

SENATE FINANCE COMMITTEE
March 14, 2023
9:02 a.m.

[9:02:54 AM](#)

CALL TO ORDER

Co-Chair Olson called the Senate Finance Committee meeting to order at 9:02 a.m.

MEMBERS PRESENT

Senator Lyman Hoffman, Co-Chair
Senator Donny Olson, Co-Chair
Senator Bert Stedman, Co-Chair
Senator Click Bishop
Senator Jesse Kiehl
Senator Kelly Merrick
Senator David Wilson

MEMBERS ABSENT

None

ALSO PRESENT

Senator Elvi Gray-Jackson, Sponsor; Jeff Stepp, Staff, Senator Elvi Gray-Jackson; Jessica Geary, Executive Director, Legislative Affairs; Megan Wallace, Chief Counsel, Legislative Legal Services, Alaska State Legislature; Senator Gary Stevens, Sponsor; Tim Lamkin, Staff, Senator Gary Stevens; Ken Alper, Staff, Senator Donny Olson.

PRESENT VIA TELECONFERENCE

Kathy Hansen, Interim Executive Director, Office of Victims' Rights; Herman Morgan, Self, Aniak; Chuck Corra, Associate Director, Coalitions and Policy Research at Generation Citizen, West Virginia; Lisa Boudreau, Director, State Policy at CivX Now, Juneau; Christine Hutchison, Self, Ketchikan; Antonia Leonard, Self, Eagle River; Kelly Manning, Deputy Director, Innovation and Excellence in Education, Juneau.

SUMMARY

SB 29 CIVICS EDUCATION; EST AK CVCS ED COMM

SB 29 was HEARD and HELD in committee for further consideration.

SB 81 OFFICE OF VICTIMS' RIGHTS: COMPENSATION

SB 81 was HEARD and HELD in committee for further consideration.

SB 98 POWER COST EQUALIZATION ENDOWMENT FUND

SB 91 was HEARD and HELD in committee for further consideration.

#sb81

SENATE BILL NO. 81

"An Act relating to the office of victims' rights; and providing for an effective date."

[9:03:15 AM](#)

SENATOR ELVI GRAY-JACKSON, SPONSOR, introduced the legislation.

[9:05:21 AM](#)

JEFF STEPP, STAFF, SENATOR ELVI GRAY-JACKSON, addressed the Sectional Analysis (copy on file):

Section 1 amends AS 24.65.060, which sets the salary range for the victims' advocate, to add the new subsection (1) under AS 39.27.011 created by the passage of HB 226 in 2022.

That new subsection reads:

(1) The amounts set out in the salary schedule contained in (a) of this section are increased by 15 percent for positions within the Department of Law, the public defender agency, and the office of public advocacy that require admission to the practice of law in this state as a condition of employment, positions in the division of legal and research services within the Legislative Affairs Agency and any nonunion

positions in the executive branch that require admission to the practice of law in this state as a condition of employment, and the chief administrative law judge and administrative law judges of the office of administrative hearings under AS 39.25.120(c)(20).

Section 2 amends AS 24.65.070(c) to place OVR staff attorneys on the new salary schedule under AS 39.27.011(a) and (l) created by the implementation of HB 226.

Section 3 makes the Act effective immediately under AS 01.10.070(c), which says, "The actual effective date and time of an Act having an immediate-effective-date provision is 12:01 a.m., Alaska Standard Time, on the day after it is signed by the governor or on the day after the governor's veto is overridden or on the day after expiration of the period allowed for gubernatorial action by art. II, Sec. 17 of the Alaska Constitution.

[9:07:32 AM](#)

KATHY HANSEN, INTERIM EXECUTIVE DIRECTOR, OFFICE OF VICTIMS' RIGHTS (via teleconference), spoke in support of the legislation.

[9:10:34 AM](#)

Co-Chair Olson noted that the fiscal note was from Legislative Affairs.

[9:10:49 AM](#)

JESSICA GEARY, EXECUTIVE DIRECTOR, LEGISLATIVE AFFAIRS, discussed the fiscal note attached to the bill.

[9:11:50 AM](#)

MEGAN WALLACE, CHIEF COUNSEL, LEGISLATIVE LEGAL SERVICES, ALASKA STATE LEGISLATURE, stated that she was available for questions.

Co-Chair Olson wondered how the oversight worked with increases for some but not others.

Ms. Wallace replied that the increases associated with HB 226 came into the bill late in session via an amendment.

Co-Chair Olson OPENED public testimony.

[9:13:30 AM](#)

HERMAN MORGAN, SELF, ANIAK (via teleconference), spoke to issues in rural Alaska.

Co-Chair Olson asked what the testimony had to do with the bill.

Mr. Morgan stated that the parents of victims had suffered.

Co-Chair Olson CLOSED public testimony.

[9:20:04 AM](#)

Ms. Gray-Jackson explained that there were notes that stated that \$75,000, so the attorneys had received an increase.

SB 81 was HEARD and HELD in committee for further consideration.

#sb29

SENATE BILL NO. 29

"An Act relating to civics education, civics assessments, and secondary school graduation requirements; establishing the Alaska Civics Education Commission; and providing for an effective date."

[9:21:38 AM](#)

SENATOR GARY STEVENS, SPONSOR, introduced the legislation.

[9:24:26 AM](#)

TIM LAMKIN, STAFF, SENATOR GARY STEVENS, introduced himself.

Co-Chair Olson wondered whether a student would keep taking the exam in order to succeed.

Senator Stevens replied in the affirmative.

[9:25:35 AM](#)

Co-Chair Olson queried the number of questions on the exam.

Senator Stevens replied that the exam was one hundred questions.

Co-Chair Olson wondered whether the bill would be considered an unfunded mandate.

Senator Stevens replied that he had heard that it would be considered an unfunded mandate, but remarked that the state funded education. He stressed that there was an expectation in the school system that it provided the students with what it means to be a citizen.

Co-Chair Olson wondered what kind of resistance had been received against the legislation.

Senator Stevens deferred to Mr. Lamkin.

Mr. Lamkin explained that there was a component of the bill that allowed repeating the test or taking a semester course until receiving a passing grade.

Co-Chair Olson wondered whether there was a disadvantage for the rural students.

Senator Stevens replied that that there was an account taken into account for the rural students.

Senator Kiehl remarked that the state required three years of social studies, and wondered whether the semester of civics could be considered a social studies requirement.

Mr. Lamkin replied that the bill did not mean to be prescriptive, and allowed for the current local control.

[9:31:12 AM](#)

CHUCK CORRA, ASSOCIATE DIRECTOR, COALITIONS AND POLICY RESEARCH AT GENERATION CITIZEN, WEST VIRGINIA (via teleconference), testified in support of the bill.

[9:34:57 AM](#)

Co-Chair Olson wondered whether West Virginia had a similar requirement.

Mr. Corra agreed to provide that information.

Co-Chair Olson asked about the requirement for every state.

[9:35:31 AM](#)

Mr. Corra replied that it depended on the state.

Mr. Lamkin furthered that there was a document on file that showed what other states were doing as related to the states. He stated that West Virginia required a civics assessment for graduated.

[9:36:51 AM](#)

LISA BOUDREAU, DIRECTOR, STATE POLICY AT CIVX NOW, JUNEAU (via teleconference), read from a prepared statement:

Good afternoon, I'd like to thank the three co-chairs, Stedman, Hoffman and Olsen and the other honorable members of the Committee. It's an honor to testify before the Alaska Senate Finance Committee.

My name is Lisa Boudreau, and I serve as Director of State Policy for the CivXNow Coalition, a project of iCivics.

Before detailing our work at CivXNow and addressing the merits of Senate Bill 29, I want to speak to the perilous state of our constitutional democracy.

We've long lamented the state of civic knowledge in the country, and the annual Annenberg Public Policy Center's Civic Knowledge Survey released last September is cause for continued concern:

- Less than half (47 percent) of U.S. adults could name all three branches of government, down from 56 percent in 2021. One in 4 respondents could not name any.
- Asked to name the five rights protected by the First Amendment, fewer Americans could name any of the five than in 2021. For example, less than

1 in 4 people (24 percent) could name freedom of religion, down from 56 percent the prior year.

Turning to K-12, we're all too familiar with depressing scores from the nation's report card, the National Assessment of Educational Progress, where civics and U.S. history scores regularly rank lowest among all subjects tested. In 2018, only 24 percent of 8th graders were deemed proficient on a test measuring civic knowledge, skills, and dispositions, and a paltry 15 percent were proficient in US history. Lastly, in Alaska there is currently not a designated position in the Alaska Department of Education that is focused on social studies.

These results taken together, it's fair to question the extent to which Americans and Alaskans are prepared for informed, effective, and lifelong civic engagement. Solutions are not immediate or singular, but as social studies educators and advocates, we offer the most promising long-term plan for strengthening and sustaining our democratic institutions.

Stated simply, civic education is key to rebuilding trust in institutions and one another, fostering informed patriotism and civility, and empowering citizens to build a more perfect union.

This statement is not just based on what I think, We know it's what voters and parents want. Last fall, pollster Brent Buchanan and his firm Cygnal gauged public support for stronger K-12 civic education. The poll engaged a national sample of 3,002 adults in September 2022, including 2,385 likely voters; 1,195 Republican primary voters; and 803 K-12 parents, with substantial overlap across groups. Overall, respondents demonstrated strong support for more emphasis on civics.

Two-thirds of likely voters think civics in schools should be emphasized more, with Republican primary voters (64 percent) and parents (59 percent). Similar numbers across these three groups see civics as more important now than it was five years ago (likely voters, 69 percent; Republican primary voters, 66 percent; and K-12 parents, 66 percent). And early two-thirds of likely voters (65 percent) support more

funding to ensure every child receives an adequate civic education, as do 59 percent of Republican primary voters and 64 percent of K-12 parents.

However, civics has been neglected over the past 50 years, coinciding with the troubling trends that I outline in the beginning of my testimony, we estimate that the federal government invests in civics at less than fifty cents per K-12 student versus \$50 per student in STEM subjects.

This comes on the heels of two decades of retrenchment in social studies education since No Child Left Behind. The Council of Chief State School Officers estimates that 44 percent of school districts have cut back on instructional time for social studies over a 20-year period. Alaska is one of only 3 states that lack a State Social Studies Coordinator position, which is the only person in a Department of Education who focuses on supporting districts in social studies.

I'm here representing a coalition, CivXNow, that is 285 organizations strong and representative of the country's political and geographic diversity. Our coalition facilitates:

- Aggregation of research and measurement to make the empirical case for high quality civic learning opportunities across the curriculum and throughout students' K-12 experience
- Narrative change to position civic learning as fundamental to our nation's democratic strength
- And policy and advocacy to push for adoption of state and federal policies that incentivize schools' civic mission.

CivXNow established a state policy task force with membership from 40 states (Alaska is not among them). Our coalition seeks to support local stakeholders, establish relationships with state policy makers, identify and activate behind policies to strengthen K-12 civic education, and ultimately, to ensure their implementation.

We articulate 8 main policy recommendations to states, they include:

1. Universal access to high-quality civic learning experiences, this includes (stand-alone civics courses in middle and high school and designated instructional time in K-5)
 2. Civics centered in state standards
 3. Assessment and accountability (such civic seals and K-12 civic learning plans from districts)
 4. Pre- and in-service teacher professional development
 5. Schoolwide and community commitments to civic learning, such as commissions such as the one this bill proposes.
 6. Resourcing policy implementation
- We conducted a 50 state policy scan with these provisions in mind and found:

- 37 states and DC require a high school civics course, but only seven for a full year. (Alaska is not among them).
- Turning to middle school, the situation is bleaker with only seven states requiring a stand-alone civics course. Twenty-six states and DC, not including Alaska, do require civics instruction.
- Civics is officially assessed in 32 states, passage of the U.S. Naturalization Test the most frequent vehicle (Alaska does not require a civics assessment).
- Finally, 24 states and DC provide students with credit for completing service learning projects (While Alaska doesn't provide credit for service learning, districts may do so).

Senate bill 29, sponsored by Senator Stevens, will create a permanent Alaska Commission on Civics Education, composed of leaders in our state government, teachers and students, serving to periodically forward recommendations to our state Board of Education and Early Development. Commissions like these have been formed in other states such as Indiana and Georgia. The bill will also create required course time and a civics test for high school graduation.

The restoration and reinvigoration of civic education in Alaska will be a long, yet worthy process.

Commitments from educators, administrators, policy makers, and other stakeholders will have to be made to uphold the desire to revamp civic education. I have an optimism about the state of civic education in Alaska in that the new Commission will develop a plan based on proven practices in civic education. It will be critical for the Commission to internalize all research on civic education and act upon its recommendations. It will also be critical for the Commission to support educators with resources, training, and clear guidance so that implementation is successful.

At a time when our civic health is badly bruised, and our political discourse seems more polarized than ever, the prospects for knitting together our fraying democracy may well rest on what happens in classrooms across this great state and in this legislature.

Across the country, parents and educators want kids to: gain the knowledge and concrete skills that come from high-quality civic education; learn the essentials of government, specifically the U.S. Constitution and its intellectual underpinnings, the three branches of government, and federalism; and understand the rights and responsibilities of citizens.

You may have heard during the first hearing on SB 29 from the Alaska State Social Studies Council President and President-Elect who testified on behalf of SB 29 from their classrooms with students watching in the background. They said that our path forward is stronger state K-12 civic education policies to ensure that our students graduate with the civic knowledge, skills, and dispositions necessary for self-governance. Thank you for carrying forward this important policy to help teachers make that possible in classrooms across the state of Alaska.

[9:46:46 AM](#)

CHRISTINE HUTCHISON, SELF, KETCHIKAN (via teleconference), spoke in support of the bill.

9:49:05 AM

Co-Chair Olson wondered whether she was an educator.

Ms. Hutchison replied that she did not teach in Alaska, but taught in Montana.

9:49:42 AM

ANTONIA LEONARD, SELF, EAGLE RIVER (via teleconference), testified in support of the bill.

Senator Stevens stressed that the bill did not lean toward a political party.

9:52:34 AM

Mr. Lamkin explained the Sectional Analysis (copy on file):

Sec. 1: AS 14.03.076, relating to public schools, adds a new section

a. directing the State Board of Education and Early Development (SBOE) to develop curriculum and a related assessment based on the civics portion of the naturalization examination administered by the U.S. Department of Homeland Security for immigrants seeking U.S. citizenship. The curriculum and assessment must also include systems of Alaska Tribal government;

b. requiring students to complete a semester course taught using the curriculum, or to pass the assessment established in (a) above in order to receive a high school diploma, with exceptions for students with a disability and who receive a waiver from their local school board;

c. schools are to document on student transcripts when a student has passed the assessment, with the option for the student to retake the assessment repeatedly;

d. a passing score is defined as correctly answering 70 percent or more on the civics assessment.

Sec. 2: AS 14.07.168, relating to existing reporting requirements of the SBOE, to include in their annual report to the legislature:

(5) the recommendations made by the Alaska Civics Education Commission established under AS 14.07.215 (described below).

Sec. 3: Applies to Sec. 22, Chapter 40, SLA 2022, wherein 14.07.168(4), relating to reporting a summary and utilization of the AK Virtual Education Consortium established in AS 14.30.800, the required reporting being repealed on June 30, 2034. This section is for legal drafting purposes only and has no bearing on SB 29 itself.

Sec. 4 AS 14.07.200 is created, establishing the Alaska Civics Education Commission (ACEC) and staffed by the Department of Early Education and Early Development.

AS 14.07.205 describes the 12-member composition of Commission, including:

1. the lieutenant governor as the chair;
2. a retired judicial officer or administrative person with judicial experience in Alaska;
3. the Commission of Education and Early Development;
4. two members of the AK State House of Representatives;
5. two members of the AK State Senate;
6. five members appointed by the governor as follows:

- a. two civics or social studies teachers, one of which teaches via correspondence studies, and one is a member of the National Education Association;
- b. one member representing a non-profit organization that has civics as a core mission;
- c. one member representing the Association of Alaska School Boards;
- d. one member who is a student in good standing.

AS 14.07.210 describes the terms of office for ACEC members as being for 2 years, with vacancies being filled in the same manner as the previous appointment.

AS 14.07.215 describes the duties of the Commission to include a review of best practices, pedagogies and policies for civics education, and to make recommendations and provide guidance

for the State Board of Education and Early Development in implementing civics education recommendations made by the Commission.

AS 14.07.220 requires at least quarterly meetings of the Commission, which may be done electronically. Legislative Council may assist in the administration of ACEC meetings, such as providing meeting space, equipment, telecommunications and related resources.

AS 14.07.225 is routine reference to voluntary service, there being no compensation but travel expenses and per diem may be claimed for serving on Boards and Commissions.

AS 14.07.295 defines reference to the "Commission" as the Alaska Civics Education Commission.

Sec. 5: Acknowledges the effective date of the repealer (June 30, 2034) described in Section 3 of the bill.

Sec. 6: Provides an effective date for the remainder of the bill of July 1, 2023.

[9:57:18 AM](#)

KELLY MANNING, DEPUTY DIRECTOR, INNOVATION AND EXCELLENCE IN EDUCATION, JUNEAU (via teleconference), spoke to the fiscal note.

Senator Wilson queried the regions of the members of the commission. He wondered whether the commission requirements were too excessive.

Ms. Manning replied that the funding would include educators from across the state. She stated that an educator group of 20 was a standard size.

[10:00:53 AM](#)

Senator Wilson wondered whether the stipends were for the educators.

Ms. Manning replied in the affirmative.

Senator Bishop wondered whether there was a consideration of established curriculum.

Ms. Manning replied that the development of curriculum began with existing curriculum.

Co-Chair Olson wondered why the fiscal note was so much higher than the fiscal note for similar legislation from the year prior.

Ms. Manning replied that the increase was reflected in the current year for similar work on the state level.

Co-Chair Olson queried the differences in cost requirements for programs.

Ms. Manning responded that the fiscal note reflected the cost of one staff person. She stressed that she was not involved heavily in the Alaska Reads Act.

Senator Wilson wondered whether the coordinator could be the facilitator.

Senator Stevens replied that he felt that the department was attempting to kill the bill with the high costs.

Senator Wilson recalled that similar commissions had used a coordinator and wondered why they could not also be the facilitator.

Ms. Manning replied that the department would follow the recommendations of the legislature.

[10:11:18 AM](#)

Co-Chair Stedman felt that the fiscal notes could be adjusted in the end.

Mr. Lamkin explained that the bill was modeled after two states that included similarly structured commissions.

Senator Merrick looked at page 4, lines 1 through 3. She asked about how the requirement would be filled without a recognized minority.

Senator Stevens replied that it was a good question, and stated that he would examine that issue in the bill.

Co-Chair Olson CLOSED public testimony.

Senator Stevens encouraged the committee to take the exam.

SB 29 was HEARD and HELD in committee for further consideration.

#sb98

SENATE BILL NO. 98

"An Act relating to the power cost equalization endowment fund; and relating to the Alaska Permanent Fund Corporation."

10:17:08 AM

KEN ALPER, STAFF, SENATOR DONNY OLSON, discussed the presentation, "Senate Bill 98 Power Cost Equalization Fund Management" (copy on file). He discussed slide 2, "What Does SB98 Do?"

The Power Cost Equalization Endowment Fund has about \$1 billion Currently, it is managed by the Department of Revenue SB98 would transfer management to the Alaska Permanent Fund Corporation

- The APFC would manage the money alongside their own assets.
- The PCE would be exactly as diversified as the Permanent Fund
- (This is what they currently do for the Mental Health Trust fund)
- Regular reporting to the legislature regarding asset value and income

Mr. Alper addressed slide 3, "Why change it?"

- More diversity: the Dept. of Revenue's managers can only invest in stocks and bonds, and not the various alternative investments used by the Permanent Fund
- More stability: the PCE fund has changed its earnings goals and investment allocation at least three times in the last four years.
 - o Fund lost close to \$200 million in FY2022 (
- Less liquidity: managers moved much of the fund out of equities in early FY2021 expecting there would not

be a "reverse sweep" at the end of that year, and missed big market gains.

- o PCE fund made 14 percent in FY21, while the Permanent Fund made 29 percent. That premature liquidation may have cost the fund \$150 million.
- o Courts later determined fund wasn't sweepable.

[10:21:26 AM](#)

Co-Chair Olson wondered whether there was history related to the issue of liquidation of funds.

Mr. Alper replied that he could not recall.

Co-Chair Olson wondered how the bill would rectify the large losses.

Mr. Alper replied that the fund had a number of assets. He stated that the bill would allow for the Power Cost Equalization Fund (PCE) to have similar diversity to the Permanent Fund.

Co-Chair Olson OPENED public testimony.

[10:23:28 AM](#)

HERMAN MORGAN, SELF, ANIAK, spoke to the civics education bill.

Co-Chair Olson asked what bill Mr. Morgan was referencing.

Mr. Morgan explained that that he was supposed to speak on the civics education bill.

Co-Chair Olson stated that he could not speak on that bill.

[10:25:15 AM](#)

Mr. Morgan argued that the staff person did not put him in for the correct bill.

Co-Chair Olson urged Mr. Morgan to speak to the bill.

Mr. Morgan discussed PCE, and remarked that PCE was needed in the state.

[10:27:32 AM](#)

AT EASE

[10:27:56 AM](#)

RECONVENED

[10:28:07 AM](#)

Mr. Alper pointed to slide 4, "How would it change the PCE fund and program?"

It wouldn't.

- The same 5 percent of fund value would be available each year to fund the programs described in statute
- The same "waterfall" of priority would be funded:
 1. The PCE program itself
 2. Costs of managing the fund
 3. If the previous year's earnings are more than what is needed for 1 and 2, 70 percent of the remaining earnings may be used for:
 1. Community Assistance (up to \$30 million)
 2. Renewable Energy Grant Fund, Bulk Fuel Revolving Loan Fund, or Rural Power system upgrades

Mr. Alper addressed slide 5, "Sectional Analysis":

Sec. 1.

Adds a new section to the Permanent Fund statutes, AS 37.13. The Alaska Permanent Fund Corporation is to manage the Power Cost Equalization Fund, and publish and distribute various reports. Clarifies that PCE earnings shall be kept separate from Permanent Fund earnings and not used in the POMV calculation.

Sec. 2

Moves the PCE fund from a separate fund of the Alaska Energy Authority to a separate fund of the Permanent Fund Corporation.

Sec. 3

Changes the PCE statute so that the fund is managed by the Corporation rather than the Commissioner of Revenue. Adopts the Permanent Fund's investment guidelines in place of the current Prudent Investor Rule.

Sec. 4

Conforming language so that the 5 percent of fund value is determined by the Corporation rather than the Department.

Sec. 5

Adds a definition to clarify that "corporation" in this bill means the Alaska Permanent Fund Corporation.

[10:30:53 AM](#)

Senator Kiehl asked about whether the Permanent Fund wanted to add the PCE fund to their portfolio.

Mr. Alper replied that the Permanent Fund was "more or less comfortable" with it.

Senator Kiehl asked whether there was an examination alternatives.

Mr. Alper replied that he did not believe that there had been an examination of other funds.

Co-Chair Olson CLOSED public testimony.

Mr. Alper stated that there would be language suggestions from the Permanent Fund Corporation.

Co-Chair Olson discussed housekeeping.

SB 98 was HEARD and HELD in committee for further consideration.

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ADJOURNMENT

[10:34:42 AM](#)

The meeting was adjourned at 10:34 a.m.