

SENATE FINANCE COMMITTEE
February 13, 2024
9:03 a.m.

9:03:40 AM

CALL TO ORDER

Co-Chair Olson called the Senate Finance Committee meeting to order at 9:03 a.m.

MEMBERS PRESENT

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

MEMBERS ABSENT

Senator Lyman Hoffman, Co-Chair

ALSO PRESENT

Senator Cathy Giessel; Senator Jesse Bjorkman, Sponsor; Raymond Matiashowski, Staff to Senator Bjorkman; Deantha Skibinski, Executive Director, Alaska Miners Association; Chad Hutchison, Director of State Relations, University of Alaska; Keith Criddle, Ted Stevens Professor for Marine Policy, University of Alaska; Tim Daugherty, Kenai Peninsula Borough School Board, Homer; Annalia Karen, College and Career Readiness Coordinator, Kenai Peninsula Borough School District.

PRESENT VIA TELECONFERENCE

Michael Williams, Deputy Tax Director, Department of Revenue; Stephanie Madsen, Executive Director, At-Sea Processors Association; Kati Capozzi, President and CEO, Alaska Chamber of Commerce; Joan Pardes, Director, Alaska Academic Decathlon and Pentathlon, Southeast Regional Resource Center; Doug Walrath, Director, Northwestern Alaska Career and Technical Center, Nome; Tod Burnett, President, University of Alaska Foundation.

SUMMARY

SB 120 EXTEND EDUCATION TAX CREDITS

SB 120 was heard and HELD in Committee for further consideration.

#sb120

SENATE BILL NO. 120

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

[9:04:06 AM](#)

Co-Chair Olson commented that it was the first hearing of SB 120, by the Senate Education Committee. The bill would be carried by Senator Jesse Bjorkman on behalf of the committee.

[9:04:45 AM](#)

SENATOR JESSE BJORKMAN, SPONSOR, introduced the bill. He proposed that the bill would reinvigorate the successful Alaska Education Tax Credit (AETC) program through January 1, 2031. The tax credit program encouraged businesses to strengthen connections to Alaska's workforce development and educational institutions. The program encouraged businesses to target funding and resources toward opportunity that helped grow essential skills and abilities and directly move the state's economy forward.

Senator Bjorkman discussed how the state's educational institutions had benefitted from AETC through charitable donations in dollars and equipment. He used the examples of lab equipment and mechanical equipment. The tax credits could be used to offset a variety of tax obligations including corporate income tax, fisheries business tax, fisheries landing tax, insurance premium and title tax, mining license tax, and oil and gas production taxes. Currently for every dollar that the state offset under the tax credits, it leveraged two dollars. He cited that in 2022, \$2.32 million were claimed in tax credits, and \$4.65 million was contributed to the state's educational

opportunities in the state, \$2.5 million of which went to the University system.

Senator Bjorkman highlighted that the bill would not only extend the tax credit program but would return the program to the credit provision that existed before significant cuts were made in 2018. The bill would raise the total credits allowed to be earned from \$1 million back to \$5 million. The amount of credits allowed would be set to 50 percent of contributions, of not more than \$100,000; 100 percent of the next \$200,000; and 50 percent of contributions that exceeded \$300,000. He noted that the bill further extended AETC to non-profits that focused on student achievement across the state.

[9:07:33 AM](#)

RAYMOND MATIASHOWSKI, STAFF TO SENATOR BJORKMAN, spoke to a Sectional Analysis. He summarized that Sections 1, 4, 7, 10, 13, 16, and 19 amended the Alaska statutes that governed the insurance, income, oil or gas producer, property, mining business, fisheries business, and fisheries resource landing tax education credits by adding a subsection stipulating that contributions subject to the education tax credit could be used for the operation of a nonprofit organization. The organization must be dedicated to promoting statewide academic achievement, including for student scholarships, in an interdisciplinary curriculum in the subject areas of economics, science, social science, literature, music, art, math, writing, speech, and interview skills.

Mr. Matiashowski continued that Section 1 further amended AS 21.96.070(a) to clarify that insurance tax education credits were allowed for contributions accepted by the entities identified in Subsections 1 through 7. Sections 2, 5, 8, 11, 14, 17, and 20 would amend the Alaska statutes that govern the insurance, income, oil or gas producer, property, mining business, fisheries business, and fisheries resource landing tax education credit to set the amount of AETC at 50 percent of contributions up to \$100,000, 100 percent of contributions from \$100,001 through \$300,000, and 50 percent of the amount of contributions that exceed \$300,000. Currently the insurance tax education credit is limited to 50 percent of contributions.

Mr. Matiashowski detailed that Sections 3, 6, 9, 11, 15, 18, and 21 amended the statutes that govern the insurance income, oil or gas producer, property, mining business, fisheries business, and fisheries resource landing tax education credits to stipulate that contributions claimed as a credit may not be used to claim credit elsewhere under this title and may not be combined with other credits to exceed a total of \$5,000,000. The current cap was \$1,000,000. If the taxpayer was a member of an affiliated group, the total amount of credits for the group may not exceed \$5,000,000. Section 22 provided for January 1, 2031, for expiration of AETC and Section 23 set the effective date of January 1, 2024.

Co-Chair Olson had heard good things about vocational programs and asked about other uses of the AETC funds.

Senator Bjorkman thought that invited testimony would speak to Co-Chair Olson's question. He mentioned fisheries businesses, mining, and oil and gas, as industries that had been beneficiaries of the training done as a result of the program.

Co-Chair Olson asked for an example of a healthcare benefit.

Senator Bjorkman thought invited testifiers would address the question.

[9:11:44 AM](#)

MICHAEL WILLIAMS, DEPUTY TAX DIRECTOR, DEPARTMENT OF REVENUE (via teleconference), relayed that he would present the updated fiscal note for the bill. He read from the analysis on page 2 of FN 1 from the Department of Revenue:

Background

The education tax credit is a credit for qualifying contributions to Alaska universities and accredited nonprofit Alaska two- or four-year colleges for facilities, direct instruction, research and educational support purposes; donations to a school district or a state-operated technical and training school for vocational education courses, programs and facilities; and donations for Alaska Native cultural or heritage programs for public school staff and students, and a facility in the state that qualifies

as a coastal ecosystem learning center under the Coastal American Partnership.

The credit is available to be claimed against insurance premiums tax, title insurance premiums tax, corporate income tax, oil and gas production tax, oil and gas property tax, mining license tax, fisheries business tax, and fishery resource landing tax. The credit for any one taxpayer cannot exceed \$1 million annually across all tax types. The credit is currently scheduled to be repealed effective January 1, 2025.

This bill reverts back to provisions of prior legislation (House Bill 274 in 2014) which expands the amount of the credit as a percentage of the contribution from 50% of all contributions to the following:

(1) 50 percent of contributions of not more than \$100,000; (2) 100 percent of the next \$200,000 of contributions; and (3) 50 percent of the amount of contributions that exceed \$300,000 This bill also would increase the credit limit from \$1 million to \$5 million annually per taxpayer. The new provisions would take effect January 1, 2024. The bill extends the sunset provisions to January 1, 2031.

Revenue Impact

The revenue impacts only include those eligible tax programs administered by the Department of Revenue (Department). The bill's fiscal impacts can be divided into two categories: (1) increase to the tax credit percentage of contribution and annual limit and (2) extending the credit repeal date.

(1) The revenue impact of the increase in the tax credit percentage of contribution and annual limit change is estimated by applying historical information when similar provisions and limits were allowed in statute. This analysis looked at information from 2014 to 2019. See the table below.

(2) The revenue impact of the increase in the extension of the repeal date is estimated by using the average of the last three years of actual credits claimed as a basis going forward. See the table below.

Mr. Williams looked on the table in the analysis on the second page of the fiscal note. He cited that for FY 25, there would be a roughly \$5 million impact and going forward the revenue impact would be \$6.6 million annually. The retroactive component was estimated to have a \$1.7 million revenue impact. He continued to read from the analysis:

Implementation

Cost This legislation would require the Department to make minor changes to its Tax Revenue Management System ("TRMS"). Resources required to implement this bill would include staff time to updated tax forms, TRMS, and Revenue Online, and other miscellaneous costs when applicable. These costs will be absorbed by the Tax Division using existing resources.

Co-Chair Olson hypothesized that a corporation contributed to a vocational technology school, and asked who decided the value of the contribution.

Mr. Williams relayed that the statute currently adopted provision of Internal Revenue Service (IRS) Code 170, which dealt with charitable contributions. Contributions of equipment would require an appraisal for valuation purposes of the donation.

[9:16:42 AM](#)

DEANTHA SKIBINSKI, EXECUTIVE DIRECTOR, ALASKA MINERS ASSOCIATION, introduced herself and explained that the Alaska Miners Association was a membership association that represented all aspects of the mining industry. She read from a prepared statement:

Since it was established in 1987, the Education Tax Credit program has successfully encouraged private sector investment in education in our state and helped many Alaskans learn the skills for jobs in mining and other industries. Alaska's large mines have welcomed the opportunity to partner with the State of Alaska and provide funding directly to Alaska's education programs that support workforce development and research that enhances efficiency and safety in Alaska's mining industry. Between 2011 and 2023, mining companies in Alaska used the education tax

credit program to invest in nearly 20 different programs across educational systems.

Ms. Skibinski cited programs that the mining industry had contributed to including five schools and programs in the University of Alaska Fairbanks (UAF), three programs within the University of Alaska Anchorage (UAA), a mining education program at the University of Alaska Southeast (UAS), the Northwest Arctic School District, and others. She noted that there was a letter of support from Alaska Metal Mines and AMA (copy on file) which further detailed institutions and programs supported by the mining industry. She continued to read from her prepared remarks:

These programs support young Alaskans who will be the next generation of Alaska miners. MAPTS, the Pathways to Mining, and the high school vocational programs provide educational opportunities and training that lead directly to full time jobs in the industry with high pay and excellent benefits. This investment in education and training is particularly valuable today as Alaska grapples with both migration and significant challenges of attrition and aging within the current workforce.

The mining industry strongly supports a sustainable fiscal plan for Alaska that encourages private sector investment and economic growth. This includes innovative ideas like the Education Tax Credit program to encourage private sector investment in the education system, providing Alaskans the skills to succeed and opportunities to stay in Alaska.

Alaska Metal Mines and Alaska Miners Association urge you to pass SB120 from your Committee and support this important legislation to become law.

Senator Bishop appreciated Ms. Skibinski not forgetting small miners.

Co-Chair Olson asked how many mining corporations and small miners were participating in the tax credit program.

Ms. Skibinski was not certain but assumed that primarily large operating mines participated. She offered to provide more detail at a later time.

Co-Chair Olson wondered if small mining operations were involved.

Ms. Skibinski thought smaller businesses supported the Alaska Resource Education Program and schools and programs in their community.

[9:19:59 AM](#)

STEPHANIE MADSEN, EXECUTIVE DIRECTOR, AT-SEA PROCESSORS ASSOCIATION (via teleconference), expressed support for the education tax credit program, and explained that the At-Sea Processors Association (ASPA) members had contributed gifts since 2000. She noted that ASPA had provided two endowments through AETC. The first endowment funded the Ted Stevens Distinguished Professor of Marine Policy through the UAF College of Fisheries and Ocean Sciences. The second endowment set up a research center called the Pollack Conservation Cooperative Research Center (PCCRC) at UAF.

Ms. Madsen shared that the Ted Stevens professorship was the basis of what UAF was doing in its Marine Affairs Program. She expressed enthusiasm for the program. She estimated ASPA's total gifting amount to be approximately \$16.8 million for marine research. She mentioned funding 53 graduate post-doctoral students. She mentioned that ASPA had gifted funds to Alaska Pacific University and had participated in two programs that supported high school students. She mentioned the fisheries technology program at UAS, which allowed high school students opportunities to learn about fisheries in the state and get college credit. She mentioned support for the Northwest Western Alaska Career and Technical Center in Nome, which brought students from outlying communities. She thought the committee would hear other testimony that would address value added. She thought many involved students had gone on to work for the Department of Fish and Game. She mentioned supporting research.

[9:23:44 AM](#)

Co-Chair Olson asked if ASPA funded tuition for the graduate students it supported.

Ms. Madsen relayed that ASPA funded graduate students in two different ways. She described funding research projects which likely involved graduate students. Additionally, ASPA

had funded graduate fellowships in the past which included two years of funding for Master's degrees and three or four years of doctoral degree funding, both of which provided for tuition and stipends.

Co-Chair Olson agreed that outside funding was helpful for graduate studies. He asked if there was assistance for students that attended out-of-state institutions.

Ms. Madsen answered "no." She noted that ASPA supported students attending Alaska universities.

9:25:29 AM

KATI CAPOZZI, PRESIDENT AND CEO, ALASKA CHAMBER OF COMMERCE (via teleconference), spoke in favor of the bill. She explained that the Alaska Chamber was founded in 1953 and was Alaska's statewide business advocacy organization. The chamber's mission was to promote a healthy business environment in Alaska. The chamber had more than 700 members and represented businesses of all sizes and industries across the state. The chamber represented 58,000 Alaskan workers and \$ 4.6 billion in wages. By vote of its diverse membership, the chamber had a formal policy position in support of AETC. It supported extending or repealing the sunset date. She referenced previous testimony. She emphasized the importance of an educated and trained workforce as part of a healthy economy. She proposed that extension of AETC would encourage continued and long-term investment in the state's future workforce, which was desperately needed.

9:27:35 AM

AT EASE

9:30:57 AM

RECONVENED

CHAD HUTCHISON, DIRECTOR OF STATE RELATIONS, UNIVERSITY OF ALASKA, discussed a presentation entitled "University of Alaska - Education Tax Credits - Overview - Senate Finance Committee - February 13, 2024" (copy on file).

Mr. Hutchison showed slide 2, "Education Tax Credits (ETC)":

- UA strongly supports the Education Tax Credit (ETC)

Program in Alaska

- Multi-year extension is encouraged
- Charitable contributions from industry partners are used throughout the UA to meet direct workforce, academic and research needs...and benefits all of Alaska

Mr. Hutchinson referenced the picture on the slide, which showed a large-size mock check for \$1 million that someone had provided to UAF. He mentioned positive partnerships.

Mr. Hutchinson showed slide 3, "Overview," which showed a table of historical contributions. He cited that in 2018, there was a change in the education tax credits with a phased approach. He pointed out that there had been a cause and effect on contributions. He cited that the University had received more contributions prior to 2018 and thought the phased approach was more beneficial to contributions toward the University.

Mr. Hutchison showed slide 4, "A Few Tax Paying Entities that Historically Contribute to the University of Alaska":

1. Glacier Fish Company, LLC
2. American Seafoods Company
3. Hecla Greens Creek Mining Company
4. Fairbanks Gold Mining, Inc.
5. ConocoPhillips Alaska, Inc.
6. Alaska Airlines Inc.
7. Holland America Princess - Alaska
8. Ravn Alaska
9. Aurora Animal Clinic
10. Bristol Bay Native Corporation
11. Northrim Bank
12. Usibelli Coal Mine

Mr. Hutchison referenced Co-Chair Olson's earlier question about healthcare. He mentioned the donation of a CAT scan to the biomedical lab at UAF.

[9:34:14 AM](#)

Mr. Hutchison showed slide 5, "Questions?"

Co-Chair Olson asked about the donation of the equipment and where it was located. He asked if students were able to use the CAT scan.

Mr. Hutchison relayed that the equipment was used on studies of hibernating animals, and highlighted that UAF was working with NASA on understanding deep space travel and putting humans into stasis for space travel. He mentioned multiple studies taking place that were involving animals.

Co-Chair Olson thought there had been reference to the number of contributions decreasing in 2018. He asked about the reasoning.

Mr. Hutchison noted that the contribution limit in 2018 went from \$5 million to \$1 million. He thought the phased approach that was eliminated had changed things. He acknowledged that the UA system still received contributions, but thought the contributions were trending downward.

Co-Chair Olson asked about the proposed extension until 2031.

Senator Bjorkman thought seven years was a good amount of time to allow for evaluation of the program's effectiveness.

[9:37:38 AM](#)

Co-Chair Stedman thought there seemed to be more to the bill than a simple extension. He referenced page 6, line 7 of the bill, which discussed the operation of a non-profit.

Senator Bjorkman relayed that Senator Kiehl had crafted the language.

Senator Kiehl explained that the provision allowed for funding of an additional statewide program. It was crafted around an existing program with a broad curriculum. He highlighted that the provision would cover the Academic Decathlon, which was a full curriculum as well as a competition for high school students. He noted that the bill sponsors had worked to make the language tightly written and that there were corporate sponsors in the state that were interested in supporting the Academic Decathlon. He mentioned scholarships to ensure rural students could travel into the hubs for the statewide championships.

Co-Chair Stedman was still not very clear on the new provision.

Senator Kiehl relayed that there was an invited testifier that could address Co-Chair Stedman's question in more detail. He explained that the decathlon was an existing statewide academic competition for high school students. He considered that the new provision was very similar to existing provisions in the tax credit code for STEM competitions and robotics leagues.

[9:40:15 AM](#)

AT EASE

[9:41:14 AM](#)

RECONVENED

JOAN PARDES, DIRECTOR, ALASKA ACADEMIC DECATHLON AND PENTATHLON, SOUTHEAST REGIONAL RESOURCE CENTER (via teleconference), explained that the Alaska Academic Decathlon was part of a national program created in the early 1970s in California. She explained that almost all states competed, and in Alaska the program had been run by GCI for decades through a non-profit the company created. For many reasons, the program had been moved to the Southeast Regional Resource Center, which was a non-profit that provided school district services to almost every district in the state.

She explained that SERRC did not have dedicated funding and that each program must create its own income stream, including the Academic decathlon. She discussed funding through various sources and noted that the state competition was held at UAA. She recounted hearing from various funders that would be interested in supporting the decathlon as part of the education tax credit program. She thought a sponsor that funded through the program would provide a more stable plan.

Ms. Pardes mentioned the decathlon teams and the requirement to have members from different achievement levels. She mentioned program success with students and referenced a current youth mental health crisis. She described that being included in the bill would be a positive step toward sustainability of the program.

Co-Chair Olson asked if Ms. Pardes answered Co-Chair Stedman's question.

Co-Chair Stedman considered that Ms. Pardes had clarified the need for the provision in the bill.

[9:44:45 AM](#)

Senator Wilson was concerned that the language was interpreted broadly and could be narrower. He wondered how many of the 7,000 non-profits in the state could fit the definition of promoting statewide academic achievement.

Co-Chair Olson asked if Senator Wilson was addressing his question to Ms. Pardes.

Senator Wilson relayed that his question was for the sponsor or for Senator Kiehl.

Senator Kiehl was happy to work with Senator Wilson on tightening the language. He relayed that the way the language was written, an organization would have to do all ten of the listed subjects.

Senator Bjorkman agreed that he would support tightening language if it was the will of the committee.

Co-Chair Stedman referenced page 6, line 4 of the bill, and the Coastal America Partnership established by the federal government. He thought the mention was in the original bill.

Senator Bjorkman offered to get back to the committee with more information.

Senator Bishop noted that the fiscal note referenced "a facility in the state that qualifies as a coastal ecosystem learning center under the Coastal American Partnership." He asked if the fiscal note referred to the same bill language Senator Wielechowski mentioned.

Senator Bjorkman was not certain but thought it seemed that the reference would fit the Sea Life Center in Seward. He agreed to get back to the committee with more detail.

[9:47:14 AM](#)

DOUG WALRATH, DIRECTOR, NORTHWESTERN ALASKA CAREER AND TECHNICAL CENTER, NOME (via teleconference), testified in support of SB 120. He noted that the contributions to the Northwestern Alaska Career and Technical Center (NACTEC) from the tax credit fund partners had dropped off between FY 20 and FY 24. He cited that funding had dropped by 50 percent. He testified that the education tax credit had provided the NACTEC Program the opportunity to seek industry support, which had led to support in junior high career exploration program, postsecondary programs, and the purchase of training equipment that engaged students in the maritime and aviation sectors.

Mr. Walrath cited that junior high students that had participated in NACTEC programs participated in high school at a rate 21 percent greater than peers. Additionally, data showed that high school NACTEC participants graduated at a 22 percent higher rate than the overall student population. He thought when business and education worked together with training providers it was a win-win for all partners. He thought AETC was a program that was working for intended outcomes.

Co-Chair Olson referenced local students and asked if NACTEC was getting a contribution from the local school districts.

Mr. Walrath relayed that NACTEC was supported by two school districts and allowed it to operate with lower overhead costs. He mentioned the Bering Strait School District, Nome Public Schools, and the city of Nome.

[9:51:00 AM](#)

KEITH CRIDDLE, TED STEVENS PROFESSOR FOR MARINE POLICY, UNIVERSITY OF ALASKA, introduced himself. He explained that he was the Ted Stevens Professor for Marine Biology based in Juneau at the UAF Center for Fisheries and Ocean Sciences. He offered background that he had been with UAF for almost 27 years, 18 of which were in Juneau as the professor for marine policy. He commented that his salary came from the spendable earnings from the endowment. He noted that as the endowment was maturing, it came from direct contributions from the Pollack Conservation Cooperative. He discussed the Pollack Conservation Cooperative, including the research center. He noted that the bulk of the research funding supported graduate

students through stipends and tuition. He mentioned a salmon tag project.

Mr. Criddle continued his testimony. He discussed the marine policy professorship, under which he had responsibility for research and educational activity, including building a curriculum to support creation of a graduate program in marine policy. The program had been created in 2022 as a joint program between UAF and UAS with curriculum available at both universities and statewide. He mentioned the recent offering of research grants, including ongoing projects and three new grants that added up to \$350,000. He discussed current projects including the study of Yukon salmon, Orca by-catch in bottom trawling, and microplastics.

Mr. Criddle cited an average of \$408,000 in funding for research projects each year, the bulk of which supported graduate students.

[9:56:16 AM](#)

Mr. Criddle cited that 25 percent of the research funding had been for salmon projects, with about 17 percent for marine mammal research, and a focus on quality research to support fisheries in the Bering Sea and Gulf of Alaska. He discussed the marine policy program, which was in its second year and had 16 current students and four enrolled for the following fall. He cited that 78 percent of the students were Alaska residents and 91 percent were full-time professionals and part-time students. He continued that seven were Department of Fish and Game (ADFG) employees. He discussed support from the PCCRC. He asserted that the degree program was meeting its objectives and discussed broad stakeholder support for the program.

Mr. Criddle discussed the U.S. Coast Guard's support and funding for officers to complete graduate programs on a competitive basis. It supported programs in maritime law, engineering, and marine policy/marine affairs. He mentioned that the Coast Guard was currently recommending marine policy/marine affairs programs at the University of Rhode Island, the University of Washington, and the University of Alaska.

[10:00:05 AM](#)

Co-Chair Stedman asked Mr. Criddle to address how the bill would affect his work and discuss future impacts.

Mr. Criddle explained that the Ted Stevens Professor of Marine Policy Endowment was fully funded and fully endowed and would continue to generate funds through endowment earnings that were sufficient to support the professorship. The PCCRC had a small endowment and had provided most of its funds as annual contributions to the program for annual spending. The decision has been made by the board. The PCCRC endowment supplied about \$70,000 to \$80,000 in earnings per year that went to the programs' spending along with annual contributions.

Mr. Criddle continued that the marine policy program had the professorship, and was led by the UAF College of Fisheries and Ocean Sciences and the UAS School of Arts and Sciences. He continued that UAF and UAS both received one-time funding from UA President Pat Pitney to hire faculty members in the programs. He noted that UAF had identified a candidate, and UAS was in the earlier stages of the process. He thought there was a good chance that UAF would have a second marine policy faculty member and UAS would have a faculty most likely focused on mariculture policy.

[10:03:22 AM](#)

Co-Chair Stedman asked about the bill's marginal financial impact on the marine policy program. He asked how much increased cashflow was expected, and what cashflow was collected for the program.

Mr. Criddle did not have access to the financial information. He noted that there was a steady stream of 15 to 20 students per year graduating from the program. He thought it was possible to extrapolate funding from the tuition and credits required to graduate in the program.

Co-Chair Olson asked how many recipients there were for the professorship.

Mr. Criddle relayed that he was the first recipient.

[10:06:31 AM](#)

TOD BURNETT, PRESIDENT, UNIVERSITY OF ALASKA FOUNDATION (via teleconference), introduced himself and relayed that

he was available for questions. He thought Mr. Hutchison had done a good job explaining how AETC and private giving greatly supported UA's programs and students. He explained that he worked for the UA Foundation, which received all private contributions to UA.

Co-Chair Olson asked if Mr. Burnett could give an estimated size of donations to UA.

Mr. Burnett estimated that the foundation raised and received donations of around \$15 million to \$30 million per year. He noted that the foundation also distributed roughly the same amount per year.

Co-Chair Olson asked if any of the annual funding went towards an endowment.

Mr. Burnett answered affirmatively.

[10:08:12 AM](#)

Co-Chair Olson OPENED public testimony.

[10:08:31 AM](#)

TIM DAUGHERTY, KENAI PENINSULA BOROUGH SCHOOL BOARD, HOMER, spoke in favor of the bill. He was a longtime educator in the state and former vocational education teacher. He referenced the No Child Left Behind (NCLB) Act, which was passed when he was a vocational education teacher in a middle school. He recounted wood shops being replaced with computer labs. He had been a principal on the North Slope and discussed teaching constraints due to the NCLB Act. He emphasized his passion for vocational education. He mentioned the Base Student Allocation (BSA) and thought it was important to find another way to fund career and technical education (CTE).

Mr. Daugherty mentioned the Skills USA Program, which brought people from all over the state to participate in vocational education competitions. The program was being restarted after a seven-to-eight-year hiatus. He thought the bill presented an opportunity. He mentioned an empty school in Seldovia. He thought the priority of the Kenai Peninsula Borough School District (KPBSD) was to develop more CTE programs in the district, but there was a lack of funding. He thought the bill offered an opportunity for the

vocational education teachers, school administrators, and the school district to pursue relationships with private industry.

[10:12:23 AM](#)

Mr. Daugherty offered two personal anecdotes. He mentioned that his son went to UAF and obtained a biology degree and was now making a good wage working construction. He recounted encountering a former student that recalled her biggest memory from school was using a tape measure and chop saw. He emphasized the importance of CTE.

[10:14:15 AM](#)

ANNALIA KAREN, COLLEGE AND CAREER READINESS COORDINATOR, KENAI PENINSULA BOROUGH SCHOOL DISTRICT, Kenai Peninsula School District{ spoke in support of the bill. She noted that she was the coordinator for the CTE programs at KPBSD and managed the Middle College Program, which offered dual credit for students taking university classes. She mentioned a mining training program for high school students, which provided a pathway to industry due to university partnerships and support from industry. She mentioned a maritime education program. She noted that most internships required a student to be 18 years of age. She thought the bill offered an opportunity to look at getting industry partners into schools and students into industry. She thought CTE organizations could have a big impact.

[10:18:54 AM](#)

Co-Chair Olson wondered whether the numbers of students in KPBSD that were interested in CTE were increasing or decreasing.

Ms. Karen replied that she had seen a large increase in interest in technical education. She noted that there was a significant aversion to risk associated with the financial impact of conventional college. She mentioned an increase in students in the Middle College Program. She remarked that there was significant tuition savings that came with technical education.

[10:20:50 AM](#)

Co-Chair Olson CLOSED public testimony.

SB 120 was HEARD and HELD in committee for further consideration.

#

ADJOURNMENT

10:21:20 AM

The meeting was adjourned at 10:21 a.m.