

**ALASKA STATE LEGISLATURE
HOUSE EDUCATION STANDING COMMITTEE**

March 27, 2023

8:03 a.m.

MEMBERS PRESENT

Representative Jamie Allard, Co-Chair
Representative Justin Ruffridge, Co-Chair
Representative Mike Prax
Representative Tom McKay
Representative Rebecca Himschoot
Representative Andi Story

MEMBERS ABSENT

Representative CJ McCormick

COMMITTEE CALENDAR

HOUSE BILL NO. 21

"An Act relating to group insurance coverage and self-insurance coverage for school district employees, employees of the University of Alaska, and employees of other governmental units in the state; and providing for an effective date."

- MOVED HB 21 OUT OF COMMITTEE

PRESENTATION(S): UNIVERSITY OF ALASKA

- HEARD

PREVIOUS COMMITTEE ACTION

BILL: HB 21

SHORT TITLE: SCHOOL/UNIVERSITY EMPLOYEE HEALTH INSUR

SPONSOR(S): REPRESENTATIVE(S) VANCE

01/19/23	(H)	PREFILE RELEASED 1/9/23
01/19/23	(H)	READ THE FIRST TIME - REFERRALS
01/19/23	(H)	CRA, EDC, L&C
01/27/23	(H)	CRA REFERRAL REMOVED
01/27/23	(H)	BILL REPRINTED
03/13/23	(H)	EDC AT 8:00 AM DAVIS 106
03/13/23	(H)	Heard & Held
03/13/23	(H)	MINUTE(EDC)
03/27/23	(H)	EDC AT 8:00 AM DAVIS 106

WITNESS REGISTER

REPRESENTATIVE SARAH VANCE
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: As prime sponsor, introduced HB 21.

NATHAN ERFURTH, President
Kenai Peninsula Education Association
Kenai, Alaska

POSITION STATEMENT: Provided public testimony in support of HB 21.

KATHY LEARY, City Administrator
City of Gustavus
Gustavus, Alaska

POSITION STATEMENT: Provided public testimony in support of HB 21.

CANDY MILLER, representing self
Matanuska-Susitna Valley, Alaska

POSITION STATEMENT: Provided public testimony in opposition to HB 21.

PAT PITNEY, President
University of Alaska
Fairbanks, Alaska

POSITION STATEMENT: Gave a PowerPoint presentation, titled "University of Alaska Empower Alaska."

PAUL LAYER, Vice President
Academics, Students, and Research
University of Alaska
Fairbanks, Alaska

POSITION STATEMENT: Answered questions during the PowerPoint presentation, titled "University of Alaska Empower Alaska."

CHAD HUTCHINSON, Director
State Relations
University of Alaska
Fairbanks, Alaska

POSITION STATEMENT: Answered questions during the PowerPoint presentation, titled "University of Alaska Empower Alaska."

ACTION NARRATIVE

[8:03:27 AM](#)

CO-CHAIR JAMIE ALLARD called the House Education Standing Committee meeting to order at 8:03 a.m. Representatives Prax, McKay, Himschoot, Story, Ruffridge, and Allard were present at the call to order.

HB 21-SCHOOL/UNIVERSITY EMPLOYEE HEALTH INSUR

[8:04:01 AM](#)

CO-CHAIR ALLARD announced that the first order of business would be HOUSE BILL NO. 21, "An Act relating to group insurance coverage and self-insurance coverage for school district employees, employees of the University of Alaska, and employees of other governmental units in the state; and providing for an effective date."

[8:04:16 AM](#)

The committee took an at-ease from 8:04 a.m. to 8:06 a.m.

[8:06:35 AM](#)

REPRESENTATIVE SARAH VANCE, Alaska State Legislature, as prime sponsor, presented HB 21. She stated that the proposed legislation would give the school districts, University of Alaska, and governmental units the option to participate in the state's health care program, AlaskaCare. She stated that this would create the potential for school districts to save millions of dollars in health care costs, while providing more health care options.

[8:07:49 AM](#)

CO-CHAIR RUFFRIDGE requested a description of the process that would save "millions." He expressed the understanding that the University of Alaska may not join the plan, as it would see no savings; however, the school district he represents has expressed support, as there may be savings for it.

REPRESENTATIVE VANCE replied that the savings would come from pooling larger numbers of people together. For some school districts, the option is having a health care program that will accept them. Being a part of a larger pool would allow new people to be taken on, as some are having a difficult time obtaining a comparable plan. She expressed the understanding

that the Matanuska-Susitna (Mat-Su) Borough School District would save about \$3,000 per employee. She suggested that as people pool in, eventually the overall cost per employee would drop.

[8:10:29 AM](#)

REPRESENTATIVE STORY expressed agreement with the idea of the proposed legislation. She expressed the understanding that it would require an actuarial analysis in a separate fiscal note. She questioned whether this would happen if it moved to the House Finance Standing Committee.

REPRESENTATIVE VANCE expressed the belief that this is the process. She stated that there has been discussion concerning the current fiscal note from the Department of Administration (DOA). She explained that, for the proposed legislation, the first year would be just the cost of adopting regulations, which should not require DOA to hire many new employees. After the first year, there would be a better understanding of how many school districts and municipalities want to join, and then a reevaluation of DOA's new hires would need to be done. In response to a follow-up question, she said that Mat-Su, which has the second largest school district, and the Kenai Borough, which has the third largest school district, are both interested. She stated that other districts have also reached out.

[8:12:33 AM](#)

REPRESENTATIVE PRAX expressed the understanding this is an opt-in plan. He stated that with health insurance there is an "adverse selection risk." He suggested that a potential problem would be districts already paying less for health insurance would not join, while those paying more would, and this presents the risk. He questioned whether this has been considered.

REPRESENTATIVE VANCE responded that this might be a question for DOA.

[8:13:57 AM](#)

CO-CHAIR ALLARD questioned whether the original zero fiscal note had changed.

REPRESENTATIVE VANCE expressed the understanding that the proposed legislation could add to DOA's workload, creating the

need for additional staff. She reiterated that the first year would only be creating the regulations, hence the zero fiscal note. She suggested that from past actions, the governor and the current administration would support the legislation.

[8:16:13 AM](#)

CO-CHAIR RUFFRIDGE pointed out that there has not been a change in the fiscal note; rather there are two separate fiscal notes. He stated that the zero fiscal note is from the university system, as it does not plan to participate, while the other fiscal note is from DOA, and this would be for the additional positions.

REPRESENTATIVE VANCE responded in agreement. She addressed the problems with fiscal notes in general.

[8:18:08 AM](#)

CO-CHAIR ALLARD expressed concern about the balances on the fiscal notes.

[8:18:42 AM](#)

CO-CHAIR ALLARD open public testimony on HB 21.

[8:19:11 AM](#)

NATHAN ERFURTH, President, Kenai Peninsula Education Association, provided public testimony in support of HB 21. He expressed support for the proposed legislation. He stated that Alaska spends more on health care than any other state. He suggested that allowing school districts to join a larger pool would be a positive action, as health care costs cut into the overall budget for districts. He stated that some educators have moved districts because of the high cost of health care. He continued that this cost should not negatively affect instructional funding. He expressed understanding about the adverse risk and fiscal note concerns. However, if the state wants quality educators for its students, he argued that it should support HB 21.

[8:21:02 AM](#)

KATHY LEARY, City Administrator, City of Gustavus, provided public testimony in support of HB 21. She stated that Gustavus is small with six or seven employees. Currently health

insurance is provided to employees working 30 hours or more a week. She stated that the plan is affordable, but not very good, as it does not cover families. She expressed excitement over the proposed legislation, as the city could have something more to offer perspective employees. She stated that a clerk that had worked for the city for five years moved to the National Parks Service because of the health insurance benefit. She expressed the concern that the regulations would only allow a minimum number of people [from an entity] to join the pool. She argued that something needs to be done to help retain employees, and this is a "big issue."

[8:23:25 AM](#)

CANDY MILLER, representing self, provided public testimony. She stated that she lives in the Mat-Su Valley, and she and her husband are retired. She shared the cost of health insurance she pays and related the understanding of what other people pay. She expressed the opinion that individuals should be able to choose their own health care insurance, as opposed to having only the choice of the state plan. She concluded that the funding for health care should go directly to the individuals so they can choose their own plan.

[8:26:02 AM](#)

CO-CHAIR ALLARD, after ascertaining that there was no one else who wished to testify, closed public testimony.

[8:26:14 AM](#)

REPRESENTATIVE STORY expressed the understanding that there is not a limit on the number of employees [within an entity] needed to join the plan.

REPRESENTATIVE VANCE responded in the affirmative, stating that there is no minimum threshold. She suggested that a conversation with DOA would help understand the cost/benefit of this. In response to a follow-up question, she expressed the understanding that the fiscal note would eventually reflect how many entities join the plan, as this is currently unknown. She suggested that there would be additional costs.

[8:28:37 AM](#)

CO-CHAIR RUFFRIDGE questioned whether the state would be able to not allow a person or entity to join the plan. He suggested

that with the proposed legislation, the state would have to allow this.

REPRESENTATIVE VANCE answered in the affirmative. She quoted from page 5 of the bill, which related that DOA would have the flexibility to determine what is best for parties - whether this is joining with a larger pool or having their own self insurance policy. She stated that the proposed legislation would reduce the burden for school districts and municipalities to shop for their own health care. She stated that as written, the proposed legislation would accept everyone. In response to a follow-up question, she stated that she would report back to the committee on the per-person cost for state insurance. She added that the bill would require specifications on the best health care options to be reviewed every five years. She discussed the volatility of health insurance costs in the state.

[8:34:55 AM](#)

REPRESENTATIVE VANCE, in response to a question from Representative Himschoot, stated that governmental units would include municipalities, boroughs, and other entities defined by statute. In response to a follow-up question, she stated that if school districts opted into the state insurance plan, the payouts on claims would transfer, and the closing balance would go into the group insurance, and this pool would be available to offer distributions. She continued that a 10-year window would be given for this.

[8:37:17 AM](#)

CO-CHAIR RUFFRIDGE moved to report HB 21 out of committee with individual recommendations and the accompanying fiscal notes.

[8:37:39 AM](#)

REPRESENTATIVE PRAX objected. He pointed out that there had been questions on the fiscal note.

[8:38:12 AM](#)

REPRESENTATIVE PRAX withdrew his objection.

[8:38:31 AM](#)

[The committee continued as if an objection was maintained.]

A roll call vote was taken. Representatives Prax, McKay, Himschoot, Story, Ruffridge, and Allard voted in favor of the motion to report HB 21 out of committee with individual recommendations and the accompanying fiscal notes. Therefore, HB 21 was reported out of the House Education Standing Committee by a vote of 6-0.

[8:38:56 AM](#)

The committee took an at-ease from 8:38 a.m. to 8:42 a.m.

PRESENTATION(S): University of Alaska

CO-CHAIR ALLARD announced that the final order of business would be a presentation from the University of Alaska.

[8:42:58 AM](#)

PAT PITNEY, President, University of Alaska (UA), gave a PowerPoint presentation, titled "University of Alaska Empower Alaska" [hard copy included in the committee packet]. She described UA as a unique system, as it encompasses low-technical courses, community colleges, research, academic development, and doctoral programs. She stated that most states have multiple systems while Alaska only has one. She pointed out that there are three distinct universities in the state system, and the system covers the entire state. She referred to discussions with the community campus directors on advocacy for the state's workforce and economic development. She concluded that UA is not just a university, but also the entire public higher education system for the state.

MS. PITNEY moved to slide 3 and pointed out UA's priority focus areas, which are all under the umbrella of fiscal stability. She explained that the main focus is student enrollment in degree programs for the workforce, working in conjunction with the economic opportunities in the state. She added that other focuses are Arctic involvement, teacher education, Alaska Native success, finance and business partnerships, fisheries science programs, and modernization of business models. She continued to the next slide that showed the results of a survey concerning the UA system. She pointed out that UA has an 81 percent overall approval rating.

[8:48:08 AM](#)

MS. PITNEY, in response to a committee question, stated that fiscal stability for the university system means consistent state funding, increasing enrollment, monetizing UA's assets, and consistent revenue for research. She added that research at the university is funded both federally and independently. She pointed out UA's unique position concerning Arctic and climate research, resource development, and involvement with the US Department of Defense. She stated that the current fiscal year is the first in nine years that the UA system has not taken major state budget reductions. In response to a follow-up question, she stated that the House Finance Standing Committee has been provided with documents on UA's revenue and goals.

[8:51:56 AM](#)

MS. PITNEY discussed the sources of the COVID-19 relief funds UA received, as seen on slide 6. She stated that these funds totaled around \$90 million. She stated that slide 7 shows the breakdown of this funding that went directly to students, as around \$23 million went out to around 10,000 students. She pointed out the breakdown on slide 8 of the uses of the COVID funding.

MS. PITNEY moved to the next slide and addressed UA's enrollment. She stated that there had been an expectation that the enrollment in the UA system would be down between 5 percent and 6 percent; however, this past fall the decrease was only 1 percent. Since this past spring, she said that there is a growing student enrollment, especially at the community campuses and technical schools. She added that since the pandemic UA has more online offerings.

[8:55:13 AM](#)

MS. PITNEY, in response to a committee question, stated that she took over her role at UA in August 2020. In response to a follow-up committee question, she stated that UA's current success is because of fiscal stability and the building back of confidence and trust in the system. She noted that the Alaska Performance Scholarship program has had positive effects. She highlighted that the programs at UA are fewer, but the ones now available "are here to stay."

MS. PITNEY discussed dual enrollment, as seen on slide 9. She stated that high school student enrollment in UA's courses has increased by 10 percent. She discussed the benefits to high school students, such as being able to achieve a bachelor's

degree in two years after graduating from high school. In response to a committee question concerning funding equity in the dual enrollment program, she stated that this is district specific, and the districts drive the financial support.

[9:01:06 AM](#)

MS. PITNEY, in response to a question from the committee, stated that every student comes in with test scores and transcripts. If there were not a test score, the student would take a placement exam. She suggested that these exams have improved concerning assessment of where the student should be placed, and with the middle colleges and dual enrollment, students are now placed substantially higher with a more seamless transition. In response, she answered that ACCUPLACER is used along with tests, such as SATs and ACTs, and other assessment tools.

MS. PITNEY, continuing on slide 9, addressed the UA Scholars award, which is funded by the UA Land Grant Trust. She stated that this has helped build confidence in the university system. She stated that the three teacher preparation schools are working together in a consortium to promote teachers in the state. She referenced financial support for individuals who are doing their teacher internship. She mentioned the expansion of nursing programs with financial support for clinical programs. She stated that overall UA students graduate with less student debt.

MS. PITNEY, in response to a committee question concerning the teaching program, stated that the program has capacity for more students. She referenced the advertising campaign to recruit more students and the website that provides guidance on how to become a teacher. She added that UA is developing internship models with school districts and working with paraprofessionals seeking teaching degrees. Addressing the nursing program, she stated that UA is overcapacity with students, and it is working on recruiting more instructors. She stated that there is a waiting list for health care programs in general, as the need in the state is "tremendous." She referenced state funds that helped expand these programs.

[9:13:54 AM](#)

REPRESENTATIVE STORY pointed out the \$1 million put aside to help with internships and paying teachers. She questioned whether there is an income threshold to receive this.

[9:14:55 AM](#)

PAUL LAYER, Vice President, Academics, Students, and Research, University of Alaska, responded that he would follow up to the committee with this information.

REPRESENTATIVE STORY questioned the outreach on the part of UA teaching instructors to districts concerning requirements for the Alaska Reads Act, teaching the science of reading, and other assessments districts use. She expressed the need for a strong partnership so teachers graduating from the university are ready.

MS. PITNEY replied that UA, the Department of Education and Early Development, and the school districts have had conferences specific to reading education. She explained that the [graduation assessment of teachers] requires a tremendous amount of interaction between the school districts and UA faculty, and the assessments are "very rigorous."

MS. PITNEY moved to slide 10, which showed UA's current numbers on enrollment and the academic profile. In response to a committee question concerning the number of tenured faculty, she replied there are four categories of faculty. There is adjunct and full-time faculty. The full-time faculty consists of tenured, tenured track, and non-tenured track. There are just under 1,000 full time faculty; however, she stated that she does not have the specific number of tenured faculty. She stated that she would report back to the committee with this information.

MS. PITNEY continued the presentation on slide 11 and addressed the Alaska Performance Scholarship. She expressed the opinion that this scholarship is the best workforce program for Alaska, as 80 percent of these graduates go to work in Alaska within a year. She cited national statistics that relate that most college graduates reside within 100 miles of the place they graduated from, and she argued that getting students in UA would add to Alaska's workforce. She reiterated that the Alaska Performance Scholarship is "hugely" important for this.

[9:20:35 AM](#)

MS. PITNEY moved to a graph on slide 12, which showed how UA's employee headcount follows state funding. She stated that this addresses UA's fiscal stability. She continued to the next slide on the programs in the fiscal year 2024 (FY 24) budget.

She pointed out the WWAMI (Washington, Wyoming, Alaska, Montana, and Idaho) medical school program. She stated that in the budget with the finance committee is a small amount of state funding for the expansion of WWAMI from 20 students to 30 students in UA Anchorage program. She stated that this also entails \$2 million to create clinical lab space for this expansion of the WWAMI program. She added that there is also base funding for the Alaska Commission to Postsecondary Education to pay the University of Washington out of state tuition for the WWAMI program. She stated the needed \$1.647 million would be for the addition of 10 students to the program. She added that if students do not return to Alaska after graduation, they would have to repay this tuition back to the commission.

[9:23:47 AM](#)

MS. PITNEY, in response to a committee question concerning the high demand on the nursing program and whether WWAMI could be involved, stated that there are some out of state private providers working with hospitals in the state because of the acute need for nurses. She stated that the board just approved a new program at UA Fairbanks; however, the problem is hiring the faculty to teach it. She further discussed the nursing programs in the state.

MS. PITNEY continued the presentation on slide 14 and referenced the current budget, and the continuation of funding for the UA Drone Program. She stated that the intent of this program is to set Alaska as the first place in the nation to have commercial, unmanned aerial vehicle enterprises. This would entail creating safety standards for manned and unmanned flights. She pointed out the uses of this, which include monitoring coastal erosion, pipeline safety, searches, and delivery of supplies. She stated that now there is \$10 million in the budget that will be added to the \$20 million from last year.

[9:30:23 AM](#)

MS. PITNEY moved to the next slide, which listed the UA programs with major initiatives for FY 23 to FY 24, which include drones, health, mariculture, critical minerals, alternate energy, and heavy oil recovery. She stated that on slide 16 and slide 17 each of these programs are addressed. In response to a committee question on training in mariculture, she stated that UA has strong partnerships, with multiple components of funding, including the Build Back Better grant, which resulted from the

Southeast Conference. She stated that this and other industry grants have supported UA's education and research areas, and UA's campuses in Southeast have a mariculture program. She pointed out that on the research side the Alaska Sea Grant program is available in most coastal communities throughout the state. She also discussed UA Fairbank's programs on fisheries and ocean science. She expressed the opinion that the reason the Southeast Conference has been so successful is because of the 10-year partnership with industry, UA, and the community.

MS. PITNEY, in response to a question concerning the coal gasification project, replied she would report back to the committee on this. She expressed the opinion that this would be viable in Alaska.

MS. PITNEY, in response to a committee question, replied that there was a marijuana class offered once in the state. It is an industry in the state; however, she expressed uncertainty concerning the tax revenue. In response to a follow-up question concerning how a university class comes into existence, she stated that on the academic side, it is faculty monitored and approved. She explained that each university has a faculty senate, and if a department or faculty wants to provide a course, it must be approved by this entity, and then it would go to the provost for the final signoff. She added that from there the registrar would do the scheduling.

[9:41:31 AM](#)

CHAD HUTCHINSON, Director, State Relations, University of Alaska, stated that the cannabis class was discontinued because of lack of enrollment. In response to a follow-up question, he stated that the class taught all things industry related, including laws, banking, and biology.

[9:42:41 AM](#)

MS. PITNEY stated that UA's legislative priorities beyond the budget are listed on slide 18, with the main priority being student financial support. She mentioned the Alaska Performance Scholarship, and the important work the legislature is doing to allow it to be awarded earlier and to adjust the size, as the amount of the scholarship was set over 10 years ago. She pointed out the extension of Alaska's education tax credit, as this encourages partnerships between education entities and industry. She argued that the education tax credit should not be allowed to sunset. She also advised that this amount go back

to the amount before it was reduced. She next advocated for the reauthorization of the Technical Vocational Education Program (TVEP). [It was acknowledged that there is a bill that would continue the TVEP program.]

[9:46:48 AM](#)

MR. LAYER interjected that he has the information regarding Representative Story's question concerning the teacher practicum program. He stated the criteria are very basic, as a student must be in good academic standing, eligible for financial aid, and be in the initial licensure program while not currently teaching. He said there is a priority for Alaska residents and for those who intend to work in rural Alaska. He stated that it provides \$30,000, including tuition, and a \$10,000 stipend for the students during their internship. In response to a follow-up question concerning participation, he replied that the money allocated covers around 30 students. He stated that this might be supplemented with internal foundation-type monies to get the number up to 40 students.

[9:49:04 AM](#)

REPRESENTATIVE MCKAY requested a discussion on the loss of accreditation on the teacher education programs.

MS. PITNEY replied that UA Anchorage initial licensure education program lost accreditation in 2018 or 2019. Because of the tumultuous financial situation at the time, the choice was to drop these programs, and it was the specialized accreditation programs that were eliminated. She explained that the accreditation process is a paperwork process, with an external validation of quality. She continued that if the information is not put forward to the external group to validate the quality, this does not mean the program is not qualified. She stated that all other programs are fully accredited. She further explained the early education program, which is in an in-between process of accreditation.

[9:54:57 AM](#)

MS. PITNEY concluded the presentation on slide 21, emphasizing the progress for the UA Land Grant program. She advised that this is an excellent opportunity, but it will take five to ten years to materialize the funding. She compared it to "planting a tree."

[9:56:35 AM](#)

REPRESENTATIVE HIMSCHOOT requested a future follow up on the Alaska Statewide Mentor Project. She stated that the project is going well, and she expressed the hope that it is protected and expanded. She also commented that the state needs more teachers and more could be done.

[9:57:34 AM](#)

REPRESENTATIVE STORY expressed appreciation for the focus on the state's workforce. She expressed interest in any plans on deferred maintenance. She also questioned how the UA Land Grant program is being administered and the initiatives that were not in the governor's budget.

[9:58:37 AM](#)

REPRESENTATIVE PRAX expressed appreciation for the active approach UA is taking and the focus on workforce development.

[9:59:58 AM](#)

ADJOURNMENT

There being no further business before the committee, the House Education Standing Committee meeting was adjourned at 10:00 a.m.