

**ALASKA STATE LEGISLATURE
HOUSE SPECIAL COMMITTEE ON EDUCATION**

April 3, 2002

8:08 a.m.

MEMBERS PRESENT

Representative Con Bunde, Chair
Representative Brian Porter
Representative Joe Green
Representative Peggy Wilson
Representative Gretchen Guess

MEMBERS ABSENT

Representative Gary Stevens
Representative Reggie Joule

COMMITTEE CALENDAR

THE PROGRESS OF EACH SCHOOL TOWARD HIGH ACADEMIC PERFORMANCE;
RECOMMENDATIONS FOR HIGH SCHOOL GRADUATION QUALIFYING EXAM
WAIVERS AND APPEALS

- HEARD

HOUSE BILL NO. 479

"An Act relating to a minimum expenditure for the instruction component in a public school budget; and providing for an effective date."

- HEARD AND HELD

CS FOR SENATE BILL NO. 11(FIN)

"An Act relating to required school attendance; and providing for an effective date."

- MOVED CSSB 11(FIN) OUT OF COMMITTEE

HOUSE BILL NO. 449

"An Act relating to forgiveness of certain student loans; and providing for an effective date."

- HEARD AND HELD

PREVIOUS ACTION

BILL: HB 479

SHORT TITLE:MINIMUM EXPENDITURE FOR INSTRUCTION

SPONSOR(S): REPRESENTATIVE(S)GUESS

Jrn-Date	Jrn-Page		Action
02/19/02	2316	(H)	READ THE FIRST TIME - REFERRALS
02/19/02	2316	(H)	EDU, HES
02/19/02	2316	(H)	REFERRED TO EDUCATION
02/22/02	2370	(H)	COSPONSOR(S): CRAWFORD
04/03/02		(H)	EDU AT 8:00 AM CAPITOL 120

BILL: SB 11

SHORT TITLE:COMPULSORY SCHOOL ATTENDANCE/AK HISTORY

SPONSOR(S): SENATOR(S) THERRIAULT

Jrn-Date	Jrn-Page		Action
01/08/01	0014	(S)	PREFILE RELEASED - 12/29/00
01/08/01	0014	(S)	READ THE FIRST TIME - REFERRALS
01/08/01	0014	(S)	HES, FIN
02/05/01		(S)	HES AT 1:30 PM BUTROVICH 205
02/05/01		(S)	Heard & Held
02/05/01		(S)	MINUTE(HES)
04/20/01		(S)	HES AT 1:30 PM BUTROVICH 205
04/20/01		(S)	Heard & Held
04/20/01		(S)	MINUTE(HES)
04/27/01		(S)	HES AT 1:30 PM BUTROVICH 205
04/27/01		(S)	Moved Out of Committee
04/27/01		(S)	MINUTE(HES)
04/28/01	1323	(S)	HES RPT 1DP 1DNP 2NR
04/28/01	1323	(S)	NR: GREEN, WARD; DP: DAVIS; DNP: LEMAN
04/28/01	1323	(S)	FN1: INDETERMINATE(EED)
02/21/02		(S)	FIN AT 9:30 AM SENATE FINANCE 532
02/21/02		(S)	Heard & Held
02/21/02		(S)	MINUTE(FIN)
02/28/02		(S)	FIN AT 9:00 AM SENATE FINANCE 532
02/28/02		(S)	Moved CS(FIN) Out of Committee
02/28/02		(S)	MINUTE(FIN)
03/01/02	2336	(S)	FIN RPT CS 6DP 3NR NEW TITLE
03/01/02	2336	(S)	DP: DONLEY, KELLY, GREEN, AUSTERMAN,

03/01/02	2336	(S)	WILKEN, LEMAN;
03/01/02	2336	(S)	NR: HOFFMAN, OLSON, WARD
03/01/02	2336	(S)	FN1: INDETERMINATE(EED)
03/05/02		(S)	RLS AT 10:00 AM FAHRENKAMP 203
03/05/02		(S)	MINUTE(RLS)
03/05/02	2387	(S)	RULES TO CALENDAR 3/6/02
03/06/02	2387	(S)	FN2: ZERO(EED)
03/06/02	2389	(S)	READ THE SECOND TIME
03/06/02	2389	(S)	FIN CS ADOPTED UNAN CONSENT
03/06/02	2389	(S)	ADVANCED TO THIRD READING UNAN CONSENT
03/06/02	2389	(S)	READ THE THIRD TIME CSSB 11(FIN)
03/06/02	2389	(S)	PASSED Y14 N4 E2
03/06/02	2390	(S)	EFFECTIVE DATE(S) SAME AS PASSAGE
03/06/02	2390	(S)	DAVIS NOTICE OF RECONSIDERATION
03/13/02	2419	(S)	RECON TAKEN UP - IN THIRD READING
03/13/02	2419	(S)	PASSED ON RECONSIDERATION Y18 N- E1 A1
03/13/02	2419	(S)	EFFECTIVE DATE(S) SAME AS PASSAGE
03/13/02	2420	(S)	TRANSMITTED TO (H)
03/13/02	2420	(S)	VERSION: CSSB 11(FIN)
03/15/02	2537	(H)	READ THE FIRST TIME - REFERRALS
03/15/02	2537	(H)	EDU, HES
04/03/02		(H)	EDU AT 8:00 AM CAPITOL 120

BILL: HB 449

SHORT TITLE: STUDENT LOAN FORGIVENESS: MEDICAL CARE

SPONSOR(S): REPRESENTATIVE(S) WILSON

Jrn-Date	Jrn-Page		Action
02/19/02	2309	(H)	READ THE FIRST TIME - REFERRALS
02/19/02	2309	(H)	EDU, HES, FIN
02/19/02	2309	(H)	REFERRED TO EDUCATION
04/01/02	2746	(H)	COSPONSOR(S): LANCASTER
04/03/02		(H)	EDU AT 8:00 AM CAPITOL 120

WITNESS REGISTER

EDDY JEANS, Manager

School Finance and Facilities Section
Education Support Services
Department of Education and Early Development
801 W 10th Street, Suite 200
Juneau, Alaska 99801-1894
POSITION STATEMENT: Testified on HB 479.

JOHN ALCANTRA, Government Relations Director
National Education Association - Alaska (NEA-AK)
1840 Bragaw, Number 100
Anchorage, Alaska 99508
POSITION STATEMENT: Testified in support of HB 479 and [CSSB
11(FIN)].

DEBBIE OSSIANDER, Legislative Chair
Anchorage School Board
P.O. Box 670772
Chugiak, AK 99567
POSITION STATEMENT: Testified in opposition to HB 479 and
support of SB 11.

MIKE FISHER, Chief Financial Officer
Fairbanks North Star Borough School District
520 5th Avenue
Fairbanks, Alaska 99701
POSITION STATEMENT: Testified in opposition to HB 479.

SENATOR GENE THERRIAULT
Alaska State Legislature
Capitol Building, Room 121
Juneau, Alaska 99801
POSITION STATEMENT: Testified as the sponsor of SB 11.

ACTION NARRATIVE

TAPE 02-13, SIDE A
Number 0001

CHAIR CON BUNDE called the House Special Committee on Education
meeting to order at 8:08 a.m. Representatives Bunde, Porter,
Green, Wilson, and Guess were present at the call to order.

THE PROGRESS OF EACH SCHOOL TOWARD HIGH ACADEMIC PERFORMANCE;
RECOMMENDATIONS FOR HIGH SCHOOL GRADUATION QUALIFYING EXAM
WAIVERS AND APPEALS

CHAIR BUNDE announced that the committee would begin by hearing the answers to the Department of Education and Early Development's (EED) questions that were provided in regard to appeals and waivers, as well as the "Thick Report," the unofficial name of the report regarding the progress in improving education. He pointed out that the department had asked whether it should proceed in developing waivers for the high school qualifying exam (HSQE) based on the recommendations of the report. He noted that he has a chart that indicates that Representatives Porter, Green, Stevens, Joule, and Guess said the recommendations "were on track."

CHAIR BUNDE turned to the second question with regard to whether the committee wants [to propose] legislation that creates an appeals board and process this year. To which the majority of the committee suggested waiting until next year to do so. The third question was in regard to whether the committee had any recommendations on the "Thick Report" indicators of educational improvement. The majority of the committee viewed [the report] as appropriate and useful. There were no questions or comments from the committee or the department.

HB 479-MINIMUM EXPENDITURE FOR INSTRUCTION

CHAIR BUNDE announced that the first item of legislation would be HOUSE BILL NO. 479, "An Act relating to a minimum expenditure for the instruction component in a public school budget; and providing for an effective date."

Number 0274

REPRESENTATIVE GUESS, Alaska State Legislature, testified as the sponsor of HB 479. Representative Guess explained that with SB 36 a minimum expenditure for the [instruction component in a public school budget] was placed in statute. That minimum expenditure was 70 percent. However, a dispersed school district, which lacks economies of scale, has the same requirement as a dense school district, which has economies of scale. Therefore, a dense school district should be able to put more money into the classroom. She explained that she used the number of students per school as the density proxy. Therefore, if there are more students per school, she believes [that school district] should be able to put more toward classroom expenditures. Representative Guess specified, "It just [goes] from the 70 [percent] and [goes] up. I did not deal with the lower part of the 70 percent scale." She acknowledged that there is controversy with regard to whether 70 percent [as the

minimum expenditure for the instruction component] is appropriate.

CHAIR BUNDE commented that he would appreciate Representative Guess' view with regard to the appropriateness of the 70 percent [for the minimum expenditure for the instruction component].

REPRESENTATIVE GUESS remarked that the legislature should tackle energy. She said that until the energy costs for certain school districts are addressed, she didn't know [how] to fairly assess what school districts are able to use for classroom expenditures. She pointed out that some school districts use a third of their operating budget for energy costs, and therefore it's hard to assess anything else.

REPRESENTATIVE WILSON asked whether [the minimum expenditure] should also take into account the rising cost of insurance.

REPRESENTATIVE GUESS said that part of the discussion is in regard to what should be part of the minimum expenditure.

Number 0581

EDDY JEANS, Manager, School Finance and Facilities Section, Education Support Services, Department of Education and Early Development, noted that he had provided the committee with some handouts. Mr. Jeans said that EED reported a zero fiscal note for HB 479 because the department is already doing this process. This legislation simply changes the percentage for some school districts. He explained that the spreadsheet based on the current budgeted expenditures for instruction illustrates that 39 school districts would have required a waiver under this proposed provision this year. Under the current 70 percent minimum expenditure requirement, there were a total of 29 school districts that required a waiver in fiscal year 2002.

MR. JEANS related his belief that the concept to require districts to direct more money to instructional expenditures is a good concept. The question is whether 70 percent or the new recommended percentage is the appropriate percentage. As the spreadsheets illustrate, the percentages recommended in HB 479 would require the department to review and make recommendations for an additional ten school districts. He noted that the department has been heavily questioned on the 29 waivers that were approved this year. However, Mr. Jeans said he believes that all the school districts are making progress, which is demonstrated through a schedule [the department] has circulated

throughout the legislature. Mr. Jeans remarked that he likes the concept of density as a factor in determining what percentage districts have to put toward instruction. He pointed out that some school districts are serving 10-15 communities with 100 to 200 children in each community. There are fixed costs for each facility in each community. Therefore, it will be difficult for those districts to ever meet the 70 percent. Mr. Jeans pointed out that he took Representative Guess' proposal and reviewed what would happen if each category was reduced by 5 percent. By a 5 percent reduction, 13 school districts would require a waiver.

Number 0810

CHAIR BUNDE asked if HB 479 is the equal waiver opportunity bill.

MR. JEANS responded that he believes [HB 479] provides a more realistic view of what districts are able to do. With the 70 percent minimum expenditure, there will always be a number of school districts that won't meet the 70 percent. Those school districts that don't meet the 70 percent have too many fixed costs with too small of a student population to spread those costs. He pointed out that there are a large number of school districts in this situation, and they aren't just the large disbursed districts. Some of the districts that don't meet the 70 percent are small single-site districts that have fixed costs for the facilities, the administration, and the utilities. If HB 479 was to move forward, Mr. Jeans recommended the committee consider decreasing these percentages by 5 percent. Although a number of school districts still wouldn't meet the 65 percent, there would be quite a few districts that would be close to the 65 percent. He predicted that those districts close to the 65 percent would move to the 65 percent with the department's encouragement.

CHAIR BUNDE related his belief that this is a new enough concept that the bill shouldn't be moved forward today.

Number 0950

REPRESENTATIVE PORTER inquired as to how Mr. Jeans viewed this approach as related to the cost differential study that is occurring.

MR. JEANS stated his opinion that the two issues stand alone. The cost differential study will make adjustments for school

districts for fixed costs such as increased heating costs. As districts receive that adjustment through the foundation program, those districts should be able to move closer to the minimum expenditure requirement. However, he specified that he wasn't saying that the 70 percent along with the adoption of the district cost factor study would result in everyone meeting the 70 percent. He related his belief that it would assist districts in moving toward that goal [of 70 percent], which he believes to be positive.

Number 1005

REPRESENTATIVE GREEN surmised that the majority of the children are going to be in school districts needing waivers under either Mr. Jeans' or Representative Guess' concept.

REPRESENTATIVE GUESS pointed out that such [reasoning] would assume that in the year lag, the school districts don't rise to the minimum expenditure required. "We are assuming waivers under the current budget not under the effective date as a year away, not under a future budget," she pointed out. This [legislation] pushes the larger school districts, which she felt hadn't been pushed yet. She said she didn't assume that Anchorage, Fairbanks, and Juneau would request waivers. Under Mr. Jeans' proposal those [districts] would have to move 2-3 percent. Representative Guess specified that she hadn't viewed HB 479 as a waiver equity bill. With the 70 percent, the school districts with economies of scale didn't have to look at their books, although she felt those districts have the opportunity to put more money into the classroom. Therefore, the committee should consider requiring such.

CHAIR BUNDE said he didn't disagree.

Number 1147

REPRESENTATIVE WILSON requested that Mr. Jeans provide a chart specifying the base pay in the schools so that [the committee] can see that those schools paying the teachers less can easily meet the percentage requirement.

CHAIR BUNDE pointed out that the more a district pays for teachers the more money there is in the classroom, which would make it easier for the 70 percent to be achieved.

MR. JEANS informed the committee that the department doesn't readily have the school districts' salary scales available and

thus it would require quite a bit of data gathering. However, based on the McDowell study from which the 70 percent was developed, the study concluded that on average there is very little if any variance in average teacher salaries. Although the more remote rural districts are paying teachers a higher salary at the entry level, those teachers simply don't stay in the position very long. In large urban districts, the teachers stay for a long time and move further up the pay scale. Mr. Jeans said that he believes HB 479 is really addressing the fixed costs because a small student population disbursed over a large area results in higher fixed costs on a per student basis. Therefore, the district wouldn't be able to meet the percentage. With a more condensed large population, those fixed costs are smaller on a per student basis and thus it's easier to meet the [percentage].

REPRESENTATIVE WILSON explained that what she was addressing is that those schools that pay less would have difficulty reaching the 70 percent.

Number 1319

JOHN ALCANTRA, Government Relations Director, National Education Association - Alaska (NEA-AK), announced that NEA supports HB 479. Any legislation that places more funding in the classroom is viewed as positive.

Number 1385

DEBBIE OSSIANDER, Legislative Chair, Anchorage School Board, testified via teleconference. Ms. Ossiander announced the Anchorage School Board's opposition to HB 479. The board believes that HB 479 isn't a realistic approach to school funding. Ms. Ossiander informed the committee that Anchorage spends approximately 78 percent of its [funding] on the instructional [expenditure] in the classroom. In order to make the 85 percent [required under HB 479], the Anchorage School District would have to spend over \$22 million additional dollars on instruction. If the Anchorage School District eliminated every administrative post and every curriculum support area and left only the instructional expenditures and operation and maintenance, the district would reach the 85 percent. Ms. Ossiander pointed out the in-depth review that school boards and districts give their annual budget each year. The [board] has tried its best to place as many dollars in instruction as possible. The [Anchorage School Board] believes that it's doing

a good job. Ms. Ossiander concluded by reiterating the board's opposition to HB 479.

CHAIR BUNDE related that one of the comments he receives is that there are too many people "in the head shed" [in the Anchorage School District] and thus the expenses are too high. Therefore, he suggested that perhaps [the district/board] could do be a better job of communicating the administrative costs to the general public.

MS. OSSIANDE mentioned that they have been working on that. In comparative studies of other large districts in the country, she believes [the district/board] does well [in communicating the administrative costs].

Number 1550

MIKE FISHER, Chief Financial Officer, Fairbanks North Star Borough School District, testified via teleconference in opposition to HB 479. Mr. Fisher noted that the Fairbanks North Star Borough School District, a relatively large district, does enjoy an economy of scale. That, along with prudent fiscal management, enables the district to meet and exceed the current 70 percent requirement, with which the district philosophically agrees. Currently, about 76.8 percent of the Fairbanks North Star Borough School District's budget is allocated to the instructional component. Increasing the instructional component requirement to 85 percent is unrealistic, he said. Mr. Fisher informed the committee that the district spends about \$86 million on the instructional component and \$26 million on the noninstructional component. He pointed out that just because something is classified as a noninstructional component doesn't mean that it's an administrative cost. Most of the noninstructional costs aren't administrative costs. He specified that of the district's \$26 million noninstructional component, about \$15 million is operation and maintenance and about \$11 million is everything else. Therefore, to meet an 85 percent instructional component, the district would have to shift over \$9 million of the \$26 million noninstructional budget to the instructional budget. Such action would result in the elimination of every central office department and all noninstructional support other than operation and maintenance, which is impossible. Such cuts would include cutting the entire school board, the superintendent, the assistant superintendent, all school secretaries, all property insurance coverage, all student testing and assessment, all teacher recruitment and hiring, all payroll and vendor payment processing, all

accounting and financial recordkeeping, all purchasing and warehousing, and all student records and data processing functions. Mr. Fisher explained that in order to obtain an idea of a district's administrative overhead, then one must review the indirect cost rate. Alaska's approved rate next year will be 4.3 percent. Reduction in the noninstructional areas are in conflict with the legislature's increasing impetus toward assessment, evaluation, and accountability.

Number 1743

CHAIR BUNDE asked if, in fact, assessment and testing aren't part of the instructional component.

MR. JEANS related his belief that assessment is part of the instructional component, but he offered to double-check.

REPRESENTATIVE WILSON remarked that it might be interesting to review what those schools meeting 70 percent actually fund.

CHAIR BUNDE noted the cost differential study and the challenge to have a common chart of accounts that would apply for each district. Chair Bunde announced that public testimony on HB 479 would be closed. [HB 479 was heard and held.]

SB 11-COMPULSORY SCHOOL ATTENDANCE/AK HISTORY

CHAIR BUNDE announced that the next order of business would be CS FOR SENATE BILL NO. 11(FIN), "An Act relating to required school attendance; and providing for an effective date."

Number 1860

SENATOR GENE THERRIAULT, Alaska State Legislature, testified as the sponsor of SB 11. He explained that the current law specifies that education is mandatory at age seven. However, most people in Alaska enroll their child in first grade at age six. Therefore, in many schools there are one or two children who are enrolled at age six and the parents utilize the school as a babysitter. In such cases, the child [often] attends school sporadically, which establishes a dynamic in which the teacher spends an inordinate amount of time attempting to keep these children up with the rest of the class. He suspected that in such a situation, the child would likely be held back. Therefore, CSSB 11(FIN) specifies that if one chooses to enroll his/her child at age six, then that will be the compulsory age for that child. "Once you've made that decision, then you're

going to have to make a good faith effort to get that child to school on a regular basis, and if you don't, then the truancy laws would apply," he explained.

CHAIR BUNDE recalled debate [regarding legislation] to reduce the mandatory education age to six. Among some parents, there was considerable angst because they felt that age six was [too young]. He asked if there has been such testimony in relation to SB 11.

SENATOR THERRIAULT recalled that initially SB 11 was misunderstood because some read it to require all children to attend public school. Also, many people felt that SB 11 merely changed the age for mandatory attendance from seven to six. Therefore, CSSB 11(FIN) was born. Senator Therriault noted that most of Alaska's children, at the age of six, are in some sort of school whether it be a home school, private school, or public school. He estimated that 1-2 percent of parents choose not enroll their children until age seven. Senator Therriault stressed that adding subsection (c) doesn't impact the current subsection (b), which includes a lengthy list of reasons why one could keep their child from attending a public school.

Number 2049

CHAIR BUNDE pointed out that much research is pointing out [the benefits] of early education. However, he understood Senator Therriault to have found that [some Alaskans] are resistant to taking advantage of early learning opportunities.

SENATOR THERRIAULT said that most children in Alaska are enrolled in Kindergarten at age 5. Although the statutes don't require education of young children, many districts offer programs for children who need help getting up to speed [before] entering the regular school system. This legislation merely says that if one chooses to put their child in school at age six, then the parent must make a good faith effort to get their child to school on a regular basis.

CHAIR BUNDE related, from his wife's experience as a Kindergarten teacher, that many people "push and fudge with that date" so that their child can start Kindergarten [early].

Number 2120

REPRESENTATIVE GUESS requested that Senator Therriault discuss what happens when a parent decides to withdraw their child.

SENATOR THERRIAULT pointed out that there are truancy laws. Therefore, if a child was enrolled in public school at age six and that child didn't attend school, then that child would be [in violation] of the truancy laws. In further response to Representative Guess, Senator Therriault explained that currently a six-year-old enrolled in public school could come [as often or as little] as the parent wanted. In such a situation there was nothing that the district could do because the child didn't have to be present until the following year.

REPRESENTATIVE GUESS posed a situation in which a six-year-old begins first grade, but the parents then decide it's not best for the child.

SENATOR THERRIAULT related his belief that a parent could utilize one of the options listed under subsection (b) and [withdraw their child].

CHAIR BUNDE viewed SB 11 as merely expanding the social contract. He remarked that there is a difference between withdrawing a child and a child having sporadic attendance.

SENATOR THERRIAULT pointed out that sporadic attendance not only impacts the child who is sporadically attending class, but the other students in the class as well.

Number 2270

JOHN ALCANTRA, Government Relations Director, National Education Association - Alaska (NEA-AK), testified in support of [CSSB 11(FIN)]. Mr. Alcantra, as a parent of a Kindergartner, told the committee that there is a strong correlation between a child's attendance and the child's ability to keep up. Mr. Alcantra viewed this legislation as positive.

Number 2332

DEBBIE OSSIANDER, Legislative Chair, Anchorage School Board, testified in support of SB 11, in its original version. The committee substitute (CS) considerably weakens the bill, he said. [The Anchorage School Board] believes that the compulsory education age should be age six. She pointed out that there are high standards and expectations for reading, writing, and math for children age five to seven. Young children are expected to learn to read, distinguish between common genres of text, know

basic phonics, and write complete stories with paragraphs and sentence structure.

TAPE 02-13, SIDE B

MS. OSSIANDER continued by pointing out that seven-year-olds are required to be familiar with simple addition and subtraction and recognize and understand the concept of fractions. She noted her appreciation of Chair Bunde's comments with regard to the solid data that highlights the importance of early educational experiences for children. Ms. Ossiander related that [the board] feels that children entering the system at age seven are at a disadvantage. This last year, [the Anchorage School District had] 50 seven-year-olds enter the system without any prior school experience. Such children are difficult to place. Ms. Ossiander said that the state should recognize that six-year-olds should be in some kind of educational environment. Therefore, Ms. Ossiander urged the committee to return to the original bill, SB 11.

CHAIR BUNDE remarked, "I hate to lose the good in search of the perfect." There being no one else wishing to testify, Chair Bunde closed public testimony.

Number 2302

REPRESENTATIVE GUESS moved to report CSSB 11(FIN) out of committee with individual recommendations and the accompanying zero fiscal note. There being no objection, CSSB 11(FIN) was reported from the House Special Committee on Education.

HB 449-STUDENT LOAN FORGIVENESS:MEDICAL CARE

CHAIR BUNDE announced that the final order of business would be HOUSE BILL NO. 449, "An Act relating to forgiveness of certain student loans; and providing for an effective date."

REPRESENTATIVE WILSON, Alaska State Legislature, testified as the sponsor of HB 449. She pointed out that across the nation there is a shortage of health providers. In HB 449, health providers are defined as basically registered nurses.

The committee took a brief at-ease. [At this point the tape was changed.]

TAPE 02-14, SIDE A

CHAIR BUNDE announced that HB 449 will be pulled per the sponsor's request.

ADJOURNMENT

There being no further business before the committee, the House Special Committee on Education meeting was adjourned at 9:01 a.m.