

SENATE FINANCE COMMITTEE  
April 19, 2021  
9:07 a.m.

[9:07:18 AM](#)

CALL TO ORDER

Co-Chair Bishop called the Senate Finance Committee meeting to order at 9:07 a.m.

MEMBERS PRESENT

Senator Click Bishop, Co-Chair  
Senator Bert Stedman, Co-Chair  
Senator Lyman Hoffman  
Senator Donny Olson  
Senator Natasha von Imhof (via teleconference)  
Senator Bill Wielechowski  
Senator David Wilson

MEMBERS ABSENT

None

ALSO PRESENT

Tim Lamkin, Staff, Senator Gary Stevens; Senator Gary Stevens, Sponsor; Caroline Schultz, Policy Analyst, Office of Management and Budget, Office of the Governor.

PRESENT VIA TELECONFERENCE

Tamara Van Wyhe, Director, Division of Innovation and Educational Excellence, Department of Education.

SUMMARY

SB 20        OUT OF STATE TEACHER RECIPROCITY

SB 20 was HEARD and HELD in committee for further consideration.

SB 55        EMPLOYER CONTRIBUTIONS TO PERS

SB 55 was REPORTED out of committee with a "do pass" recommendation and with two new fiscal

impact notes from the Office of the Governor, and one new fiscal impact note from the Department of Administration.

SB 71 COUNCIL ON ARTS: PLATES & MANAGE ART

SB 71 was HEARD and HELD in committee for further consideration.

#sb71

SENATE BILL NO. 71

"An Act relating to special request registration plates celebrating the arts; relating to artwork in public buildings and facilities; relating to the management of artwork under the art in public places fund; relating to the powers and duties of the Alaska State Council on the Arts; and providing for an effective date."

[9:08:14 AM](#)

Co-Chair Bishop relayed that the committee was hearing SB 71 for the second time. The committee had heard public testimony on the bill on April 6, 2021. His intention was to consider amendments. He asked the sponsor's staff to reintroduce the bill. He noted there was invited testimony available to speak to the bill and answer questions.

[9:09:11 AM](#)

TIM LAMKIN, STAFF, SENATOR GARY STEVENS, relayed that the bill allowed the Division of Motor Vehicles to collect funds for the artistic license plate to apply toward the budget of the Alaska State Council on the Arts. He noted that the amendments would pertain to some housekeeping provisions as a result of the FY 19 budget cycle.

Senator Wilson MOVED to ADOPT Amendment 1:

Page 3, lines 15 - 19:  
Delete all material.

Renumber the following bill sections accordingly.

Co-Chair Bishop OBJECTED for discussion.

Senator Wilson discussed Amendment 1. He discussed the governor's veto authority and felt the legislature should not choose "winners and losers." He thought a following amendment would be a better solution than Amendment 1.

Co-Chair Stedman asked for more detail from the amendment sponsor. He referenced the Executive Budget Act.

Mr. Lamkin stated that the goal behind Section 5 of the bill was to hold harmless the funds that the arts council generated through private donors. The funds had been vetoed during the budget cycle, and the amendment was drafted. The sponsor had appreciated Senator Wilson's observation that the arts council could not be exempted from the Executive Budget Act. He asked the committee consider Amendment 2 in lieu of Amendment 1.

Senator Olson asked if the sponsor was in favor of Amendment 2 and not Amendment 1.

Mr. Lamkin explained that the sponsor supported Amendment 1 and Amendment 2.

Co-Chair Bishop WITHDREW his objection. There being NO further OBJECTION, it was so ordered. Amendment 1 was ADOPTED.

[9:12:43 AM](#)  
AT EASE

[9:13:02 AM](#)  
RECONVENED

Co-Chair Stedman MOVED to ADOPT Amendment 2 (copy on file).

Co-Chair Bishop OBJECTED for discussion.

Mr. Lamkin relayed that in consultation with the Legislative Legal Department, the committee, and the arts council; the approach in Amendment 2 was drafted. The goal was to specify arts council receipts so that if funds were vetoed, the receipt authority would also have to be separately vetoed. He noted that the approach was used by a long list of other funds with receipt authority.

Co-Chair Bishop WITHDREW his objection. There being NO further OBJECTION, it was so ordered. Amendment 2 was ADOPTED.

Co-Chair Bishop stated that the committee would set the bill aside and request a Committee Substitute with updated fiscal notes.

SB 71 was HEARD and HELD in committee for further consideration.

#sb20

SENATE BILL NO. 20

"An Act relating to recognition of certificates of out-of-state teachers."

[9:14:35 AM](#)

Co-Chair Bishop relayed that it was the second hearing of SB 20 and the committee had heard public testimony as well as invited testimony on March 29, 2021. He intended to consider amendments. He asked the sponsor's staff to do a brief bill reintroduction.

Mr. Lamkin stated that SB 20 aligned fairly well with regulatory suspensions that occurred by emergency order the past year. The bill would assist districts in improving access to qualified teachers. He noted that the bill was favorable to superintendents and the sponsor wanted to provide tools to address the teacher shortage.

Co-Chair Bishop noted there were individuals online to answer questions.

Senator Wilson MOVED to ADOPT Amendment 1 (copy on file).

Co-Chair Bishop OBJECTED for discussion.

Senator Wilson spoke to Amendment 1. He explained that the amendment applied to page 2, Section 3 of the bill. He referenced the out of state teachers' continuing education requirement. He considered that the required courses were not like a typical college course, but rather were available via online training that could be completed within approximately 8 hours. He proposed that the training

could be required for completion within 90 days rather than waiting for the courses to be offered in a university.

Co-Chair Bishop asked if the amendment would change the continuing education requirement completion from two years to 90 days.

Senator Wilson answered in the affirmative.

Co-Chair Bishop asked if the sponsor had considered the amendment.

Mr. Lamkin stated the amendment was agreeable to the sponsor.

Senator Olson asked if the amendment sponsor had contacted any rural school districts for feedback on the amendment.

Senator Wilson stated he had not spoken with rural school districts but had spoken with the Department of Education and Early Development (DEED) which had verified the length of time required to complete the training. The department found that the length of time proposed was reasonable.

Senator Olson was less concerned with the input from the department and asked if there was a superintendent available to comment.

Co-Chair Bishop stated that the Anchorage School District superintendent was not available.

Senator Olson referenced concerns about rural school districts and unfunded mandates. He wanted to know if rural school districts would be in favor of the amendment.

[9:19:34 AM](#)

Co-Chair Bishop asked if all of the required continuing education courses could be completed online.

TAMARA VAN WYHE, DIRECTOR, DIVISION OF INNOVATION AND EDUCATIONAL EXCELLENCE, DEPARTMENT OF EDUCATION, JUNEAU (via teleconference), asked if Co-Chair Bishop was referencing Section 3.

Co-Chair Bishop answered "yes."

Ms. Van Wyhe stated there were a number of trainings that were available online, and the shorter mandatory training series could be completed online. The multicultural education course and the Alaska studies course required for teacher certification were much longer courses and were not available online.

Co-Chair Bishop asked if the required training other than the two mentioned were online trainings.

Ms. van Wyhe answered in the affirmative.

[9:21:00 AM](#)

Senator Olson asked Ms. Van Wyhe had heard from any school district if it was favorable to Amendment 1.

Ms. Van Wyhe had not heard from any school district regarding the amendment.

Co-Chair Bishop asked about the sponsor's position on the amendment.

Mr. Lamkin stated that the sponsor had been in been in conversation with school districts about the amendment. He asserted that districts were supportive and helped point out that two years was too long, and 90 days was a reasonable amount of time to complete the training.

Senator von Imhof asked if the amendment addressed alcohol and drug-related disabilities, and sexual abuse and assault prevention training. She understood that Alaskan teachers could not get a certificate if they had not completed the training. She asked if the department could confirm.

Ms. Van Wyhe believed Senator von Imhof was correct. She thought the requirements were fairly new and offered to get back to the committee momentarily with confirmation.

Mr. Lamkin stated that testimony from prior hearings indicated that the trainings were required for teacher certification. He thought it was worth noting that the paperwork for incoming teachers from out of state was well vetted by the department before issuance of teaching certificates. He added that it was generally known that teachers completed the same type of training in the teacher's home state.

Senator von Imhof asked if under the amendment, out of state teachers would be given a 90-day window in which to complete the training. She thought the 90 days seemed reasonable. She asked if the amendment did not include Alaska Studies and multicultural education requirements, which Alaskan teachers were required to have. She believed Alaskan teachers could receive a provisional certificate with two years in which to complete the courses.

Mr. Lamkin affirmed that Senator von Imhof was correct.

Senator von Imhof asked if the only thing the amendment dealt with was the alcohol and drug-related disabilities and sexual assault awareness and prevention.

Mr. Lamkin stated that Senator von Imhof was correct, with the addition of suicide prevention training.

Co-Chair Bishop WITHDREW his objection. There being NO further OBJECTION, it was so ordered. Amendment 1 was ADOPTED.

Senator Wielechowski MOVED to WITHDRAW Amendment 2, which was fundamentally the same as Amendment 1. There being NO further OBJECTION, it was so ordered.

[9:26:29 AM](#)

Senator Wielechowski MOVED to ADOPT Amendment 3 (copy on file).

Co-Chair Bishop OBJECTED for discussion.

Senator Wielechowski spoke to Amendment 3. He explained that the amendment was trying to avoid a potential consequence of the bill. He stated that he supported the bill and the concept of the bill. He thought the bill fundamentally allowed teachers not certified in Alaska to more readily become certified in Alaska by waiving something. He shared concerns that the bill potentially made it easy to set up a virtual school outside the state, and to outsource teaching jobs. He felt that students were better served with teachers in the state, and he thought research supported the idea. The amendment stated that teachers would have to be in a domicile in the state.

Senator Wielechowski continued to address Amendment 3. He used the example of many doctors living outside the state, and he wanted to prevent the same scenario from happening with teachers.

Senator Hoffman initially agreed with Senator Wielechowski but acknowledged there were teacher vacancies in rural Alaska. He considered that a virtual classroom was better than no teacher at all. He asked the amendment sponsor how to rectify the situation in rural Alaska. He discussed the challenges for teachers in rural areas. He considered that a virtual education was better than none at all.

Senator Wielechowski had considered the issue as brought up by Senator Hoffman. He stated that the amendment would not prevent virtual schools, as long as there were some teachers in Alaska. He reiterated that the amendment was to keep Alaska jobs and keep the revenue in the state.

[9:30:50 AM](#)

Co-Chair Bishop asked for comments from the sponsor.

SENATOR GARY STEVENS, SPONSOR, thought it was difficult to address the amendment because it made the bill pointless. He acknowledged that it was preferable to have all Alaskan teachers, but thought it was unrealistic. He pointed out that the state was struggling to find the teachers it needed. He did not think there was an issue of losing Alaskan jobs. He estimated that 75 percent of teachers in the state were not Alaskan. He thought insisting on a domicile in the state would eviscerate the bill.

Senator Wilson understood the intent of the amendment but had concerns about public charter schools and correspondence schools in his district.

[9:32:44 AM](#)

Co-Chair Bishop was about how many courses in Alaska were taken online from outside of the state.

Ms. Van Wyhe knew that especially in rural and remote districts there were students taking online courses from teachers outside the state. She detailed that most companies providing courses required teachers to have Alaska certification regardless of residency. She thought

requiring a teacher to live in Alaska during a teacher shortage would place a burden on rural and remote districts, particularly in the current climate with a severe teacher shortage.

Co-Chair Bishop thought he heard Ms. Van Wyhe mention that instruction provided by out of state teachers required Alaska teacher certification.

Ms. Van Wyne answered in the affirmative. She thought there were isolated incidents in which a course was needed and an Alaska-certified teacher was not available, at which time the district could decide whether to allow access to the course.

Senator Wielechowski MOVED to WITHDRAW Amendment 3. There being NO OBJECTION, it was so ordered.

Senator Wielechowski stated he would work on the rural issue as brought up by Senator Hoffman and perhaps introduce the amendment on the Senate floor.

Senator von Imhof understood the thinking behind Amendment 3 and thought it had merit. She asked if Senator Wielechowski was considering full time teachers or part time teachers. She pondered specialty courses such as advanced physics with calculus or computer coding. She discussed specialized courses and potential highly skilled teachers from outside the state that might not be certified. She thought the courses for the students of the next generation would be more specialized and potentially less mainstream, particularly in high school.

Co-Chair Bishop set the bill aside and relayed that a Committee Substitute would be forthcoming.

SB 20 was HEARD and HELD in committee for further consideration.

#sb55

SENATE BILL NO. 55

"An Act relating to employer contributions to the Public Employees' Retirement System of Alaska; and providing for an effective date."

[9:37:39 AM](#)

Co-Chair Bishop recounted that it was the third hearing of SB 55, and the committee had heard public testimony on March 11, 2021. He intended to cover the fiscal notes and look to the will of the committee.

[9:38:29 AM](#)

CAROLINE SCHULTZ, POLICY ANALYST, OFFICE OF MANAGEMENT AND BUDGET, OFFICE OF THE GOVERNOR, spoke to SB 55. She detailed that the bill would change the way the state contributed to the Public Employees' Retirement System (PERS) system. The bill would allow the state to make the contribution from payroll, which would spread the funding across multiple fund sources, rather than having it be entirely funded entirely by Unrestricted General Funds (UGF) as part of the state's on-behalf payment or "state assistance payment."

Ms. Schultz addressed a new fiscal note from various departments, OMB Component number 0. She pointed out that the fiscal note represented the increase to all state departments' payroll. She pointed out that the total cost in FY 22 was \$103.4 million. The fund source line showed that the increase was spread across multiple fund sources, the largest of which was UGF for \$70 million. There was \$11.6 million in federal receipts, \$17.7 million in other funds and \$3.9 million in Designated General Funds (DGF).

Ms. Schultz addressed a new fiscal note OMB Component 2866. The fiscal note showed the decrease in the state assistance payment by \$95.8 million UGF. The fiscal note, combined with the previous note, provided the overall fiscal impact of about \$25.7 million in UGF savings.

Ms. Schultz addressed a new fiscal note from the Department of Administration Centralized Administrative Services, OMB Component 64. The fiscal note represented the actuarial cost to the PERS system fund caused by making the state on-behalf payment every month through payroll rather than having that portion of the payment occur at the beginning of the fiscal year. Because the funding would not be earning money in the PERS system throughout the year, there was a small cost to the PERS system in foregone earnings. She noted that the cost was estimated to be \$200,000 in FY 23, increasing to \$1.3 million in the out years. The costs would ultimately be borne by spreading out the state

assistance payments through payroll. She pointed out an attached letter from the state's actuarial consultant, which indicated the opportunity cost of making the payment later rather than earlier in the fiscal year.

9:42:10 AM

Senator Hoffman considered the fiscal note with OMB Component Number 0, with \$103 million under personnel services, the vast majority of which was general funds of \$70 million. He noted that there was no delineation under the position count over various departments. He asked if there were any positions involved with the \$103 million.

Ms. Schultz stated that the bill would not add any positions, and customary the line in the positions count on the fiscal note was for addition or subtraction of positions. The legislation would impact every PERS employee in state government and would impact payroll line for the vast majority of state employees.

Senator Hoffman asked for the total position count of employees being affected.

Ms. Schultz stated there were approximately 14,000 employees that would be affected.

Co-Chair Bishop looked at the penultimate paragraph on page 2 of the fiscal note and noted that the calculations went through 2027. He asked about the cost that started at \$200,000 and grew to \$1.3 million in the out years.

Ms. Schultz affirmed the starting cost of \$200,000. She acknowledged that the amount would slowly grow over time given the lost earning value of the funds that were not deposited at the beginning of the year. She conveyed that the administration saw the lost earning value as a small cost when compared with the savings obtained from the bill.

Senator Wilson MOVED to report SB 55 out of Committee with individual recommendations and the accompanying fiscal notes. There being NO OBJECTION, it was so ordered.

SB 55 was REPORTED out of committee with a "do pass" recommendation and with two new fiscal impact notes from the Office of the Governor, and one new fiscal impact note from the Department of Administration.

Co-Chair Bishop discussed the agenda for the following day.

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ADJOURNMENT

9:46:08 AM

The meeting was adjourned at 9:46 a.m.