

**ALASKA STATE LEGISLATURE**  
**SENATE EDUCATION STANDING COMMITTEE**

April 3, 2023

3:31 p.m.

**MEMBERS PRESENT**

Senator Löki Tobin, Chair  
Senator Gary Stevens, Vice Chair  
Senator Jesse Bjorkman  
Senator Jesse Kiehl  
Senator Elvi Gray-Jackson

**MEMBERS ABSENT**

All members present

**COMMITTEE CALENDAR**

SENATE BILL NO. 113

"An Act relating to the regional educational attendance area and small municipal school district fund; relating to Mt. Edgumbe High School; and relating to teacher housing."

- MOVED SB 113 OUT OF COMMITTEE

CONFIRMATION HEARING(S)

University of Alaska Board of Regents  
Joey Crum - Wasilla

- CONFIRMATION ADVANCED

SENATE BILL NO. 97

"An Act authorizing lump sum payments for certain teachers as retention and recruitment incentives; and providing for an effective date."

- HEARD & HELD

SENATE BILL NO. 110

"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."

- HEARD & HELD

**PREVIOUS COMMITTEE ACTION**

BILL: SB 113

SHORT TITLE: REAA FUND: MT. EDGE CUMBE, TEACHER HOUSING  
SPONSOR(s): FINANCE

03/22/23 (S) READ THE FIRST TIME - REFERRALS  
03/22/23 (S) EDC, FIN  
04/03/23 (S) EDC AT 3:30 PM BELTZ 105 (TSBldg)

BILL: SB 97

SHORT TITLE: TEACHER RECRUITMENT; LUMP SUM PAYMENT  
SPONSOR(s): RULES BY REQUEST OF THE GOVERNOR

03/08/23 (S) READ THE FIRST TIME - REFERRALS  
03/08/23 (S) EDC, FIN  
03/24/23 (S) EDC AT 3:30 PM BELTZ 105 (TSBldg)  
03/24/23 (S) Scheduled but Not Heard  
04/03/23 (S) EDC AT 3:30 PM BELTZ 105 (TSBldg)

BILL: SB 110

SHORT TITLE: SCHOOL/UNIVERSITY EMPLOYEE HEALTH INSUR  
SPONSOR(s): HUGHES

03/22/23 (S) READ THE FIRST TIME - REFERRALS  
03/22/23 (S) EDC, L&C, FIN  
04/03/23 (S) EDC AT 3:30 PM BELTZ 105 (TSBldg)

**WITNESS REGISTER**

TIM GRUSSENDORF, Staff  
Senator Lyman Hoffman  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** Provided the sponsor statement and sectional analysis for SB 113 on behalf of the sponsor.

LACEY SANDERS, Deputy Commissioner  
Department of Education and Early Development (DEED)  
Juneau, Alaska

**POSITION STATEMENT:** Provided a fiscal note overview of SB 113.

HEIDI TESHNER, Acting Commissioner  
Department of Education and Early Development (DEED)  
Juneau, Alaska

**POSITION STATEMENT:** Answered questions on SB 113.

JOEY CRUM, Governor's Appointee  
University of Alaska Board of Regents  
Wasilla, Alaska

**POSITION STATEMENT:** Testified as the governor's appointee to the University of Alaska Board of Regents.

HEIDI TESHNER, Acting Commissioner  
Department of Education and Early Development (DEED)  
Juneau, Alaska

**POSITION STATEMENT:** Provided the sponsor statement for SB 97 on behalf of the governor.

LACEY SANDERS, Deputy Commissioner  
Department of Education and Early Development (DEED)  
Juneau, Alaska

**POSITION STATEMENT:** Provided the sectional analysis and an overview of the fiscal note for SB 97.

MAE PITKA, Teacher  
Lower Yukon School District  
Russian Mission, Alaska

**POSITION STATEMENT:** Testified by invitation on SB 97.

DAWN BOCKELMAN, Teacher  
Anchorage School District  
Anchorage, Alaska

**POSITION STATEMENT:** Testified by invitation on SB 97.

SENATOR SHELLEY HUGHES, District M  
Alaska State Legislature  
Juneau Alaska

**POSITION STATEMENT:** Testified as the sponsor of SB 110.

GABY GONZALEZ, Staff  
Senator Shelley Hughes  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** Provided a presentation and the sectional analysis for SB 110.

LISA PARADY, Executive Director  
Alaska Council of School Administrators  
Juneau, Alaska

**POSITION STATEMENT:** Testified by invitation on SB 110.

RANDY TRANI, Superintendent  
Mat-Su Borough School District  
Palmer, Alaska

**POSITION STATEMENT:** Testified by invitation on SB 110.

**ACTION NARRATIVE**

[3:31:41 PM](#)

**CHAIR LÖKI TOBIN** called the Senate Education Standing Committee meeting to order at 3:31 p.m. Present at the call to order were Senators Bjorkman, Kiehl, Stevens, Gray-Jackson, and Chair Tobin.

**SB 113-REAA FUND: MT. EDGE CUMBE, TEACHER HOUSING**

[3:33:53 PM](#)

CHAIR TOBIN announced the consideration of SENATE BILL NO. 113 "An Act relating to the regional educational attendance area and small municipal school district fund; relating to Mt. Edgecumbe High School; and relating to teacher housing."

[3:34:12 PM](#)

TIM GRUSSENDORF, Staff, Senator Lyman Hoffman, Alaska State Legislature, Juneau, Alaska, said SB 113 proposes equalizing construction and maintenance funding opportunities for Mt. Edgecumbe High School and making changes to all maintenance grants for rural teacher housing. He said the discussion on these changes arose during a Senate Finance Committee meeting where the Department of Education discussed major maintenance, deferred maintenance, and construction projects. He said the issue of who brings forward projects to be funded by the legislature was raised during the discussion because, currently, Mt. Edgecumbe must rely on the executive branch to request funding directly from the legislature. Mt. Edgecumbe cannot submit requests for projects to be put on the major maintenance list as other school districts can. He compared this to the legislature's responsibility to advocate for the unorganized borough. He noted that the legislature does not often collectively prioritize unorganized areas due to the many other issues they have to address. Similarly, Mt. Edgecumbe is a place that sometimes falls through the cracks despite people looking out for it. SB 113 would address these issues and provide more equitable funding opportunities.

[3:36:40 PM](#)

MR. GRUSSENDORF read the following sectional analysis for SB 113:

[Original punctuation provided.]

**SB 113: related to REAA fund, Mt. Edgecumbe High School, and Teacher Housing**

**Section 1:** amends language to AS 14.11.025(A) that provides the Department of Education and Early Development the authority to make disbursements from the REAA fund to provide grants.

Adds Mt. Edgecumbe to the eligibility list for school construction and major maintenance grants.

Adds projects for housing that is located and owned by the state, or a regional education attendance area, or a small municipal school district, and that is provided to teachers working in the educational attendance area or the small municipal school district.

**Section 2:** amends language to AS 14.11.030(a) that adds Mt. Edgecumbe High School to the eligibility list for school construction and major maintenance projects; and adds teacher housing to the eligibility list for major maintenance for funding from the REAA fund.

**Section 3:** deletes language that the unobligated and unexpended cash balance of the fund may not exceed \$70,000,000.

[3:37:53 PM](#)

SENATOR STEVENS said he knows there is a tremendous need for rural housing in Alaska. He asked about the use of funding.

[3:38:11 PM](#)

MR. GRUSSENDORF replied that the funding would primarily address the major maintenance issues of existing teacher housing, not the construction of new housing. The foremost purpose of the fund is school construction. Maintenance would be secondary if there were money remaining. School construction is the fund's purpose, but the department would place maintenance and teacher housing on equal footing if sufficient money remained.

[3:38:52 PM](#)

SENATOR KIEHL said the concept is excellent, and he appreciates the optimism in Section 3. He asked whether the department would rank Mt. Edgecumbe projects alongside REAA projects on the priority list.

MR. GRUSSENDORF replied that was his understanding.

SENATOR KIEHL asked whether the department would need instruction on when to apply. He opined that it is a bit weird because different sections of the department run Mt. Edgecumbe and the list.

MR. GRUSSENDORF replied that he did not know the answer to the question.

[3:39:55 PM](#)

CHAIR TOBIN suggested asking department staff the question when they testify on the fiscal notes.

[3:40:03 PM](#)

SENATOR KIEHL said AHFC retains the ability to assist with teacher housing. He echoed the Senate Steven's recognition of Alaska's substantial unmet rural housing needs, emphasizing the importance of construction and maintenance. He stated that the language on page 2, line 12, remained unchanged. He asked about the sponsor's preferences for prioritizing major maintenance and teacher housing alongside school maintenance projects.

MR. GRUSSENDORF stated that in past discussions, members of the Senate Finance Committee expressed their preference to rank teacher housing maintenance projects alongside major maintenance needs. If warranted, a project could rise to first on the maintenance list.

[3:41:38 PM](#)

SENATOR STEVENS said he would like to hear from the Department of Education and Early Development (DEED) about the two positions listed in the fiscal notes.

[3:41:53 PM](#)

CHAIR TOBIN invited the DEED representatives to review the fiscal notes for SB 113.

[3:42:17 PM](#)

LACEY SANDERS, Deputy Commissioner, Department of Education and Early Development (DEED), Juneau, Alaska, said the fiscal note for SB 113, OMB 2737, addressed School Finance and Facilities.

DEED would need two new permanent full-time positions: School Finance Specialist II and Building Management Specialist. She said DEED lacks expertise in teacher housing and dwelling, and the Capital Improvement Project process would expand to include Mt. Edgecumbe High School, necessitating hiring knowledgeable individuals. These individuals would travel twice a year, either to rural locations throughout the state or Mt. Edgecumbe High School. The fiscal note encompasses one-time setup and annual rate costs for the new positions. Additionally, it allocates \$6,000 as a placeholder for legal expenses associated with revising and establishing regulations. SB 113 would entail extensive regulatory modification to encompass teacher housing and the addition of Mt. Edgecumbe High School.

[3:44:23 PM](#)

SENATOR STEVENS said he finds the positions to be excessive. He questioned the purpose and cost of the positions by asking exactly what the individuals in these roles are overseeing, how much money is involved, and why it costs nearly \$300,000 for two people to perform the work.

[3:44:57 PM](#)

HEIDI TESHNER, Acting Commissioner, Department of Education and Early Development (DEED), Juneau, Alaska, replied that Mt. Edgecumbe High School lacks staff members capable of handling their applications in the Capital Improvement Program (CIP) process. While Mt. Edgecumbe has some facilities maintenance personnel, they focus on day-to-day tasks. This new position would oversee all ongoing and future projects. She said she did not recall the exact number of current projects. She emphasized that this role would be full-time, managing all projects at Mt. Edgecumbe High School, and the additional person would provide expertise related to teacher housing and dwellings, particularly in terms of necessary specifications.

[3:45:56 PM](#)

SENATOR KIEHL asked if both positions would advocate for Mt. Edgecumbe projects and evaluate ranking compared to projects from other locations.

ACTING COMMISSIONER TESHNER responded by explaining that the proposed position would not have the responsibility of ranking projects; instead, the individual would focus on submitting applications for Mount Edgecumbe. She said an existing three-person team handles the ranking of all projects that are submitted. She clarified that the new position could not be involved in the ranking process due to the department's

inability to apply for a district. Therefore, a neutral individual would be needed to help Mt. Edgecumbe apply.

[3:46:55 PM](#)

CHAIR TOBIN opened public testimony on SB 113; finding none, she closed public testimony.

[3:47:15 PM](#)

At ease.

[3:47:27 PM](#)

CHAIR TOBIN reconvened the meeting.

[3:47:34 PM](#)

SENATOR STEVENS moved to report SB 113, work order 33-LS0449\A, from committee with individual recommendations and attached fiscal note(s).

[3:47:46 PM](#)

CHAIR TOBIN found no objection and SB 113 was reported from the Senate Education Standing Committee.

[3:48:04 PM](#)

At ease.

**CONFIRMATION HEARING(S)**  
**UNIVERSITY OF ALASKA BOARD OF REGENTS**

[3:49:52 PM](#)

CHAIR TOBIN reconvened the meeting and announced the consideration of governor appointee Joey Crum to the University of Alaska Board of Regents.

[3:50:25 PM](#)

JOEY CRUM, Governor's Appointee, University of Alaska Board of Regents, Wasilla, Alaska, said he owns Northern Industrial Training (NIT). He emphasized his 20-year dedication to education and the importance of a well-educated citizenry for Alaska. He highlighted his qualifications, board experience, and commitment to being an asset. He addressed potential conflicts of interest due to NIT's offerings and assured the committee of his commitment to ethics declarations. He said he looks forward to serving Alaska and the university system.

[3:54:56 PM](#)

SENATOR STEVENS thanked Mr. Crum for his application and acknowledged the significance of the university. He pointed out

the recent loss of accreditation for the School of Education in Anchorage. He then asked Mr. Crum how he intended to address the challenge of the university's lost accreditation for its School of Education while recognizing the urgent need for locally trained teachers in Alaska.

MR. CRUM responded by emphasizing the importance of rebuilding public trust in the university system, especially in the wake of the loss of accreditation. He expressed his intention to play a significant role in promoting professional integrity within the University. He shared his connection as the son and husband of public-school teachers, underscoring the crucial support needed for educators. Mr. Crum said he could not provide specific examples of how he would address the dilemma. Still, he assured the committee, the Board of Regents, and teachers throughout Alaska that they would have his full support as he is committed to addressing the challenges facing teacher education and the university system.

[3:56:35 PM](#)

SENATOR GRAY-JACKSON thanked Mr. Crum for his willingness to serve. She inquired about his thoughts on diversity in general and its role at the university, especially in honoring Alaska's indigenous and diverse peoples. She asked how, as a regent, he would uphold the university's mission in this regard.

[3:57:21 PM](#)

MR. CRUM replied that he strongly supports diversity and its importance in promoting innovation and civil discourse. He stated that he will continue forming relationships based on compassion and grace. He noted that experiences rather than bias shape his thoughts.

[3:58:05 PM](#)

SENATOR GRAY-JACKSON inquired about Mr. Crum's experiences as a two-time chair of the Alaska Commission on Post-Secondary Education (ACPE). She asked him to share what he had learned during his tenure regarding the Alaska Performance Scholarships and the Washington, Wyoming, Alaska, Montana, and Idaho (WWAMI) Medical program. Additionally, she sought his insights on how he might enhance each program if appointed as a regent.

[3:58:36 PM](#)

MR. CRUM replied that his experience at the Alaska Commission on Post-Secondary Education (ACPE) was a career highlight. He mentioned learning about the organization and its focus on consumer protection for students. Regarding the Washington,

Wyoming, Alaska, Montana, and Idaho (WWAMI) medical program, he acknowledged hearing presentations but said he had limited in-depth knowledge, particularly about universities holding seats for Alaskans. He said he learned a lot about the Alaska Performance Scholarship and supports investing in post-secondary education for students. He suggested considering standardized test scores as part of the application process but not as strict requirements. He also emphasized the importance of ensuring that vocational and technical education in Alaska receives equitable access to scholarship opportunities.

[4:00:06 PM](#)

SENATOR GRAY-JACKSON stated that Mr. Crum's resume impressed her, particularly his roles as an executive vice president and craft instructor at NIT from 2003 to 2013 while pursuing a law degree at Gonzaga during the same period. She asked if he had completed Gonzaga's two-year Juris Doctorate (JD) program. She inquired whether he had taken the Alaska bar exam and if he was currently practicing as an attorney.

[4:00:49 PM](#)

MR. CRUM explained that he pursued the regular three-year JD program at Gonzaga, taking a leave of absence for one year to work with NIT. He detailed his involvement in curriculum development, policy writing, and serving as a craft instructor. Although he graduated with a Juris Doctor degree, he clarified that he never took the bar exam.

[4:01:29 PM](#)

SENATOR KIEHL stated that the University of Alaska has three major campuses, each with separate accreditation. He mentioned that Fairbanks is a research university, and Anchorage is an open-access campus. He opined that the state lacks vision for the University of Alaska Southeast. He asked about his vision for the University of Alaska Southeast.

[4:02:17 PM](#)

MR. CRUM said he is aware there are three separate universities within the system. He emphasized the importance of supporting the University of Alaska Fairbanks (UAF) to keep it from becoming a Tier II research university. He stated his belief that this would bring economic benefits across the entire university system.

Regarding the University of Alaska Southeast (UAS), he expressed excitement about the incoming chancellor. He said there is a statewide need for a vision that aligns with local needs. He

outlined a strategy based on three key questions and noted that prioritizing the answers to the first two questions would be crucial:

1. What do local economies require?
2. What are the desires of the local population?
3. Are there resources available for implementation?

He concluded that he would like to deeply understanding the role of UAS within the Southeast community and how it fits into the broader university system before outlining a specific vision.

SENATOR KIEHL responded that he appreciates the framework and would like to discuss factors to fill it in later.

[4:04:16 PM](#)

CHAIR TOBIN inquired about Mr. Crum's perspective on the differences between operating a for-profit business, where he has mentioned his success in designing courses and hiring top-quality instructional staff, and his potential role in governing a public university system. She drew attention to the absence of a sociology program in the University of Alaska System. She expressed disappointment and noted the value of diverse perspectives and knowledge that programs like it bring. Chair Tobin asked Mr. Crum for his insights on managing a for-profit educational institution versus governing a public university system.

[4:05:22 PM](#)

MR. CRUM responded that her question was very nuanced and highlighted the commonality between operating a for-profit business and governing a public university system as having a core mission dedicated to student development. He emphasized that this commitment should underlie all actions and behaviors. However, he also recognized differences, such as dealing with accreditation and the vast scope of Alaska's university system. Despite these distinctions, he stressed commonalities like upholding standards, offering programs aligned with student interests, and creating a respectful and attractive environment.

MR. CRUM pointed out the importance of financing and mentioned that the university's potential land grant would generate revenue, allowing for more focus on future development as financial concerns diminish.

[4:07:28 PM](#)

CHAIR TOBIN opened public testimony on the consideration of Mr. Crum to the University of Alaska Board of Regents; finding none, she closed public testimony.

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CHAIR TOBIN solicited a motion.

[4:07:52 PM](#)

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

University of Alaska Board of Regents  
Joey Crum - Wasilla

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

[4:08:20 PM](#)

At ease.

**SB 97-TEACHER RECRUITMENT; LUMP SUM PAYMENT**

[4:10:00 PM](#)

CHAIR TOBIN reconvened the meeting and announced the consideration of SENATE BILL NO. 97 "An Act authorizing lump sum payments for certain teachers as retention and recruitment incentives; and providing for an effective date."

[4:10:26 PM](#)

HEIDI TESHNER, Acting Commissioner, Department of Education and Early Development (DEED), Juneau, Alaska, thanked the committee for the opportunity to present SB 97, sponsored by the governor. She stated the following:

We know that recruitment and retention of teachers has long been an issue here in Alaska and across the nation. Teachers have a tremendous impact on student achievement, and teachers' stability and effectiveness are essential components of a student's achievement. Priority number four of Alaska's Education Challenge is to prepare, attract, and retain effective education professionals. This bill supports our teachers and this priority of Alaska's education challenge.

A few reminders for this committee and the listening public: I want to provide a few facts regarding teacher retention and recruitment in Alaska.

We have approximately 7,300 teachers working in our Alaska Public Schools.

We have fewer applicants for vacant positions, as demonstrated through our first-day vacancies.

We have an increased number of first-day-of-school vacancies. There were 394 in 2023 compared to 115 in 2019.

In Alaska, most of our teachers are recruited from the lower 48.

We have seen an increasing number of teachers filling positions from out of state. There were 461 in 2018 to 1,043 in 2023.

We have issued an increasing number of emergency licenses.

About 22% of Alaska's teachers are turning over annually.

Turnover is higher in our rural, remote, and lower-income schools.

As you may recall, the governor ordered a task force to examine teacher recruitment and retention in 2020. In a report by a 30-member Alaskan working group, the Teacher Retention and Recruitment Action Plan, dated April 2021, was completed, and it identified root causes using a teacher retention and recruitment survey and qualitative supplemental study of written comments from teachers that held active certifications in Alaska at that time. There were six essential areas that were identified:

1. Strengthening working conditions
2. Developing leadership
3. Restructuring retirement options
4. Enhancing retirement efforts and opportunities
5. Creating paraprofessional pathways

6. Streamlining certification and recertification

From the survey, salary ranks number one. In an effort to attract teachers to Alaska and address the highest-ranked findings in that report, Senate Bill 97 proposes the following:

It provides three years of incentive payments for eligible teachers at approximately \$58 million each year.

It will be paid in fiscal years 2025, 2026, and 2027 for work completed in fiscal years 2024, 2025, and 2026.

It provides three tiers of incentive payments based on the type of district:

Tier I - urban districts at \$5,000 per year for three years. This is approximately \$24.8 million a year for our five largest districts with approximately 5,000 teachers.

Tier II - rural districts at \$10,000 per year for three years. This is approximately \$9.52 million a year for 24 districts with approximately 1,100 teachers.

Tier III - most remote and rural districts at \$15,000 per year for three years. This is approximately \$17.2 million a year for 25 districts with approximately 1,300 teachers.

This bill is targeting the largest incentives to remote and rural districts who have struggled the most to recruit and retain their teachers. The incentive payments are for full-time teachers.

Doing the same isn't working. So, this incentive pay will be just one solution and will be considered a pilot or a study. We want to see if the incentives help with the retention recruitment issues we are having in Alaska. We would survey teachers to see if they stay in their district or if they go to another district or even if they go out of state. We want to track who came from the lower 48 and find out why they

went to a particular district. By the end of the three years of this pilot, we would have the data to better answer the question on whether or not incentive payments help with the recruitment and retention issues that we were experiencing.

I also want to add that in November 2015, there was a report issued by the University of Alaska Anchorage's Center for Alaska Education Policy Research titled "Salary and Benefits Schedule and Teacher Tenure Study." This was another study commissioned by the state. While it was not recommended, teacher differentials for districts was encouraged. SB 97's tiered incentive approach for the governor is evidenced in that research.

In summary, there are years of data and discussion about investing in our teachers. Through the introduction of SB 97, the governor is showing that he's listening to the stakeholders and directly incentivizing the people to do the work in our classrooms. This bill supports our teachers and shows that they matter.

[4:16:12 PM](#)

LACEY SANDERS, Deputy Commissioner, Department of Education and Early Development (DEED), Juneau, Alaska, provided the sectional analysis and fiscal note overview, OMB 2796, for SB 97. She stated the following:

[Original punctuation provided.]

#### **SB 97 - Teacher Recruitment; Lump Sum Payment**

##### **Sectional Analysis**

"An Act authorizing lump sum payments for certain teachers as retention and recruitment incentives; and providing for an effective date."

**Section 1:** Amends uncodified law by adding a new section that establishes a program that would pay certificated full-time teachers with a lump sum payment on, or around, July 1, 2024, July 1, 2025, and July 1, 2026. The incentive payments would be contingent upon appropriations made for this purpose in the relevant fiscal years (FY2025, FY2026, and

FY2027). The bill limits the payments to full-time teachers assigned to a classroom teaching assignments and specifically excludes temporary, substitutes, or assistant teachers.

In addition, to be eligible for the payment, teachers would be required to submit an application and the school districts would be responsible for certifying the applications. The Department of Education and Early Development (DEED) would develop the application and it would be due no later than the last day of school for each eligible school year. Once the application and certification requirements are met, DEED would grant school districts funding to pay the incentive payments to eligible teachers.

The bill also considers all incentive payments compensation for the purposes of the Teachers' Retirement System (TRS).

The bill provides DEED authority to adopt regulations necessary to carry out the purposes of the bill.

**Section 2:** This bill is effective on July 1, 2023.

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CHAIR TOBIN asked whether the effective date would allow enough time to develop regulations and hold public commentary.

[4:18:12 PM](#)

MS. SANDER explained that the effective date of the bill aligns with the upcoming school year, allowing teachers to become eligible during that year. She opined that the timeline provides adequate time because while the teacher is earning eligibility, the department would develop regulations and the application.

[4:18:41 PM](#)

MS. SANDER said the fiscal note, OMB 2796, for SB 97, is divided into two components. The first part involves the cost of establishing a non-permanent position, specifically an Education Associate III, who is responsible for program implementation, regulation and application development, application review, and payment distribution to school districts. The second part comprises incentive grant payments, estimated at around \$51.5 million for approximately 7,000 full-time teachers in Alaska. Additionally, there is a \$6.5 million value associated with the employer contribution to the Teacher Retirement System (TRS).

This funding provides support to school districts in making the additional TRS contribution.

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SENATOR KIEHL raised a mechanical question regarding processing incentive payments to teachers. He noted that the application deadline falls at the end of May or early June, with payments scheduled for July 1 or a reasonable time thereafter. He expressed concern about the workload, suggesting that many teachers might submit applications close to the deadline. Senator Kiehl questioned whether one person could handle processing these applications during the brief period between late May and July 1, and if so, what would the person's responsibilities be for the rest of the year.

[4:20:55 PM](#)

MS. SANDER clarified that while there will be a heavy workload concentrated during a specific time frame, the department is aiming to establish an electronic application process to streamline the procedure and avoid the complications of paper applications. She noted that the non-permanent position created for this task may not be required for the entire year, as the workload could vary, being heavier during one part of the year and lighter during another. This aligns with the intended flexibility of the non-permanent position.

SENATOR KIEHL observed that the budget allocated \$110,000 for personnel services in all three years of the program. He remarked that this indicates the position is not intended to be permanent. Senator Kiehl expressed a desire to calculate how many months the \$110,000 budget would cover at a Range 17, B, or C.

MS. SANDER replied that the \$110,000 budget for personnel services was an initial estimate for setting up one position. She stated that the department could return to the legislature with more specific details once the program is established and operational.

SENATOR KIEHL inquired about the location of the employer contribution to the Teacher Retirement System within SB 97.

[4:22:52 PM](#)

MS. SANDER replied that employer contribution is located on page 4, line 14, "Payment made under this section will be considered compensation for the purposes of AS 14.25."

SENATOR KIEHL said that makes sense in terms of requiring a contribution and counting it towards eligibility, especially for Tier II teachers. However, he suggested clarifying language may be needed regarding who is responsible for paying the employer contribution.

[4:23:37 PM](#)

CHAIR TOBIN noted that the legislation outlined different incentive amounts based on school size. She asked whether a teacher transferring from the Anchorage School District to the Bering Strait District would be eligible for the larger, \$15,000 bonus.

ACTING COMMISSIONER TESHNER replied yes if the teacher worked the entire school year.

CHAIR TOBIN expressed concern about what appeared to be a potential imbalance in school funding. She questioned whether the varying size of the incentive could lead to some schools losing resources in favor of others and if there was a legal opinion or specific rationale behind the selection of \$5,000, \$10,000, and \$15,000 as the incentives for different districts.

ACTING COMMISSIONER TESHNER stated her understanding that the size of incentive aligns with the recommendations of studies and might be slightly higher than what other regions are implementing.

[4:25:09 PM](#)

CHAIR TOBIN commented that if SB 97 passes, it might be lucrative for teachers to move from the Anchorage School District to her home community.

[4:25:13 PM](#)

SENATOR KIEHL asked what happens after the three-year incentive program ends. He pointed out that there is no proposal to triple the teacher education programs at the university and no proposal from the administration to address other recommendations. He questioned how this program fits into the broader plan to address the ongoing teacher shortage in the state.

[4:26:10 PM](#)

ACTING COMMISSIONER TESHNER replied that the three-year incentive program is just one part of a broader effort to address teacher recruitment and retention issues. A final report with all the recommendations would be available in August, and DEED would consider additional measures based on the

recommendations. The program is a pilot, and DEED would evaluate its effectiveness in improving retention over the three years. It's an attempt that the governor is introducing to tackle Alaska's teacher retention and recruitment challenges.

[4:26:52 PM](#)

SENATOR STEVENS commented that the annual turnover rate for teachers is 23 percent. He asked what the turnover rate is for principals.

[4:27:11 PM](#)

ACTING COMMISSIONER TESHNER responded that she did not know but would provide the committee with an answer.

CHAIR TOBIN noted that reporting measures or mechanisms were mentioned several times, but she could not locate any mention of them in SB 97 or the fiscal note. She inquired about the specific location and details of the reporting requirements.

ACTING COMMISSIONER TESHNER stated that the bill did not contain a provision mandating the Department of Education and Early Development (DEED) report back to the legislature. However, DEED would collect and furnish the legislature with the information,

CHAIR TOBIN stated that she found it slightly concerning that SB 97 did not contain a reporting requirement. She pointed out that there are other bills with reporting requirements, and it did not seem like a significant burden for the department to handle such reporting. She suggested amending SB 97 to include reporting measures and allocating a portion of the \$110 personnel line item for this purpose.

ACTING COMMISSIONER TESHNER replied that the suggestion would be a friendly amendment.

[4:28:20 PM](#)

CHAIR TOBIN opened invited testimony on SB 97.

[4:28:42 PM](#)

MAE PITKA, Teacher, Lower Yukon School District, Russian Mission, Alaska, stated that she is a teacher born and raised in Russian Mission. She stated that she had witnessed high teacher turnover rates both as a student and a teacher. This year marks her 29th year in teaching, and it is challenging to recall everyone who has come and gone. She emphasized the importance of quality teachers in her life and expressed gratitude for being able to live and teach in her hometown community. She also

expressed hope that some of her students would choose teaching careers.

MS. PITKA stated that she supports SB 97 to ensure students have access to quality teachers. She stated her belief that longevity incentives with lump sum payments were a positive step to support and attract teachers. She acknowledged that teacher retention would remain an ongoing issue and suggested that financial incentives were necessary to attract and retain high-quality educators. She thanked the committee members for their support of education in Alaska.

[4:31:21 PM](#)

DAWN BOCKELMAN, Teacher, Anchorage School District, Anchorage, Alaska, stated she is a primary school teacher with six years of experience. She said she supports paying teachers an annual incentive for three years and stressed the importance of education in Alaska's future. She highlighted challenges caused by administrative support issues and the loss of university accreditation.

MS. BOCKELMAN praised Governor Dunleavy's proposal to provide direct financial incentives to teachers instead of channeling funds through school districts. She stated that giving incentives to the teachers recognizes their value. She urged the committee to consider SB 97 to retain effective classroom teachers.

[4:34:22 PM](#)

CHAIR TOBIN opened public testimony on SB 97; finding none, she closed public testimony.

[4:34:44 PM](#)

SENATOR STEVENS stated he understands that Alaska's overall percentage of teacher turnover is 23 percent. He asked for a breakdown of teacher turnover for the three incentive categories.

ACTING COMMISSIONER TESHNER said she would provide the committee with a spreadsheet since the amount varies across all districts.

SENATOR STEVENS said he would like DEED to organize the spreadsheet by category, not district.

ACTING COMMISSIONER TESHNER said she does not have a spreadsheet organized by category but can calculate the amount by category. She said she would provide the amounts to the committee.

SENATOR KIEHL questioned the basis for calculating the bonuses in the proposed program. He said the department appears to have tied the incentive amounts to the average daily membership of districts. He expressed concern that this metric may not accurately reflect the cost of living in the teachers' communities. He pointed out that district cost factors, such as 1.08 in Ketchikan and 1.05 in Juneau, do not align with the bonuses, where Ketchikan teachers would receive twice that of Juneau teachers. Senator Stevens asked for clarification on the rationale for these calculations and bonuses.

[4:36:20 PM](#)

ACTING COMMISSIONER TESHNER clarified that DEED did not base the allocation of funds on average daily membership. Instead, the decision was based on several factors, including district performance, teacher turnover rates, remote locations of districts, and whether an area was urban. The five largest urban districts received \$5,000 each, and the allocation for rural and middle-tier districts was \$10,000. The \$15,000 allocation was based on factors such as location, road accessibility, and district performance. In summary, a combination of factors determined the allocation, not average daily membership.

SENATOR KIEHL stated he did not see a matrix in the packet and that without a solid basis, there is a local and special acts problem. He asked for a copy of the analysis that led to the department's categorization of the districts.

[4:37:38 PM](#)

ACTING COMMISSIONER TESHNER replied she would provide a copy to the committee.

CHAIR TOBIN asked for the top three priorities from the teacher retention working group.

ACTING COMMISSIONER TESHNER asked if Chair Tobin was referring to the six essential areas that were identified.

CHAIR TOBIN replied she was referring to a comprehensive list the committee received. She recalled that two top priorities were leadership pipeline and defined benefits. The flexibility of work was also on the list.

[4:38:17 PM](#)

ACTING COMMISSIONER TESHNER stated her belief that the three priorities Chair Tobin is requesting are:

1. Strengthening working conditions.
2. Developing leadership.
3. Restructure and retirement options
4. Enhancing recruitment efforts and opportunities
5. Creating paraprofessional pathways
6. Streamlining certification and recertification

[4:38:40 PM](#)

CHAIR TOBIN asked under which priority would incentives belong.

ACTING COMMISSIONER TESHNER said incentives belong under the Strengthening Working Conditions priority. Pay is part of the findings in that category.

[4:39:00 PM](#)

CHAIR TOBIN held SB 97 in committee.

**SB 110-SCHOOL/UNIVERSITY EMPLOYEE HEALTH INSUR**

[4:39:28 PM](#)

CHAIR TOBIN announced the consideration of SENATE BILL NO. 110 "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."

[4:39:34 PM](#)

SENATOR SHELLEY HUGHES, District M, Alaska State Legislature, Juneau, Alaska, said a crucial, often overlooked method exists to bolster classroom funding without requiring additional financial allocation. The potential impact could significantly enhance resources for student instruction. The essence of SB 110 lies in granting school districts the choice to participate in AlaskaCare, the state's employee health care plan. The rationale behind this choice is rooted in the substantial savings it could offer to districts compared to their existing health plans. She stated the Mat-Su borough roughly estimated that it could save \$7 million by opting for AlaskaCare. They are grappling with annual premium increases of roughly \$3.3 million. To put this into perspective, \$3.3 million equates to the funding required for 33 teaching positions. Therefore, with the potential for \$7 million in savings, there is the potential to preserve 65 teaching positions. These savings could be instrumental in freeing up funds for classroom instruction, which aligns with the shared goal of enhancing student education.

SB 110 aims to create a statutory framework that would give schools and local governments the option to participate in the health care pooling system. By entering the pool, districts might benefit from economies of scale and improved healthcare cost negotiations, a critical necessity given Alaska's status as the state with the highest insurance premiums in the nation. Furthermore, Alaska faces increasing healthcare spending and bears the highest out-of-pocket costs for healthcare among its residents.

SENATOR HUGHES requested SB 110 proceed so school districts are empowered to decide whether participating in the pool aligns with their interests. She opined that SB 110 could lead to substantial cost savings, which districts could then invest in students' educational experiences.

[4:44:03 PM](#)

GABY GONZALEZ, Staff, Senator Shelley Hughes, Alaska State Legislature, Juneau, Alaska, provided a presentation titled "SB 110 State Health Insurance Pooling Option." She turned to slide 2:

[Original punctuation provided.]

ISER Research Summary No. 2019-4

- "Alaska has the highest per capita healthcare costs in the US (Passini, Frazier, & Guettabi, 2018), which negatively affects private and public sectors of our economy. Healthcare costs are a part of teacher compensation. Alaska unadjusted per-pupil spending on teacher salaries is 14th in the nation - but after adjusted to US cost-of-living, the amount is 23 percent below the national average. Similarly, Alaska's unadjusted per-pupil spending on educator's employee benefits is 64 percent above the US average - but after adjusted is only 9 percent above the US average.

- **While the challenge of high healthcare costs is not unique to education, in a fixed budget scenario these costs put downward pressure on wages, making it more difficult for Alaska districts to offer teachers a nationally competitive salary.**

[4:44:54 PM](#)

MS. GONZALEZ turned to slide 3 and said the graph is from ISER 2018. ISER collected the data from the Centers for Medicare and Medicaid Services (CMS), between 1991 - 2014. CMS published data on personal health care spending for the US and individual states. The graph shows that costs began to skyrocket in the early 2000s. Health insurance pooling provides the following benefits:

[Original punctuation provided.]

**Save Money**

- Eases the downward pressure on districts and local government budgets.

**More Healthcare Options**

- Expands healthcare options.

**Reduced Staff Burden**

- Schools can focus on providing a quality education.
- Local governments can focus on public services.

[4:46:00 PM](#)

MS. GONZALEZ turned to slide 4 and said the graphs show more of the data collection that ISER assembled. It shows Alaska's healthcare spending amounts. In 1991, spending was \$1.5 billion. In 2014, the amount increased to \$8.2 billion.

MS. GONZALEZ turned to slide 5 and said the Department of Administration provided the following information:

[Original punctuation provided.]

- The AlaskaCare employee plan's current average per-employee-per-month claims and administrative cost is \$1734 (\$20,808 per year).
- The current per-employee-per-month employer contribution is \$1,685. It will increase to \$1,793 in FY24.
- The monthly employee contribution ("employee premium") varies as follows:

**2023 ACTIVE EMPLOYEE PREMIUMS**

For AVTECTA - AK Vocational Teachers (TA), APEA - Confidential (KK), APEA - Supervisory (SS), ACOA - Correctional Officers (GC), TEAME - Mt. Edgecumbe Teachers (TM), MEBA - Marine Engineers (BB) Employees not covered by collective bargaining (Exempt)

<b>Plan</b>	<b>Employee Only</b>	<b>Employee &amp; Family</b>
Standard Medical Plan	\$125	\$303
Economy Medical Plan	\$63	\$167
Consumer Choice Medical Plan	\$25	\$71
Standard Dental Plan	\$37	\$102
Economy Dental Plan	\$0	\$0
Managed Vision	\$15	\$40

[4:46:43 PM](#)

SENATOR HUGHES said the amount districts currently spend is unknown. However, based on Mat-Su, even at \$1,793, it would be a savings. She opined that Mat-Su's healthcare spending is approximately \$41 million annually. She said any reduction would benefit classrooms.

SENATOR HUGHES stated she was unaware there would be invited testimony and listed the names of individuals she asked to testify publicly.

[4:48:10 PM](#)

MS. GONZALEZ read the following sectional analysis for SB 110:

[Original punctuation provided.]

### **SB 110 Sectional Analysis**

**Section 1 - AS 14.08.101 - Page 1, Line 5 through Page 2, Line 29**

Adds to powers of regional school boards the power to establish and maintain school district participation in a policy of group insurance, selected by the State of Alaska, that provides medical insurance.

**Section 2 - AS 14.14.090 - Page 2, Line 30 through Page 4, Line 13**

Adds to the duties of a regional school board the duty, when the board's school district participates in a policy of group insurance elected by the State of Alaska that provides medical insurance, to determine and disperse to district employees and administrative officers the amounts necessary to cover the district's portion of the cost of that participation.

**Section 3 - AS 14.17.300 - Page 4, Line 14 through Line 27**

Allows the Commissioner of Administration to expend from the public education fund (AS 14.17.300) to the

group health and life benefits fund (AS 39.30.095) a total of \$100,000,000 or less as needed to pay claims submitted by school district employees who are covered by a policy of self-insurance provided by the state; and, requires the Commissioner of Administration to repay the public education fund, over a period of 10 years, the full amount of the commissioner's expenditures from the public education fund.

**Section 4 - AS 14 - Page 4, Line 28 through Page 5, Line 31**

4. (a) Allows school districts to participate in a policy of insurance that provides medical insurance coverage to state employees and to school district employees. (b) Requires participating school districts to contribute to the group health and life benefits fund (AS 39.30.095) based on rates set by the commissioner of administration. (c) Requires participating school districts to reimburse the state for procuring excess loss insurance if the state provides insurance benefits to school district employees under a policy of self-insurance. (d) Requires participating school districts to reimburse, over a period not to exceed 10 years, the department of administration's cost of paying insurance claims by school district employees for the first four months school district employees are covered by a policy of self-insurance provided by the state of Alaska. (e) Allows a participating school district to require its employees to pay some or all of the money that this bill section would require the school district to pay to the state. (f) Defines "school employee" and "school employer" for purposes of the bill section.

**Section 5 - AS 14.40.170(b) - Page 6, Line 1 through Line 15**

Allows the Board of Regents of the University of Alaska to establish and maintain university participation in a policy of group insurance, selected by the State of Alaska, that provides medical insurance for university employees.

**Section 6 - AS 39.30.090(a) - Page 6, Line 16 through Page 8, Line 30**

Clarifies that when an employee of a participating governmental unit is covered by a group insurance policy obtained by the Department of Administration

the employee spouse and dependent children are also covered.

**Section 7 - AS 39.30.090(b)(2) - Page 8, Line 31 through Page 9, Line 3**

Adds to the University of Alaska to the definition of governmental unit applicable to section 6 of the bill.

**Section 8 - AS 39.30.090(b) - Page 9, Line 4 through Line 6**

Add the definition of school district to AS 39.30.090, which is amended by section 6 and 7 of the bill.

**Section 9 -AS 39.30.091 - Page 9, Line 7 through Line 15**

Authorizes the Department of Administration to provide group medical care insurance coverage to school district employees and employees of other governmental unit by means of self-insurance.

**Section 10 - AS 39.30.091 - Page 9, Line 16 through Line 20**

Requires the Department of Administration to procure excess loss insurance in connection with providing group medical insurance coverage to employees of governmental units other than the state, and allows the department to allocate the cost with the excess loss insurance across all of those governmental units.

**Section 11 - The Uncodified law of the State of Alaska -Page 9, Line 21 through Line 25**

Make sections 1- 8 and section 10 of the bill applicable to collective bargaining agreements and other contracts that become legally binding on or after the effective date of those bill sections.

**Section 12 - The Uncodified law of the State of Alaska -Page 9, Line 26 through Page 10, Line 4**

Require certain self-insured school districts to transfer the closing balance of their self-funded insurance reserve account soon after they enroll in a health care plan administered by the state, and requires that when transferred by a school district these amounts will be applied to offset reimbursements owed by that school district under AS 14.20.127(d), a provision proposed in section 4 the bill.

**Section 13 - The Uncodified law of the State of Alaska**  
**- Page 10, Line 5 through Line 9**

Authorizes the commissioner of administration to adopt regulations necessary to implement the changes made by the bill, to take effect on or after the effective date of the changes made by the bill.

**Section 14 - The Uncodified law of the State of Alaska**  
**- Page 10, Line 10**

Make sections 12 and 13 of the bill effective immediately, subject to the restrictions set forth in those bill sections.

**Section 15 Page 10, Line 11**

Makes the bill's provisions effective date July 1, 2024, except as provided in bill section 14.

[4:53:17 PM](#)

CHAIR TOBIN opened invited testimony on SB 110.

[4:53:30 PM](#)

SENATOR HUGHES asked to make a quick comment and said the University of Alaska is not interested in participating. The Department of Administration proposes needing three positions, an investment of \$300,000. However, if all the schools were to join the pool, the savings could unofficially be \$200 million. She stated her belief that not all the districts are interested, but the savings would be sizable and pay for the new positions.

[4:54:21 PM](#)

CHAIR TOBIN asked if the pool was open to other governmental units, such as municipalities.

SENATOR HUGHES replied yes.

[4:54:36 PM](#)

LISA PARADY, Executive Director, Alaska Council of School Administrators, Juneau, Alaska, said she regularly meets with superintendents to discuss legislative matters and recently sought their input on SB 110. She said there was substantial interest in the proposed option.

Ms. Parady emphasized the Alaska Council of School Administrators' position on the importance of providing health insurance to employees for staff retention and recruitment. They also encouraged solutions to address the state's long-term, rising healthcare and health insurance costs, which SB 110 aims to explore. The association supports various mechanisms to

decrease healthcare expenses, particularly for essential workers, as controlling these costs would benefit the recruitment and retention of effective educators and school staff.

MS. PARADY provided context saying there was a survey conducted in April of the previous year where 38 school districts responded. Of these, 36 reported increases in healthcare costs from FY 17 to FY 22 with many projecting further increases in FY 23. She cited examples of two rural districts. One experienced a jump of 64.7 percent, while the other jumped 78.42 percent. She also verified increases in places like Petersburg (15 percent increase) and Haines (22 percent increase), demonstrating that these cost challenges were not limited to remote districts.

[4:58:29 PM](#)

MS. PARDY highlighted that healthcare cost concerns were not restricted to rural areas, pointing out a 10.8 percent increase in Anchorage. She stressed the importance of addressing this issue as it significantly impacts public education budgets and diverts funds from classrooms to cover healthcare expenses. She urged the committee to provide school districts with options to address these rising costs so districts can direct needed resources to classrooms.

[4:59:58 PM](#)

SENATOR KIEHL asked whether any Alaska school district maintains a self-insurance pool.

[5:00:46 PM](#)

MS. PARDY replied some districts maintain pools and she would provide the names of the districts to the committee.

[5:00:56 PM](#)

RANDY TRANI, Superintendent, Mat-Su Borough School District, Palmer, Alaska, said there is a significant opportunity to provide districts with an option or a chance to participate in a healthcare mechanism that could result in substantial cost savings. He pointed out that the Mat-Su Borough School District's healthcare expenditure amounted to approximately \$41 million, the largest expense after salaries. He further stated that if the four unions hypothetically negotiate and take advantage of the AlaskaCare option, there could be a potential savings of about \$5 million for the district and \$2 million for the employees, totaling approximately \$7 million in savings. The district's savings alone could potentially increase the base student allocation (BSA) by \$135 to \$140. He stated that pooling

has been a priority for the board for the past three years and has consistently been presented to the legislature. He emphasized that the Mat-Su Borough School District strongly supports this opportunity and would encourage other districts to explore it as a viable possibility.

[5:02:59 PM](#)

SENATOR BJORKMAN asked how many lives are covered by the Mat-Su Borough School District's plan.

MR. TRANI replied that there are approximately 2,400 employees within all four unions. The lives covered would be more than three times that amount.

SENATOR BJORKMAN inquired about the total cost of the plan per employee.

MR. TRANI replied there are many bargaining units. The district pays approximately \$ 2,000 monthly for the largest bargaining group, equating to \$24,000 annually. The amount that employees pay varies depending on which plan employees opt for. It ranges from \$ 4,000 to \$ 6,000 per year for the district's largest bargaining unit.

SENATOR BJORKMAN stated that there are often initiation costs when a smaller pool of employees joins a larger pool. The initiation costs cover risk reduction, stock loss, and insurance. He asked whether the district anticipated an initiation fee for joining AlaskaCare or whether the state would absorb the cost.

MR. TRANI said he did not know the answer. The Mat-Su School District supports SB 110 because it offers an option that has not been available. Since the district does not have the option, it has not spent resources examining the details of the option. He stated there could be an initiation fee but he does not know if SB 110 addresses it.

SENATOR BJORKMAN asked about the current total cost of the plan per employee for AlaskaCare.

MR. TRANI offered his understanding that the cost for the state is a little over \$1,700 per month per employee. Employees may add options. He added that he has heard that employee costs may increase to \$1,790 per month per employee.

[5:05:35 PM](#)

CHAIR TOBIN held SB 110 in committee.

5:06:20 PM

There being no further business to come before the committee, Chair Tobin adjourned the Senate Education Standing Committee meeting at 5:06 p.m.