

TWENTY-SECOND
ALASKA STATE LEGISLATURE
JOINT COMMITTEE ON LEGISLATIVE BUDGET AND AUDIT
January 15, 2003
4:30 p.m.

MEMBERS PRESENT

Senator Randy Phillips (via teleconference)
Senator Lyman Hoffman (via teleconference)

Representative Hugh Fate, Vice Chair (via teleconference)
Representative John Harris
Representative Ken Lancaster (via teleconference)
Representative Reggie Joule
Representative John Davies, alternate (via teleconference)
Representative Bill Williams, alternate (via teleconference)

MEMBERS ABSENT

Senator Gene Therriault, Chair
Senator Jerry Ward
Senator Dave Donley
Senator Gary Wilken, alternate

Representative Eldon Mulder

OTHER LEGISLATORS PRESENT

Representative Peggy Wilson
Representative-Elect Mike Hawker

COMMITTEE CALENDAR

APPROVAL OF MINUTES
SCHOOL DISTRICT COST STUDY
EXECUTIVE SESSION
AUDITS REPORTS
OTHER COMMITTEE BUSINESS

WITNESS REGISTER

HEATHER BRAKES, Staff
to Senator Gene Therriault
Alaska State Legislature
Capitol Building, Room 121
Juneau, Alaska 99801

POSITION STATEMENT: As committee aide for the Joint Committee on Legislative Budget and Audit, responded to questions regarding the School District Cost Study.

JOE ROBINSON, American Institute for Research (AIR)
(Address not provided)

POSITION STATEMENT: Assisted with the presentation of the School District Cost Study.

DAVID TEAL, Legislative Fiscal Analyst
Legislative Finance Division
Alaska State Legislature
PO Box 113200

Juneau, Alaska 99811

POSITION STATEMENT: Responded to questions regarding the School District Cost Study.

JAY CHAMBERS, American Institute for Research (AIR)
(Address not provided)

POSITION STATEMENT: Presented the School District Cost Study.

ACTION NARRATIVE

[NOTE: This meeting, although held in 2003, is part of the Twenty-Second Alaska State Legislature.]

TAPE 02-14, SIDE A
Number 0001

VICE CHAIR HUGH FATE (via teleconference) called the Joint Committee on Legislative Budget and Audit meeting to order at 4:30 p.m. Members present at the call to order were Senators Hoffman (via teleconference) and Phillips (via teleconference), and Representatives Fate (via teleconference), Harris, Joule, Lancaster (via teleconference), Williams (via teleconference), and Davies (via teleconference).

APPROVAL OF MINUTES

Number 0139

REPRESENTATIVE HARRIS made a motion to approve the minutes of August 22, 2002; October 3, 2002; November 13, 2002; and December 19, 2002. There being no objection, those minutes were approved.

SCHOOL DISTRICT COST STUDY

Number 0151

REPRESENTATIVE HARRIS made a motion to "accept the School District Cost Study as a final product and make it available to the public."

VICE CHAIR FATE noted that there were no objections to the motion, adding, "We'll take that up at the present time - the cost study." He asked whether all members have a copy of that study.

SENATOR PHILLIPS relayed that he did not have a copy.

VICE CHAIR FATE remarked that the American Institute for Research (AIR) "did not get these to us until this morning," and that he has only had about an hour to study it since it arrived at his location. He stated that he would like to go ahead and discuss the report, adding:

We have the intention of moving this report out to the public, but in conversation ..., before we called the meeting to order, there was some concern about members of the committee not being able to have the time to study the final report before we finalize it and let it [out] to the public.

REPRESENTATIVE DAVIES asked whether the last motion included only "Volume 1" or also "Volume 2," which members did not currently have.

Number 0340

HEATHER BRAKES, Staff to Senator Gene Therriault, Alaska State Legislature, speaking as the committee aide for the Joint Committee on Legislative Budget and Audit, said, "That includes the full report from the contractor." She suggested that Jay Chambers and Joe Robinson could present the report to the committee.

REPRESENTATIVE DAVIES asked whether members would be receiving Volume 2 sometime soon.

MS. BRAKES said yes, the contractor will be providing bound copies of the final report to each of the committee members.

REPRESENTATIVE DAVIES asked when members could expect to have that final report.

SENATOR HOFFMAN said he has concerns, adding:

We can go ahead and have the ... presentation made by the contractor on the study, but having not had the time to review the document in detail, it's very difficult for most members, especially for myself, in asking intelligent questions of the presenters without having the necessary time to review the documents. And I stated this to you before the meeting had started, that I think it would be derelict of us to pass this on without having a full understanding of just what this report actually does and having our questions answered, because, having been in the legislature for some 16 years, this is always a very contentious issue - on the formula - and for us not to do our homework, I think, would be irresponsible in moving it out at this early time.

VICE CHAIR FATE indicated that that issue could be discussed in more detail after the presentation from AIR.

SENATOR PHILLIPS asked how much time is being allocated for the presentation.

VICE CHAIR FATE mentioned that there is a summary sheet [in members packets].

SENATOR PHILLIPS relayed that he had neither that summary sheet nor anything else pertaining to the committee's agenda, other than the aforementioned minutes from previous meetings.

VICE CHAIR FATE said he would be asking AIR to simply present the summary sheet, a series of four graphs, the results of those four graphs, an explanation of how those graphs were derived, and what data was placed forward to develop those graphs. He ventured that the presentation would probably not exceed 15 minutes.

SENATOR PHILLIPS reiterated that he did not have any materials related to the forthcoming presentation.

VICE CHAIR FATE acknowledged this, and remarked that the committee would simply be having "a barebones presentation to give some of the basic results." He suggested that following

the presentation, the committee could then discuss whether to have another meeting in which to fully approve [the report] in order to "let this to the public."

Number 0716

JOE ROBINSON, American Institute for Research (AIR), offered to start the presentation.

REPRESENTATIVE HARRIS said that because there are a lot of questions and Volume 2 is not yet available, he would like to hear the presentation, but noted that it might be better for the committee to rescind its action "in actually accepting the final product until we see the final product."

VICE CHAIR FATE said, "We haven't accepted the final product, yet, I don't believe."

REPRESENTATIVE HARRIS pointed out that "the motion certainly was to accept it, and since we don't have it all, maybe it'd be better ... to rescind our action and wait until we get the final product before we accept it."

VICE CHAIR FATE said, "Well, ... let's hear it and then, if somebody wants to make that motion, they're certainly privileged to do so."

SENATOR HOFFMAN said, "It would seem to me that we would hear the report and decide, at that point, whether or not to make a motion; it seems as though we've got the cart before the horse, and I would concur with Representative Harris."

REPRESENTATIVE HARRIS mentioned that he has a concern regarding the payment schedule, and relayed that according to a conversation he'd had with Chair Therriault, "there was some difficulty - they were asking for more money or something" - adding, "I think there was a set amount already determined for how much the study was going to cost." He said his concern is that if the committee approves it now, there may be some assumption that "we're going to pay them." He remarked that he would rather hold the payment off until the committee sees the whole study.

Number 0911

REPRESENTATIVE HARRIS made a motion "to rescind our action in approving the cost study as a final product until we receive the full report."

VICE CHAIR FATE called an at-ease from 4:43 p.m. to 4:50 p.m.

REPRESENTATIVE HARRIS withdrew his motion, and offered the following explanation for withdrawing it:

I think we're going to ask, before the makers of this presentation give their presentation, that the technical committee ... explain to us why we should go ahead, and that they're comfortable with the fact that all the information is there; it's just [that] we won't get it until tomorrow, but that it is all there.

Number 1126

DAVID TEAL, Legislative Fiscal Analyst, Legislative Finance Division, Alaska State Legislature, indicated that the technical committee did meet with the contractors in [mid-November]. He continued:

We did review the first draft of their report. The group pointed out a number of anomalies in the data and asked them to do some things like split the report into two portions. One, a more readable summary of the report, and then to pull the technical stuff and put it out in an appendix. A number of comments on the report. [We] gave them until December 15 to do that final draft. They did that, came up with few more recent problems, which they reran and which delayed the report until today But the group, I believe, is satisfied that the contractor has met its requirement.

... Our purpose in reviewing the report was not to agree or disagree with their conclusions, but simply to say, "You've met the requirements of the contract; you produced a report, you did what you were supposed to do, and we find that your product is acceptable" - acceptable in that it did what we asked, but we're not commenting at all on the results of the study. That, I think, needs to go before [the House Health, Education and Social Services Standing Committee] and other committees. ... I think your first motion was simply, "Is this report acceptable."

I understand that the full committee has not seen the report, and ... I think you have a valid point, that maybe you'd like to review it before you do approve it. So I guess I would say this is more a group reporting to the committee, that we believe the contractor has met its obligations and should be paid. It can't be paid until the report is accepted.

SENATOR HOFFMAN asked Mr. Teal, "When you reviewed the preliminary draft, were any of the schedules that were presented to you changed, as a result of your input, from this draft that is entitled 'Final' that we have before us?"

MR. TEAL said yes, they were.

SENATOR HOFFMAN asked whether the committee could get those schedules as they were originally presented. He said:

I think we, as members of the committee, should be able to review those schedules, particularly the ... main ones that are in regard to the percentages, such as exhibit 2-3. I would like to see those copies and what was changed to make those numbers change. I think it would be incumbent upon all of the members to review that information on all those schedules, and why they were changed. Can we have that request [fulfilled] ...?

Number 1505

MR. TEAL said:

I can't because the contractor would have to respond to that. I don't even have a copy of this. That report was sent out to us and was then collected, by Heather, and then returned to the contractor. So, I have no way of complying with that request ...; I think you'd need to ask AIR to give you those schedules, and I think that in this presentation, that you're going to hear now, perhaps they could address those issues then. What I can tell you about it is that the group questioned the energy and some of the other things, and AIR re-estimated those based on our comments.

VICE CHAIR FATE confirmed that, adding, "The temperature days seemed to have confused in a few areas, not all of the areas, but they did a good job." He noted that one of the questions which he raised pertained to the data used to come up with the numbers; therefore, he remarked, "that's about the only thing: whether that data is correct and justified." The numbers themselves, he said, "are designed only to be facts, and come up with costs to do what we will with them in the legislature." "They did not make any decisions relative to those costs, only some recommendations," he added.

SENATOR HOFFMAN pointed out, however, that "AIR is under contract to this committee, and, as a member of ... this committee, I would request that [that] information be provided to me."

VICE CHAIR FATE remarked that Senator Hoffman's request is proper. He asked the representatives from AIR to keep in mind Senator Hoffman's request and get that information to him.

Number 1749

JAY CHAMBERS, American Institute for Research (AIR), said:

I can assure [you] that there were very fairly minor changes ..., between the November presentation and the January presentation, in the numbers for the vast majority of districts. There were a few changes, but there was also some discussions regarding improved ways of taking into account energy cost differences, and there were very, very minor changes - but I think important changes - that we discovered as a result of our discussions with the oversight committee back in November in the personnel indices (indisc.), but they were very, very small changes.

For all intents and purposes, the same basic methodology has been used with just some improvements in the data that we have. We asked the technical working group - the school business officers - to double check the numbers for us, and we've double checked some of our own numbers and reran things. So the ... major things that we have done ... since the last report is that we have shortened the report into what I think is a much more readable form, we have aggregated into four categories the (indisc.) indices, one sets the personnel, one set for energy, one for

... goods, and one for travel. But within each of those there are a set of sub-indices, ... the details of which are not reported in the summary report but are reported in the more technical version of the report.

MR. CHAMBERS continued:

We have also prepared a third version of the report, which is contained in the summary report that ... we sent electronically today, that is an executive summary that's ... five or less pages long. The tables ... that you see in the most recent report reflect a ... slight change in the way we did the energy cost index, ... one that I think ... perhaps better reflects the energy cost differentials in the state. ... We used a more continuous analysis of heating-degree days and employed the analysis of our prototypes, which we had developed for ... estimating the costs, in a slightly more sophisticated way; I think it better captures, or reflects, the differences in energy costs across the state.

Number 2130

There are a couple of other issues with regard to data that we wanted to check. The technical working group members and the two members that were representing that group included David Jones of Kodiak and Melanie Davis (ph) of ... [Kenai]. They talked to the other ... six members of the eight-member committee to double check all of the data that we had collected to make sure that everything we had done was ... an accurate reflection of the numbers for each of the school districts in the state. I think the patterns in the report speak for themselves; there's no reason for me to go over those differences here, I think it would take much too long. But we have produced numbers for each of the 53 school districts.

I will say that there is a very high correlation between the index that we have created and the current Alaska index, although there are some differences. And we would be happy to provide ... a set of tables that show the differences between the numbers that were presented in November and the numbers that we have now, and a brief explanation of why those

differences exist. In fact, I have a table in front of me right now with ... kind of [a] quick description of those differences, but we would be glad to provide you a brief paragraph describing what factors are involved in each of the changes that have occurred between November and now.

REPRESENTATIVE JOULE remarked that AIR's presentation appears to be merely an update to the technical committee, and as such, it makes little sense to him because he is not a member of that group and, therefore, does not have access to all of the information that the technical committee has access to.

MR. CHAMBERS acknowledged that he thought he was speaking to the technical committee - he did not realize that he was addressing the whole committee. He said he would be glad to provide more information.

REPRESENTATIVE JOULE opined that if the entire committee is expected to pass out the report, the committee should receive more of a report than has thus far been given.

VICE CHAIR FATE mentioned that at the last meeting [of the technical committee], it was decided that the findings would be in Volume 1 in a summary format, and that the technical data - the raw data - from which those findings were derived would be in Volume 2. He remarked that some of the aforementioned technical data is not included in the summary that he has, adding that such data can be made available to any member who wants it.

Number 2740

MR. CHAMBERS confirmed that Volume 1 contains a summary, provides an overview of numbers, and includes a description of the technical methodology used to conduct the study. He said he anticipates that Volume 2 will be transmitted to Ms. Brakes that evening for dissemination to members.

SENATOR PHILLIPS again reiterated that he has not yet received any information pertaining to the study, not even the executive summary, that other members have received, despite repeated requests on his part. He remarked that before voting on this issue, he expects to receive all the information that is available.

SENATOR HOFFMAN remarked that a footnote on page 2 of [Volume 1 of the study] says, "Additional cost factors relating to measures of pupil needs and costs of operating districts in sparsely populated and remote areas of the region of the state must be addressed to provide adequate additional services in Alaska." However, in the middle of page 2, he pointed out, it indicates that this study does not address the costs associated with pupil needs nor other factors related to the concentration of district operations; for example, it does not address the difference in the levels of staff, disadvantaged backgrounds, students who have an English-language, learning, mental, or physical disability. He stated that these issues "are major costs for districts that are providing education in rural Alaska," adding that it seems as though a major cost area has not been addressed by the study.

Number 3145

MR. CHAMBERS replied that Senator Hoffman's comments are correct. He said:

We were not asked to address those issues. They are important; they're important to every state in this country, and in order to provide for a fully adequate set of resources, one must address the issues of pupil needs and the scale of operation. However, that doesn't mean to say that you can't address subsets of issues, which we do address in this study. Three issues - three factors - affect, in general, the cost of education in any state in this country: One of them is pupil needs, one of them is scale of school and district operations, and the third one is the price that a district pays for comparable resources or services. It is the third one that the RFP [request for proposals] - the proposal - and every aspect of this study have been focused on, that we were asked to focus on. In fact, we were explicitly told not to focus on the issues of pupil needs or the scale of operations.

SENATOR HOFFMAN asked why AIR was asked not to focus on those other two aspects. He said that he did not think that the committee made a motion to that effect.

MR. CHAMBERS relayed that those instructions were specifically in the RFP. He suggested that that question would be best asked of whoever wrote the RFP. He indicated that the technical

committee - oversight committee - has already addressed that point. He stressed that AIR has addressed the issue that it was instructed to focus on: specifically, the differences in prices of comparable resources and services.

SENATOR HOFFMAN opined that excluding the other two factors skews the study towards urban schools and puts "all the educational services that are provided in rural Alaska to a disadvantage."

MR. CHAMBERS remarked, however, that according to his understanding, Alaska already addresses, in other portions of the formula, the issues related to pupil needs and scale of operations. Again, he said, AIR was asked to specifically focus on pricing issues only, under the theory that the other issues would already be addressed elsewhere. Whether they actually are or not, he added, is not for him to judge.

SENATOR HOFFMAN opined that they are not because the costs [discussed in the study] are directly related to culture and language. He explained that in his district, there are many students for whom English is a second language; thus, he added, there are many costs directly related to that issue that are being overlooked. He predicted that most [legislators] who represent rural areas of Alaska will concur with him.

MR. ROBINSON relayed that the RFP says:

Adequacy of general funding for education, the sources of that funding, quality of education, and adjustments to school-size factors in AS 14.17.450 are not to be addressed. The scope of the study is limited to determining geographic cost differentials similar to those in AS 14.17.460.

MR. ROBINSON opined that whoever wrote the RFP had already determined that what needed to be updated were the cost differentials; [that issue] has been addressed by the study. He suggested that perhaps [the other issues] are addressed in other parts of the funding formula.

Number 3672

REPRESENTATIVE HARRIS opined that the legislature would have plenty of opportunity during the committee process to review the content the study. Rather than debate the contents of the study at this time, he suggested, the question before the committee,

in accepting the report, is whether AIR met its contractual obligation. He remarked that according to advice he has received from the technical committee, AIR has met its contractual obligations; therefore, he opined, the study, regardless of its faults, should be accepted by the committee, which can then, as a whole, debate all the issues.

SENATOR HOFFMAN said that he would agree with Representative Harris if in fact all members of the current committee were going to be present [during the upcoming legislative session]; however, since that is not the case, he remarked, "for us to pass something on that we have not had the necessary time to review and ask the presenters the necessary questions and get the responses, I think is a little bit irresponsible by this committee."

REPRESENTATIVE HARRIS noted that if the vote regarding whether to accept the report is delayed another five days, there will be a number of members who won't be able to vote on it anyway; the issue will be before a different Joint Committee on Legislative Budget and Audit.

SENATOR HOFFMAN pointed out that the committee was aware of that fact all during the year in which it was working on the study, and asked, "Why are we dealing with it in the 11th hour?"

Number 3972

VICE CHAIR FATE relayed that many of Senator Hoffman's points have already been discussed by the technical/oversight committee. He said:

One of the reasons, I understand, that ... the scope of the study was limited [is] simply because it could be quantified, and "needs" are taken care of in the other parts of the formula funding and cannot be quantified. And part of the problem is in making a model that you can plug in the figures - after this year, you can plug in different figures - and that model will continue to be a true and effective model for years to come. And "needs," not being quantifiable, sometimes are not [amenable] to plugging into that model. And so decided simply on the basis of - as already stated, the statutes as applied - that it would be a geographic study, and not based on needs, so that we could quantify all these things.

So all these things have been discussed prior to this, and ... nobody is trying to really pull a fast one or anything else, it's just that we've got to get these people who did the study according to the demands that were placed upon them, if we've got to conclude that they did the proper study or didn't do a proper study, and that proper study was based upon what the RFP was imposed upon them when they won the bid. So, with that, I would like to move on ...

SENATOR HOFFMAN interjected:

You had stated earlier ... that you had raised questions, as a member of the oversight committee, on the energy relating to the days or the temperature, and then the charts were changed. But you had that luxury; I did not have that luxury. You had input as a member of that committee, and I would like to have that same opportunity to review ... this information and have my concerns met, as yours were met, but obviously that is not going to happen. And I think that that is a fault of whoever's, but the study is here, ... [and] I, as a member of this committee, am not getting the input - my input - into the process as you did as a member of the oversight committee.

VICE CHAIR FATE agreed that Senator Hoffman hadn't had the same opportunities that he'd had.

Number 4316

REPRESENTATIVE DAVIES referred to "the issue of developing the prototype schools in terms of energy consumption," noting that such is intended to be a tool that works across the state to estimate the ideal energy requirement for a district, asked how it affects individual districts in which the buildings that are in place are substantially substandard compared to the prototype. In other words, he added, "do we have a situation where districts may be spending a lot of energy because their buildings are substandard and, so, if we were to adopt this model, we would be sending them less money than they actually require to heat their buildings?"

MR. CHAMBERS replied:

Well, we did do some analysis ... [and] we worked with a group of engineers, and our main reason for doing it

this way was not to get into the issues of all of the differences that may be a result of many, many factors that would be extremely difficult to control. We were trying to ... capture the broad variations in energy costs ... around the state that related to the climactic conditions and, to some degree, the differences in the construction of buildings. There was some analysis done of older and newer buildings.

MR. ROBINSON added:

We had done some preliminary analysis ... using data from the Anchorage school district because that provided us with the largest sample. And using that ... data, we had determined that there was no significant difference based on the age of the building, whether ... the majority of the building was constructed before 1985 or post-1985, because that was deemed by the energy engineering subcontractors to be a defining point in construction of energy efficient buildings. However, there was no significant difference using the preliminary analysis of the Anchorage data. ...

Another thing is, we were, with the study, also trying to eliminate, as much as possible, the idea of choice that the school districts had and whether ... they had poured money into constructing or renovating buildings to be more energy efficient, or if they had let that go by the wayside, and instead of using money for that, used it for other reasons and, therefore, have less efficient buildings. When the engineers had done the study, they do have kind of a caveat in the report - in the technical report, at least - saying that you should consider the age of the building and ... [Ends mid-speech because of tape change.]

TAPE 02-14, SIDE B
Number 4653

MR. ROBINSON continued [mid-sentence]:

... to get a more complete picture, but the prototype analysis does try to eliminate choice for [a] majority of factors, and just base it on geographic differences and climactic differences and levels of insulation that that would correspond with an increase in the

number of heating-degree days per year. So, ... the energy efficiency of the buildings is not considered ... for a couple of reasons: we were trying to standardize things ... so that schools weren't penalized for renovating buildings, and also we would have an inordinate number of prototypes as well. So, this was a way to basically limit it down to the climate and geography as the cost differential.

MR. CHAMBERS explained that AIR was trying to capture the major pieces, which are climactic differences, major differences in insulation, differences in the prices of the fuels, and the types of fuels that were used. And the prices of the fuels are impacted to some degree by the cost of transportation, he pointed out. He remarked: "Does this fully capture every nuance or aspect of energy costs? No. Does it capture the bulk of differences in energy costs that are likely to exist across the state? I think it does." He relayed that a more complete study would require substantially more investment than was made available for this study, adding, "You could probably spend a half million dollars on a study like that all by itself." He said:

The major purpose, in our view, was to try to capture the ... major factors that impact the variation in the costs across the state, in order to provide some compensation for the disadvantages that certain districts might face related to climate, transportation of goods, and access to different kinds of fuel.

REPRESENTATIVE DAVIES asked whether any comparisons of projected costs to actual costs were done.

MR. CHAMBERS said that such was not done on a statewide basis.

Number 4409

MR. ROBINSON added that AIR looked at the cost per square foot of energy but did not compare [those costs] with projected [estimates]. He mentioned that AIR did receive input from a geographically diverse representation of people and facility managers across the state.

REPRESENTATIVE DAVIS then referred to personnel costs, and asked whether AIR, in gathering that information, used an "ideal instructor" [to project costs]. He said that it is generally

known that in rural Alaska, there is "kind of a revolving door" with regard to teachers; "you tend to get personnel that have less experience teaching [and], hence, their salary scales are lower," he added. Therefore, if one were to look at the question of adequacy, one could say that teacher's salaries need to be raised in those districts with "an inordinately low level of experience represented," he opined. He asked whether AIR had considered this issue.

MR. CHAMBERS said:

We did try to look and take into account differences in turnover, which is a major issue that we know faces the school districts - or the schools - in some of the remote rural areas, and our approach was to answer the following question: How much more or less does it cost to recruit and employ comparable teachers in different geographical locations in the state? And so our analysis started by trying to ... develop a model that ... provided a comprehensive picture of ... as many of the factors as we could account for in the data - the variations in wages of teachers and other professionals and personnel employed by the school district. But then we ran a simulation, and the simulation controlled for experience, education levels, and other demographic characteristics of teachers, and asked that question: ... How much more or less will it cost to get similar teachers? So we took, in this instance, the average teacher ... [in] Anchorage ... and said, "How much more or less does it cost to recruit and employ ... the comparable teacher to what Anchorage is recruiting, in these different locations in the state?"

REPRESENTATIVE DAVIES sought confirmation that "that comparable teacher cost" is what was actually used in the final results pertaining to cost factors.

MR. CHAMBERS said that is correct.

Number 3951

SENATOR HOFFMAN predicted that using Anchorage data as the basis for the comparison would not provide a true indicator of costs experienced in other areas of the state such as Bethel or Atmautluak or Tuluksak.

MR. CHAMBERS explained that AIR controlled for the experience, education, and demographics of the teachers. Those items were held constant while AIR sought to determine what the wage would have to be in other districts in order to recruit and employ comparable teachers. He acknowledged that teachers have to be compensated for working in remote, isolated locations that are far away from urban areas, cultural amenities, or access to shopping and medical facilities. He relayed that AIR's cost index attempts to capture those factors, as opposed to just the average salary.

SENATOR HOFFMAN asked what communities AIR traveled to in order to get a feel for the state.

MR. CHAMBERS said that for this particular study, AIR did not travel to any other communities. He noted, however, that 20 years ago, "when we did a similar study in Alaska, we traveled to Kenai, Skagway, Juneau, Anchorage, Fairbanks, Barrow, Point Hope, Point Lay, Kotzebue, Nome, Kenai Peninsula, and other school districts." In response to another question, he indicated that he had participated in that study 20 years ago, and is now the project director and designer of the current study. He added that for the conceptual design of the current study, he enlisted the help of a technical working group made up of eight school business officers. Mr. Chambers, in response to another question, confirmed that a series of questionnaires went out to all 53 school districts in Alaska, and then once returned, that eight-member technical working group [reviewed] those questionnaires and discussed the results with AIR's project team.

Number 3457

VICE CHAIR FATE stated that there is a motion before the committee "that the committee accept the School District Cost Study as a final product and make it available to the public."

Number 3429

REPRESENTATIVE DAVIES objected. He said, "I would object to that on the basis that most of the committee members have not had a chance to even read the executive summary."

SENATOR HOFFMAN concurred.

Number 3413

REPRESENTATIVE HARRIS made a motion to withdraw the motion to "accept the School District Cost Study as a final product and make it available to the public." There being no objection, the motion was withdrawn.

[Members and staff then had a brief discussion regarding how soon members could expect to receive the School District Cost Study in its entirety, and that the study is to remain confidential until the committee accepts it.]

EXECUTIVE SESSION

Number 3048

REPRESENTATIVE HARRIS made a motion to move to executive session for the purpose of discussing confidential audit reports under AS 24.20.301. There being no objection, the committee went into executive session at 5:40 p.m.

VICE CHAIR FATE brought the committee back to order at 6:00 p.m.

REPRESENTATIVE HARRIS made a motion to move the committee back into regular, open session. There being no objection, the committee was brought back into regular session.

AUDITS REPORTS

Number 2853

REPRESENTATIVE HARRIS made a motion to release the final audit reports to the public: Department of Community & Economic Development, Regulatory Commission of Alaska; Department of Natural Resources, Division of Agriculture; and University of Alaska, Retirement Incentive Program.

VICE CHAIR FATE asked whether there were any objections. Hearing none, he indicated that the aforementioned final audits would be released to the public.

OTHER COMMITTEE BUSINESS

Number 2790

REPRESENTATIVE HARRIS made a motion to "authorize the chairman to review the final legal billings of Volland & Taylor and make that payment ... as you determine reasonable."

SENATOR PHILLIPS asked whether this is "the reapportionment billing."

VICE CHAIR FATE said yes.

SENATOR PHILLIPS said he has no information regarding [this issue].

Number 2743

REPRESENTATIVE HARRIS withdrew his motion, suggesting that the committee would take the issue up the next time the committee meets, allowing Senator Phillips an opportunity to receive and review the information pertaining to the Volland & Taylor billing.

[Members again had a brief discussion regarding the distribution and confidentiality of the School District Cost Study.]

ADJOURNMENT

Number 2406

VICE CHAIR FATE recessed the Joint Committee on Legislative Budget and Audit meeting to a call of the chair at 6:10 p.m. [The meeting was reconvened January 16, 2003.]