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Monday, December 29, 2014

House Sustainable Education Task Force

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Summary: On Monday, December 29 The House Sustainable Education Task Force held their final meeting. Present were chairs Rep. Lynn Gattis and Rep. Tammie Wilson, and members Rep. Charisse Millett, David Nees, Jerry Covey, Brad Keithley, Andrew Halcro, and Andy Baker. Mr. Halcro and Mr. Baker participated via teleconference. Rep. Gattis chaired the meeting.

The committee reviewed the items listed on the first page above. Presentation on most of the items was given by Dept. of Education & Early Development Deputy Commissioner Les Morse and Director Elizabeth Nudelman, Div. of School Finance & Facilities. Full documents for the presentations can be accessed at the documents link above and are also located below under each presentation. Throughout the hearing, many task force members said the state needs to figure out how to provide for education with less funding due to decreased state revenue.

Proposed Comparison of 2013-14 and 2014-15 Funding Levels by District

Dept. of Education & Early Development Deputy Commissioner Les Morse and Director Elizabeth Nudelman, Div. of Finance & School Facilities, gave a presentation on a [comparison of funding levels by district for 2013-14 and 2014-15](#). The introduction from the document:

FY2014

The FY2014 final five pager is attached. Each district's foundation funding calculation is presented. This document is also posted on the DEED website under School Finance. Column one presents each districts basic need, the FY2014 statewide total basic need at the bottom of column one is \$1,410,795,164. In addition column eight distributes \$3,974,071 in quality schools funds.

In addition to basic need and quality schools funding house bill 65 distributed \$25 million outside the formula by AADM. A schedule by district is attached.

The capital budget also distributed \$21 million by AADM for security or other expenditures. This schedule is not attached as School Finance does not present capital dollars with the foundation dollars. The \$21 million allocates 84% of the dollars you see in the \$25 million schedule in the same proportion.

FY2015

The FY2015 projected five pager is attached. Note- the department calculates three foundation scenarios per year. The projection is calculated one year prior for budgeting. In January after the annual October count is reconciled a preliminary foundation scenario is produced based on districts count. Finally after all auditing is completed the final is produced and posted to the DEED website. The five pager presented today is the first scenario, a projection accounting for the changes in HB278 but not yet reconciled with the October count. (Note -- it is anticipated that the reconciled foundation basic need will increase by approximately \$20 million over the projection due to changes including increased intensive students).

The FY2015 basic need per district is presented in column one, the statewide basic need at the bottom of column one is \$1,450,994,367. In addition, column eight distributes \$4,063,007 in quality schools funds.

In addition on page five of five column two presents funding outside the formula per AADM as provided for in HB 278. The statewide total is \$42,953,500.

As a reminder the calculations and dollars presented here for FY2015 include FY2015 changes related to HB278. Education funding is increased by approximately \$100 million. This is distributed by increasing the BSA by \$150 plus the \$42,953.5 outside the formula.

After reviewing the introduction (above), Director Nudelman reviewed charts showing funding for individual districts, with columns showing funding categories. The first column shows each district's basic need. Basic need is the final calculation of funding each district receives under the formula. The next question is who pays. That's "required local effort," "impact aid," and "state aid." She reviewed funding for the Alaska Gateway School District as an example.

Rep. Wilson said the 2014 chart shows "required local effort," but the FY15 chart shows "minimum required local effort." Is that the same thing? Director Nudelman said yes. Rep. Wilson asked if municipalities won't have to pay required local effort if the Ketchikan decision is upheld. Director Nudelman said that's correct. Rep. Wilson said then it won't be \$220 million the state has to pick up, because the state will then pick up impact aid. In Fairbanks the impact aid is \$13.7 million. Director Nudelman said there is probably different ways to look at the regulations and numbers, but if the required local effort changes the way they treat federal impact aid, then Rep. Wilson is correct.

Rep. Wilson said some districts don't have a required local effort, so if they want to make treatment of districts equal, then they have to either use 100 percent of impact aid, or no impact aid. Director Nudelman said there are disparity calculations taken into account by the federal government. Instead of reducing funds from the state, it would increase funds from the state if the state doesn't use impact aid. If the state uses 100 percent of impact aid to districts, that's \$105 million. If the state can't use those funds, then the state wouldn't have any of it. Rep. Wilson asked if they can just give impact aid directly to districts. Impact aid is supposed to offset local property taxes. Director Nudelman said right now the thing that requires use of impact aid is Alaska Statutes, so that would be a statutory change. If there's a change to the formula, then there would probably be a review of what kind of formula Alaska wants. Rep. Wilson asked if Alaska Statutes specify what percent of impact aid goes to schools. Director Nudelman said yes.

Mr. Nees said someone who testified at a previous hearing said federal impact aid is their property tax. It seems like they would then want to give that to school districts directly, instead of running it through the formula. Director Nudelman said the foundation formula provides an equalized level of funding for all districts. She thinks districts see a

high value to having an equalized formula that is monitored and reviewed by the state and by the legislature. The small piece of impact aid used to balance the formula is a smaller topic than having the State of Alaska use an equalized formula that meets the needs of districts and is set out with thought, recognizing national education funding formulas and national legal proceedings over school funding formulas. Alaska's formula has withstood legal review. It's not just impact aid, but having a formula that meets the needs of kids in the state. Impact aid is just a piece making the formula work.

Rep. Wilson asked about the column "eligible impact aid" – is that how much goes to the districts, or how much the state keeps? Director Nudelman said that's what the state keeps. Rep. Wilson said for Fairbanks that's \$6.8 million, which is a substantial amount.

Mr. Covey said if the formula is changed so impact aid goes directly to school districts that generate it, the state would then be required to establish a new disparity standard. Director Nudelman said that's correct.

Mr. Halcro asked about the coversheet/narrative, which says basic need is anticipated to increase by \$20 million, in part due to an increase in intensive needs students. How much is due to intensive needs students, and what is the remainder attributed to? Director Nudelman said she doesn't have that information in front of her, but the majority of that is an increase in intensive needs students. Mr. Halcro asked when HB 278 will be reconciled with the October student count. Director Nudelman said that would occur in January.

Presentation of 2013-14 SBA Scores

Deputy Commissioner Morse reviewed what's included in [the materials from DEED](#) on the spring 2014 SBA scores. The information includes the five previous years of scores and the number of students who participated in assessments. Grades four, eight, and ten also include science assessments. 2014 is the final year of this assessment. A different assessment will be given beginning this spring.

Rep. Wilson asked if someone is proficient in third grade, what does that mean. Does that mean a student can read, write, and do math at a third grade level? Deputy Commissioner Morse said yes, if curriculum is aligned to the standards. Performing at a third grade level is a determination someone has to make. The state puts out content standards, and if a student performs proficiently on the assessments, then they are proficient. Rep. Wilson asked if being proficient in Mississippi, would be the same thing as being proficient in Alaska. Whatever "proficient" means, they are getting worse at it, not better. There are many tests that show what third grade proficiency means. Deputy Commissioner Morse said standards in different states can be different. Someone sets the standard, whether that is a test publisher, or whether it is a state. If there's no

statewide standard, it can be different between districts.

Rep. Wilson said they have national standards through [NAEP](#). Even if they change standards, children might not be at grade level even though the assessment shows they are. How can parents be sure their child is where they need to be? With the new assessment, will they know the measures are the same as what's in other states? Deputy Commissioner Morse said that depends on where they set the cut scores. One of the testing groups has set their cut scores and Alaska can review those cut scores before setting Alaska cut scores. You can't just pull any assessment that's national or used in multiple states and assume it will give you that information; it's what the cut score is set at. Rep. Wilson said the cut scores kept getting set lower and lower in the past. She thinks the legislature should set the cut scores so the state board can't continue to set them lower and lower.

Mr. Nees said looking at the same cohort of children in 3rd grade and then again in 7th grade shows a gain in proficiency. Did they reduce the cut scores, or are more students increasing their proficiency? Anchorage adopted the Common Core a few years ago, and student scores have been going down ever since. None of their cut scores show what level students are reading at. Are the cut scores working the way they're designed to work and that shows comparative data, or is it just dependent on what the board sets the cut scores at? Deputy Commissioner Morse said the board sets the cut scores; it's a state test. But the Terra Nova has percentile ranks, established through a system by the publisher using statistics. Generally the publishers are setting their statistics based on texts that they sell. This assessment is different. The cut scores are set by determining what items students have to get correctly to show they are performing at grade level. People setting cut scores look at adjacent grade levels. It depends on the complexity of the materials being presented in each grade. Districts have longitudinal data to see how students do over time, but it's not included in the material before the task force. Regarding whether there's growth or not, is due in part to teachers, but is also due in part to how complex the material is.

Mr. Nees asked why they would throw out the measuring stick and the one thing in place since the 1970s that gives a norm-referenced mark. DEED has abandoned a common-sense measurement that parents can follow easily. Losing one out of seven kids in math every year is bad. There has been nothing from the commissioner or Deputy Commissioner Morse about how they are going to fix math in Alaska. He doesn't know why the board threw out the CAT or the IOEE. There is no way to see longitudinal affect.

Mr. Halcro said when he looks at the data, it's combined data and is a statewide picture. It doesn't take into consideration students who move into and out of a district, does it?

Deputy Commissioner Morse said no. Mr. Halcro said regarding the third grade reading scores, has there been a correlation between reading scores and preschool participation? Deputy Commissioner Morse said they've been looking at that information; last year was the first year they had students reach third grade who had been tracked since preschool [for students participating in the state program], but he doesn't have that information.

Mr. Halcro said for students who show up behind, their problems compound every year. What data do they have on 8th grade math? Deputy Commissioner Morse said he doesn't have data in front of him, but they've worked with the university on that. They've also been working with [Education Northwest](#) to examine information at a cohort level. Information on six different cohorts will be available later this spring to help highlight issues so they can address them.

Mr. Halcro said when you look at the data for 10th grade and look at ethnicity, gender, and other subgroups, 50.5 percent of low-income students are not proficient, 55.2 percent of Alaska Native students are not proficient – is DEED doing anything to focus on these subgroups? [*The subgroup with the highest level of non-proficiency is limited English proficient at 82.3 percent, with disabled students a close second at 78.4 percent.*] Deputy Commissioner Morse said they are working with school districts. School districts have to address performance gaps in subgroups in improvement plans. It drives some of their Title I funding. They highlight the data so plans can be built around them and so districts are held accountable. DEED and districts are both concerned with this issue. Mr. Halcro asked where the trend line is going on subgroups. Deputy Commissioner Morse said there aren't many changes over time at the statewide level, although there may be changes at the district level.

Rep. Wilson asked if right now every district is aligned to the standards. Deputy Commissioner Morse said he can't say that for certain regarding the new standards. There is a survey conducted every year on how well districts are aligned to the standards, with an annual report on that sent to the legislature. Rep. Wilson asked if no one at DEED checks to see if districts are aligned. Deputy Commissioner Morse said DEED does check, and reports that information to the legislature every year. Rep. Wilson asked how many districts were not aligned in the past. Deputy Commissioner Morse said he doesn't have that information in front of him, but it is in the reports provided to the legislature every year. Rep. Wilson asked how they can have a different outcome if district curriculum isn't aligned to standards. Deputy Commissioner Morse said standards set expectations for students. The standards are widely supported by districts and teachers across the state. Rep. Wilson said this isn't about the standards. Who are they looking at who had lower standards but who raised their standards and had a different outcome? Deputy Commissioner Morse said many times when expectations for students are increased, students meet them. Most educators have had that

experience.

Rep. Wilson said the proficiency data is really concerning – 49 percent are below proficient in science in 4th grade. She read some of the other proficiency scores. You can't keep doing the same thing and expect a different outcome. They are requiring more money, not giving districts enough time, and they are going to test students this year. If they think these scores are bad, wait until they see this year's scores.

Mr. Halcro said that's because they don't look at inputs, they only look at outputs. Outputs don't tell them anything. Who are these kids who are showing up? Are they ready to learn? Forty percent of children beginning kindergarten aren't at grade level. If you want to complain about the 77 percent four-year graduation rate in Anchorage, don't tell him about the 77 percent, tell him about the 23 percent. The primary problem with education is everyone wants to point to the outcomes, but they don't look at the input. Are they ESL, etc.? That's why he asked about Pre-K. From the business community, this is their biggest concern. What are they doing on the front end? No one wants to talk about inputs.

Chair Gattis asked if reading teachers expert at teaching reading. Where do non-proficient students come from? Did they have a bad 1st grade teacher? How can they make changes if they don't know the answers?

Mr. Nees asked if DEED tracks intervention. If a child is identified non proficient in 3rd grade, are the interventions used reported to the department? They need to know if interventions are effective. Deputy Commissioner Morse said that is a district-level activity. That data is most useful at the local level, where they can act on it immediately. Mr. Nees asked if it wouldn't be better if the state could act on this information and use it to set state policy. Deputy Commissioner Morse said his fear would be the lag time of receiving that information and being able to do something about it. They don't have the staff to review that information and use it. With children you need to act on that information quickly, which they can't do at the state level. The department needs to make sure districts have that information, and that the information is transferred from one district to another when a student transfers. DEED does set policy on what needs to be in a student's file and what the time frame is for transferring that information.

Chair Gattis asked if the data includes IEP and special needs information. Deputy Commissioner Morse said that information is included in the subgroup information.

Rep. Wilson asked when districts get test scores. Deputy Commissioner Morse said districts get these particular scores in May. Rep. Wilson asked if there will be the same turnaround during the new tests. Deputy Commissioner Morse said they hope it will be

quicker because of online testing. The year you set the cut scores it will be a little longer.

Rep. Wilson asked why the state board is setting the cut scores, since they probably don't have the specialized training needed. Deputy Commissioner Morse said they adopt the cut scores into regulation. They are the only body that has the authority to do that. The state board depends on DEED to gather experts to advise them. A lot of people who have expertise give input on setting the scores. The board then adopts the cut scores.

Rep. Wilson asked when the new cut scores will be determined. Deputy Commissioner Morse said they will have panels in July, and then take that data to the state board for consideration in late July. He thinks they will take action in September. Rep. Wilson said so they will give the students the test, look at the results, and then determine the cut scores. Will they use test scores to determine cut scores? Deputy Commissioner Morse said the data will tell you which items students need to get right. If all students get an item correct, that will tell you that all students should get that item correct. Rep. Wilson said she's amazed and disappointed. Deputy Commissioner Morse said the way they set the cut scores has a high reputation and strong validity. Rep. Wilson said more of their problem is districts that aren't aligning curriculum with the standards. She said Mr. Halcro is right in that some of the input is important. As an employer, she wants to know about the output. When she looks at the scores, they aren't changing. Maybe those who are behind never catch up. Are they giving the tools to districts that they need to make a difference, or are they just going through a process of gathering scores and not using them? There are states that are doing work at that level, and Alaska may want to look at that.

Mr. Halcro said when he looks at the Anchorage School District, there's a reason why some schools have a low graduation rate while others don't. The business community wants the districts and the state to consider the inputs. The graduation rates at different high schools have nothing to do with the quality of the teachers or the curriculum. A lot of the differences have to do with socioeconomic differences and they need to address those.

Chair Gattis said if they adopt standards that mirror Common Core standards and determine if students are proficient at a lower cut score than other states, they still won't be able to compare Alaska students to students in other states. So she doesn't understand the cut score issue. Deputy Commissioner Morse said Alaska has to have their own cut scores in part because they don't have the same test as other states. Chair Gattis said why have the same standards then, because we still won't be able to make comparisons. Deputy Commissioner Morse said that won't mean they won't be able to make comparisons. That's why they want to look at what national education consortiums are doing with assessments. The state board will set those cut scores, and

they are giving the board information on other assessments and cut scores that test similar standards.

Rep. Wilson said if they used the same test they wouldn't have this issue.

Dept. of Administration: Update on Salary & Benefits Studies

Nancy Sutch, Dept. of Administration, gave an update on the salary and benefits study they have been directed to conduct under HB 278. They will have a draft report available for public comment by May 2015. The study is being conducted by CAEPR (The Center for Alaska Education Policy Research), which is seeking stakeholder input. *[There was almost no discussion on this item. [Dept. of Administration/CAEPR MOU](#) [CAEPR PowerPoint](#) [CAEPR Project Overview](#)]*

Mr. Nees asked how people can comment as a stakeholder. Ms. Sutch said people can give input through the [CAEPR website](#). They have reached out to ACSA and NEA and are getting the word out. She can forward email addresses to the committee for how to give input. Chair Gattis said the committee already has those emails, and people can get access to them through the committee documents. Mr. Nees said he doesn't see private schools listed under stakeholders. Ms. Sutch said the list had "others" on the list, because they wondered if there might be others.

School Design & Construction Study Update

Director Nudelman said they provided the task force with a document briefly reviewing school design and construction study [[Pages 13 – 14 of the document submitted by DEED.](#)] They put out an RFP and spent a lot of time trying to define criteria for responses. They've awarded the contract to [Nvision Architecture, Inc.](#) in Alaska. Bill Tatum with Nvision gave them an update [*see link above for pages 13-14*] on December 11 which has been provided to the task force. The study requested an examination of not just buildings, but of individual components, such as foundation, lighting, and electrical.

Mr. Baker said they need to get away from the people who want to build the Taj Mahal. Many districts don't have this expertise. Many of the people who come to the table don't have the expertise either, and he's never heard of the company that got this contract.

Chair Gattis said there are local contractors in small communities who know things that people from outside the community don't know, and they need to have local contractors involved.

Rep. Millett asked why they didn't include the [Cold Climate Housing Research Center](#) on the design. They are missing the picture. It's not all about architecture. Director

Nudelman said they received three responses to the RFP. Each of the proposals used specialists from a number of different areas in the state, so there are engineers, contractors, and project managers involved. In each proposal the specialists are Alaskan specialists.

Mr. Covey said last year the task force visited rural districts. They heard from the director of maintenance at the Northwest Arctic Borough School District how important it is for district maintenance people to have input. School districts often have to make major changes to buildings. They need to make sure they hear from the people who have to maintain the buildings.

Rep. Wilson said they are putting systems in that no one knows how to work. Why are they going ahead with \$9 million in design for Kivalina when they are trying to figure out how this works? Director Nudelman said she doesn't think it's \$9 million. Kivalina is in great need. It's one of the schools named in the Kasayulie case. The design money will be used for educational specifications, such as how many students are there and what types of rooms they will need. That school is not in good condition, it's overcrowded, and they are continuing forward in a measured step.

Rep. Wilson said the school cannot be built where the town is now. They have to build a road and move the whole community. When they went to the Yupik School District, all schools were built the same way so they could take care of construction. AHFC has a program to help school districts figure out how to pay for upgrades [[APM article explaining program](#)]. She doesn't see how waiting a year to spend \$9 million would be bad since they are doing this study and the whole community has to move. Director Nudelman said the design funds are slated for FY16. This item is in the governor's budget and is supported by DEED, recognizing the need in that school, and recognizing the Kasayulie agreement. With the report coming out in June 2015, and the appropriation for FY16, that might be a good timeframe.

Rep. Wilson said if the report is \$9 million, she's going to start writing reports. Director Nudelman said the appropriation for the study is \$500,000, and the appropriation for the Kivalina School design is \$4 million; that will cover site investigation, design, educational specification, and early design planning. Kivalina is the number one ranked school on the construction list. Rep. Wilson said they can save \$5 million if they take this item out of the budget.

Rep. Millett asked if the prototypical study will include both urban and rural schools. Director Nudelman said yes. Project team members have worked at districts around the state. One project member has worked on projects at the Northwest Arctic Borough School District. Rep. Millett asked for a list of what Nvision has built in the last five

years. Director Nudelman said she doesn't have that information; it was not a requirement of the RFP. She will check with the procurement officer to see if they can get that information.

Chair Gattis said one of their concerns is that they have to do better. Even people with Taj Mahal schools don't like heating and maintaining them. Legislators are going to make sure they build quality buildings, which can be determined by builders. Builders have to be included with the architects who are making big dollars, but who don't have to heat or maintain those buildings.

Mr. Nees said Kivalina's general store burned down this year. Kivalina's school was built by the BIA, and they want a new school, but they have to move, which will be a bigger, more expensive project. He doesn't know why they don't put the project on hold until they have the design specs. They have to relocate the entire town. He knows the state is under pressure because of the Kasayulie lawsuit, but they need to make sure they come up with designs that work first. They need to design more cookie-cutter schools.

Mr. Baker said the \$2.5 million is not to see if the school is feasible. Also, the Kasayulie lawsuit didn't say you can build a school if it's right next door; it said you will build a school. Rep. Wilson said no one's saying not to build it; the question is if you do the access first, and then go forward with replacing the school. She would like to see some prototypes first. Kivalina would be a good place to test a prototype.

Mr. Baker asked how it helps to wait when students are having classes in the hallway.

Mr. Halcro said when they were in Kivalina last year they were told that Parnell said the state was not going to build a school in Kivalina until the community moved. He asked if the school site has been determined. Director Nudelman said there have been ongoing meetings discussing the access road and the Kivalina School. Several months ago a site about seven miles from the current site was earmarked as the school site. As the process moves along, DEED will continue to work with the school district. The school district will not have access to the funds until a project agreement is signed with the department. Both the district and the department will have an understanding of the project.

Chair Gattis said their point is having prototype schools, and that this might be the point at which they want to start prototype schools. Mr. Halcro asked how many schools the state expects to build over the next five years. Director Nudelman said for the time being, Alaska's built out. DEED has allowable square footage, and most of the attendance areas have the square footage that they need. Now is not the greatest time period of school construction, but it takes time to study things and get them in place so

the legislature can make decisions in the future. There is value to the report.

Rep. Wilson said they are not talking about just schools for the state, but also for municipalities bonding for schools.

School Transportation Contracts Update

Director Nudelman reviewed school transportation contracts [[Pages 15 – 26 of the materials submitted by DEED](#)]. Several years ago SB 182 increased pupil transportation funding. It added a subsection giving DEED oversight in ensuring cost efficiencies. When pupil transportation went to a grant program there wasn't a standardized definition or reporting to the department. So DEED re-identified what pupil transportation is. There are required transportation reports and documents so the department has data on routes and students. There are minimum requirements for proposals, so proposals can be consistent across districts. Districts with 4,500 students or more are required to work with DEED to stay on the same contract cycle. There are a lot of challenges though. Anchorage's buses are old and at the end of their useful life, while Mat-Su has all new buses. So there are challenges in getting competitive bids. Fairbanks is unique in that they have to keep their buses in a heated bus barn. The larger districts also have consistent RFPs with questions asked in the same order and manner on all the contracts.

Mr. Nees asked which of the two ASD bus systems have buses at the end of their useful life. Director Nudelman said the contracted out buses are older than the in-district buses, but there are a number of ASD buses that are close to 12 years old.

Chair Gattis said it's her understanding that one of the reasons they did the study was to put someone in charge of looking at districts and aligning contracts so there was a high enough volume to be competitive with lower-48 contractors. They are supposed to be aligned by now, but it sounds like they aren't. Director Nudelman said Chair Gattis is correct. DEED has a position in charge of pupil transportation. They have worked with the districts. They have one contract that each of the large districts can use. The complexity is that this is not the state's contract, but school district contracts. School districts still need flexibility. School districts have agreed to the terms of the contract and agreed to use consistent terms and contracts, and they report to the department. But each school district still has to be the entity that puts the contract out. The school districts have agreed to stay on the same contracting cycle, but ASD needs new buses, and that will impact the contract they put out. Chair Gattis said the state is paying for the transportation, and she thought they would have more bang for the buck if they aligned the contracts. But she's hearing that's not the case. She's disappointed. In three years they knew what the bus routes would be, and it should not have taken three years.

Rep. Wilson said she was in the legislature when this was discussed, and the story they got from Kenai was that it was hard to get companies up here because of the cost of buses. Where did getting one bidder for all school districts get lost in translation? Why can't they have one contract with all the big school districts? Who do they call to get an answer to this question? Director Nudelman said could that happen? Under some scenario it could, but that was never the understanding of DEED. Like everything school districts do, it's under local control. They are building competition not because there's one contract, but because they are aligning the contracts to make them more consistent and making it easier to bid on all contracts.

Rep. Wilson asked who pays for school transportation. Director Nudelman said transportation is paid 100 percent by the state; it's \$78 million. Rep. Wilson she remembers the conversation and the whole purpose was to bring the cost down and make it so districts don't have to put their own funds into transportation. What would it take for DEED to go to the five main districts and ask them if they would put out an RFP for all five districts at the same time? Director Nudelman said it would shift from local control and a school district liability, to a centralized state contract and liability. You would first want to explore what would change by having five school districts aggregated into one contract.

Rep. Wilson said school districts need to use operating money and pay more for busing because the state is not paying the entire bill. If the state is taking over buses and paying the whole amount, that is not taking away local control. She doesn't understand the local control issue. She has been waiting for years for this answer. The legislature needs to ask for input from school districts and have a discussion with the commissioner. The purpose was to combine all bus contracts. Director Nudelman asked if Rep. Wilson is suggesting that the state be the party to the contract. Rep. Wilson said she's suggesting that they are paying the money anyway. The liability can go to the school districts, but the state's always ultimately liable anyway. The point was to be more efficient. They need to quit using "local control" as an excuse for everything.

Deputy Commissioner Morse said he doesn't think they failed. DEED was asked to get all the districts to align their contracts. That is what the department has been doing. He participated in the discussions, and he never heard anyone suggest that the state take over the contracting. You will get economy of scale by having contracts put out at the same time. There are differences though, such as the age of the buses, and a large bus barn needed in one district but not the other districts. In regard to routes, when they had a reimbursable system, school districts had to get permission for their routes. But additional routes, whether they fit regulations or not, added to costs. Part of cost containment is to get accountability around routes. DEED has made considerable progress and they did not fail to do what they were asked to do by the legislature.

Chair Gattis said she had a different idea of where they were going, so there was a failure to communicate.

Rep. Wilson said she had more faith in the districts, thinking that they didn't need DEED to get them on the same wavelength. Maybe the legislature wasn't as clear as they remember, and maybe they should try again.

Mr. Nees said prior to this formula-driven system that is costing the state more money, there was a direct reimbursement system, which cost less money. They are poor again; why would they not go back to that same system? The ADN ran an article about the pay rate for school bus drivers being tied to the minimum wage. How much will a school bus driver be making? It looks like it will be about double minimum wage, which is a good chunk of change. Director Nudelman said when they last looked at that, they found that in order to get drivers with the necessary competency, that many of those drivers were already getting double the minimum wage. So increasing the minimum wage may not affect their pay.

Rep. Wilson noted that \$19.50 will be double the minimum wage in two years.

Outstanding Bonds for School Construction & Major Maintenance Lists

Director Nudelman reviewed the documents DEED provided to the task force on the school construction and major maintenance lists [[Pages 27 – 43 of the documents submitted by DEED](#)].

Mr. Keithley asked if lists reflect the work-in-progress budget. Director Nudelman said in the 2016 school construction fund there is \$4 million for Kivalina, and the current work-in-progress budget doesn't have an appropriation for the major maintenance grant fund list. Mr. Keithley asked if the list was in Parnell's budget. Director Nudelman said the Parnell budget had \$23 million and the first nine projects in his capital budget. Mr. Keithley said if there's nothing for major maintenance in the work-in-progress budgets, does that mean the administration doesn't think there should be any? Director Nudelman said Governor Walker's budget removed most items from the capital budget, and he's asking Alaskans to help him with the capital budget. Mr. Keithley asked if the only item in the capital improvements projects that's in the budget is \$4 million for Kivalina. Director Nudelman said that's correct. Mr. Keithley asked if the \$50 million total for the project is all being paid by the state, and if the \$4 million in the capital budget is part of that \$50 million. Director Nudelman said that's correct.

Mr. Nees said debt reimbursement will be \$100 million this year and it keeps going up. The commissioner said the state is obligated to continue the program, but Legislative

Legal Services said they aren't obligated to fund it. Who is correct? Director Nudelman said Alaska Statutes state that if there's not a full appropriation, it will be reduced pro-rata, so the statute allows for less than 100 percent funding of the program.

Mr. Nees said the tobacco settlement goes into the school maintenance fund. What is the status of that fund? Can DEED tap that to fund school maintenance projects? Director Nudelman said a portion of the cigarette fund is directed to education to reimburse the debt program. Funding from that fund is in the FY16 budget. The portion of the cigarette fund that is provided to pay for construction goes toward the debt reimbursement, and it's about \$22 million a year. Municipalities can use the debt program or the CIP list, but school districts not in municipalities have to get on the CIP list.

Mr. Nees asked if they could address all the school maintenance issues if the legislature directed all the tobacco tax to school maintenance. Director Nudelman said if the legislature could do that. One year they spent \$175 million on the major maintenance list; \$20 million gets you started.

Rep. Wilson asked if DEED has approved any other bonding that would add to the lists in the next year. Director Nudelman said they may have added one. Alaska Statutes provide the parameters of eligibility, so as long as the bonds and the projects are eligible, DEED will continue to enter into project agreements. Rep. Wilson asked what project they may have entered into. Director Nudelman said Kodiak may have gone to their voters with a bond, and she doesn't know if they captured that in the information before the committee. Applications for debt may be made throughout the year.

Rep. Wilson said it wasn't a trick question. Director Nudelman said they owe \$1.1 billion, but she doesn't know if anything's been added since October. Given the timelines, the FY15 appropriations won't change.

K-3 Literacy Screening

Deputy Commissioner Morse said he provided a [two-page document](#) briefing the committee on the K-3 literacy assessment, which school districts administer. The requirement is that all students in K-2nd grade be given the assessment, and that students in 3rd grade who are not proficient in 2nd grade have to be administered the assessment. These are assessments are used three times a year, but the results only have to be reported to the state on assessments given in the spring.

Chair Gattis said it's her opinion that the funding doesn't go very far. K-3rd grade teachers should be experts at evaluating where their kids are. What does this small amount of money do at the end of the day? Parents in her district are peeved knowing

that their kids might not be literate in kindergarten. Teachers should already know whether a kid can read or not. Is there data showing what the testing is doing? Deputy Commissioner Morse said they just have the first year of data. When you look at what a good literacy program looks like, and making sure kids can read by 3rd grade, one of the first things that has to be done is to put in place a literacy assessment. While teachers know which kids can read, they need a tool to know which component of reading is preventing a student from moving forward and allows them to provide specific interventions. Sometimes there may be a whole school that has a philosophical position about assessments, as you heard at the last state board meeting. But literacy is still important at those schools; it just looks different than this. Chair Gattis said one of those schools is in her district. She's glad the state board is looking at parents being able to opt out of testing for their child.

Rep. Wilson said she thought districts were already doing K-3rd grade testing, and that the money was so the department could get the information. Deputy Commissioner Morse said there were some districts that weren't doing it. The funding allows all schools to give the assessments and get the information to the department. Rep. Wilson said they can't make one contract for buses, but they can for screening. She asked if DEED goes back to the district to make sure they are doing the proper interventions. Deputy Commissioner Morse said people on intervention teams working with lowest-performing schools use that information, but it is not used with individual students. Rep. Wilson said she's glad they're using it for something.

Mr. Nees said DEED is receiving data, and sending it back to the school districts. Does DEED record that information anywhere? Do you take a look at individual students? Or do you give parents that information? Students are taking tests, scores are being reported to DEED, but it doesn't sound like DEED uses the information if the school isn't one star. Deputy Commissioner Morse said the primary purpose of the assessments is for teacher use. If a contractor for the state is working with a school, they will use all available data, including the K-3rd grade screenings. The intervention person does not need to know what's happening with an individual student. The intervention person makes sure the data is used at the local level for intervention by teachers. It would be ridiculous not to use all the data when working with schools. Mr. Nees asked if the information is being shared with parents. It needs to be sent to the parent. Is it shared in a format that parents can understand? Deputy Commissioner Morse said it is provided to parents.

Mr. Covey said when they began the hearing today, there was a lot of concern expressed about proficiency levels. This assessment is a valuable tool to give teachers. He can't imagine a teacher not sharing this information with a parent at a parent-teacher conference. When they talk about one star schools, they're talking about multi-grade

classes, with not enough funding, and overwhelmed teachers with students in multiple grade levels. Giving teachers this tool is valuable, and it's relatively low cost. If parents want to opt out, that's fine, but they should be doing this type of thing at these grade levels.

Chair Gattis said she has parents in her school district who pulled their kids out of school because they couldn't opt out of the testing. With the Waldorf method, schools want to opt out.

Rep. Wilson said if they are just doing one more thing to make one more report, that's not good. It's nice to know they're actually using it for intervention.

Mr. Halcro said they tend to hold the department accountable for underperforming schools. It seems like the literacy assessment is part of the intervention process that helps the overall success of schools. Mr. Covey said that's correct. Deputy Commissioner Morse agreed.

Mr. Halcro asked if intervention responsibility is mandated to the department by the legislature, or if it is a department policy. Deputy Commissioner Morse said it is mandated in statute, in part established by the Moore case. In addition, federal statute requires certain activities through title programs. Mr. Halcro said it seems to him that DEED is doing what it's mandated to do. Deputy Commissioner Morse agreed.

LB&A Studies Update: Stable & Predictable Funding for Basic Education Needs; School Size Factor

Rep. Wilson reviewed the LB&A studies timelines. She said people can get back to the task force or Rep. Hawker (new chair of LB&A) with questions on the studies. [*There was no discussion on this item.* [LB&A RFP – Current Funding Study](#). [LB&A RFP – K-12 New Funding Study](#).]

Update on Ketchikan Lawsuit & the Impacts on the Formula/State Funding

Rep. Wilson reviewed the Ketchikan lawsuit on required local funding. At this time, the state has not decided whether or not to appeal. Approximately \$220 million is paid in required local funding. She thinks the state will take a larger portion of federal impact aid. The state could pay the entire \$220 million, or they could take that amount out of the formula. She thinks the courts made the right decision. The constitution says there shouldn't be negatives to incorporating. The state could decide to appeal, but they would also have to get a stay in order for the state not to pay that money this year. Copies of the court decisions are on BASIS. [[Background](#) [Court order](#) [Chart showing required local effort](#) [State's brief](#).]

Public Testimony

Barbara Haney, North Pole, commented on the literacy testing and some of the discussion. She's opposed to the literacy testing for three reasons.

1. It's expensive and she's not impressed with the contractor
2. Standardized testing on literacy is not reliable before 3rd grade
3. Testing is being done because Mike Hanley wanted to apply for the Early Childhood Challenge Common Core Grant.

Ms. Haney said it's a waste of money, and parents know what their children are reading. To increase literacy they should use something like the Pizza Hut program that uses short-term prizes. She said she's bothered with the discussion on cut scores. The cut scores will be determined by percentages, which is outside the state's control. The assessments are designed to compare classes and schools, not individual students. If you want to use tests for comparability, you will be disappointed.

Ms. Haney said Deputy Commissioner Morse talked about raising expectations; that's very nice, but you have to have a base from which expectations are raised. What's going on in math and reading is that students aren't getting the bare basics. Unless they retool the standards to give students expectations and development that's cognitively appropriate, it won't happen. She said Mr. Halcro talked about diverse populations, and that hurt her heart. Her kids are very bright, and are both children of color. Both had early literacy scores that suggested they were always going to have special needs. That's when she took them out of school. While income is an important component, it doesn't have to be a primary determinant, and these standards will never address that.

Susan Pougher, president, Mat-Su Borough School Board, testified on charter schools, [presenting a statement](#) to the task force from the school board. Mat-Su has more charter schools than any other district in the state, so they are not opposed to charter schools. Concerns of the board regarding HB 278 and charter schools are that decisions on charter schools no longer seem to rest with the local school board. Their interpretation of the regulations regarding charter school applications makes them question whether there has been an erosion of local control. Local control is consistent with the values of Alaska and their local communities.

David Boyle, Alaska Policy Forum, but speaking as an individual, said he drove a tour bus, and one of the buses he drove had one million miles on it when the cruise line bought the bus. That was one of the better buses, so they will run and run if they're maintained well. It has nothing to do with the age of the bus. So that needs to be taken out of the regulation.

Mr. Boyle said regarding tenure, most of the RFP on the tenure study is internally directed at the workforce, and is not focused at all on the students. Maybe the RFP should be changed to focus on the students. He read excerpts from the [Vergara decision](#) in Los Angeles, which relates to tenure. He said Alaska has some great teachers, some excellent teachers, and some good teachers. Tenure protects teachers not in those categories. They are depriving students with ineffective teachers of their futures. Most of them are in low-income neighborhoods and areas.

Task Force Member Remarks & Recommendations

Rep. Wilson said members should look at their [last report](#) of December 31, 2013; most of the items in the report are in process. She noted items in that report, and said she would like to see a finalized report to forward to the chair of the House Education Committee.

Rep. Wilson asked if they can afford to continue to bond 70/30. One reason Kodiak wanted to vote on a bond issue now is because it might not continue at 70/30.

Rep. Wilson said she would like to add the transportation issue to the final report. If one company already has buses in Alaska, a new company can't even compete with that company. She either wants the DEED transportation position cut, or to figure out if they can have one contract, even if only three districts participate. Fairbanks still has to continue funding pupil transportation. They should stay on top of these issues, even if not necessarily through a task force.

Chair Gattis asked task force members to get back to her in the next day or so if they have feedback or things they'd like addressed in the final report. Alaska is out of money or running out of money, so there will be some huge changes.

Mr. Halcro gave two closing comments. He apologized if Ms. Haney misinterpreted his comments. His comments weren't directed toward lack of learning or potential. His point is that they have a dramatically changing education environment. There has been a significant shift in student population, and his comments can be verified in data provided by DEED.

Mr. Halcro said in regard to more general comments on the task force, as a representative of the business community he's incredibly disappointed in what the task force has done. Over the last 19 months they've had seven meetings, and every one has been last minute, with dozens of documents dumped on them with no time to read them. Most of the documents submitted to the legislature were created with very little task force work. The task force had no input and did no heavy lifting. The task force did none of the things they were tasked with doing. It has been very poorly organized

with no follow through and not enough meetings to do the work. He's incredibly disappointed and the business community expected more. This task force was appropriated over \$200,000 for their work, and he would like an itemized list of expenditures. He can't see that the task force used any money to get the work of the task force done.

Mr. Baker said what comes back to him is there are so many students in 1st grade who are starting out several years behind, and they can't even figure out how to test that. With low oil prices they will have less money, but he would hate to see them so worried about money that they can't spend what's needed to get students up to speed so that they don't cost more money later.

Rep. Millett thanked the co-chairs for their hard work, and for the public in participating. She disagreed with Rep. Wilson's opinion that they may want another task force. They have standing committees on education, and those committees should meet year round. The education committees could form stakeholder subcommittees for various issues. She asked also that they get students involved and talk to students about their educational goals. They could have an education meeting every day, and never get into the aspects that drive the money. She will continue to follow education even though she's not on the House Education Committee.

Mr. Nees said he likes everything they put in last year's report. The one thing he thinks they haven't resolved is whether communities will contribute to their districts. All communities will contribute to their districts, and he thinks federal impact aid should go to the districts. If schools don't want to be part of the state or federal education system, they can charter their school out through the BIA. If the state is unable to provide a free public education, or people want to opt out, that should be considered.

Mr. Nees said the task force didn't eliminate any unnecessary regulations, and they didn't even ask DEED to look at those. One unnecessary regulation is if he is a teacher in the ASD, he has to get their permission to be released from his contract to teach in a different school district. Chair Gattis said if you sign a contract with someone, of course you have to get permission to be released from your contract. Mr. Nees said if you're a special education teacher or something else desirable, the contract is automatically renewed, and you're locked in unless you leave during a small window of time.

Mr. Covey thanked the task force members for their work. He thinks they tackled some significant issues and had some accomplishments. He noted that Mr. Baker referenced a downturn in the economy, which they've been through before. It causes people to come together, and they should take advantage of that. There are things they can do regarding

the education workforce, such as growing their own teachers. They can also increase the efficiency of the education workforce. Another thing the economy brings is better ways to work together. They continue on the path of every school district doing their own thing. He appreciates that they don't want too much control from the state and the feds, but the state is missing opportunities by not narrowing curricular offerings. If they have two or three series (math, reading, etc.) being used across the state, they could ensure alignment with state standards. It would be simpler for teachers. It would also be easier for professional development. They are creating state policy left and right through the legislature and at DEED. The task force has talked about an education plan for the state, and there are gains to be made by making basic decisions through the legislature and the state board of education.

Mr. Keithley said when the task force was formed, it was formed in part because Alaska is heading into a more challenging fiscal future. Over the last six months the fiscal future has changed dramatically. He reviewed increases to basic need over the last few years and projected revenue shortfalls. Education funding is not sustainable. They have to make changes. He disagreed with Mr. Halcro; the task force has done significant work in determining where cost savings can be made and where increases in quality can be made. Reducing debt reimbursement is something the state will have to do, and push more responsibility on to communities. Construction standardization will save money. Having a single transportation contract will save money. They need to identify cost-saving measures in their final report. Education funding needs to return to a sustainable level. In some instances, they can improve the quality of education, such as through regional schools.

Rep. Wilson agreed with Rep. Millett on the House Education Committee meeting year round. A strategic statewide education plan is imperative. Their ideas are different than DEED, and they need to do some pushing. The biggest problem with a statewide plan is that if districts aren't aligned with the standards, they won't be successful on assessments. Are they teaching to the test? Yes, but that's the only way to assure proficiency. They don't want to do, as Mr. Baker mentioned, cut money and have it cost more later. They need to ask if they can maintain schools with only ten students. If there is a one star school in Fairbanks, parents can send their students to another school. But if you're in a smaller community there are little to no resources for parents. They need to incentivize good behavior instead of bad behavior. The state should leave four and five star schools alone. Why can't you contract out a school and make it like a charter school? The task force has most of their money left; they were very frugal. They are in a major change, and she's concerned that the state is making their own test and not using one that's already been developed. She's bewildered about changing the standards and assessment and expecting a different outcome. They've shared information with other legislators. Could they have done a better job? You can always

do a better job. They don't need architects designing schools. There has been a lot of hard work, even though there haven't been a lot of meetings.

Chair Gattis said looking at federal mandates and what happens if they don't do them is important. They can look at doing things very differently. She's looking at opportunities as a business person. Business people don't know what ACT, SAT, GEDs, and WorkKeys are. What they want to know is if someone has a good work ethic. They have expensive tests and testing. Mr. Covey's idea to have standard curriculum is a good idea. They need to look at options. They can't keep spending in the manner they have been.