

ALASKA STATE LEGISLATURE  
HOUSE EDUCATION STANDING COMMITTEE

April 21, 2023

8:00 a.m.

**DRAFT**

**MEMBERS PRESENT**

Representative Justin Ruffridge, Co-Chair  
Representative Mike Prax  
Representative CJ McCormick  
Representative Tom McKay  
Representative Rebecca Himschoot  
Representative Andi Story

**MEMBERS ABSENT**

Representative Jamie Allard, Co-Chair

**OTHER LEGISLATORS PRESENT**

Representative Cliff Groh

**COMMITTEE CALENDAR**

PRESENTATION(S): FUTURE BROADBAND PROJECTS IN ALASKA AND IMPACTS TO EDUCATION

- HEARD

HOUSE BILL NO. 144

"An Act relating to education tax credits; and providing for an effective date by repealing the effective date of secs. 1, 2, and 21, ch. 61, SLA 2014."

- HEARD & HELD

HOUSE BILL NO. 139

"An Act relating to funding for correspondence study programs."

- HEARD & HELD

**PREVIOUS COMMITTEE ACTION**

BILL: HB 144

SHORT TITLE: REPEAL EDUCATION TAX CREDITS SUNSET

SPONSOR (s) : REPRESENTATIVE (s) RUFFRIDGE

03/29/23	(H)	READ THE FIRST TIME - REFERRALS
03/29/23	(H)	EDC
04/19/23	(H)	EDC AT 8:00 AM DAVIS 106
04/19/23	(H)	Heard & Held
04/19/23	(H)	MINUTE (EDC)
04/21/23	(H)	EDC AT 8:00 AM DAVIS 106

BILL: HB 139

SHORT TITLE: CORRESPONDENCE STUDY PROGRAM FUNDING

SPONSOR (s) : REPRESENTATIVE (s) RUFFRIDGE

03/27/23	(H)	READ THE FIRST TIME - REFERRALS
03/27/23	(H)	EDC, FIN
04/05/23	(H)	EDC AT 8:00 AM DAVIS 106
04/05/23	(H)	Scheduled but Not Heard
04/07/23	(H)	EDC AT 8:00 AM DAVIS 106
04/07/23	(H)	Scheduled but Not Heard
04/12/23	(H)	EDC AT 8:00 AM DAVIS 106
04/12/23	(H)	Heard & Held
04/12/23	(H)	MINUTE (EDC)
04/17/23	(H)	EDC AT 8:00 AM DAVIS 106
04/17/23	(H)	Heard & Held
04/17/23	(H)	MINUTE (EDC)
04/19/23	(H)	EDC AT 8:00 AM DAVIS 106
04/19/23	(H)	Heard & Held
04/19/23	(H)	MINUTE (EDC)
04/21/23	(H)	EDC AT 8:00 AM DAVIS 106

#### **WITNESS REGISTER**

CHRISTINE O'CONNOR, Executive Director

Alaska Telecom Association

Anchorage, Alaska

**POSITION STATEMENT:** Provided a PowerPoint presentation, titled "Broadband Projects in Alaska: Impacts for Education."

HEATHER CAVANAUGH, Vice President

External Affairs and Corporate Communications

Alaska Communications

Anchorage, Alaska

**POSITION STATEMENT:** Provided a PowerPoint presentation, titled "Alaska Fiberoptic Project."

CHRIS REITAN, Superintendent

Craig School District

Craig, Alaska

**POSITION STATEMENT:** Answered questions on HB 139.

TREVOR JEPSEN, Staff  
Representative Tom McKay  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** On behalf of Representative McKay, explained Amendment 8 to HB 139 and answered questions.

**ACTION NARRATIVE**

8:00:20 AM

**CO-CHAIR JUSTIN RUFFRIDGE** called the House Education Standing Committee meeting to order at 8:00 a.m. Representatives Ruffridge, Prax, McKay, and Himschoot were present at the call to order. Representatives McCormick and Story arrived as the meeting was in progress.

**PRESENTATION(S): Future Broadband Projects in Alaska and Impacts to Education**

8:01:04 AM

CO-CHAIR RUFFRIDGE announced that the first order of business would be the presentations on future broadband projects and their impacts on education.

8:02:04 AM

CHRISTINE O'CONNOR, Executive Director, Alaska Telecom Association (ATA), provided a presentation, titled "Broadband Projects in Alaska: Impacts for Education" [hard copy included in the committee packet]. She shared a brief personal history and a history of ATA. She gave an overview of the presentation and began by addressing the "massive" amount of changes over the past six years in broadband. She pointed out that ATA has invested \$1.7 billion in capital expenditures alone. She moved to slide 4 to show a 2010 map of the broadband and microwave capacity in Alaska. She stated that since 2010 federal programs, as listed on slide 5, have affected the map. She noted that grants from the National Telecommunications and Information Administration (NTAI) have been used in conjunction with state and private funds. She stated that the federal Schools and Libraries Program (E-Rate) provides a major amount of funding for schools, and it is a crucial program for connecting

schools with libraries. She moved to slide 7 and stated that the Alaska School Broadband Assistance Grant (BAG) program leverages the federal E-Rate funds to allow small schools to have a broadband speed of at least 25 megabits per second (Mbps). She stated that this program has tripled the speeds for the small schools, while the cost has dropped, as seen on the graphs on slide 9 and slide 10.

[8:07:28 AM](#)

MS. O'CONNOR addressed the decrease in the cost of broadband. She discussed the federal ReConnect grant program recipients along with their funding partners, as seen on slide 11 through slide 32. She stated that these grants target unserved locations, which are abundant in Alaska. The federal funding amounts to over \$300 million, with companies matching these funds. She added that another round of funds could be expected.

MS. O'CONNOR, moving through the slides of projects funded by ReConnect, listed the grants to Alaska Power and Telephone for Prince of Wales Island, Klukwan, and Skagway. She stated that this includes fiberoptic cables going to residential homes. She added that Anaktuvuk Pass and Point Lay received a grant to replace satellite backhaul. She noted the ReConnect grants to Cordova Telecom, which has helped create new microwave towers in Yakutat and a fiber cable from Cordova to Seward.

MS. O'CONNOR continued listing projects that received ReConnect grants, such as Mukluk Telephone in Nome, GCI Aleutians Island Fiber, and Airraaq Phase II in Bethel. She discussed how fiber cable projects could deliver any needed broadband speed, with gigabit speed allowing schools to do anything. She reiterated that all these include fiberoptic cables to residential homes.

[8:11:48 AM](#)

MS. O'CONNOR noted the Tanana Chiefs Conference received ReConnect funding for a fiber network in the Yukon-Koyukuk area. She pointed out the "pretty steep price tags," as the distances for cables are long in Alaska. She explained that these programs are being implemented because the federal government has committed to broadband for every American.

MS. O'CONNOR stated that the second major federal funding program is the Tribal Broadband Connectivity Program (TBCP), with a total of \$3 billion. She stated that every Tribe could apply for \$500,000 for usage and adoption activities, while the

remainder of the fund of around \$3 million is for deployment projects. She added that many of these projects connect into the projects already funded by ReConnect. She pointed out several projects that are receiving a TBCP grant, as seen on slide 22 to slide 29. The projects include Bethel Native Corporation collaborating with GCI, Calista Corporation collaborating with Alaska Fiberoptic Project, Choggiung, Limited, collaborating with Nushagak Cooperative, and Doyon, Limited, collaborating with Alaska Communications. She stated that the Kenaitze Indian Tribe, Metlakatla Power and Light, the Native Village of Port Lions, and Tlingit and Haida are all also receiving funding. She discussed the three projects that are not funded by the grants but have otherwise continued to build infrastructure. These projects are OTZ Telephone Cooperative, Alcan ONE - Matanuska Telecom Association, and Ketchikan Public Utilities.

[8:17:00 AM](#)

MS. O'CONNOR compared the broadband map, titled "Middle Map 2010" to the map, titled "Middle Map 2023." She pointed out that many major gaps have been filled in in just a few years; however, she advised that there is more progress that needs to be made. She stated that the programs listed under TBCP and ReConnect will continue, but there will also be federal funding from the Infrastructure Investment and Jobs Act (IIJA), which includes \$42 billion to create grants for broadband. She stated that these allocations are being determined under the Broadband Equity Access and Deployment (BEAD) Program, and Alaska's allocation will be released soon. She stated that IIJA has set how the funding can be spent, as described on slide 35. She stated that the funding would first go to unserved and underserved communities.

[8:20:51 AM](#)

MS. O'CONNOR moved to slide 37 and stated that the Alaska Broadband Office is working on a timeline set by statute, with many steps and analyses needed. She moved to the next slide to conclude the presentation and reviewed the steps that would need to be taken. She noted that in the future, there will be grant opportunities for collaboration, planning for the broadband office, permitting for implementation, and the need to address sustainability, as once broadband infrastructure is built it will need maintenance.

[8:22:24 AM](#)

REPRESENTATIVE PRAX questioned what Alaskans should expect from this funding.

MS. O'CONNOR replied that the answers depend on whom a person is and what he/she is trying to accomplish. She acknowledged that a person could not operate in today's economy and systems without a minimal amount of connectivity. She referenced education and how it is improved by connectivity, especially in remote areas. She noted that the infrastructure cost is a "sticker shock." Comparing the cost, she pointed out that a small community would not be expected to pay for its airport.

REPRESENTATIVE MCCORMICK reminded the committee of the expensive and limited Internet available in rural Alaska. He stated that the Internet helps residents participate in things in the world outside of their small communities, with education being a critical example.

[8:26:22 AM](#)

REPRESENTATIVE STORY discussed how technology creates opportunities for the teaching profession, including professional development.

[8:27:39 AM](#)

REPRESENTATIVE MCKAY stated that he attended law school remotely through the Internet; therefore, education in particular can benefit tremendously from this connection. He suggested that brick-and-mortar schools might no longer be needed in the future. He questioned whether BAG legislation has been introduced.

MS. O'CONNOR expressed uncertainty about whether BAG legislation has been introduced, but it has been discussed. She expressed the understanding that the BAG program started in 2010 with 10 Mbps for an entire school, and now it is at 25 Mbps. She commented that this is not enough for a school, and the goal should be much higher. She stated that the concept of increasing the BAG program to 100 Mbps would make sense.

[8:30:03 AM](#)

REPRESENTATIVE HIMSCHOOT questioned the cost for every school to move from 25 Mbps to 100 Mbps.

MS. O'CONNOR answered the BAG program works alongside E-Rate, which is counted on a different fiscal year; therefore, nothing could happen for the next year. She stated that if Mbps were increased, it would be an incremental increase, with \$8.3 million in the first year, and 12.9 million in the following year. There is a phase-in period because all the projects are not yet built. In response to a follow-up question concerning the disparity between urban and rural schools, she stated that the average speed in rural schools is 34 Mbps while urban schools have 736 Mbps, and she advised that this is a "huge" difference.

REPRESENTATIVE HIMSCHOOT, considering maintenance, questioned how this can be done in light of other issues in rural communities, like water and sewers.

MS. O'CONNOR replied that this question addresses an issue that is being thought about constantly. She stated that there are already opportunities and mechanisms in place to help sustain new broadband networks. She mentioned the different funding mechanisms, and she added that the grants are not awarded unless sustainability is shown.

REPRESENTATIVE HIMSCHOOT expressed the understanding that the BAG program is state funded, and it would help schools obtain a higher internet speed. She questioned whether the 25 Mbps on BAG needs to be changed.

MS. O'CONNOR stated that when functionality is analyzed, 25 Mbps is limited. Increasing to 100 Mbps would allow schools to have online testing and videos. She continued that with BAG only 25 Mbps is available.

REPRESENTATIVE HIMSCHOOT commented that some teachers are successful utilizing the Internet, while others are not. She expressed the opinion that there are limits in providing all education through the Internet, as there is a connection between physically present individuals. She questioned the telehealth component in all of this.

MS. O'CONNOR stated that telehealth is just as big as education, and there are parallel federal programs supporting rural health care.

[8:36:34 AM](#)

REPRESENTATIVE MCCORMICK expressed appreciation that the public safety component of connectivity was mentioned. He expressed the understanding that some rural communities are getting fiberoptics before urban areas. He questioned whether this would translate to less expensive prices for rural areas.

MS. O'CONNOR responded that this is a critical issue. She said that it is a "chicken and an egg" issue, as broadband infrastructure must be built, but it has to be affordable and sustainable. She stated that IIJA has many provisions dealing with affordability, and many of the grant programs are committing to Anchorage rates in rural Alaska. She stated that the trend is - the more the network is built out the more costs have dropped.

[8:38:38 AM](#)

CO-CHAIR RUFFRIDGE questioned the relationship between internet speed and bandwidth. He questioned whether broadband will be big enough for the amount needed and whether there is a cap on the amount of data.

MS. O'CONNOR responded that most of these projects use fiber. She compared fiber cable to a firehose as opposed to a garden hose, with virtually unlimited capacity. She stated that all of the projects would alleviate any limit, while the capacity for data is limited by the specific grant requirement, and this depends on the project. She acknowledged that some data packages are unlimited. She continued that the issue leads to balancing cost with affordability and usage needed, and this is a complex matrix. In response to a question concerning legislation on data capping, she stated that after looking further into the BAG program, she would provide the committee with an answer on this.

[8:40:58 AM](#)

REPRESENTATIVE STORY questioned the cost per month of broadband for the Anchorage area versus the rural areas.

MS. O'CONNOR responded that this varies by region. She stated that in the Matanuska-Susitna Valley a very fast package costs under \$100, whereas in some of the rural areas a 25 Mbps package costs \$300. In response to a follow-up question, she stated that there are pockets around Anchorage and Fairbanks with no service. She stated that the Alaska Broadband Office is working on this. She responded that there are grants to families for

broadband services, including the Affordable Connectivity Program, which is part of IIJA. She stated that this could save a family up to \$75 a month.

[8:44:16 AM](#)

REPRESENTATIVE MCCORMICK questioned the sustainability requirements. He expressed concern that this could be a barrier for some communities to receive funding.

MS. O'CONNOR replied that the broadband providers are in a little better position than other utilities, as these providers have been participating in sustainability for decades. She mentioned programs that have this function that are already in place. She stated that the connections have a 30-year estimated lifespan, but some engineers are now putting this at a 50-year lifespan.

[8:46:50 AM](#)

MS. O'CONNOR, in response to a question from Representative Himschoot, stated that the residential locations are called "the last mile," and the same provider who brings broadband to the community from the "middle mile" reaches these locations.

[8:48:24 AM](#)

The committee took an at-ease from 8:48 a.m. to 8:50 a.m.

[8:50:33 AM](#)

HEATHER CAVANAUGH, Vice President, External Affairs and Corporate Communications, Alaska Communications, provided a presentation, titled "Alaska Fiberoptic Project" [hard copy included in the committee packet]. On slide 1 she pointed out the list of the project's partners. She stated that Alaska Communications is a statewide broadband provider serving some of the school districts. The goal of the fiberoptic project is to provide reliable, affordable, high-speed broadband in 20 unserved communities along the Yukon and Kuskokwim Rivers, as seen on slide 2. She moved to slide 3 through slide 7 which showed maps for the project. She stated that there are three segments of the project, which starts in Holy Cross, moves to the Kuskokwim River, past Bethel to Napakiak. She stated that segment 1 is in partnership with Doyon, Limited, fully funded through a NTAI grant, and in the permitting stage. Segment 2 is in partnership with Tanana Chiefs Conference and Gana-A'Yoo,

Limited, and it is in the grant application stage; therefore, not yet funded. Segment 3 is in partnership with the Calista Corporation, and it is in the permitting stage. She added that middle mile and last mile fiber cable will be brought to the communities, and this includes each home, providing unlimited and available Internet everywhere.

MS. CAVANAUGH stated that Alaska Communications is committed to affordability, providing the same rates to every community as provided in Anchorage and Fairbanks. She discussed the Affordable Connectivity Program, which provides unlimited service at \$75 a month. She moved to slide 10, which shows the timeline for the project. If everything goes as planned, she said, the project should be complete in the winter of 2025.

[8:54:28 AM](#)

MS. CAVANAUGH, in response to a committee question, stated that in this region along the Yukon and Kuskokwim Rivers, Alaska Communications does not serve many of the schools. In response to a follow-up question, she stated that another provider serves the schools.

[8:55:20 AM](#)

CO-CHAIR RUFFRIDGE, referring to affordability, questioned whether other providers are making the same affordable deal as Alaska Communications.

MS. CAVANAUGH responded that she could only speak to the plans offered by Alaska Communications. She added that NTAI grants allow these plans to be affordable because this funding covers the capital cost of the infrastructure. In response to a follow-up question, she stated that Alaska Communications does not cap data, and it has always offered unlimited Internet.

[8:56:38 AM](#)

REPRESENTATIVE STORY questioned why the BAG programs have data caps.

MS. CAVANAUGH replied that the data caps she referenced are for home internet usage. She stated that when Alaska Communications serves school districts, it provides the internet speed the district asks for, and this depends on whether the district has fiber. She continued that this becomes a struggle when content is brought from the Lower 48, and with limited capacity, this is

very expensive and not feasible to do unlimited data. She stated that this is still evolving over time.

[8:58:45 AM](#)

CO-CHAIR RUFFRIDGE questioned whether the Internet could "live" in Alaska.

MS. CAVANAUGH responded that in reference to the Internet living in the Lower 48, this is an oversimplification. She continued that the Internet could be based in Alaska; however, it would have to be "hailed" to Alaska. She further explained the complexity of internet servers and the technology.

CO-CHAIR RUFFRIDGE commented on the amount of money and infrastructure coming to Alaska. He questioned whether there are any plans to have "the Internet live in Alaska."

MS. O'CONNOR responded that there has been discussion on this topic. She stated that for IIJA to fund this, the statute requires the unserved and underserved to be supplied with Internet first. She expressed the opinion that doing more would not fit this funding.

[9:01:21 AM](#)

MS. CAVANAUGH, in response to a committee question, replied that the fiber cable has a very long lifespan, up to 50 years. She stated that the electronics often need to be replaced and maintained. She stated that what makes this affordable is the federal and state funding.

[9:02:41 AM](#)

REPRESENTATIVE STORY addressed the urban areas that do not have Internet. She questioned how the committee could be updated on these areas.

MS. O'CONNOR replied that the Alaska Broadband Office would be able to provide these updates. She stated that the director is working on this problem, as it is a priority. She pointed out that an eligible area will have less than 80 percent served. She suggested that changing the map could address this.

[9:04:29 AM](#)

The committee took an at-ease from 9:04 a.m. to 9:10 a.m.

^#hb144

**HB 144-REPEAL EDUCATION TAX CREDITS SUNSET**

[9:10:47 AM](#)

CO-CHAIR RUFFRIDGE announced that the next order of business would be HOUSE BILL NO. 144, "An Act relating to education tax credits; and providing for an effective date by repealing the effective date of secs. 1, 2, and 21, ch. 61, SLA 2014."

[9:11:20 AM](#)

CO-CHAIR RUFFRIDGE opened public testimony on HB 144. After ascertaining that there was no one who wished to testify, he closed public testimony.

CO-CHAIR RUFFRIDGE announced that HB 144 was held over.  
#

[9:11:58 AM](#)

The committee took an at-ease from 9:11 a.m. to 9:13 a.m.

^#hb139

**HB 139-CORRESPONDENCE STUDY PROGRAM FUNDING**

[9:13:28 AM](#)

CO-CHAIR RUFFRIDGE announced that the final order of business would be HOUSE BILL NO. 139, "An Act relating to funding for correspondence study programs." [During the meeting on 4/19/23, Amendment 2 was moved but did not pass.]

[9:13:50 AM](#)

REPRESENTATIVE HIMSCHOOT moved to adopt Amendment 3 to HB 139, labeled, 33-LS0582\B.5, Marx, 4/12/23, which reads as follows:

Page 1, line 8, following "multiplying":  
Insert "(1)"

Page 1, line 9:  
Delete "the special needs factor in  
AS 14.17.420 (a) (1) [90 PERCENT]"  
Insert "90 percent; and"

(2) the number obtained under (1) of this subsection by the special needs factor in AS 14.17.420(a)(1)"

CO-CHAIR RUFFRIDGE objected.

REPRESENTATIVE HIMSCHOOT referred to a letter the committee received in January from seven superintendents who requested more equity for the funding of special needs students in correspondence schools. She stated that the provisions in the amendment would affect about 10 percent of all special needs students served, whether it is an extra learning opportunity (ELO), a gifted student, or a student requiring an individualized education program (IEP). She stated that the request is for 90 percent plus the special needs funding factor of 1.2 percent.

[9:15:16 AM](#)

CO-CHAIR RUFFRIDGE maintained his objection. He expressed awareness of the referenced letter; however, he suggested that the equity requested is already contained in the current iteration of the proposed legislation.

[9:16:11 AM](#)

A roll call vote was taken. Representatives McCormick, McKay, Himschoot, and Story voted in favor of the motion to adopt Amendment 3 to HB 139. Representatives Prax and Ruffridge voted against it. Therefore, Amendment 3 was adopted by a vote of 4-2.

[9:17:20 AM](#)

REPRESENTATIVE HIMSCHOOT [moved to adopt Conceptual Amendment 7 to HB 139, as amended], labeled, 33-LS0582\B.11, Marx, 4/17/23, which reads as follows which read as follows:

Page 1, lines 8 - 9:

Delete "multiplying the ADM of the correspondence program by the special needs factor in AS 14.17.420(a)(1) [90 PERCENT]"

Insert "determining [MULTIPLYING] the ADM of the correspondence program reported under AS 14.17.500(a) and 14.17.600(a) and, if the correspondence program meets the requirements of (b) of this section, multiplying the ADM of the correspondence program by

the special needs factor in AS 14.17.420(a)(1) [BY 90 PERCENT]"

Page 1, following line 9:

Insert a new bill section to read:

"\* **Sec. 2.** AS 14.17.430 is amended by adding a new subsection to read:

(b) To qualify for the special needs factor multiplier under (a) of this section, a correspondence program must

(1) offer gifted and talented education and English learner services; and

(2) file with the department a plan that indicates the gifted and talented education and English learner services that gifted and talented education and English learner students will receive."

REPRESENTATIVE HIMSCHOOT explained that correspondence schools serve IEP students, English learners, and gifted students, and they need additional support to meet their standards. She noted that IEP students have federal requirements; however, these other students with Tier II support should have accountability. She continued that Conceptual Amendment 7 is an accountability amendment, as it would provide assurance that the multiplier is used for its intended purpose in correspondence schools. The amendment would require a plan of service, similar to brick-and-mortar schools, for English learners and gifted students.

[9:19:51 AM](#)

REPRESENTATIVE PRAX expressed the understanding that, per [the Foundation Funding Formula], districts would receive a 20 percent funding [factor] for each special needs student, and this would be multiplied by the number of special needs students in the district. He questioned the accountability for any extra funds from this.

[9:23:39 AM](#)

CHRIS REITAN, Superintendent, Craig School District, responded that for students attending brick-and-mortar schools, there is a 1.2 special needs funding factor applied to every student. He stated that brick-and-mortar schools and correspondence programs are required to have IEPs for gifted students and service for English language learners, regardless of funding. In response to a follow-up question, he stated that any leftover funds go into the general fund for the district, and its board will

allocate the funds. He advised that the special needs funding factor is not a one-to-one correspondence with each student.

CO-CHAIR RUFFRIDGE added that the 1.2 funding factor does not go to a specific student.

REPRESENTATIVE PRAX expressed the understanding that if a school has 20 students with special needs, the school will receive the same amount of funding.

MR. REITAN expressed the understanding that this would be correct.

REPRESENTATIVE PRAX made the point that currently there is no accountability in districts for whether the funds are applied to the intended purpose. He questioned why there should be any additional requirements on correspondence schools. He argued that currently the responsibility is on the parents of students in correspondence schools, and this is a "better system."

[9:27:01 AM](#)

REPRESENTATIVE STORY expressed the understanding that this is a block grant; therefore, IEPs would have to be met, as this is a federal requirement. She suggested that these block grants are "eaten up" by special education students and nothing is left for CTE, as it is not mandated. She questioned her understanding of this.

MR. REITAN, in response, stated that all school districts have access to Title 6B, which includes the federal grant for special education, as well as the Carl Perkins Grant, which is CTE funding. He stated these block grants do not come close to covering costs for schools to run a CTE program or to meet the needs of special needs students. He continued that all districts must use general funds to offset these costs, and this comes through the base student allocation.

[9:30:10 AM](#)

CO-CHAIR RUFFRIDGE clarified that the gifted and English learner qualifiers are already met by correspondence schools.

MR. REITAN replied in the affirmative.

[9:31:05 AM](#)

REPRESENTATIVE HIMSCHOOT made the point that the delivery model for correspondence schools is different. If additional funding is to be given, she expressed the desire for more accountability. She stated that this would add a plan specifically made for correspondence schools, as the district's plan would not sufficiently explain how the money is being used and the students are being supported.

[9:31:51 AM](#)

REPRESENTATIVE PRAX expressed agreement that this is a different model; however, there are already recording requirements for special needs funds. He expressed the opinion that whoever is delivering the services should be trusted, as there is no method of accountability for any entity. He suggested that this would add a "paperwork burden that nobody will look at."

[9:33:12 AM](#)

REPRESENTATIVE STORY clarified her understanding that now the block grants and the factor funding is supposed to go to special needs, CTE, and gifted students, and the amendment would make this the same for correspondence programs.

MR. REITAN responded that his understanding of "block grants" means title grants and federal dollars. He stated that specific plans need to be made to receive these funds, and the plans must be approved at the department level. Regarding the 1.2 factor for gifted, English learners, and special needs students, he said that all correspondence schools are required to develop a student learning plan in collaboration with the parent and the teacher, and if appropriate, a special education teacher. This plan drives the program for the student and all the curriculum purchases. For correspondence programs, many students have a robust plan, so some of this is already built in.

REPRESENTATIVE STORY confirmed she was using the incorrect term, "block grant," and she should have used the term "special needs factor" instead. She questioned whether the amendment is needed.

MR. REITAN replied that he concurs with Representative Prax's interpretation, and no additional accountability measures are needed.

[9:37:44 AM](#)

CO-CHAIR RUFFRIDGE maintained his objection.

[9:37:52 AM](#)

The committee took an at-ease from 9:37 a.m. to 9:38 a.m.

[9:38:15 AM](#)

A roll call vote was taken. Representatives McCormick, Himschoot, and Story voted in favor of Conceptual Amendment 7 to HB 139, as amended. Representatives Prax, McKay, and Ruffridge voted against it. Therefore, Conceptual Amendment 7 failed by a vote of 3-3.

[9:38:54 AM](#)

The committee took an at-ease from 9:38 a.m. to 9:44 a.m.

[9:44:05 AM](#)

REPRESENTATIVE MCKAY moved to adopt Amendment 8 to HB 139, as amended, labeled, 33-LS0582\B.12, Marx, 4/14/23, which reads as follows:

Page 1, line 1:  
Delete "**funding for**"

Page 1, following line 2:  
Insert a new bill section to read:  
"**\* Section 1.** AS 14.03.310(a) is amended to read:  
(a) Except as provided in (e) of this section, the department or a district that provides a correspondence study program **shall** [MAY] provide an annual student allotment to a parent or guardian of a student enrolled in the correspondence study program for the purpose of meeting instructional expenses for the student enrolled in the program as provided in this section."

Page 1, line 3:  
Delete "**Section 1**"  
Insert "**Sec. 2**"

Page 1, following line 9:  
Insert a new bill section to read:  
"**\* Sec. 3.** AS 14.17 is amended by adding a new section to article 2 to read:

**Sec. 14.17.530. Minimum expenditure for instruction.** (a) A district that provides a district correspondence program, including a district that offers a statewide correspondence study program, shall budget for and spend on the correspondence program component of the district budget in each fiscal year an amount equal to at least 95 percent of the funding allocated to the district for the correspondence program under AS 14.17.430. The district shall spend at least 60 percent of the amount calculated under this subsection on annual student allotments required under AS 14.03.310(a).

(b) The commissioner shall reject a district budget that does not comply with (a) of this section and, unless a waiver has been granted by the board under (d) of this section, shall withhold payments of state aid from that district, beginning with the payment for the second full month after rejection and continuing until the school board of the district revises the district budget to comply with (a) of this section.

(c) The commissioner shall review the annual audit of each district for compliance with the expenditure requirements of (a) of this section, and calculate the amount of the deficiency, if any. If the commissioner determines that a district does not meet those requirements, the commissioner shall advise the district of the determination and deduct that amount from state aid paid to the district for the current fiscal year. A deduction in state aid required under this subsection begins with the payment for the second full month after the determination, unless a waiver has been granted by the board under (d) of this section.

(d) A district that the commissioner determines to be out of compliance with the requirements of this section may, within 20 days after the commissioner's determination, request from the board a waiver from the imposition by the commissioner of a deduction in state aid payments under (b) or (c) of this section. The request must be in writing and must provide an explanation of the reasons for which the district is unable to comply with the requirements of this section. The district shall also submit the request to the Legislative Budget and Audit Committee. The Legislative Budget and Audit Committee shall review the district's request and forward its recommendations

on the request to the board. The board may grant the waiver if the board determines that the district's failure to meet the expenditure requirements of this section is caused by circumstances beyond the control of the district.

(e) The commissioner shall submit an annual report on actions taken by the commissioner or the board under this section to the Legislative Budget and Audit Committee by April 15 of each year.

(f) In this section, "correspondence program component" means expenditures for a district correspondence program."

CO-CHAIR RUFFRIDGE objected.

REPRESENTATIVE MCKAY stated that the amendment would put spending requirements on correspondence school funds. He deferred to his chief of staff for discussion.

[9:44:48 AM](#)

TREVOR JEPSEN, Staff, Representative Tom McKay, Alaska State Legislature, on behalf of Representative McKay, explained Amendment 8. He stated that the first part of the amendment would require 95 percent of correspondence funding to be spent on the program. He continued that 60 percent of the remainder of these funds must be used for student allotments. He stated that the remainder of the amendment outlines the system for the commissioner to affirm the policies. He stated that currently in statute there is no spending requirement that the funds be spent on correspondence students or allotments, so all the funds are allocated to districts based on the number of correspondence students. He suggested that there has been no evidence of the misuse of funds; however, putting this into statute will make sure this trend continues. He expressed the opinion that student allotments should be increased, and this is the underlying spirit of the bill.

MR. JEPSEN addressed the impact of the amendment and noted that, with the passing of Amendment 3, the numbers in Conceptual Amendment 8 are reduced by 10 percent. He added that under the previous iteration of the bill, correspondence students' funding would be increased to \$7,142, and with this amendment, the districts would have to spend 95 percent of this on the correspondence program. He added that with the minimum student allotments, this would be \$4,071. He stated that the rest of the funding would be used for overhead. He used the IDEA

correspondence program as an example to show how the amendment would affect the current situation. He concluded that this amendment would ensure the majority of the funds would go to the students.

[9:49:46 AM](#)

REPRESENTATIVE PRAX commented that the IDEA program is being used as an example, and this program has a set of challenges; however, other programs would have different challenges, such as different administrative expenses. He argued that the amendment would not account for this. He expressed the understanding that the proposed amendment would prevent correspondence programs from becoming bureaucratic; however, he suggested that this would only work for urban programs. He expressed the fear that there would be unintended consequences, and some programs may be shut down.

[9:51:47 AM](#)

MR. JEPSEN responded that if a program cannot afford this, there is a waiver system in place. He stated that he has reached out to nine correspondence programs and discovered that this allotment amount going to the student is common. In response to a follow-up question, he stated that the waiver system is in place, and this would help any new correspondence programs get started. He suggested that there would be a process for programs to expand or start anew.

[9:54:00 AM](#)

REPRESENTATIVE HIMSCHOOT requested that Mr. Reitan speak to the amendment.

MR. REITAN expressed concern about elected school board members maintaining local control of their budget. He suggested that this would limit their ability. He expressed another concern that the smaller correspondence programs would not be able to survive the market, even with the waiver. He expressed the opinion that with the proposed amendment, new programs would not be able to start.

REPRESENTATIVE HIMSCHOOT questioned Mr. Jepsen whether any district is currently giving more than 60 percent to the student allotment.

MR. JEPSEN reiterated that of the schools he spoke with none were giving more.

REPRESENTATIVE HIMSCHOOT expressed concern about local control and sought to confirm that districts are currently spending the funding they receive for correspondence programs on these programs.

MR. JEPSEN replied that this is correct.

[9:57:39 AM](#)

REPRESENTATIVE PRAX moved to table Amendment 8.

REPRESENTATIVE STORY objected. She expressed concern about local control; therefore, tabling the amendment would not change this.

[9:58:25 AM](#)

A roll call vote was taken. Representatives Prax, McCormack, McKay, and Ruffridge voted in favor of the motion to table Amendment 8 to HB 139, as amended. Representatives Story and Himschoot voted against it. Therefore, by a vote of 4-2, Amendment 8 was tabled.

[9:59:02 AM](#)

CO-CHAIR RUFFRIDGE announced that HB 139, as amended, was held over.

#

[9:59:20 AM](#)

#### **ADJOURNMENT**

There being no further business before the committee, the House Education Standing Committee meeting was adjourned at 9:59 a.m.