

**TWENTY-SECOND  
ALASKA STATE LEGISLATURE  
JOINT COMMITTEE ON LEGISLATIVE BUDGET AND AUDIT  
January 16, 2003  
9:20 a.m.**

**MEMBERS PRESENT**

Senator Gene Therriault, Chair  
Senator Dave Donley  
Senator Randy Phillips (via teleconference)

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

**MEMBERS ABSENT**

Senator Lyman Hoffman  
Senator Jerry Ward  
Senator Gary Wilken, alternate

Representative Eldon Mulder

**COMMITTEE CALENDAR**

SCHOOL DISTRICT COST STUDY  
OTHER COMMITTEE BUSINESS

**WITNESS REGISTER**

No witnesses to record

**ACTION NARRATIVE**

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

TAPE 02-15, SIDE A  
Number 0001

CHAIR GENE THERRIAULT reconvened the Joint Committee on Legislative Budget and Audit meeting [recessed the day before] at 9:20 a.m. Members present at the call to order were Senators

Therriault and Donley, and Representatives Fate (via teleconference), Harris, Lancaster (via teleconference), Williams (via teleconference), and Davies (via teleconference). Representative Joule and Senator Phillips (via teleconference) joined the meeting while it was in progress.

#### **SCHOOL DISTRICT COST STUDY**

Number 0123

CHAIR THERRIAULT announced that the committee would again take up the issue of the School District Cost Study, which is now finished, ready to be accepted by the Joint Committee on Legislative Budget and Audit, and then presented to the legislature. He noted that the issues regarding the methodology of the study and the drafting of the RFP (request for proposals), in addition to being discussed on 1/15/03, have also been discussed several times by the oversight committee. He ventured that all members of the committee have had access to the directives that were given to the contractor. The contractor has performed the work, he stated, adding that the study was originally due on December 15, 2002, but due to a little bit of concern regarding differences in data, the steering committee asked the contractor to get together with members of the Alaska Association of School Business Officials (ALASBO) just to make sure that all data coming in from school districts was reported consistently. Therefore, he explained, the consultant was given a little bit of extra time to incorporate that work, that work was completed, and now the study is before the committee.

REPRESENTATIVE HARRIS mentioned that one of the concerns expressed [the day before] was that the technical section, Volume 2, had not yet been seen by any of the members; Volume 2 is now available, he added.

CHAIR THERRIAULT noted that at the steering-committee level, the issue of how the study would look in its final form was discussed, resulting in the development of two separate volumes: Volume 1, which contains the narrative, and Volume 2, which just contains the technical data.

REPRESENTATIVE FATE mentioned that at the prior meeting, there was also some confusion expressed regarding the criteria used in the RFP that directed the study. He relayed that Senator Hoffman had expressed some concern that "needs" were not

included in the RFP and, thus, the study did not address that issue.

CHAIR THERRIault confirmed that the consultant was specifically told that the study was not to address either "adequacy of education funding" or "needs out in different districts." "This was specifically a study to look at our 'area cost differential numbers,' and come up with new suggested numbers for area cost differential," he explained. He said that he looks at the overall K-12 funding issue and the "student dollar amount" as a policy call for the legislature [to make]. He added:

We all hear from our individual districts ... for additional money. This study specifically looked at, "If you have a dollar to spend on education in Anchorage Alaska" - if Anchorage is to be considered the base - "what number must you multiply that by to get the same 'education purchasing power' in Nulato or in Fairbanks?" That is specifically what the ... contractor ... was told to look at.

Number 0711

REPRESENTATIVE DAVIES observed that there are three different areas of concern:

I think the first kind of technical concern that mostly was represented by [Senator] Phillips's problems was that ... most of us received this report late yesterday, and I would suggest that most people haven't had a chance to read it. Nobody, I think, has received Volume 2, so I think that [Senator Phillips] has concerns - and I still have concerns - about voting to release it to the public without the committee actually having a chance to ... digest it and ... have an informed discussion on it. So I think that's one general area of concern.

With respect to the technical issue of whether the committee should accept the report for payment of the contractor, I think that ... could be viewed as a separate issue. And I wouldn't have any problem, ... in the amount of time that I've had to review it, in saying, "Yeah, I believe the contractor did the job that the RFP requested of them." So on that narrow question, I wouldn't have any problem saying, "Yeah, the committee should accept the report for purposes of

payment of the contractor." So ..., that's the second issue, I think.

REPRESENTATIVE DAVIES continued:

The third, larger issue, though, I think, was the area that Senator Hoffman had concerns about, and that was the narrow interpretation of what the contractor was actually doing. And I think that that's still going to be an issue that the legislature's going to have to debate - I agree with you on that ...; SB 36 [from the 20th legislature], one of the provisions there, called for an adequacy study, [and] this, as you've said, is clearly not an adequacy study.

It does what you've said it does, it narrowly looks at what (indisc. - teleconference line interference) to provide a certain restricted educational service; it doesn't look at other special services, for example. And so (indisc. - teleconference line interference) said that for the services that are studied - specifically, the cost of personnel, the cost of energy services, the cost of supplies, and the cost of travel - I think it does a good job of identifying what those differences are around the state of Alaska.

Number 0978

But the larger question is, "If you spend a dollar in Anchorage, what is the amount that you have to spend in other districts to get the same educational value?" That's a completely different question than (indisc. - teleconference line interference). And so I think that that's where the legislative debate is going to remain, and I guess there's a question in my mind about ... what this study represents when we release it to the public. And so I think it ... needs to be made very clear that ... it answers a fairly narrow question and that there's a much larger question left to be discussed.

CHAIR THERRIault remarked that the study would certainly be debated during the committee [process] of the legislature; it's the policy call of the next legislature to determine what they will do with the information provided by the study. He offered his opinion that the consultant has done the work as directed by the RFP.

REPRESENTATIVE DAVIES said that he does not disagree that the contractor has done the work, and that he is willing to vote to pay the contractor. He pointed out, however, that clearly, committee members have not had enough time to read the report in enough detail that they could ask pertinent questions of the contractor. He observed that there hasn't yet been [a Joint Committee on Legislative Budget and Audit] meeting in which members have read the report and were prepared to ask questions of the contractor, followed by a subsequent committee discussion.

Number 1256

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

Number 1307

REPRESENTATIVE DAVIES objected.

Number 1352

A roll call vote was taken. Representatives Harris, Lancaster, and Fate, and Senators Phillips, Donley, and Therriault voted in favor of accepting the School District Cost Study as a final product and making it available to the public. Representative Davies voted against it. Therefore, the motion to accept the School District Cost Study as a final product and make it available to the public passed by a vote of 6-1.

CHAIR THERRIAULT noted that both volumes of the study are now available to the public, and that copies of Volume 2 would soon be sent on to the members that participated via teleconference.

#### **OTHER COMMITTEE BUSINESS**

Number 1448

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

CHAIR THERRIAULT noted that in reviewing Volland & Taylor's previous billings, in one area there was a very small billing that appeared to be duplicative: "a person chose to attend the

supreme court hearing, and billed us for that when they should not have." He relayed that that [item] was turned down. He also noted that there was a dispute over some archiving fees, and relayed his opinion that when any law office performs work for a client, that client should expect, at the end of the case, to be able to get a copy of his/her file without bearing the expense of that file being maintained in reasonable order. He said that he intends to look at that amount - \$1,300 to \$1,500 - using "the same methodology."

Number 1635

SENATOR PHILLIPS objected to the motion.

Number 1730

A roll call vote was taken. Representatives Harris, Lancaster, Joule, Davies, and Fate, and Senators Donley and Therriault voted in favor of the motion. Senator Phillips voted against it. Therefore, the motion to grant Chair Therriault authorization regarding the Volland & Taylor billings passed by a vote of 7-1.

CHAIR THERRIAULT, on the issue of "the Veterans' Home Study," noted that the steering committee is about to make a decision between the two RFP proposals, adding that the current Joint Committee on Legislative Budget and Audit would be accepting one of those proposals before the new Joint Committee on Legislative Budget and Audit takes over.

#### **ADJOURNMENT**

Number 1907

There being no further business before the committee, the Joint Committee on Legislative Budget and Audit meeting was adjourned at 9:40 a.m.