

ALASKA STATE LEGISLATURE
SENATE EDUCATION STANDING COMMITTEE

April 12, 2023

3:34 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

CONFIRMATION HEARING(S)

State Board of Education and Early Development
James Fields - Glenallen

- CONFIRMATION ADVANCED

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 AND HELD

PRESENTATION: PARENTS AS TEACHERS PROGRAM

- ITEM REMOVED FROM AGENDA

PREVIOUS COMMITTEE ACTION

BILL: SB 110

SHORT TITLE: SCHOOL/UNIVERSITY EMPLOYEE HEALTH INSUR

SPONSOR(S): SENATOR(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)
04/03/23 (S) Heard & Held
04/03/23 (S) MINUTE(EDC)
04/12/23 (S) EDC AT 3:30 PM BELTZ 105 (TSBldg)

WITNESS REGISTER

JAMES FIELDS, Governor's Appointee
State Board of Education and Early Development
Glenallen, Alaska

POSITION STATEMENT: Testified as the governor's appointee to the Education and Early Development Board.

SENATOR SHELLEY HUGHES, District M
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Testified as sponsor of SB 110.

ELWIN BLACKWELL, School Finance Manager
School Finance and Facilities
Department of Education and Early Development (DEED)
Juneau, Alaska

POSITION STATEMENT: Provided an overview of the fiscal note OMB 2804 for SB 110.

SARA PERMAN, State Government Relations Manager
University of Alaska
Fairbanks, Alaska

POSITION STATEMENT: Provided an overview of the fiscal note OMB 730 for SB 110.

BETSY WOOD, Chief Health Administrator
Division of Retirement & Benefits
Department of Administration
Juneau, Alaska

POSITION STATEMENT: Provided an overview of the fiscal note OMB 2152 for SB 110.

KATHY LEARY, City Administrator
Gustavus, Alaska

POSITION STATEMENT: Testified by invitation on SB 110.

CLAYTON HOLLAND, Superintendent
Kenai Peninsula Borough School District
Soldotna, Alaska

POSITION STATEMENT: Testified by invitation on SB 110.

DAN POLTA, Superintendent
Denali School District
Healy, Alaska

POSITION STATEMENT: Testified by invitation on SB 110.

ACTION NARRATIVE

[3:34:36 PM](#)

CHAIR LÖKI TOBIN called the Senate Education Standing Committee meeting to order at 3:34 p.m. Present at the call to order were Senators Gray-Jackson, Kiehl, Bjorkman, Stevens, and Chair Tobin.

CONFIRMATION HEARING(S)

STATE BOARD OF EDUCATION AND EARLY DEVELOPMENT

[3:36:25 PM](#)

CHAIR TOBIN announced the consideration of the governor's appointee James Fields to the State Board of Education and Early Development.

[3:36:57 PM](#)

JAMES FIELDS, Governor's Appointee, State Board of Education and Early Development, Glenallen, Alaska, stated his previous experience includes serving on the Copper River School District's board of education for 12 year and the State Board of Education and Early Development for 10 years, having been appointed by Governors Parnell, Walker, and Dunleavy. He said he has six children all of whom had either gone through or were going through the public school system in the Copper River Valley.

[3:37:50 PM](#)

SENATOR GRAY-JACKSON expressed gratitude to Mr. Fields for his willingness to be reappointed to the board. She noted that he had served as a member of the State Board of Education and Early Development for 10 years, with seven of those years as chair. She asked whether, during his leadership, the State Board had been successful in achieving its mission of providing an excellent education for every student every day.

[3:38:18 PM](#)

MR. FIELDS stated that achieving the mission of providing an excellent education for every student every day is challenging. He indicated that the goal has not been reached but affirmed his commitment to working towards it. He highlighted the progress made through the READS Act and reading initiatives within the

department. He also emphasized the significance of tribal compacting, citing legislation from the previous year as potential pathways to reach the goal. He mentioned that creating culturally relevant education was a complex endeavor but believed that tribal compacting could lead the state in the right direction.

[3:39:05 PM](#)

SENATOR GRAY-JACKSON asked Mr. Fields to describe two or three barriers hindering the achievement of the board's mission and his plans to address or remove the barriers if confirmed for another term.

MR. FIELDS stated his belief that the lack of reading and culturally relevant education are two key barriers to achieving an excellent education every day. He expressed optimism that the state is making progress, and addressing these challenges is a matter of putting necessary measures in place and then implementing them.

[3:39:47 PM](#)

SENATOR GRAY-JACKSON asked Mr. Fields to share a few of his greatest achievements while serving on the board over the past ten years.

MR. FIELDS explained that when he first joined the board, the department was primarily seen as an organization focused on compliance, ensuring that teachers had their certifications and that districts complied with state regulations. He opined that during his tenure on the board, this perception changed significantly. The department transitioned from being primarily compliance-focused to becoming an organization that provided resources and services. While compliance remained a core function, there was now a greater emphasis on outreach and building partnerships with organizations like the Alaska Superintendents Association and the Association of Alaska School Boards. He said the goal was to transform the Department of Education into a valuable resource for districts, moving away from solely being viewed as a compliance department.

[3:41:12 PM](#)

SENATOR STEVENS expressed gratitude towards Mr. Fields and acknowledged the crucial role he played in the development of the Alaska Education Challenge and tribal schools. He highlighted that while the legislature initiated programs, the real effort came from the school board in implementing and achieving them.

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SENATOR KIEHL pointed out that Mr. Fields chairs a board that is responsible for hiring the commissioner, and it had been almost 10 months since Commissioner Johnson had informed the board of his departure. Senator Kiehl inquired about the unusually long period without a commissioner and asked Mr. Fields to provide insight on the matter.

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MR. FIELDS responded by explaining that, as chair, he had discussed the matter with the board members. He highlighted the board's focus on important initiatives such as the READS Act and tribal compacting, which had tight timelines for implementation. Mr. Fields mentioned that neither he nor the other board members were in a rush to appoint a commissioner, and they had consulted with stakeholders who supported taking time to find the right candidate. As initiatives like the READS Act and tribal compacting progressed, the board's priority shifted. They initially had a candidate, but that person withdrew, leading them to rely on Acting Commissioner Teshner, who was well-versed in the department and legislative matters. He noted that while the commissioner appointment was on the board's radar, it had not been a top priority compared to the other initiatives they were focused on.

[3:44:00 PM](#)

SENATOR BJORKMAN wondered about the various boards operating within the state government and their roles in aiding departments and ensuring oversight. He emphasized the significance of constructive discussions within effective boards, highlighting their responsibility to represent the diverse needs and experiences of all Alaskans. He inquired about the state school board's approach to handling dissenting voices and whether individuals felt comfortable expressing dissenting opinions when the board took a particular position.

MR. FIELDS responded by seeking clarification on the question, suggesting that he was attempting to understand it better before providing an answer.

[3:45:10 PM](#)

SENATOR BJORKMAN asked whether the state school board was a conducive environment for individuals to express their opinions freely, especially when they held differing views on the issues presented to the board.

MR. FIELDS stated he hoped individuals would feel comfortable sharing their thoughts and opinions with the state school board. He mentioned that, in the past, there has been openness to public comments, and he expressed a desire for the board to continue being receptive and attentive to such input.

[3:45:50 PM](#)

SENATOR BJORKMAN inquired if there were previous instances where individuals who had spoken out on issues had faced scrutiny or criticism for questioning the direction the majority of the board favored.

MR. FIELDS replied yes, it could have happened.

[3:46:31 PM](#)

CHAIR TOBIN emphasized the significance of trust in the public process and expressed concern about recent events at the state board, particularly regarding Resolution 02-2023. She stressed the importance of an open and inclusive public process for good decision-making and the building of trust. She raised questions about the public notice process for State Board of Education and Early Development meetings and agendas, and how well the board adheres to the Open Meetings Act.

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MR. FIELDS replied that while the usual notice period under the Open Meetings Act was two weeks, in the case of Resolution 02-2023, a board member had made a request to move the item forward for consideration. The board reached out to the legal department, seeking guidance on adding the item to the agenda. Discussions with legal counsel confirmed that the entire process was conducted in accordance with the law. He defended his leadership, emphasizing that the final decision to honor the board member's request was determined by a vote from the board members. He pointed out that altering agendas at short notice was not a common occurrence within the board, and historical records demonstrate that the public has consistently been able to provide comments.

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CHAIR TOBIN said she examined the 2018 bylaws the board adopted. She stated that Mr. Fields was directly responsible for collaborating with the commissioner on the agenda items concerning the resolution. Chair Tobin expressed her worries, noting that there was no statutory authority enabling the advancement of such a resolution or directing another organization to compromise its values, including integrity,

respect, perseverance, leadership, teamwork, and inclusivity. She questioned his beliefs in local control of education, considering his extensive tenure as a board chair of a locally elected school board. She sought to understand whether he still believed locally elected school board members acted in the best interest of students and why he had directed a state organization to override local control.

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MR. FIELDS responded by emphasizing that his views were personal since he was just one board member. He explained that the resolution in question had been brought forth by a state board member who believed it was essential for the safety of all Alaska students. This was based on current scientific evidence and information regarding what constituted safety, competitiveness, and fairness. Mr. Fields clarified that he did not want to speak on behalf of that board member, but stated his belief that the member's motivation was aligned with these considerations as indicated by the member's testimony. He concluded by stating that, given the current scientific understanding, the board felt it was necessary to pass the resolution.

[3:50:42 PM](#)

CHAIR TOBIN inquired about the presence of medical or mental health professionals during the discussion of Resolution 02-2023.

MR. FIELDS replied that there were no medical or mental health professionals present during the discussion. He pointed out that the resolution lacked any associated regulations or policies and merely expressed support. He explained that if there were regulations or policies, there would be a more extensive public comment process. Mr. Fields mentioned the Alaska School Activities Association (ASAA) already has existing classifications such as one, two, three, or four for competitive sports like basketball. He argued that based on available scientific information, the presence of a doctor in the room was not necessary, as the board member responsible for the resolution could access relevant scientific journals and information independently. This research led to the creation of the resolution.

[3:51:52 PM](#)

CHAIR TOBIN stated that she challenges the scientific basis of the resolution, pointing out that there was significant research in peer-reviewed literature indicating that many transgender

competitive sports policies lacked evidence-based support and scientific grounding. She expressed concern about the resolution's impact, noting that ASAA was currently proposing bylaws changes that could prevent certain students from participating in athletics, contradicting its stated values and motto, "win for life."

CHAIR TOBIN said she found the passing of the resolution deeply troubling, as it appeared to override the authority of local school boards and the policymakers present in the room, while also not allowing for prior knowledge or statutory authority. She particularly highlighted her concerns in light of high rates of suicide and self-harm among non-binary and transgender students.

[3:53:01 PM](#)

CHAIR TOBIN opened public testimony on the governor's appointment of Mr. Fields to the State Board of Education and Early Development; finding none, she closed public testimony.

[3:53:19 PM](#)

SENATOR KIEHL stated that when he served on the State Board of Education and Early Development his responsibilities included handling public notices for meetings and regulations. He expressed deep concern about the Mr. Fields response, as there was sufficient time to consult with lawyers about adding the resolution but not enough time to provide any public notice. He said he found this troubling because it contradicted both the board's bylaws and the spirit of the Open Meetings Act, which emphasized the importance of Alaskans having the right to know and influence government decisions. He mentioned that during his tenure, any attempt to bring an item before the board without public notice would have been ruled out of order by the chairs.

[3:54:49 PM](#)

CHAIR TOBIN solicited a motion.

[3:55:00 PM](#)

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

State Board of Education and Early Development
James Fields - Glenallen

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.

[3:55:16 PM](#)

CHAIR TOBIN found no objection and the name was forwarded.

[3:55:24 PM](#)

At ease.

SB 110-SCHOOL/UNIVERSITY EMPLOYEE HEALTH INSUR

[3:57:34 PM](#)

CHAIR TOBIN reconvened the meeting and 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."

[3:57:57 PM](#)

SENATOR HUGHES, District M, Alaska State Legislature, Juneau, Alaska, introduced Ms. Gonzalez as an intern working in her office. She noted that Juneau School District Superintendent Ms. Weiss, Association of Alaska School Boards Executive Director Mr. Garrison, and Ketchikan Gateway Borough Mayor Mr. Dial were unavailable to testify in person and submitted written testimony in support of SB 110. She said there is a broad spectrum of support across the state for SB 110.

SENATOR HUGHES explained that if SB 110 were to pass, it would offer school districts the opportunity to consider joining the state employee health insurance pool. In addition to being a quality plan, it has the potential for significant cost savings. As discussed in a previous hearing, the estimated cost for both the employer and employee state health insurance plan is approximately \$20,000 per year. For Mat-Su, the combined cost for employers and employees is \$28,000 - \$30,000 per year. This is a cost differential of \$8,000 - \$10,000 per year. Superintendents have expressed interest in the cost-saving option that SB 110 could provide.

[4:00:56 PM](#)

ELWIN BLACKWELL, School Finance Manager, School Finance and Facilities, Department of Education and Early Development (DEED), Juneau, Alaska, provided an overview of the fiscal note

OMB 2804 for SB 110. He stated that the fiscal note for the Department of Education indicated an indeterminate fiscal impact. The fiscal note stated that there was uncertainty regarding the number of districts that would choose to participate in the program and the timeframe for their participation. This uncertainty was because SB 110 made participation contingent on ratification by the unions representing teachers and other district members, and the timing of such ratification was unknown.

[4:02:06 PM](#)

SARA PERMAN, State Government Relations Manager, University of Alaska, Fairbanks, Alaska, provided an overview of SB 110 fiscal note OMB 730. She said the university presented a zero fiscal note because SB 110 made the proposed plan an option for the university. She said the university had internally decided not to take advantage of this option. She informed the committee that in 2020, the university did a study in collaboration with the Department of Retirement and Benefits and a consultant. The study revealed that switching from the University of Alaska (UA) Choice health plan to the AlaskaCare plan would cost the university \$9 - \$16 million to implement. While it might lower health insurance premiums, it would also eliminate the \$600 wellness rebate provided to employees annually, as well as other retirement benefits included in their current package.

[4:03:43 PM](#)

BETSY WOOD, Chief Health Administrator, Division of Retirement & Benefits, Department of Administration, Juneau, Alaska, provided the following overview of SB 110 fiscal note OMB 2152:

[Original punctuation provided.]

The Division also anticipates a fiscal impact to claim and program costs for the AlaskaCare employee plan, however that impact requires an actuarial analysis and will be discussed in a separate fiscal note.

This bill would enable governmental units (school districts, municipalities, the University of Alaska, other political subdivisions, and the North Pacific Fishery Management Council) to join in self-insured group health insurance plans administered by the Department of Administration for State employees. This type of health coverage is currently provided to State employees through the AlaskaCare health plans.

The Division will require three permanent employees, two Retirement and Benefits Technician 2 positions and one Retirement and Benefits Specialist 2 (personalservices) plus computer, phone, cubicle, supplies (commodities) to provide billing and accounts-receivable supportservices to manage enrollment, eligibility, and employee premium and employer contribution payments from participating governmental units. These positions should begin in mid FY2024.

The Division will incur costs related to required system coding changes (both internal Division systems and third-party contracted partners), contracted actuarial consultants, and support from the Department of Law for legal and regulatory review (services). These costs are anticipated to largely accrue during the first two fiscal years, however some consulting services will be ongoing.

The Department would need to promulgate regulations as a result of the passage of this bill. These regulations should be in place by the effective date of the bill (July 1, 2024), as they will articulate the process and protocol for governmental units seeking to join the AlaskaCare employee health plan.

[4:05:44 PM](#)

SENATOR KIEHL asked Ms. Wood to clarify the assumptions the department used to formulate the fiscal note. Specifically, he inquired about the department's estimates regarding the number of additional covered lives that might result from the proposed changes. He provided an example, suggesting that if every school district and municipality were to participate, it would likely be unmanageable with only three people. He sought information on the working assumptions used in the fiscal note's estimation.

[4:06:17 PM](#)

MS. WOOD replied that it was unlikely that three people could handle the workload if every eligible group joined. However, since SB 110 made participation voluntary, the department assumed that not every group would choose to join. She mentioned that several groups expressed disinterest. Therefore, the department anticipated a slower uptake, which it believed could be managed with three staff members. She said the department was looking at groups joining that consist of approximately 3,000 to 4,000 additional covered lives. This approach aimed to establish

systems with a single new employer or group rather than with each individual new enrollee.

[4:07:14 PM](#)

SENATOR KIEHL stated that her response provided an order of magnitude.

[4:07:21 PM](#)

CHAIR TOBIN announced invited testimony on SB 110.

[4:07:36 PM](#)

KATHY LEARY, City Administrator, Gustavus, Alaska, expressed support for SB 110 because it would provide smaller municipalities with more options for healthcare benefits. She explained that currently, the city could only afford to offer health insurance for employees. She mentioned the desire to attract and retain employees by expanding healthcare to employees' families, as some opt out due to more affordable insurance options elsewhere. She cited an example of losing a city clerk to an organization with better benefits.

Ms. Leary also mentioned concerns about potential regulations that might exclude small cities like hers from participation, specifically addressing minimum threshold requirements. She believed that being part of a larger pool would result in cost savings for both the school district and the city. Additionally, she advocated for the state to invest in a few positions to manage enrollment.

[4:11:17 PM](#)

SENATOR KIEHL asked how much Gustavus pays for city employee insurance.

[4:11:38 PM](#)

MS. LEARY mentioned that the city paid approximately \$800 per month for insurance. She acknowledged that the state plan had similar costs, but Gustavus employees were responsible for 20 percent of the benefit's cost. She expressed hope that with a larger pool, this expense might become more feasible, and there could be potential cost reductions. Ms. Leary stated her belief that the city might be able to cover both employees and their families if costs were less than the current option of \$28,000 per year.

[4:12:18 PM](#)

SENATOR KIEHL asked whether the insurance policy met health care law standards or if it was a catastrophic plan.

MS. LEARY replied that she thinks the policy meets health care law, however the city has so few employees that it is exempt from compliance. Gustavus purchased the plan it could afford through Alaska Public Entity Insurance (APEI). Some employees have expressed a preference for a stipend. The employees are part-time, and their earnings are low enough that they would qualify for better insurance through the Affordable Care Act (ACA). However, they cannot purchase through ACA when they have a plan through the city.

[4:13:43 PM](#)

CLAYTON HOLLAND, Superintendent, Kenai Peninsula Borough School District, Soldotna, Alaska, stated that healthcare costs in Alaska are the highest in the nation, reaching about five times the national average. Alaskans spend the most per resident, have the highest insurance premiums, and have seen overall spending grow much faster than the rest of the US. Alaskan's have spent more out-of-pocket dollars on healthcare costs than any other state. Escalating healthcare costs affect the paychecks of employees and strain the district's overall budget. It hinders the recruitment of new staff and the retention of existing school personnel in Kenai and across Alaska. For Fiscal Year 2024, the Kenai Peninsula rural school district allocated \$22 million for healthcare, which constituted approximately 16 percent of its total general fund budget.

MR. HOLLAND emphasized the importance of the opportunity to join a healthcare plan with a large pool of employees, not only for the Kenai Peninsula Borough School District but also for other school districts in Alaska.

[4:15:41 PM](#)

DAN POLTA, Superintendent, Denali School District, Healy, Alaska, expressed his support and urged the legislature to pass SB 110. He highlighted that the cost of providing adequate healthcare coverage for teachers and support staff was a significant financial burden for school districts. Specifically, the Denali school district allocated approximately 12 percent of its annual budget to cover health insurance expenses. He emphasized the importance of taking measures to reduce these costs to allow school districts to allocate more funding towards the essential task of educating children.

MR. POLTA emphasized the importance of robust health insurance in retaining and attracting high-quality educators for Alaska's students. He also stressed the benefits of limiting healthcare

insurance costs for employees. In Denali and other districts, teachers pay a percentage share of their health care premiums. Lower premiums would mean that more of a teacher's salary remained with them and their families. He advocated for the passage of SB 110, as it would offer districts more choices for employee coverage, enabling the Denali Borough School District to make efficient and effective decisions regarding healthcare coverage.

[4:17:28 PM](#)

CHAIR TOBIN opened public testimony on SB 110; finding none, she closed public testimony.

[4:18:08 PM](#)

CHAIR TOBIN held SB 110 in committee.

[4:18:39 PM](#)

There being no further business to come before the committee, Chair Tobin adjourned the Senate Education Standing Committee meeting at 4:18 p.m.