

**CS FOR SENATE BILL NO. 96(EDC)**

**IN THE LEGISLATURE OF THE STATE OF ALASKA**

**THIRTIETH LEGISLATURE - FIRST SESSION**

**BY THE SENATE EDUCATION COMMITTEE**

**Offered: 4/5/17**

**Referred: Finance**

**Sponsor(s): SENATE EDUCATION COMMITTEE**

**A BILL**

**FOR AN ACT ENTITLED**

1   **"An Act relating to course credit for students; relating to annual reports regarding**  
2   **school district performance and school district employees; relating to cooperation**  
3   **among school districts; providing for grants for school district health insurance and**  
4   **other cooperative arrangements between school districts and businesses, nonprofit**  
5   **organizations, and government agencies; relating to school operating fund reserves;**  
6   **relating to competency examinations for teacher certificates; relating to the Professional**  
7   **Teaching Practices Commission; relating to the duties and powers of the Department of**  
8   **Education and Early Development and the commissioner of education and early**  
9   **development; relating to a virtual education consortium; relating to school bus**  
10   **inspections and the minimum wage for bus drivers; relating to the investment,**  
11   **appropriation, and administration of the public school trust fund; relating to a**  
12   **feasibility analysis regarding the merger of schools that are below capacity; and**

1 **providing for an effective date."**

2 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

3 \* **Section 1.** The uncodified law of the State of Alaska is amended by adding a new section  
4 to read:

5 LEGISLATIVE FINDINGS. The legislature finds that

6 (1) virtual education allows students to access courses that are not otherwise  
7 available in their local schools or school districts, including courses that are relevant to the  
8 interests and career paths of students;

9 (2) virtual education provides students with access to teachers who are experts  
10 in their fields, allowing for better instruction and better academic results;

11 (3) overall state spending on education does not correlate with improved  
12 academic results; however, spending on quality classroom instruction does correlate with  
13 improved academic results;

14 (4) access to quality classroom instruction, whether through virtual education  
15 or traditional delivery modes, is important for the success of every student in the state;

16 (5) despite the benefits of virtual education, virtual education has limitations  
17 and cannot replace high quality teachers and teaching aides in the classroom who inspire high  
18 quality student learning.

19 \* **Sec. 2.** AS 14.03.073(a) is amended to read:

20 (a) A school district shall provide the opportunity for students enrolled in  
21 grades nine through 12 in the district to challenge one or more courses provided by the  
22 district by demonstrating mastery in mathematics, language arts, science, social  
23 studies, and world languages at the level of the course challenged. A school district  
24 shall give full credit for a course to a student who successfully challenges that course  
25 as provided under **(b) of** this section.

26 \* **Sec. 3.** AS 14.03.073(b) is amended to read:

27 (b) A school district shall establish, within a reasonable time, an assessment  
28 tool and a standard for demonstrating mastery in courses provided for students in  
29 grades nine through 12 by the district under **(a) of** this section. This section does not  
30 require a school district to establish an assessment tool for every course in

1 mathematics, language arts, science, social studies, and world languages that is offered  
 2 to students in grades nine through 12 by the district.

3 \* **Sec. 4.** AS 14.03.073 is amended by adding a new subsection to read:

4 (e) In addition to providing the opportunity for a student to challenge a course  
 5 under (a) - (c) of this section, a school district shall allow a student enrolled in grades  
 6 nine through 12 to receive course credit for a career and technical education, physical  
 7 education, music, or art class, if the student participates in an activity, including a  
 8 cultural activity, outside of school hours that the school district determines meets the  
 9 educational or physical activity requirements of the course. A school district may  
 10 adopt standards for awarding course credit for common activities.

11 \* **Sec. 5.** AS 14.03.078(a) is amended to read:

12 (a) The department shall provide to the legislature and school districts by  
 13 February 15 of each year by electronic means an annual report regarding the progress  
 14 of each school and school district toward high academic performance by all students.  
 15 The report required under this section must include

16 (1) information described under AS 14.03.120(d);

17 (2) progress of the department

18 (A) toward implementing the school accountability provisions  
 19 of AS 14.03.123; and

20 (B) in assisting high schools to become accredited;

21 (3) a description of the resources provided to each school and school  
 22 district for coordinated school improvement activities and staff training in each school  
 23 and school district;

24 (4) each school district's and each school's progress in aligning  
 25 curriculum with state education performance standards;

26 (5) a description of the efforts by the department to assist a public  
 27 school or district that receives a low performance designation under AS 14.03.123;

28 (6) a description of intervention efforts by each school district and  
 29 school for students who are not meeting state performance standards; [AND]

30 (7) the number and percentage of turnover in certificated personnel and  
 31 superintendents; and

1                   **(8) a summary of the categories of certificated administrative**  
 2                   **employees employed by each school district that includes the ratio of**

3                   **(A) the number of certificated administrative employees in**  
 4                   **each category employed by each school district compared to the number**  
 5                   **of students enrolled in the school district on October 1 of the previous**  
 6                   **year;**

7                   **(B) the total number of certificated administrative**  
 8                   **employees employed by each school district compared to the total number**  
 9                   **of teachers employed by the school district on October 1 of the previous**  
 10                   **year; and**

11                   **(C) the total number of teachers employed by each school**  
 12                   **district compared to the total number of students enrolled in the school**  
 13                   **district on October 1 of the previous year.**

14       \* **Sec. 6.** AS 14.03.078 is amended by adding new subsections to read:

15                   (c) Each school district shall make available to the public the portion of the  
 16                   report that pertains to the school district under (a)(8) of this section by posting the  
 17                   information in a prominent location on the school district's or local community's  
 18                   Internet website or by another easily accessible method.

19                   (d) In this section, "administrative employee" means a certificated employee  
 20                   who does not provide direct classroom instruction for students as a regular part of the  
 21                   employee's job.

22       \* **Sec. 7.** AS 14.09.030(b) is amended to read:

23                   (b) The department shall

24                               (1) establish equipment requirements for each type of school bus that  
 25                   is used to transport school children to or from a public school;

26                               (2) at least **once** [TWICE] each calendar year, inspect each school bus  
 27                   for compliance with requirements adopted under this subsection; and

28                               (3) maintain a record of each accident involving a school bus or other  
 29                   vehicle transporting school children that is owned by, leased by, or provided under  
 30                   contract to a municipal school district or regional educational attendance area; the  
 31                   record must include the date of the accident, a list of persons injured, whether the

person's injury occurred within the school bus, and each type of injury.

\* **Sec. 8.** AS 14.14.110(a) is amended to read:

(a) When necessary to provide more efficient or more economical educational services, a district may cooperate or the department may require a district to cooperate with other districts, state-operated schools, or the Bureau of Indian Affairs in providing educational or administrative services. However, if a cooperative arrangement requires pupils to live away from their usual homes, the school board shall provide classes within the attendance area when there are at least eight children eligible to attend elementary and secondary school in the attendance area. In this subsection,

(1) "administrative services" includes supervisory, maintenance, purchasing, student nutrition, student transportation, shared facilities, or other services that are required for unified administration;

(2) "educational services" includes boarding and tuition arrangements, pupil or teacher exchanges, special education services, [OR] curriculum development, professional teacher development, or the use of technology to deliver classroom instruction.

\* **Sec. 9.** AS 14.14.115(a) is amended to read:

(a) To encourage cooperative arrangements between school districts and between school districts and businesses, nonprofit organizations, and state or local government agencies to provide more efficient or economical administrative or educational services, a school district may receive a one-time cooperative arrangement grant from the department of up to \$200,000 if the school district demonstrates that the arrangement will result in a cost savings to the district [\$100,000].

\* **Sec. 10.** AS 14.14.115 is amended by adding new subsections to read:

(d) To be eligible for a cooperative arrangement grant between school districts under this section, other than a cooperative arrangement grant for assistance with the costs of transferring a health insurance policy under (e) of this section, a district must either be a rural school district or enter into a cooperative arrangement with a rural school district.

(e) The department may award a one-time cooperative arrangement grant

1 under this section to a school district to assist the school district in paying for the costs  
 2 of transferring school district employees from a health insurance policy provided by  
 3 the school district to a policy of group health insurance under AS 39.30.090. The  
 4 department may not award a cooperative arrangement grant to a school district to pay  
 5 the school district's contributions to the costs of the health insurance policy.

6 (f) During the first three fiscal years after a cooperative arrangement grant is  
 7 awarded under this section, a district awarded a grant may accumulate in its school  
 8 operating fund, in addition to the unreserved portion allowed under AS 14.17.505(a),  
 9 an amount equal to the savings resulting from the cooperative arrangement.

10 (g) In this section, "rural school district" means a regional educational  
 11 attendance area or a small municipal school district as that term is defined in  
 12 AS 14.11.025(c).

13 \* **Sec. 11.** AS 14.17.505(a) is amended to read:

14 (a) A district may not accumulate in a fiscal year an unreserved portion of its  
 15 year-end fund balance in its school operating fund, as defined by department  
 16 regulations, that is greater than 25 [10] percent of its expenditures for that fiscal year,  
 17 **except that, during the first three fiscal years after a cooperative arrangement**  
 18 **grant is awarded under AS 14.14.115, a district may accumulate an additional**  
 19 **unreserved portion that is equal to the amount of savings resulting from the**  
 20 **grant.**

21 \* **Sec. 12.** AS 14.20.020(i) is amended to read:

22 (i) Beginning on July 1, 1998, a person is not eligible for an initial regular  
 23 teacher certificate unless the person has taken and successfully completed a  
 24 competency examination or examinations designated, at the time the person took the  
 25 test, by the board. The board shall review nationally recognized examinations that are  
 26 designed to test the competency of new teachers and shall designate those  
 27 examinations that it finds adequately test the skills and abilities of new teachers. For  
 28 each examination designated under this subsection, the board shall establish the  
 29 minimum acceptable level of performance. **If the board designates a Praxis test as a**  
 30 **competency examination under this subsection, the board shall periodically**  
 31 **adjust the minimum acceptable level of performance established for the Praxis**

test so that the level is equal to or higher than the most stringent minimum acceptable level of performance for teacher certification established by another state. Regulations adopted under this subsection to increase the minimum acceptable level of performance on a competency examination may not take effect earlier than one year after the board adopts the regulation.

\* **Sec. 13.** AS 14.20.380 is amended by adding a new subsection to read:

(b) The department shall provide administrative support services to the commission.

\* **Sec. 14.** AS 14.20.460 is amended to read:

**Sec. 14.20.460. Duties of commission.** The commission shall

(1) establish procedures, and adopt regulations to implement the purposes of AS 14.20.370 - 14.20.510;

(2) conduct investigations and hearings on alleged violations of ethical or professional teaching performance, contractual obligations, and professional teaching misconduct;

(3) review the regulations of the department as they relate to teacher certification and recommend necessary changes;

(4) review the decisions of the department regarding the issuance or denial of certificates and in its discretion recommend reversal of decisions;

(5) reduce the commission's administrative costs by using administrative support services provided by the department.

\* **Sec. 15.** AS 14.30 is amended by adding a new section to read:

#### **Article 15. Virtual Education.**

**Sec. 14.30.760. Virtual education consortium.** (a) The department, in cooperation with school districts, shall establish a virtual education consortium for the purpose of making virtual education and professional development resources available to students and teachers in the state. The consortium shall create and maintain a database of virtual education courses for students in grades six through 12, training in virtual instruction for teachers of students in grades six through 12, and professional development courses for teachers of students in any grade. A school district or a third-party vendor may provide a course for students or teachers that is included in the

1 database. A virtual education course for students may only be included in the database  
2 if the course is approved by the department under (b) of this section.

3 (b) The department shall review the curriculum of a virtual education course  
4 for students before including the course in the database. The department may approve  
5 the course if the course is appropriate for students in grades six through 12 and aligned  
6 with state standards established by the department. The database must be accessible to  
7 all school districts and include the following information for each course:

8 (1) title, subject, and description;

9 (2) the name of the school district or third-party vendor that provides  
10 the course;

11 (3) a description of the method of instruction; the description must  
12 indicate whether the instruction is synchronous, asynchronous, or blended; and

13 (4) samples of the curriculum and instruction provided in the course,  
14 including an introductory video of the instructor, and, for a synchronous course, a  
15 video of the instructor teaching.

16 (c) The consortium shall provide training for teachers of students in grades six  
17 through 12 on virtual instruction methods and the differences between virtual  
18 instruction and instruction offered in a classroom. A teacher may not provide  
19 instruction through a course for students that is in the database unless

20 (1) the teacher has completed the training provided by the consortium;  
21 or

22 (2) the consortium determines that the teacher's previous experience  
23 has prepared the teacher to provide virtual instruction and the teacher demonstrates the  
24 skills necessary to provide virtual instruction.

25 (d) In addition to providing training for teachers under (c) of this section, the  
26 consortium shall offer professional development courses for teachers of students in  
27 any grade through the database and shall include in the database professional  
28 development courses provided by third-party vendors. A school district with adequate  
29 broadband Internet access to participate in virtual professional development courses  
30 shall require teachers in that school district to complete professional development  
31 training through the consortium. The consortium may require, as a condition of



1 participation, that school districts participating in virtual professional development  
2 courses for teachers adopt the same in-service days.

3 (e) A school district that provides a course included in the database may  
4 charge a fee to the school district in which a student who takes the course is enrolled.  
5 The fee may approximate the estimated cost to the school district for providing the  
6 course but may not exceed the amount calculated by multiplying the base student  
7 allocation by a fraction, the numerator of which is the number of classes the student is  
8 taking during the school year that are provided by the school district, and the  
9 denominator of which is the total number of classes in which the student is enrolled  
10 for the school year in any school district.

11 (f) A school district that participates in the consortium shall pay a fee to the  
12 consortium. The department shall establish the fee in regulations based on a  
13 recommendation of the consortium and may adjust the fee annually as necessary. By  
14 June 30, 2020, the fees must approximately equal the consortium's administrative  
15 costs related to reviewing and approving courses and maintaining the database.

16 (g) The consortium may require, as a condition of participation, that school  
17 districts that provide courses or have students participating in courses included in the  
18 database under (b) of this section adopt the same school term and class schedule for all  
19 or part of a school day. The school term must meet the requirements of AS 14.03.030.

20 (h) In this section,

21 (1) "asynchronous" means instruction that does not require the  
22 simultaneous participation of a student and instructor;

23 (2) "base student allocation" means the amount set out in  
24 AS 14.17.470;

25 (3) "blended" means instruction that uses a combination of  
26 asynchronous and synchronous delivery;

27 (4) "synchronous" means instruction that requires the simultaneous  
28 participation of a student and instructor; synchronous instruction is delivered in real  
29 time through videoconferencing or other live means;

30 (5) "virtual education" or "virtual instruction" means instruction  
31 delivered through telecommunications or other digital or electronic methods.

1     \* **Sec. 16.** AS 23.10.055(a) is amended to read:

2             (a) The provisions of AS 23.10.050 - 23.10.150 do not apply to

3                     (1) an individual employed in agriculture, which includes farming in  
4             all its branches and, among other things, includes the cultivation and tillage of the soil,  
5             dairying, the production, cultivation, growing, and harvesting of any agricultural or  
6             horticultural commodities, the raising of livestock, bees, fur-bearing animals, or  
7             poultry, and any practices, including forestry and lumbering operations, performed by  
8             a farmer or on a farm as an incident to or in conjunction with the farming operations,  
9             including preparation for market, or delivery to storage or to market or to carriers for  
10            transportation to market;

11                   (2) an individual employed in the catching, trapping, cultivating or  
12            farming, netting, or taking of any kind of fish, shellfish, or other aquatic forms of  
13            animal and vegetable life;

14                   (3) an individual employed in the hand picking of shrimp;

15                   (4) an individual employed in domestic service, including a baby-  
16            sitter, in or about a private home;

17                   (5) an individual employed by the United States or by the state or a  
18            political subdivision of the state, [EXCEPT AS PROVIDED IN AS 23.10.065(b),]  
19            including prisoners not on furlough detained or confined in prison facilities;

20                   (6) an individual engaged in the nonprofit activities of a nonprofit  
21            religious, charitable, cemetery, or educational organization or other nonprofit  
22            organization where the employer-employee relationship does not, in fact, exist, and  
23            where services rendered to the organization are on a voluntary basis and are related  
24            only to the organization's nonprofit activities; for purposes of this paragraph,  
25            "nonprofit activities" means activities for which the nonprofit organization does not  
26            incur a liability for unrelated business income tax under 26 U.S.C. 513, as amended;

27                   (7) an employee engaged in the delivery of newspapers to the  
28            consumer;

29                   (8) an individual employed solely as a watchman or caretaker of a  
30            plant or property that is not in productive use for a period of four months or more;

31                   (9) an individual employed

1 (A) in a bona fide executive, administrative, or professional  
2 capacity;

3 (B) in the capacity of an outside salesman or a salesman who is  
4 employed on a straight commission basis; or

5 (C) as a computer systems analyst, computer programmer,  
6 software engineer, or other similarly skilled worker;

7 (10) an individual employed in the search for placer or hard rock  
8 minerals;

9 (11) an individual under 18 years of age employed on a part-time basis  
10 not more than 30 hours in a week;

11 (12) employment by a nonprofit educational or child care facility to  
12 serve as a parent of children while the children are in residence at the facility if the  
13 employment requires residence at the facility and is compensated on a cash basis  
14 exclusive of room and board at an annual rate of not less than

15 (A) \$10,000 for an unmarried person; or

16 (B) \$15,000 for a married couple;

17 (13) an individual who drives a taxicab, is compensated for taxicab  
18 services exclusively by customers of the service, whose written contractual  
19 arrangements with owners of taxicab vehicles, taxicab permits, or radio dispatch  
20 services are based on [UPON] flat contractual rates and not based on a percentage  
21 share of the individual's receipts from customers, and whose written contract with  
22 owners of taxicab vehicles, taxicab permits, or radio dispatch services specifically  
23 provides that the contract places no restrictions on hours worked by the individual or  
24 on areas in which the individual may work except to comply with local ordinances;

25 (14) a person who holds a license under AS 08.54 and who is  
26 employed by a registered guide-outfitter or master guide-outfitter licensed under  
27 AS 08.54, for the first 60 workdays in which the person is employed by the registered  
28 guide-outfitter or master guide-outfitter during a calendar year;

29 (15) an individual engaged in activities for a nonprofit religious,  
30 charitable, civic, cemetery, recreational, or educational organization where the  
31 employer-employee relationship does not, in fact, exist, and where services are

rendered to the organization under a work activity requirement of AS 47.27 (Alaska temporary assistance program);

(16) an individual who

(A) provides emergency medical services only on a voluntary basis;

(B) serves with a full-time fire department only on a voluntary basis; or

(C) provides ski patrol services on a voluntary basis;

(17) a student participating in a University of Alaska practicum described under AS 14.40.065;

(18) an individual who is employed by a motor vehicle dealer and whose primary duty is to

(A) receive, analyze, or reference requests for service, repair, or analysis of motor vehicles;

(B) arrange financing for the sale of motor vehicles and related products and services that are added or included as part of the sale; or

(C) solicit, sell, lease, or exchange motor vehicles.

\* **Sec. 17.** AS 37.10.071(d) is amended to read:

(d) In exercising investment, custodial, or depository powers or duties under this section, the fiduciary or the fiduciary's designee is liable for a breach of a duty that is assigned or delegated under this section, or under AS 14.40.255, 14.40.280(c), 14.40.400(b), AS 37.10.070, AS 37.14.160 [AS 37.14.110(c), 37.14.160], or 37.14.170. However, the fiduciary or the designee is not liable for a breach of a duty that has been delegated to another person if the delegation is prudent under the applicable standard of prudence set out in statute or if the duty is assigned by law to another person, except to the extent that the fiduciary or designee

(1) knowingly participates in, or knowingly undertakes to conceal, an act or omission of another person knowing that the act or omission is a breach of that person's duties under this chapter;

(2) by failure to comply with this section in the administration of specific responsibilities, enables another person to commit a breach of duty; or

(3) has knowledge of a breach of duty by another person, unless the fiduciary or designee makes reasonable efforts under the circumstances to remedy the breach.

\* **Sec. 18.** AS 37.14.130 is amended to read:

**Sec. 37.14.130. Powers and duties of board.** The board created in AS 37.14.120 has the following powers and duties:

(1) to hold regular meetings and special meetings considered necessary; and

(2) to have prepared an annual accounting of the [PRINCIPAL AND INCOME OF THE] fund established in AS 37.14.110.

\* **Sec. 19.** AS 37.14.160 is amended to read:

**Sec. 37.14.160. Duties of the commissioner of revenue.** The commissioner of revenue is the treasurer of the trust fund created in AS 37.14.110 and shall

(1) in carrying out investment duties under this section, exercise the same powers and duties established for the Alaska Retirement Management Board in AS 37.10.220;

(2) deposit the principal and income from investments **into** [IN SEPARATE PRINCIPAL AND INCOME ACCOUNTS FOR] the fund;

(3) invest and maintain accounting records [THAT DISTINGUISH BETWEEN THE PRINCIPAL AND INCOME] of the fund;

(4) provide reports to the board established under AS 37.14.120 on the condition and investment performance of the fund;

**(5) determine, on July 1 of each year, the monthly average market value of the fund for the previous three fiscal years.**

\* **Sec. 20.** AS 37.14 is amended by adding a new section to read:

**Sec. 37.14.165. Use of the public school trust fund.** Each year, the legislature may appropriate 4.75 percent of the amount determined by the commissioner of revenue under AS 37.14.160(5) for the following purposes:

(1) funding support of the state public school program; and

(2) reimbursement of the costs of administration of the fund.

\* **Sec. 21.** AS 37.14.170 is amended to read:

**Sec. 37.14.170. Investments.** The commissioner of revenue is the fiduciary of the trust fund and shall invest the fund to provide increasing returns from capital appreciation and net income over long-term periods to the fund's current [INCOME] beneficiaries. The commissioner may invest the money in the fund on the basis of probable total rate of return to promote the long-term generation of capital appreciation and income. In managing the trust fund, the commissioner shall

(1) consider the status of the fund's capital and the income generated on both a current and a probable future basis;

(2) determine the appropriate investment objectives;

(3) establish investment policies to achieve the objectives; and

(4) act only in regard to the financial interests of the fund's beneficiaries.

\* **Sec. 22.** AS 14.20.470(a)(7); AS 23.10.065(b), 23.10.065(c); AS 37.14.110(c), and 37.14.140 are repealed.

\* **Sec. 23.** The uncoded law of the State of Alaska is amended by adding a new section to read:

FEASIBILITY ANALYSIS OF MERGING SCHOOLS; REPORT TO LEGISLATURE. (a) The Department of Education and Early Development shall analyze the feasibility of merging schools that are below capacity. The department shall analyze every school in the state that

(1) has a student count for the 2016-2017 school year that is less than 70 percent of the total student capacity for the school; and

(2) is located within 25 miles by road of one or more schools in the same district that also have student counts for the 2016-2017 school year that are less than 70 percent of the total student capacity for the schools.

(b) On or before the first day of the Second Regular Session of the Thirtieth Alaska State Legislature, the department shall submit to the senate secretary and the chief clerk of the house of representatives a report that summarizes the department's conclusions regarding the feasibility of merging any of the analyzed schools. The report must include the following information regarding each set of schools considered for merger:

(1) whether requiring the schools to merge would result in a school with a

1 student count that exceeds the school's student capacity;

2 (2) whether one of the school facilities in the set of schools considered for  
3 merger is designed to accommodate all of the grades offered at all of the schools considered  
4 for a merger and, if not, whether modifications to one of the school facilities could be made at  
5 a reasonable cost to accommodate all of the grades offered at the schools considered for a  
6 merger;

7 (3) the estimated savings to the school district in which the schools are located  
8 resulting from a merger of the schools;

9 (4) the estimated increases in cost to the school district in which the schools  
10 are located, including any increases in transportation expenses, resulting from a merger of the  
11 schools;

12 (5) legal and financial liabilities that the school district or the state could incur  
13 because of the closure of a school resulting from a merger.

14 (c) In this section, "department" means the Department of Education and Early  
15 Development.

16 \* **Sec. 24.** The uncodified law of the State of Alaska is amended by adding a new section to  
17 read:

18 **APPLICABILITY.** The repeals of AS 23.10.065(b) and (c) by sec. 22 of this Act  
19 apply to a contract entered into on or after the effective date of sec. 22 of this Act.

20 \* **Sec. 25.** This Act takes effect June 30, 2017.