

ALASKA STATE LEGISLATURE
HOUSE SPECIAL COMMITTEE ON EDUCATION

April 11, 2001

8:07 a.m.

MEMBERS PRESENT

Representative Con Bunde, Chair
Representative Brian Porter
Representative Joe Green
Representative Peggy Wilson
Representative Gary Stevens
Representative Reggie Joule
Representative Gretchen Guess

MEMBERS ABSENT

All members present

OTHER LEGISLATORS PRESENT

Senator Bettye Davis

COMMITTEE CALENDAR

HOUSE BILL NO. 71

"An Act relating to the education of children with disabilities and of gifted children; relating to the Governor's Council on Disabilities and Special Education; making conforming amendments; and providing for an effective date."

- MOVED CSHB 71(EDU) OUT OF COMMITTEE

HOUSE BILL NO. 85

"An Act relating to conduct directed at a school employee as an aggravating factor for criminal sentencing purposes."

- MOVED HB 85 OUT OF COMMITTEE

HOUSE BILL NO. 211

"An Act requiring an annual inflation adjustment of the base student allocation used in the formula for state funding of public education; and providing for an effective date."

- HEARD AND HELD

PREVIOUS ACTION

BILL: HB 71

SHORT TITLE: EDUC. OF DISABLED OR GIFTED CHILDREN

SPONSOR(S): RLS BY REQUEST OF THE GOVERNOR

Jrn-Date	Jrn-Page		Action
01/17/01	0112	(H)	READ THE FIRST TIME - REFERRALS
01/17/01	0112	(H)	EDU, HES, FIN
01/17/01	0112	(H)	FN 1: ZERO(EED)
01/17/01	0112	(H)	GOVERNOR'S TRANSMITTAL LETTER
02/07/01		(H)	EDU AT 8:00 AM CAPITOL 106
02/07/01		(H)	Heard & Held
02/07/01		(H)	MINUTE(EDU)
03/14/01		(H)	EDU AT 8:00 AM CAPITOL 106
03/14/01		(H)	Heard & Held
03/14/01		(H)	MINUTE(EDU)
04/04/01		(H)	EDU AT 8:00 AM HOUSE FINANCE 519
04/04/01		(H)	Scheduled But Not Heard
04/11/01		(H)	EDU AT 8:00 AM CAPITOL 106

BILL: HB 85

SHORT TITLE: AGGRAVATING FACTORS IN SENTENCING

SPONSOR(S): REPRESENTATIVE(S) COGHILL

Jrn-Date	Jrn-Page		Action
01/22/01	0143	(H)	READ THE FIRST TIME - REFERRALS
01/22/01	0143	(H)	EDU, HES, JUD
02/14/01	0328	(H)	COSPONSOR(S): DYSON
04/11/01		(H)	EDU AT 8:00 AM CAPITOL 106

BILL: HB 211

SHORT TITLE: FOUNDATION FORMULA INCREASE

SPONSOR(S): REPRESENTATIVE(S) GUESS

Jrn-Date	Jrn-Page		Action
03/26/01	0729	(H)	READ THE FIRST TIME - REFERRALS
03/26/01	0729	(H)	EDU, HES, FIN
03/26/01	0729	(H)	REFERRED TO EDU
04/11/01		(H)	EDU AT 8:00 AM CAPITOL 106

WITNESS REGISTER

BRUCE JOHNSON, Deputy Commissioner of Education
Office of the Commissioner
Department of Education and Early Development
801 West 10th Street
Juneau, Alaska 99801
POSITION STATEMENT: Testified on HB 71.

GREG MALONEY, Director
Special Education
Department of Education and Early Development
801 West 10th Street
Juneau, Alaska 99501
POSITION STATEMENT: Testified on HB 71.

REPRESENTATIVE JOHN COGHILL
Alaska State Legislature
Capitol Building, Room 102
Juneau, Alaska 99801
POSITION STATEMENT: Testified as sponsor of HB 85.

RICHARD KRONBERG, President
National Education Association-Alaska
3511 Chiniak Bay Drive
Anchorage, Alaska 99515
POSITION STATEMENT: Testified on HB 85.

EDDIE JEANS, Manager
School Finance and Facilities Section
Education Support Services
Department of Education and Early Development
POSITION STATEMENT: Testified on HB 211.

HARRIET DRUMMOND, Member
Anchorage School Board
2139 Hillcrest Place
Anchorage, Alaska 99503
POSITION STATEMENT: Testified on HB 211.

DAVE JONES, Director of Finance
Kenai Island Borough School District
722 Mill Bay Road
Kodiak, Alaska 99615
POSITION STATEMENT: Testified on HB 211.

JOHN HOLST, Superintendent
Sitka School District
PO Box 179

Sitka, Alaska 99835

POSITION STATEMENT: Testified on HB 211.

DARRELL HARGRAVES, Executive Director
Alaska Council of School Administrators
326 4th Street
Juneau, Alaska 99811

POSITION STATEMENT: Testified on HB 211.

CARL ROSE, Executive Director
Association of Alaska School Boards
316 West 11th Street
Juneau, Alaska 99801

POSITION STATEMENT: Testified on HB 211.

ACTION NARRATIVE

TAPE 01-24, SIDE A
Number 0001

CHAIR CON BUNDE called the House Special Committee on Education meeting to order at 8:07 a.m. Members present at the call to order were Representatives Bunde, Porter, Green, Stevens, and Guess. Representatives Wilson and Joule joined the meeting as it was in progress.

HB 71-EDUC. OF DISABLED OR GIFTED CHILDREN

CHAIR BUNDE announced that the first order of business would be HOUSE BILL NO. 71, "An Act relating to the education of children with disabilities and of gifted children; relating to the Governor's Council on Disabilities and Special Education; making conforming amendments; and providing for an effective date."

Number 0127

BRUCE JOHNSON, Deputy Commissioner of Education, Office of the Commissioner, Department of Education and Early Development (EED), came forward and stated that [the EED] held a statewide teleconference on March 14 with several GT (gifted and talented) constituents, including parents, advocates, teachers, and directors. After some significant discussion on what was before the legislature, [the EED] has offered three amendments. He explained that the first [amendment] has to do with least restrictive environment. People had been concerned that GT students could not be grouped together without age-appropriate peers. [The EED's] intent previously was that the least

restrictive environment language in the bill did not preclude that; however, since there has been concern, [the EED] believes it makes sense to delete that section.

MR. JOHNSON explained that the second [amendment] has to do with reimbursement for the transportation of gifted children. [Alaska] has been providing transportation for GT students for a long period of time. He stated that the only reason [the EED] has left [this language] out is to bring this issue before the public for discussion. There is a lot of concern about the increased cost for student transportation; however, he explained that this [provision] is very discretionary in terms of how the state deals with it. Clearly, he said, GT parents and advocates of GT feel that this is a very important piece for them to continue in order to serve GT students.

MR. JOHNSON, said, the last [amendment] has to do with due process hearings. [The EED] does not have federal dollars; therefore, there is not an incremental approach to settling disputes involving GT. He added that in discussions on March 14, individuals felt that they would like to have mediation built in, since all complaint remedy is at the district's expense anyway. [The EED] has added mandatory mediation, which is a more positive and proactive approach. Therefore, if a parent of a GT student requests a due process hearing, it would automatically "kick in" to a mandatory mediation. If it wasn't resolved there, he stated, the parents could continue to pursue it through the due process.

MR. JOHNSON added that one other amendment [the EED] is suggesting is on page 11, line 24, which talks about the identification of various categories of children with disabilities. He stated that there was "speech impairment" and now [the EED] has agreed to bring that to "speech or language impairment".

Number 0507

REPRESENTATIVE JOULE made a motion to adopt Amendment 1, which read [original punctuation and capitalization included]:

Page 15, 4-9

Delete: [SEC. 14.30.355. LEAST RESTRICTIVE ENVIRONMENT. EACH SCHOOL DISTRICT SHALL ENSURE THAT TO THE MAXIMUM EXTENT APPROPRIATE, GIFTED CHILDREN ARE EDUCATED WITH CHILDREN WHO ARE NOT GIFTED AND THAT

SPECIAL CLASSES, SEPARATE SCHOOLING, OR OTHER REMOVAL OF GIFTED CHILDREN FROM THE REGULAR EDUCATIONAL ENVIRONMENT OCCURS ONLY WHEN EDUCATION IN REGULAR CLASSES WITH THE USE OF SUPPLEMENTARY AIDS AND SERVICES CANNOT BE ACHIEVED SATISFACTORILY.]

Insert: Sec. 14.30.355. Reimbursement for transportation of gifted children. State reimbursement for transportation of gifted children shall be provided as for transportation of all other pupils except that eligibility for reimbursement is not limited to transportation to and from the child's residence to the school but shall [sic] also include transportation between schools and other locations of instruction as required by the child's individualized gifted education program.

This amendment removes all "least restrictive environment" language as it pertains to gifted/talented students, and adds in a provision for the transportation of gifted/talented students. This transportation is currently reimbursed, so to not add it back in means taking away a service that is currently provided for those students. This amendment does not affect the fiscal note.

CHAIR BUNDE objected for discussion purposes.

REPRESENTATIVE JOULE stated that in public testimony [the committee] heard from parents who feel that their gifted and talented children really benefit from the ability to have the "pullouts." He remarked that Allison Brummer (ph), a [student], he wanted to testify on this point that she wished to continue to have this environment. This amendment, he explained, would delete that language and then insert in its place the language on transportation.

CHAIR DYSON stated that he sees some irony in this. There was the thrust for mainstreaming special-education kids, but now "we" want to make sure that gifted kids aren't like the mainstream. He asked Mr. Johnson if he sees the same irony.

Number 0646

MR. JOHNSON responded that these are two different populations. Role modeling that can occur in a regular classroom makes a huge difference in the lives of children with disabilities. He

stated that there are people who feel that the right way to serve GT kids is in a pullout environment with like students. Whether that is full-day or partial-day varies all over the state. For example, in Anchorage there is a full-day program for the brightest students, as measured by their IQs, and there are several other layers of programs. Some children are served at their neighborhood schools in a pullout program. He added that it is not widespread across the state for kids to be served without their age-appropriate peers since most communities are not large enough to do this.

CHAIR BUNDE stated that if students were pulled out on a full-time basis, it would deprive the average student of that same leadership role modeling that is so valuable for special-education kids. He pointed out that when all of the gifted students are together there is a "pecking order."

REPRESENTATIVE PORTER remarked that he could speak for a half an hour about why he doesn't like this amendment. However, he said once these folks figure out how to fund these programs of "extra special treatment" he will support it.

REPRESENTATIVE JOULE noted that he has five children on both ends of the spectrum: special education and GT. There were pullouts [for the special-education kids] to address the areas in which they needed help. These were not all day long. On the gifted and talented spectrum, he said, it was basically the same thing. He shared that the experience the children in gifted and talented had was structured in such a way that they had the benefit of the regular classroom for most of the day at school, as well as time with other individuals who were pulled out of class. Overall, he said, he thinks it served a very good purpose.

CHAIR BUNDE suggested that his comments are just a caution that there should be minimum pullout.

REPRESENTATIVE JOULE added that there is another bill that may be used as a vehicle for gifted students within charter schools. He suggested that if that moves forward that might take care of some of these issues.

Number 0980

A roll call vote was taken. Representatives Stevens, Joule, Guess, and Bunde voted in favor of Amendment 1. Representatives

Porter and Green voted against it. [Representative Wilson was absent.] Therefore, Amendment 1 was adopted by a vote of 4-2.

Number 0991

REPRESENTATIVE JOULE made a motion to adopt Amendment 2, which read [original punctuation and capitalization included]:

Page 15, line 31, through page 16, line 6:

Delete current text and replace with the following:

(b) If a due process hearing is requested by either a parent or the school district, the district shall appoint a trained, impartial mediator to administer a mediation process in an attempt to resolve the disputes between the parents and the district. The mediator may not be an employee of the district and must not have a personal or professional conflict of interest in the matter in dispute. The district shall bear the costs of the mediation process.

(c) If the mediation process required in (b) of this section does not resolve all of the issues raised in the request for a due process hearing provided under (a) of this subsection, the school district shall contact the department to request appointment of an available hearing officer. The department shall select a hearing officer through a random selection process, from a list maintained by the department. Within five working days after receipt of the request for appointment of a hearing officer, the department shall provide to the district and the parent a notice of appointment, including the name, and a statement of qualifications, of the hearing officer that the department determines is available to conduct the hearing.

Page 16, line 7: Change "(c)" to "(d)"

Page 16, line 16: Change "(d)" to "(e)"

Page 16, line 26: Change "(e)" to "(f)"

This amendment adds in a requirement of mediation prior to a dispute going to a hearing officer. Medication is far less expensive, and is often a more

positive route for resolution of conflicts. The cost of settling disputes is handled by the district currently, so this does not impose an unfunded mandate. In fact, changing the bill lowers the cost of handling disputes for gifted/talented children, for districts.

CHAIR BUNDE objected for discussion purposes.

REPRESENTATIVE JOULE explained that this addresses the issue of due process.

CHAIR BUNDE stated that he thinks the idea of mediation being required is something that could strengthen the process. He removed his objection. He announced that there being no further objection, Amendment 2 was adopted.

Number 1040

REPRESENTATIVE JOULE made a motion to adopt Amendment 3, which read [original punctuation and capitalization included]:

Page 11, line 24

Change to:

(I) speech or language impairment;

This is an amendment requested by the Department and pertains to identification of Special Education students.

REPRESENTATIVE GREEN objected. He asked how impaired a "language impairment" is. For example, if someone hasn't been in the country very long and understands what's going on but may not be able to communicate freely, would that be language impairment?

CHAIR BUNDE stated that this is not a second language but how [a student] is doing in the English language. He said there are age-appropriate parameters. He added that the dichotomy of speech is, "How do you pronounce the words?" Language is, "How do you use the words to achieve your needs?"

GREG MALONEY, Director, Special Education, Department of Education and Early Development, came forth and stated that the assessment process is designed to exclude language [problems] related to bilingual issues or other languages used that may mask a real language deficit. He explained that it is more of

an internal process of how a person processes language. He added that many people have interpreted speech impairment to primarily mean articulation; however, language is a broader category of how somebody expresses language as well as receives language. He clarified that this is in line with IDEA (Individuals with Disabilities Education Act) 97s, federal language regarding speech or language impairments, but it does specifically talk to excluding other languages.

Number 1184

REPRESENTATIVE GREEN stated that it is not a [language] issue if a person has trouble pronouncing, but if a person can't put a sentence together to get his or her idea across or interpret what is said, it is. He asked, if he were a second-language person, whether the interpreting would be a problem.

MR. MALONEY responded that it would be more the person's ability. Primarily the assessment in English is where the special education would come in. He explained that if a person is having trouble enunciating and the assessment indicates that it is not an accent problem, then that would not be an impediment. If somebody has an articulation problem whereby he or she may slur some of the letters or have a structural problem with pronouncing certain letters, that can be remediated through therapy; that could be a disability. He added that it is not a science but that the assessment is designed to exclude non-disability types of situations.

REPRESENTATIVE GREEN asked if this would include speech [impairment].

MR. MALONEY answered yes. He clarified that [with the amendment] the services would be the same; it's more of a technical change to make sure everybody knows that it covers both speech and language.

CHAIR BUNDE stated that the (indisc.) authority of speech therapy includes a list; however, there isn't a bright line that says, "This is just a speech problem; this is a language problem." There are people who have language problems who can also have articulation problems. However, he said, the language problem is much more global and far more debilitating than, for example, someone having a lisp.

MR. MALONEY added that frequently language [impairment] is also tied in to someone having a learning disability. Therefore, it is a more global kind of processing deficit.

Number 1308

REPRESENTATIVE GREEN removed his objection.

CHAIR BUNDE remarked that he is sure that there are many people who would strongly object to being placed under an IEP simply because English was their second language. He announced that there being no further objection, Amendment 3 was adopted.

MR. JOHNSON asked if, when [the committee] adopted Amendment 1, which deleted the least restrictive environment language, the reimbursement for transportation [language] was inserted.

CHAIR BUNDE answered yes. He asked what the fiscal impact of Amendment 1 would be.

MR. JOHNSON responded that [the EED] is currently doing this; therefore, it is not included as a fiscal note.

Number 1367

REPRESENTATIVE PORTER stated that he hopes [the House Finance Committee] takes a serious look at that particular inclusion, which he said he would categorize as a "black hole."

CHAIR BUNDE stated that he has mixed feelings about the bill; however, there is testimony from [the EED] that it is not something that has to be done right away.

Number 1450

REPRESENTATIVE JOULE made a motion to move HB 71, as amended, from committee with individual recommendations and attached fiscal notes. There being no objection, CSHB 71(EDU) was moved from the House Special Committee on Education.

HB 85-AGGRAVATING FACTORS IN SENTENCING

CHAIR BUNDE announced that the next order of business would be HOUSE BILL NO. 85, "An Act relating to conduct directed at a school employee as an aggravating factor for criminal sentencing purposes."

Number 1500

REPRESENTATIVE JOHN COGHILL, Alaska State Legislature, came forth as sponsor of HB 85. He stated that HB 85 brings an aggravating factor to violence against a person who is a school employee. He said, unfortunately, violence has not waned, and this shows employees that they are being supported. He said he doesn't anticipate that this is going to be used a lot; however, there are many [students] in the schools who are not well disciplined. He noted that NEA (National Education Association) came to him with the idea. He remarked:

One of the things that is of particular interest to me is that many of the things that we do here in this education committee and the HES Committee [Health, Education and Social Services Standing Committee] is pass a lot of issues that kind of land in the teacher's lap. I'm always interested in how to make life a little better for the teachers, for those who work within the school building, but I think especially in the classroom. A lot of our issues, just like the special education or the gifted and talented, end up right in the classroom, and we have quite a mix of issues. ... Teachers then find themselves in the awkward position of not only being managers of time and the much paper work we give them to do, but of students who are not well disciplined. I think HB 85 backs that up a little bit - gives them some confidence that we're going to do that.

CHAIR BUNDE shared that a parent, who was a "giant of a man," had visited someone in a local school and said, "I've been to jail and I'm not afraid of going back. Now let's talk about my son's grades." He stated that it isn't just bullies that are in the classroom on a regular basis; they may come in all kinds of shapes and forms. He referred to Representative Coghill's comment that he doesn't anticipate using this a lot and asked at what point any assault becomes a felony.

Number 1061

REPRESENTATIVE PORTER responded that [it depends on] the degree of actual or potential physical danger and injury.

CHAIR BUNDE asked if this would be used only when the assault was a felony or to raise the assault to a felony.

REPRESENTATIVE COGHILL replied that this is under the felony assault issue.

CHAIR BUNDE stated that pushing and shoving probably would not be included, but threatening with a baseball bat would be. He said that if a person is in a felony situation, this would probably not be used a great deal because it is already a felony charge. But the notion, at least for young people, that this might increase the potential of a felony charge may be a deterrent.

REPRESENTATIVE COGHILL stated that once a person gets into a school building and a felony occurs, this "ups" the limit. Judges will be given discretionary power to say, "There's an aggravator here, and we'll use it to the fullest extent."

Number 1735

REPRESENTATIVE GREEN asked about a case in which a defendant knowingly directs the conduct. For instance, a father who is irritated with someone in the school district, whom his child comes in contact with, rants and raves at home about how [the school worker] ought to be "horsewhipped," and then the child goes into the school and makes some sort of a threat but claims that his father directed him. The parent may not have knowingly directed the child to go threaten [the person], but [the father's] conduct resulted in that. Representative Green asked if that is stretching too far.

REPRESENTATIVE PORTER responded that he doesn't think that an intermediary between the threat and the victim would constitute this.

REPRESENTATIVE COGHILL stated that [the bill] is kept within the exercise of official duties, so it wouldn't be something that happens as a course of activity [outside of the school].

REPRESENTATIVE GREEN remarked that he was just concerned about some liberal judge deciding that there was some tie [between the threat and the victim].

Number 1848

RICHARD KRONBERG, President, National Education Association-Alaska (NEA-Alaska), came forth and stated:

It is always tragic when we have violence in our communities, but it's especially problematic when that violence is brought into schools. We don't view HB 85 as a silver bullet that's going to end that violence. It's one more tool that can be in the tool kit for schools and communities to deal with the issue of violence. We brought it to Representative Coghill as a result of actions by our delegate assembly asking us to do this. And we appreciate not just the introducing [of] the legislation, but the words that the Representative just used, as one way for all of us to [support] those [folks] in the schools who are on the front lines making sure that our kids have every opportunity to succeed.

CHAIR BUNDE asked Mr. Kronberg if [NEA-Alaska] provides information regarding violence in schools.

MR. KRONBERG responded that NEA-Alaska has committed significant resources to dealing with the issues of violence, and that prepared materials are distributed to members and other folks in the community that outline ways to deal with the issue. He added that, personally, he doesn't think there is such a thing as school violence; there is violence in the community that comes in to schools. Therefore, schools by themselves can't solve the problems of violence in the community but can be part of the solution. He noted that [NEA-Alaska], in conjunction with [the Department of Education and Early Development], runs workshops and training sessions on this issue. He added that [NEA-Alaska] thanks the legislature for actions that have already been taken, such as Representative Dyson's bill, which requires a reporting of violence and has caused districts to move forward and develop plans.

Number 1988

CHAIR BUNDE, in regard to Representative Dyson's bill, asked what the incident rate in Alaska is now.

MR. KRONBERG answered that he does not have the data yet. He said he thinks the reporting requirements are going to "kick in" pretty soon and [the legislature] should get the data relatively soon in order to make an assessment.

CHAIR BUNDE asked if [that data] would include the "group fight club" that took place at Service High School.

MR. KRONBERG responded that he does not know. He stated that he imagines that since the Anchorage School District treated that as an incident that began in school, it would probably be reported.

Number 2070

REPRESENTATIVE GREEN remarked that he was very interested in Mr. Kronberg's statement, "There isn't violence in the schools; there's violence in the community that's brought into the school." He stated:

We get these interviews back from violence like [at] Columbine and other schools where there's shootings, and invariably they say, "Well, John was really acting strange for the last week and then on Thursday he came in and blasted."

REPRESENTATIVE GREEN asked Mr. Kronberg if he feels there is anything that the schools either should or can do in a situation like that. He said that wasn't "violence in the community" because few people knew he was going to do that.

MR. KRONBERG replied that he thinks one of the things that is dealt with in the documents [provided in the committee member's packets] is how personnel can clearly identify students who are troubled and have the potential to engage in those sorts of activities. He stated that school personnel need training to be able to do that and they need the resources. He added that one piece of training he thinks is needed is for people not to just ignore it. It is necessary to be able to identify the difference between having a bad day and being ready to "break."

Number 2147

REPRESENTATIVE PORTER made a motion to move HB 85 from committee with individual recommendations and the attached zero fiscal note. There being no objection, HB 85 moved from the House Special Committee on Education.

HB 211-FOUNDATION FORMULA INCREASE

CHAIR BUNDE announced that the final order of business would be HOUSE BILL NO. 211, "An Act requiring an annual inflation adjustment of the base student allocation used in the formula for state funding of public education; and providing for an effective date."

Number 2220

REPRESENTATIVE JOULE made a motion to adopt the proposed committee substitute (CS) for HB 211, version 22-LS0799\C, Ford, 4/10/01, as a work draft. There being no objection Version C was before the committee.

TAPE 01-24, SIDE B

REPRESENTATIVE GUESS, speaking as the sponsor of HB 211, explained that the proposed CS has two changes. The first draft stated, "the preceding fiscal year", whereas the proposed CS states, "the second preceding calendar year". She explained that CPIs [consumer price indexes] are not calculated on a fiscal-year basis but on a calendar year basis. She stated that after discussions with [the Department of Education and Early Development], it was decided, for planning purposes, that it would be best to use the CPI from the second preceding year. That way, people could estimate what the foundation formula would look like under inflation-proofing. She remarked that this is the major change, and because of this, "January 1999" on the last line of page 10 replaced "January 2000" [from the original bill].

REPRESENTATIVE GUESS continued, stating that this is a simple bill but a complex policy issue. It fundamentally shifts how schools are funded by saying the base student allocation of the foundation formula is going to be inflation-proofed every year. She explained that the CPI would evaluate every year what a bundle of goods costs in Anchorage. This is everything from bread and milk to some services; it is what the standard norm is for determining inflation. She stated that Anchorage is actually the only area in Alaska that is large enough to have a CPI. The reason she said she is using the Anchorage CPI is because the cost differential is in the formula that takes into consideration the credentials for the different areas. This bill would allow that every year the base student allocation would go up for what inflation was two years preceding it. She said, in her mind, this would ensure the buying powers for the school districts and ensure that they remain constant.

REPRESENTATIVE GUESS remarked that funding went up 5 percent in the 1990s, but inflation went up 30 percent and enrollment went up 25 percent. She explained that decisions are made on inflation-proofing. For example, the permanent fund is an investment that needs to be kept steady; therefore, every year

it is inflation-proofed. She said by inflation-proofing the foundation formula, the investment would be kept constant.

Number 2067

CHAIR BUNDE asked if the \$7.8 million fiscal note would be for inflation-proofing for just the last year.

REPRESENTATIVE GUESS responded that he is correct. She said it would be based on the annual CPI for 1999, which was 1 percent.

CHAIR BUNDE asked if it would be safe to assume that would be the inflation-proofing for the following year.

REPRESENTATIVE GUESS answered that the following year would use the base of \$2,000, which would be 1.7 percent. Therefore, the fiscal note next year would be \$14 million, which would include [this year's \$7.8 million].

CHAIR BUNDE stated that there is a bill in the House Finance Committee regarding a study of area cost differentials and it was discussed that there is a difference between the cost of doing business in a community and the cost of providing education in a community. He asked if there is some parallel here, that the inflation index for education might possibly be different than for general business.

REPRESENTATIVE GUESS responded that he is correct. If this were to be done accurately, there would be an education price index, which looked at the cost of goods that a school district has to buy. Given that the nation and economists have yet to figure out how to do that, the next best "proxy" is the CPI. It is the best proxy, but it is not accurate. She said most likely an EPI (education price index), especially with the low labor rate right now, would go up at a higher rate than a CPI. However, there isn't a good source for that.

Number 1924

EDDIE JEANS, Manager, School Finance and Facilities Section, Education Support Services, Department of Education and Early Development (EED), came forth and stated that the EED supports this bill. He clarified that the 1 percent increase would affect fiscal year 2002; therefore, it would be an increase in next year's budget. He explained that this was done specifically so [the EED] would know what the price index increase was in order to build it into the budget. The previous

bill version required the 2000 price index to be used, but that just came out in February; therefore, the EED would not have been able to build that into the budget on an ongoing basis. He explained that now that the price index for 2000 is available, the budget for fiscal year 2003 would be based on a 1.7 percent inflation increase, which is estimated to be a \$14 million increase. He added that he would have to amend the fiscal note.

REPRESENTATIVE GREEN stated that he is confused with the sponsor's statement concerning the 30 percent increase over the last decade. He said he is concerned that if there were another decade like this past one, and had this been done a decade ago, the school budget would be over \$900 million.

MR. JEANS remarked that Representative Green is correct with the increase in the inflation over the last ten years. However, districts' purchasing power has decreased by approximately that 30 percent. Therefore, it may be that a \$900 million budget for K-12 [kindergarten through 12th grade] education would be more appropriate than what today's is.

REPRESENTATIVE GREEN responded that he is more worried that the fiscal note may be on the low side.

Number 1794

CHAIR BUNDE stated:

Whenever we do this, I am a little concerned that we take the spending level that we had in the early '80s, when we had to hurry up and spend money because it might get bad. So we did all we could to convert dollars to concrete at some record rate, but that would have been a normal or even necessary spending level. And we're judging from that. It is very possible in some areas - and I don't know if education is one of them - that we were spending way too much. And much of what the public has expressed in frustration as far as asking for reductions in state spending, I think, is based on [the fact] that we may well have been spending too much at one point.

MR. JEANS responded that he understands Chair Bunde's point and his concerns that there was a lot of money in the late '70s and early '80s that was thrown at education. He stated:

But the fact is, over the last ten years, inflation has increased 30 percent and the funding increase has only gone up 5 percent. So at some point we have to recognize that we've compensated for that perceived overfunding in the '80s, and we need to get back on track with where we really should be funding school in this state. I'd hate to see it go so far to the other side that we can't recruit good, qualified teachers. I think we're already starting to see that.

Districts have to make the hard choices - where they spend their money - and this legislature is holding districts very accountable for the money they get. A couple of years ago the legislature passed [a bill] requiring districts to demonstrate that they have preventative maintenance programs before they are eligible for school construction funding. I'm not saying that districts were [not] doing that, it's just that they didn't document it very well. So now they have added expenses there of providing that added documentation. ... Teachers' salaries go up every year.

My friends in Kenai tell me a million dollars of their budget on an annual basis has to be shifted from some other source over to teacher salaries. ... I think the Kenai School District is a good example of a district that has really held the line. At one point during the '80s they had a two-tiered contract. In other words, their new teachers coming in were being paid on a different salary schedule than their long-time teachers.

I think the districts in this state have stepped to the table and have heard the direction from the legislature. The other thing is, I understand the legislature's reluctance with inflation-proofing the base student allocation because people would see that as an automatic increase. As Representative Guess said, "There's always an opportunity to make adjustments." I know that's hard for the legislature. But the department believes strongly that we need to do something to get us back on track.

The State of Alaska's per-pupil expenditures compared to the nation have been dropping at quite an accelerated rate. Ten years ago we spent more than

any state in the nation per-pupil basis, on education. And we're dropping down below number ten in the nation now. I would suggest to you all that we have greater difficulties in providing our educational system in the great state of Alaska than most other states because of the remoteness of many of our communities.

CHAIR BUNDE remarked that Mr. Jeans had hit on something that a number of [legislators] are concerned about. With the demanded increased accountability, for example, with the High School Qualifying Exam, more resources and money should be rewarded for a job well done. Human nature being what it is, he said, a person gets a guaranteed raise every year but doesn't always work as hard as he or she would under some kind of merit or bonus [system]. This [inflation-proofing] would take more than the available money the state might want to invest in education, and would preclude providing merit pay for schools and school districts since everybody is going to get an automatic increase.

Number 1569

REPRESENTATIVE GREEN asked if the school system has looked at getting "outside the box." For example, in rural areas where it is more expensive, there could be someone in the classrooms who is a disciplinarian while the children are taught over monitors, since they are already watching television. He added that this has done extremely well in adult education.

MR. JEANS responded that the education task force did make a recommendation for such a program, for approximately \$2 million to be appropriated to the state correspondence program. There are teachers on staff who could provide the expertise in fields such as mathematics. The teacher on site, he said, would then become the mentor.

CHAIR BUNDE noted that also going through the legislature was legislation that would encourage rural districts to make a local contribution. If the state contribution goes up every year, that could perhaps reduce that incentive as well.

Number 1456

HARRIET DRUMMOND, Member, Anchorage School Board (ASB), testified via teleconference. She stated that the ASB had passed a resolution in support of in-state funding for K-12 education. She read the resolution to the committee:

WHEREAS during the last ten years budget of the Anchorage School District has been [impacted] by approximately a 30 percent increase in the cost of index while the same funding formula has only increased by 5 percent;

WHEREAS during the last 10 years Anchorage School District's general fund revenue from state sources has decreased from 73.37 percent to 62.56 percent while general fund revenues from local taxes has increased from 23.7 percent to 31.33 percent of annual budgets;

WHEREAS the Anchorage School District is no longer able to be competitive in employee salaries and has seen marked increases in unfilled positions and decreases in its ability to attract proficient qualified staff;

WHEREAS both federal and state governments continue to require more and more services including the Quality Schools Initiative and the Individuals with Disabilities Education Act without providing commensurate funding;

WHEREAS for the upcoming year the Anchorage School Board has to deal with approximately a \$12 million deficit just to maintain current levels of service to our students;

WHEREAS the Governor's non-partisan task force on education funding examined how best to focus on student achievement and recommended a \$45 million increase in state funding for next year;

WHEREAS the Governor has announced that 15 million additional dollars are available from increases in school trust earnings, and local and federal aid are requiring the state to put fewer general fund dollars into next year's funding formula;

WHEREAS (indisc.) being considered by wealthy Alaska Senate and House are significantly less than the amount authorized for last year's take home education expenditure;

Now therefore be it resolved, the Anchorage School Board supports legislation that significantly

increases the amount of state funding appropriated for K-12 education.

Number 1282

DAVE JONES, Director of Finance, Kodiak Island Borough School District, testified via teleconference. He stated:

The lack of inflation-proofing in the foundation formula is causing serious burdens across the state. I will try and relate to you the specific effects it has had on Kodiak schools. From 1989 through 2000, state revenue per student has actually decreased by 2.5 percent in Kodiak. During this same time period, the Anchorage consumer price index has risen 32.9 percent. The combined result has been a serious decline in purchasing power for the school district. Our borough has increased their support by 109 percent in that same time period. This support has partially shielded us from the effects of inflation, but we have still been forced to make program cuts in recent years. In FY [fiscal year] 2000, we cut \$242,000 from our budget and used the remaining \$350,000 of available fund balance. In FY 2001, we were forced to cut \$824,000 from our budget. These were serious cuts that directly affected our ability to provide adequate instruction to our students.

In FY '02, without adding any programs, we are looking at a \$523,000 deficit. When we look at the reason for the deficit, inflation is the clear culprit. Our fuel costs have increased by \$109,000. This is a 28.9 percent increase. Our electricity costs have increased by \$134,000, which is an increase of 16.6 percent. These are only two examples of one-year inflation increases that are not addressed in the current foundation formula. Without additional funding to address these inflationary costs, we will again be forced to make further cuts to our educational programs. After making over one million dollars' worth of cuts in the last ten years, there is clearly no fat or excess in our budget. The \$523,000 deficit we are facing will result in the elimination of approximately eight teaching positions. This will have devastating effects on our ability to provide an adequate education to the students in Kodiak.

The effects of inflation are not isolated to the island of Kodiak alone. The examples I gave you are being faced by school districts across the state. Based on these facts, the Alaska Association of School Business Officials (ALASBO) included the need to inflation-proof the foundation formula as one of only three items on our legislative agenda for this year. The costs of inflation have resulted in serious cuts to our educational programs; at the same time, we have been given higher performance standards. House Bill 211 would eliminate future educational cuts caused by inflation, and I urge you to support this bill.

Number 1132

JOHN HOLST, Superintendent, Sitka School District, testified via teleconference. He stated that he would like to echo what the previous two speakers have said. Clearly, he said, inflation is eating "us" alive. He stated that the Sitka School District is budgeting about \$85,000 more in its fixed cost this year just for fuel, and textbooks have gone up about 200 percent in the past five years. He stressed that it is absolutely mandatory for the legislature, as soon as possible, to eliminate the impacts of inflation and go beyond that. To just say inflation-proof is not going to make up for the cuts that have been made over the five to ten years that have started to seriously cripple districts in retaining teachers and implementing the legislative requirements in terms of improving school performance. He added that [the Sitka School District] is in support of student performance; however, it is desperately in need of assistance.

Number 1035

DARRELL HARGRAVES, Executive Director, Alaska Council of School Administrators (ACSA), came forth and stated that [Mr. Jeans] gave an excellent lesson about that ravaging effects of inflation. He stated that inflation is a word "we've" been cautioned not to use, but this "eroding purchasing power" has caused great stress on school districts. He said he thinks school districts have tried heroically to comply with all of the accountability measures that have been put in place in recent years. However, there is a problem in schools across the state today, and much of it comes from inflation that has cut the purchasing power.

MR. HARGRAVES remarked that Mr. Jeans had mentioned the fact that there are maintenance reporting requirements, which the legislature mandated because it didn't think schools were being kept up at the level they should be. However, he said, he was in a district when that compliance requirement occurred; the districtwide maintenance staff there was reduced from four to one. That happened, he said, as a result of some huge inflationary problems with no increase in foundation funding. He stated that school districts have been preparing graphs showing the loss of purchasing power over the past decade. The last one he did was in 1995 or 1996. He said he went back to 1986 and found, for that decade, a very distinct 35 percent decrease in purchasing power of that school district's income from the revenues from the state. With those significant factors, he remarked, that he thinks it has to be accepted that schools are having a terrible time making do with what they have. The truth is, he said, districts that used to have assistant superintendents to work with the compliance factors that the legislature put in place have disappeared. There are school districts today where the current employees don't remember when the district had a curriculum director.

MR. HARGRAVES added that the school administrators, through [testimony on] legislation, have indicated that they support a \$200 increase this year in the per-student allocation, and that they felt that it would have to take place each year for the next five years in order to get up to the levels of a decade ago.

Number 0800

CARL ROSE, Executive Director, Association of Alaska School Boards [AASB], came forth and stated that he concurs with much that has been said. He said he thinks there are three areas to be concerned about, and inflation-proofing is one of them. When [AASB] looked at what the needs are of the system, two areas were driving [them]: student achievement and accountability. "We" also identified that capturing the actual needs in terms of cost was one way of going about addressing what needed to be done. However, [AASB] did not want to talk about the impact of inflation outright, but wanted to recognize what had happened over a period of ten years. Second, he said, [AASB] wanted to address the appropriateness of its distribution, which resulted in the cost model study. He added that he also thinks a real solution would be for the money to be distributed more appropriately. The third issue is maintaining the buying power.

MR. ROSE stated that one thing that has come up when talking about education is the idea that if [the budget] had kept pace with inflation, there would have been in the area of \$900 million and no need for this discussion today. Instead, there'd be discussions on how to deal with the capacity and the pressure of making sure that the pace was kept. He remarked that as he understands it, [the state] has four years with which to work to try to project into the future without running out of reserves. He stated, "My concern is not for where we should have been; my concern is how we move forward now." He said there are costs that need to be recovered, and rather than talk about the lost buying power, "we" need to talk about what we need as a system to make good on a promise that all kids can take and successfully pass these exams. He suggested taking a look at the basic need in the state; how the dollars are distributed, based on a more accurate cost model; and the buying power components for the future.

Number 0602

REPRESENTATIVE JOULE, in reference to the job fair last week, asked what the number of people who showed up was versus the numbers of vacancies.

MR. KRONBERG responded that there were about 350 people who attended the job fair, which is about one third of the number five or six years ago. He stated the he does not know the number of vacancies.

CHAIR BUNDE stated that from the information he has, far fewer people attended than there were vacancies. One of the ongoing challenges in education is that it is "heavy" in personnel. He said perhaps, like Representative Green's idea, there will be more "mechanical" delivery. However, he remarked that from research he has seen the one consistent factor that impacts education the most is a dedicated teacher. He asked Mr. Jeans if he was aware of an increase in performance when \$20 million was added to the foundation formula in 1997.

MR. JEANS responded that the stated assessment system that was passed along with that legislation has just been implemented in the past couple of years. Therefore, the results are just now coming back. He added that the legislature increased the funding formula, but at the same time the required local effort went up as well as the support from the federal government through the "impact aid" program. As a result, that \$20 million

that went in has been redirected to other sources in the last couple of years.

CHAIR BUNDE asked if that amount of money is still there, but just coming from a different source.

MR. JEANS answered that he was correct. He added that the legislature does deserve some kudos for fully funding the foundation program for enrollment increases during the past ten years. He said during the same time that inflation went up 30 percent and the foundation formula went up only 5 percent, enrollment in [Alaska] increased 25 percent. He stated that [the EED] recognizes that it put additional burden and pressure on the legislature in terms of funding the foundation program.

Number 0327

REPRESENTATIVE PORTER stated that there is one statistic that has not been mentioned. He said:

During the same period of time, what has happened to the state's ability to pay? For the record, somewhere around 50 percent of the general fund income over that period of time has been reduced. ... Two years ago the legislature was somewhat shocked when, after determining that every recognizable group in the state favored the fiscal plan that we had developed, we were brought up short by the fact that 84 percent of the population didn't agree with all those groups and the legislature. That still has resulted in some confusion among legislators on exactly which track to take. My suggestion to educators and teachers and administrators and parents groups is to recognize that a revenue plan has to be in place before these kinds of approaches can be considered, and to orchestrate one big effort to convince their individual legislators of this particular fact so we can get one in place. But our revenue is bleak, bleaker than what we've been able to do with less in funding budgets.

CHAIR BUNDE remarked that Mr. Rose had said something about if [the budget] was at \$900 million for schools instead of \$700 million, the CBR (constitutional budget reserve) would be further eroded. Maybe, he said, the people could reach into their pockets to pay the state a personal tax and the education community could have this discussion with their neighbors rather than with [the legislature].

REPRESENTATIVE GUESS remarked that she thinks Representative Bunde is acutely accurate with his comments. She stated to Representative Green that he makes a good point and that it was not her intention to have a small fiscal note; she said she is trying to get an accurate one for next year. She said he is right that as the discussion moves forward it is necessary to be aware of what inflation may be in a year and how that would impact the state. In response to Chair Bunde's comments, she said she has worked most of her adult life in the private sector and found it interesting that when raises and evaluations came along, the rule of thumb was always, "If you got a raise that's the same as inflation, you should just look for another job because they were just keeping you constant. And if you got a raise over inflation, that means they wanted you to stay there." She stated that she agrees with Chair Bunde's comment that "we" would automatically be giving districts money every year and that in some ways it is just keeping [their funding] constant.

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REPRESENTATIVE GUESS continued, stating that this would be a fundamental shift in how education is funded next year if [the legislature] thinks about education and a long-term fiscal plan. This allows for [the funding] to be kept constant with inflation, whether inflation goes up or down. She said this then shifts the conversation to the base student allocation and whether or not [the legislature] has the political will.

[HB 211 was held over.]

ADJOURNMENT

There being no further business before the committee, the House Special Committee on Education meeting was adjourned at 9:37 a.m.