state law to withhold funding from a district because of performance. No Child Left Behind had financial implications for schools that were low performing for an extended time. Most of that changed with ESSA, so there are no financial penalties. Quality and success have to be demonstrated to access some of the money for pre-K. For the school improvement piece, access to the money is based on a memorandum of agreement between the department and the school for certain outcomes.

COMMISSIONER JOHNSON said Ms. Teshner may be able to answer whether the fiscal note represents a PCN [position control number] or contract. He agrees that many retired teachers in the state are able to add expertise and experience. He noted that the legislature also passed a retire/rehire bill that could be applicable.

CHAIR STEVENS observed that Table 2, 3-Year Early Education Grant Cycle--District Eligibility, for Fiscal Note 2 indicates that 2021 would include the lowest 10 percent of districts. He asked if that is the right number.

[10:19:59 AM](#)

COMMISSIONER JOHNSON asked if he was asking why the grant program is phased in with different percentages of school districts participating each year.

CHAIR STEVENS answered yes and asked for help understanding the reasons for involving the different percentages.

COMMISSIONER JOHNSON replied the bill recognizes that to ensure quality, the recruitment, retention, and training needs to happen by phasing the program in over a number of years.

CHAIR STEVENS restated that the commissioner thinks that is a reasonable pace to make sure the state achieves the success it wants.

COMMISSIONER JOHNSON confirmed that he thought it reasonable and added that it could be said to be ambitious given the challenges the state has.

[10:22:03 AM](#)

1. CHAIR STEVENS said the committee will have further opportunities for public testimony. After ascertaining that no one else in the audience wanted to testify, he asked for any comments from the committee.

SENATOR COSTELLO commented that the bill uses reading and literacy throughout and almost interchangeably, but she'd never had a parent say their child was having trouble with literacy. Instead, parents just mention trouble with reading. She providing definitions so the committee knows what is meant by the word reading and what is meant by the term literacy.

10:23:22 AM

CHAIR STEVENS held SB 6 in committee.

10:23:27 AM

There being no further business to come before the committee, Chair Stevens adjourned the Senate Education Standing Committee meeting at 10:23 a.m.