

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

April 16, 2003

7:13 a.m.

MEMBERS PRESENT

Representative Carl Gatto, Chair
Representative Paul Seaton, Vice Chair
Representative Dan Ogg
Representative Les Gara
Representative Mary Kapsner

MEMBERS ABSENT

Representative Peggy Wilson
Representative Kelly Wolf

COMMITTEE CALENDAR

HOUSE BILL NO. 259

"An Act relating to public school transportation, and to the minimum wages for school bus drivers; and providing for an effective date."

- HEARD & HELD

HOUSE BILL NO. 26

"An Act relating to the base student allocation used in the formula for state funding of public education; and providing for an effective date."

- SUBCOMMITTEE ASSIGNED

HOUSE BILL NO. 220

"An Act relating to the base student allocation used in the formula for state funding of public education; and providing for an effective date."

- SUBCOMMITTEE ASSIGNED

HOUSE BILL NO. 222

"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."

- SUBCOMMITTEE ASSIGNED

HOUSE BILL NO. 233

"An Act relating to the base student allocation used in the formula for state funding of public education; and providing for an effective date."

- SUBCOMMITTEE ASSIGNED

PREVIOUS ACTION

BILL: HB 259

SHORT TITLE: PUPIL TRANSPORTATION FUNDING/DRIVER WAGES

SPONSOR(S): REPRESENTATIVE(S) GATTO

Jrn-Date	Jrn-Page		Action
04/11/03	0934	(H)	READ THE FIRST TIME - REFERRALS
04/11/03	0934	(H)	EDU, L&C, FIN
04/16/03		(H)	EDU AT 7:00 AM CAPITOL 124

WITNESS REGISTER

CODY RICE, Staff
to Representative Carl Gatto
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Presented HB 259 on behalf of Chair Gatto, sponsor, and answered questions from the members.

EDDY JEANS, Manager
School Finance and Facilities Section
Education Support Services
Department of Education and Early Development
Juneau, Alaska

POSITION STATEMENT: Testified on HB 259 and responded to questions from the committee.

TONNIE BARLOW
School Board Member
Wrangell City School District
Wrangell, Alaska

POSITION STATEMENT: Testified on HB 259.

SUSAN SCIABBARRASI, Superintendent
Wrangell City School District
Wrangell, Alaska

POSITION STATEMENT: Testified on HB 259.

DAVE SPENCE, Director
Planning and Operations
Kenai Peninsula School District
Kenai, Alaska
POSITION STATEMENT: Testified on HB 259.

MIKE SCHWARTZ
Petersburg, Alaska
POSITION STATEMENT: Testified in opposition to HB 259.

STEVE BRADSHAW, Superintendent
Sitka Borough School District
Sitka, Alaska
POSITION STATEMENT: Testified on HB 259.

STEVE KALMES, Director of Transportation
Anchorage School District
Anchorage, Alaska
POSITION STATEMENT: Testified on HB 259 and answer questions
from the members.

CAROL COMEAU, Superintendent
Anchorage School District
Anchorage, Alaska
POSITION STATEMENT: Testified on HB 259 and answered questions
from the members.

CAROL ENZLER, Superintendent
Petersburg City School District
Petersburg, Alaska
POSITION STATEMENT: Testified on HB 259.

JANELL PRIVETT, President
School Board
Wrangell City School District
Wrangell, Alaska
POSITION STATEMENT: Testified on HB 259 and answered questions
from the members.

DEBBIE OSSIANDER, President
Association of Alaska School Boards
Anchorage, Alaska
POSITION STATEMENT: Testified on HB 259 and answered questions
from the committee.

JOHN STEINER, Member

Anchorage School Board
Anchorage, Alaska

POSITION STATEMENT: Testified on HB 259 and answered questions from the committee.

CARL ROSE, Executive Director
Association of Alaska School Boards
Juneau, Alaska

POSITION STATEMENT: Testified in support of HB 259 and answered questions from the members.

ACTION NARRATIVE

TAPE 03-17, SIDE A
Number 0001

VICE CHAIR PAUL SEATON called the House Special Committee on Education meeting to order at 7:13 a.m. Representatives Seaton, Ogg, and Gara were present at the call to order. Representatives Gatto and Kapsner arrived as the meeting was in progress.

HB 259-PUPIL TRANSPORTATION FUNDING/DRIVER WAGES

VICE CHAIR SEATON announced that the first order of business would be HOUSE BILL NO. 259, "An Act relating to public school transportation, and to the minimum wages for school bus drivers; and providing for an effective date."

Number 0099

CODY RICE, Staff to Representative Carl Gatto, Alaska State Legislature, presented HB 259 on behalf of Chair Gatto, sponsor. He told the committee HB 259 is in response to recent criticism of the pupil transportation funding at the K-12 level. The idea is to encourage efficiency through the school districts by allowing the districts to keep any money they might save through cost cutting and/or increased efficiencies. This is would be accomplished by taking the FY 03 entitlement for pupil transportation and dividing it by the FY 03 enrollment, less correspondence students. That would give a per-head number for pupil transportation on a district-by-district basis. That number is set in statute and is used as a multiplier against the enrollment in future years. That would mean pupil transportation entitlement would be linked to the number of students that need to be transported.

Number 0240

VICE CHAIR SEATON asked Mr. Rice to address page 1, line 14, where it says "by \$1,200 per student".

MR. RICE responded that the idea was to limit the per head amount per year for students at \$1,200. That figure appears to be a reasonable limitation. At that price, it is believed that districts could create efficiencies.

Number 0320

VICE CHAIR SEATON asked for some clarification on paragraphs (1) and (2) [Page 1, line 11 and line 14 of the original bill]. He asked if this bill refers to the lesser of the two amounts. For instance, one is the per-student allocation divided by the amount received.

MR. RICE replied that is correct.

Number 0342

REPRESENTATIVE OGG asked what the allotted amount of funding is under the present budget for the FY [03] budget for per head cost in student transportation.

MR. RICE told the members that the numbers vary district by district. He referred to a three-page fiscal note in the bill packet which breaks down the costs by districts. Mr. Rice referred to page 2 [of the fiscal note] in the third column from the left titled "Estimated FY03 COST PER STUDENT."

Number 0412

REPRESENTATIVE OGG asked if this bill would provide for each district to have a different "per capita" or would there be a statewide "per capita."

MR. RICE responded that each district will have a separate per-capita based on what was actually received in FY 03.

VICE CHAIR SEATON noted for the benefit of the audience that \$1,200 per student was the maximum for the FY 03 costs. The [Ketchikan] Gateway [Borough Schools], Bristol Bay Borough Schools, Copper River Schools, Delta/Greeley Schools, and Southeast Island Schools have FY 03 costs per student of \$1,200.

Denali School District's cost is \$1,179, and the cost drops significantly from there.

Number 0515

EDDY JEANS, Manager, School Finance and Facilities Section, Education Support Services, Department of Education and Early Development, testified on HB 259 and responded to questions from the committee. He clarified the fiscal note where it refers to the per-student amounts listed. Those that show the \$1,200 amount actually exceeded that amount but were capped. He said if he recalls correctly, Delta/Greely was the highest in the state with a cost of \$1,400 per student. Mr. Jeans told the committee any school district that shows a \$1,200 per-student cost was actually capped at that price and the actual cost was likely more.

Number 0565

VICE CHAIR SEATON asked if he has the actual numbers with him so the members can see the differences.

Number 0584

MR. JEANS responded that he does not have them with him, but would be happy to provide the numbers to the committee.

MR. RICE commented that he recalls of the five districts that were capped, only Delta/Greely was above \$1,300. The rest were between \$1,300 and \$1,200.

Number 0619

REPRESENTATIVE GARA commented that he was curious about the districts that had exactly a \$1,200 per-student cost because that seemed suspicious. He asked if there has been any analysis on the districts that spend more than \$1,200 per student. Is there any documentation of waste within the districts? He asked if there is a reasonable expectation that those districts could go down to \$1,200 per student without affecting student transportation.

Number 0656

MR. JEANS told the committee that the current system is a reimbursable system. The department has in regulation what are reimbursable expenses. In each of these districts that were

capped, they contract for their routes, so they are using the current system to the maximum extent they can in terms of reimbursement from the state. He said in other words, the districts do not really look for efficiencies. The state will reimburse it, so they submit a request for reimbursement. Mr. Jeans said when he took a look at page three in the fiscal note Delta/Greely had projected to the department their FY 04 cost under the current system of [\$882,572]. He said he also knows that Delta/Greely would like to add a couple of routes that were not included in this number because they have had an influx of students in the Delta Junction area. Mr. Jeans pointed out that under this proposal they would generate a grant of [\$1,014,000]. He said he believes this would more than cover the cost of the existing system and provide enough in funding to cover the costs of the routes the district would like to add next year.

MR. JEANS said that as the department works with school districts and a projection like this is given to add routes, the department really holds their feet to the fire and makes them jump through a lot of hoops to get those routes because if the department allows them to get additional routes here, the rest of the state pays for that under the current system. It would simply be prorated and everyone would pay for those additional routes. Under the system proposed by this legislation, the district could go back to their contractor and try to renegotiate for a lower rate. Depending on what happens with the fuel tax, districts could purchase fuel for their contractors so the contractors do not have to purchase it directly. He summarized by saying that this bill really does open up a lot of avenues for districts to try to find efficiencies.

Number 0847

REPRESENTATIVE GARA commented that before he decides to cap the costs of pupil transportation from 1,000 miles away from another community at \$1,200 per student, he needs some assurance that it is fair to those districts. He said he understands the theory that there is a desire for the districts to be efficient, but he does not know the reality of whether or not they can manage at less than \$1,200. Representative Gara told the committee until he is convinced of that, he will have a problem with the \$1,200 cap. He added that he does not think getting rid of the cap as undermining the concept of the bill. The bill's concept is to take what was spent last year and inflation proof it in the future. He questioned whether the bill really inflation proofs the costs well enough.

VICE CHAIR SEATON asked Mr. Jeans if the Department of Education and Early Development has contacted the districts on their position on this bill.

Number 0936

MR. JEANS responded that he has not contacted the districts directly, but he does know that school business officials were in town a few weeks ago and one of the items they supported was moving the current reimbursable program to a grant program. He told the committee that the current system is a reimbursable system whereby the state reimburses districts for student transportation services for students who live beyond a mile and a half from school. A district may determine that the high school or junior high school students can walk two miles or two and half miles. Those are changes that could be made at the local level that would affect how much it would cost for their program. However, on the statewide level there needs to be a uniform application to the program, so one and a half miles is the state standard right now. Mr. Jeans said this legislation provides a way at the local level to make efficiencies in pupil transportation.

Number 1012

VICE CHAIR SEATON asked about the differences in hazardous bus routes that are within four blocks of the schools, have no sidewalks, and require students to walk on icy highways; some districts are busing when they determine there is a hazardous bus route. Does the state reimburse on those hazardous bus routes?

MR. JEANS responded that the state does reimburse on those hazardous bus routes at the rate of 50 percent on the cost of those routes. He said he sees this as a problem at the state level because the local board gets to establish what is a hazardous route and the state reimburses 50 percent. In some cases, the district may be able to use crossing guards instead of establishing hazardous routes. Those are the things the districts must look at from a local level that the state cannot control.

VICE CHAIR SEATON responded that the districts on a local level could be lobbying for a bike path or some other way to avoid the hazardous routes. The district would then have the savings

incorporated within the district grants instead of just losing the money because the district has nothing to reimburse.

MR. JEANS replied that he believes that is an accurate assumption.

MR. RICE noted for the record that he has contacted the Delta-Greely School District and at this point they have not weighed in on their position on HB 259.

VICE CHAIR SEATON added that his office has contacted the Kenai Peninsula School District, but they have not had enough time to analyze the numbers yet. He asked if any other school districts have weighed in on this.

Number 1184

MR. RICE told the committee that he also contact the Matanuska-Susitna (Mat-Su), Fairbanks, and Anchorage School Districts. In response to Vice Chair Seaton's question as to their position on the bill, Mr. Rice said all three districts were very interested in the bill, but were not willing to go on the record at this point.

Number 1230

VICE CHAIR SEATON announced for the record that Representative Kapsner has joined the committee, and that the House Special Committee on Education does have a quorum.

REPRESENTATIVE KAPSNER said that Lower Kuskokwim School District was contacted but no official response has been received.

Number 1250

VICE CHAIR SEATON referred the members to Section 2 in the bill that refers to nonpublic school student transportation. In that section it removes the word "department" and replaces it with the word "district". He asked if the state has areas where the department provides transportation to public and private schools that are not in a district and that would still need to receive transportation from the department. He asked if there will be a loss of transportation services by this change in language.

MR. JEANS said that this language removes the reference from the department and replaces it with the district. What is currently happening under this system is that school districts are

providing transportation for non-public school students when there is space available and when it is over an existing route. This would allow districts to continue that practice as the state moves to a grant program.

VICE CHAIR SEATON asked if this practice is on a space-available basis. Mr. Jeans said yes. Vice Chair Seaton asked if there would be any required changes by districts for providing that public transportation.

MR. JEANS replied that this service is for non-public school students. For example, the bus goes by a private school student's house, there is space available on the bus, that child can get on that bus, the bus goes right by the private school, and the student can be dropped off at the private school.

VICE CHAIR SEATON clarified that even though there is a change in the wording, there is no required change by the districts.

Number 1390

MR. RICE asked that the committee take up Version V before the committee for consideration. He pointed out that the difference between Version U and Version V is that Version U is a [proposed] sponsor substitute and Version V is a proposed committee substitute. Mr. Rice stated that is the only difference between the two versions of the bill.

Number 1440

REPRESENTATIVE GARA said that he recalled one version of the bill having language that addressed cost increases into the future. He commented that Version U of the bill has the number set in stone forever.

MR. RICE responded that to his knowledge, there never has been an inflationary increase component in the bill.

REPRESENTATIVE GARA replied that 10 years from now the number will still be the same as this year.

MR. RICE replied that would be entirely up to the legislature.

Number 1472

MR. JEANS clarified the point that the bill does not allow for any inflationary adjustment, but the amount of money

appropriated will change from year to year based on the changes in enrollment. So if a district has more pupils, it will qualify for a larger grant. What this bill will do is lock in the student amount. On page two of the fiscal note where the department has identified estimated FY 03 costs per student, that would be the amount per student that the district would qualify for and then as the districts' enrollment increases or decreases, their grant will increase or decrease from year to year.

VICE CHAIR SEATON pointed out that this bill does not have any inflationary amounts built into it, but does allow the districts some flexibility in how they provide pupil transportation. For instance, if they have one child at the end of 20-mile road, they could send a taxi for that student, instead of sending a bus.

MR. JEANS commented that it is true that the bill allows districts flexibility. He said it is important to note that the grant will change from year to year based on how many students are enrolled in the district.

VICE CHAIR SEATON added that the allocation amount for pupil transportation per student would remain the same.

Number 1565

MR. JEANS agreed that the amount would remain the same until the legislature changes it.

REPRESENTATIVE OGG posed a situation in which a district, for example, Kodiak Island School District, believes that they are providing pupil transportation as efficiently as possible; however, the contractor comes in and says insurance costs have gone up, and fuel costs have gone up, and the actual bid comes in over what the grant allows based on pupil enrollment. If Kodiak Island Borough wants to add more money to keep the same service, will that amount have an impact on the cap that local governments can contribute to education?

MR. JEANS responded that it will not impact the cap for education. The reason is that pupil transportation is from a special revenue fund and districts account for that outside the operating fund. The cap under the foundation program only applies to the school-operating fund. So if a district did find itself in a position where the costs were actually higher than

the grant, the municipality could make an appropriation to the pupil transportation fund to cover those additional costs.

Number 1658

VICE CHAIR SEATON told the committee an amendment will be offered for a new section to eliminate the one-and-a-half-mile distance requirement that is in another section of statute. That amendment is currently being drafted by Legislative Affairs Legal Services. He mentioned this because he wants the members to be aware that amendment will be offered at some point.

REPRESENTATIVE GARA asked how the amendment would change statute.

VICE CHAIR SEATON responded that it eliminates the distance requirement so if the districts decide that they want to change the requirement to one mile and three-quarters or two miles and provide ways for students to get there, the districts can change that distance requirement.

MR. JEANS told the committee that he believes the distance requirement is not in statute, but in regulation. He said that if the grant program passes, the department will be repealing all the regulations dealing with reimbursable expenses.

Number 1719

VICE CHAIR SEATON thanked Mr. Jeans for the information.

Number 1748

TONNIE BARLOW, Member, School Board, Wrangell City School District, testified on HB 259. She encouraged the committee to take some time to allow districts to review the bill and understand the impact of the legislation. Ms. Barlow explained that it is difficult to understand the effect the legislation will have on the districts because amendments are being discussed that they have not had the opportunity to review. She said because Wrangell is a small district, any amount will impact them greatly. She asked that time would be provided for districts to ensure that transportation issues are addressed adequately. Ms. Barlow said she believes that pupil transportation should be reimbursed by the state at 100 percent. Currently, the state approves contracts by districts. Wrangell has a five-year contract already approved by the department, so when fiscal cuts are made the district is looking at honoring a

contract that has been committed to with less funding. She said this will impact student achievement because funds will have to be taken away from instruction to pay for transportation.

Number 1820

VICE CHAIR SEATON asked Mr. Jeans how existing contracts that extend over multiple years would be influenced by this change in law.

MR. JEANS commented that many districts are in the middle of five-year contracts right now. By using the FY 03 as a base year, at a minimum the state is covering the existing contracts. The contracts do have inflationary adjustments built into them, but he submits that the districts could go back to the contractors and reopen those negotiations based on the level of funding available to them. Mr. Jeans said he has already been contacted by a number of districts that want to reopen their contracts if the gas tax passes to purchase the fuel for the contractor. These are issues that will be addressed at the local level.

Number 1895

SUSAN SCIABBARRASI, Superintendent, Wrangell City School District, testified on HB 259. She told the committee that Wrangell, other communities in Southeast, and other areas of Alaska continue to be hit hard with major economic decline. This has been devastating to the school districts. Wrangell has the highest city sales tax in the nation, at 7 percent. She said this tax allows the community to support the schools to the cap each year to compensate for flat funding. The city cannot continue to pay for unfunded mandates, cutting of transportation, and underfunding.

MS. SCIABBARRASI said that Wrangell has a history of valuing education, but with the economic decline, current high tax rate, and major cuts to education, the district will have to cut the school budget between \$700,000 to \$900,000 next year. She said the district is reducing their certified teaching positions by 29 percent, thereby increasing the pupil-teacher ratio (PTR) and eliminating many elective classes that have proved to enrich the quality of education. This bill continues that downward spiral, especially for districts that are already in crisis. Ms. Sciabbarrasi urged the committee to fully fund pupil transportation. Research shows that for students to get a quality education, they must attend school. Decreasing

transportation budgets could cause a decrease in bus routes, thus providing a reason not to attend school or to attend sporadically.

Number 1994

VICE CHAIR SEATON clarified any confusion about some comments that have been made. He said the governor's budget came to the legislature with only a portion of pupil transportation funding and it is anticipated that the issue will come forward again next year. The attempt here is to try to change the system so that the districts do not get a portion of reimbursement without having the flexibility of containing their costs. He said that is the objective of this legislation; it is not just a cutting measure. It is a way to change the process so that districts are not faced with short-funding pupil transportation.

Number 2060

REPRESENTATIVE GARA agreed with Vice Chair Seaton. There will be continuing pressure in the future to figure out a new pupil transportation formula. That just seems to be a reality. He encouraged school districts to come up with a proposal that would meet the governor's concern. The governor's concern is that by fully funding every school district's pupil transportation costs, it is unclear if some districts are spending too much and whether there is any waste in the existing contracts. There are those that are looking for a funding mechanism that will try to assure the legislature that contracts are being negotiated in the most efficient manner possible. He asked the districts to advise the members of any proposals they might have in addressing this problem. He said he is not speaking for anyone else on the committee, but that he just wants those listening to understand the concern that has been shared with the members and what this bill is trying to address.

Number 2153

DAVE SPENCE, Director, Planning and Operations, Kenai Peninsula School District, testified on HB 259. He said he appreciates the efforts of the committee in considering an equitable way to address transportation costs. The school district would like to be a part of the process, but they need time to really understand what the consequences will be in having a fixed grant amount to provide pupil transportation. Mr. Spence said he believes the Kenai Peninsula School District has been quite competent in providing transportation in an efficient and

economical manner. He pointed out that there are changes that impact the costs of transportation with increases in insurance, gasoline, and maintenance costs. There are also other things that come into play. He pointed out that the district does not know how the [federal] No Child Left Behind (NCLB) legislation will impact the schools. [The district] continues to have a lot of pressure for remediation, and transportation accompanies that in the summertime. The district continues to address special education needs, and there are transportation costs associated there. Other agencies have a domino effect on how the district can provide transportation around Kenai.

Number 2218

MR. SPENCE pointed out that what happens in other departments also affects transportation. For instance, how well the roads are maintained, hazardous bus routes, and bad weather also impact the costs of transportation. He said the district would like to understand what locking in the amount will mean to the district. Mr. Spence said that like other districts around the state, their school district has had financial problems that could be severely impacted by this legislation. The current PTR has significantly gone up. They have laid off a lot of teachers and have had to eliminate activities travel. He said they would like to request some time, consideration, and careful study on this bill.

Number 2330

VICE CHAIR SEATON thanked Mr. Spence for his testimony and explained that this is the first committee of referral for this bill. There will be many more opportunities for the district to provide their position. He told Mr. Spence that Version V will be "on line" shortly; however, Version U is the same bill with the exception of a title change from sponsor substitute to committee substitute.

Number 2411

MIKE SCHWARTZ testified via teleconference in opposition to HB 259. He explained that he owned the transportation company in Petersburg for many years and recently sold the business to a young man who lives there. Currently, Petersburg is getting \$229 per student and Wrangell is getting \$449 per student. He said there is a stranglehold on education that goes beyond his comprehension.

Number 2453

MR. SCHWARTZ said that the bid in Wrangell took place when his equipment was five years old. By law, school buses can be no older than ten years old. So he was able to compete. Wrangell's contract, on the other hand, had ten-year-old buses and they had to go out and buy all new buses, which was his justification for getting \$449 per student. Mr. Schwartz said that in the twenty-five years he was involved in pupil transportation the districts tried saving money in all sorts of ways including payment for transportation on a daily basis. He said he was paid so much per day, per mile, and per route. For those in the business, there is a total cost required and that is what it is going to take to run the business. Petersburg is already in a stranglehold educationally. He said he went to school in Petersburg, taught school there, and has two children who are currently teaching there. The cut to education this year is going to be \$500,000. The district will have to cut teachers and programs, and they are eliminating sports and music programs. When the contractor comes in next year to bid this contract, he will have to come in with brand-new equipment. If the legislature passes this legislation, the contractor will not be able to buy new buses, but will have to find five-year-old buses, which will not be easy because everyone will be looking for the same thing. This is a huge hardship on many communities.

Number 2560

VICE CHAIR SEATON commented that Mr. Schwartz brings up a good point about aging equipment.

MR. SCHWARTZ told the committee the first time the districts cut a hazardous run and a student is killed, the legislature will look back on this and wonder why this was done. He said this legislation will hurt a lot of communities. He asked fair it is that some districts are locked in at \$1,200 while others are locked in at a lower rate.

VICE CHAIR SEATON announced for the record that Chair Gatto has joined the meeting, but that he himself will continue to chair the meeting, since Chair Gatto is the sponsor of HB 259.

VICE CHAIR SEATON asked Mr. Jeans about the question of old equipment and purchase of new equipment, and how that might be addressed.

Number 2639

MR. JEANS responded that he knew this would come up as an issue. He told the committee in his experience with contracts, even when a district has a contract with new buses, he does not see the contracts going down five years later. He said that once the contract is signed at a certain level, the costs just keep going up from that level. He said he understands Mr. Schwartz's point about Petersburg's dilemma. He pointed out that Annette Island does it cheapest in the state at under \$100 per day.

VICE CHAIR SEATON said that is an issue the committee will be considering as the legislation goes forward.

Number 2738

STEVE BRADSHAW, Superintendent, Sitka Borough School District, testified via teleconference on HB 259. He told the committee he appreciates the intent of the bill and would like to take the time to see what the impact would be on the district. He said he appreciates being held harmless this year because like many districts in the state, Sitka is in the first year of a five-year contract, so this could have a tremendous impact on the school district. The governor's proposal for transportation will cost this district about \$150,000, and the district cannot afford that. He asked that the district be given time to look the legislation over. He told the committee one concern that occurred to him is that the grant is based on a per-pupil basis and that could be very difficult. Currently, the Sitka district is building in 30 fewer students in the budget than last year, but that does not mean any bus routes could be cut or that the cost of transportation would go down. Mr. Bradshaw said his initial reaction is that it will be tough to base the grants on a per-student basis. He summarized his comments by asking the members to give the district more time to provide input.

Number 2809

VICE CHAIR SEATON asked Mr. Bradshaw if he would fax his thoughts on the bill to Chair Gatto's office.

Number 2845

STEVE KALMES, Director of Transportation, Anchorage School District, testified via teleconference on HB 259. He reminded the committee that 98 percent of all students that are injured on their route to and from school are not school bus riders.

They walk, bike, or are driven by their parents. School bus transportation is the safest possible way to get kids to and from school.

MR. KALMES said there is an assumption that there are inefficiencies in pupil transportation across the state. He said he does not believe that is the case. In Anchorage they currently run fewer buses than in 1985, when enrollment was 10,000 students fewer. Costs have increased. A commercial driver's license is now necessary that has a whole host of requirements that go along with it, including drug and alcohol testing, background checks on drivers, a 40-hour driver training program, and a certified school bus instructor that is required by the state; all drivers receive first aid and CPR [cardiopulmonary resuscitation] training. The districts are also required to do specialized training for special-education students.

Number 2926

MR. KALMES said there are significant increases in the cost of equipment and supplies. For example, the cost of a tire has more than doubled in the last 10 years. The minimum wage for school bus drivers that is soon coming will be an added expense. He told the committee they have done things in the Anchorage School District to control costs. They worked with the Department of Education and Early Development to consolidate contracts with [Matanuska-Susitna School District] and [Fairbanks School District]. Prior to that, the district had no other bidders on transportation contracts. He said this time there were six bidders, so the district has been successful in attracting competition. The district uses larger buses. For instance, four buses transport the same number of kids that used to require five, so the district saves operating costs on one bus. The staff does not like to hear this, but the transportation department sets the school times to ensure there is the most efficient system in place. The district increased the fleet age in the last contract from 10 to 12 years. The wages for the district's school bus drivers have been frozen, and the top paid drivers make \$.25 more per hour than they did 20 years ago. Mr. Kalmes told the committee the district uses crossing guards and has eliminated hazardous routes wherever sidewalks have been built.

TAPE 03-17, SIDE B

Number 2981

MR. KALMES pointed out that the district may start the year with over 200 students and end the year with over 300. That is an increase over the course of a year which impacts the number of routes that operate.

VICE CHAIR SEATON told Mr. Kalmes that the committee appreciates the efforts districts have made in cost saving efficiencies. He asked where this bill would differentiate between the governor's proposal of funding at the 80 percent level, and if there are some other mechanisms to fund pupil transportation that would not be as detrimental to districts.

MR. KALMES said the Anchorage School District would be more than willing to work with other districts and the department to come up with something. The problem with putting something in place is that some districts would like to keep the savings; Anchorage School District just wants to pay the bills. What will happen is that efficient districts will not be able to find savings to keep, but the inefficient districts that will find efficiencies will be rewarded. He volunteered to work with other districts toward a solution or audit other districts' transportation systems.

VICE CHAIR SEATON asked Mr. Kalmes to fax any suggestions for a positive solution to the committee.

Number 2883

CAROL COMEAU, Superintendent, Anchorage School District, testified on HB 259 and answered questions from the members. She told the committee the district is very concerned about this bill and the governor's proposed cuts to pupil transportation. The district is as efficient as possible based on the large and growing number of students. Not all the new subdivisions have safe roads, and there are heavy traffic patterns which are changing all the time, so the district is required to provide transportation on those hazardous routes. She pointed out that Anchorage is the hub for the vast majority of special education students who have serious medical or behavioral problems.

Number 2826

MS. COMEAU said all of those students who receive education services receive transportation as part of their IEP [individual education program], and the district is required to provide that transportation to them. In some cases, it becomes very expensive and very individualized. For example, the district

has a contract to provide education for the Alaska State School for the Deaf and Hard of Hearing. Because that is a state contract, there are a number of students who live in the Mat-Su area. The Mat-Su does not provide the educational program, so the Anchorage School District is required by the department to provide pupil transportation from Mat-Su into Anchorage for that program. Ms. Comeau said she believes the district is being penalized in this bill or by the governor's proposed cuts. She said the district worked very closely with the department two years ago to become as lean and efficient as possible and to bring in a new contractor.

Number 2774

MS. COMEAU said they would like to be part of the solution and asked the committee to look at putting together a group of people from different parts of the state, where there are different-sized districts, and different complexities of transportation. She believes this bill would not allow for any growth in student population, particularly in the special education population. There needs to be a factor included that provides for that complexity of student transportation that the district must individually provide to those students. The NCLB is going to be another complicating factor if the district has to reduce transportation routes for students; that will most directly impact the lowest socioeconomic-base students, who oftentimes are the lowest-achieving students. They may or may not be showing adequate yearly progress in NCLB, and if the students are not even in school, the district will be penalized because the district will not have 95 percent of each subgroup attending school to be tested.

Number 2730

CHAIR GATTO, sponsor of HB 259, told the committee that one of the solutions proposed by the governor is an enormous percentage cut in student transportation. If the districts experience a cut without a resolution in favor of some other method, would not the district be much worse off?

MS. COMEAU responded that the Anchorage School District is very concerned about the portion of the bill that only looks at average daily membership (ADM), rather than some kind of way to factor in the special education and hazardous routes. No one wants any child killed or seriously injured because a district has taken away transportation and made him or her walk on a very

hazardous street. There needs to be a way to factor in some of those situations beyond just the ADM factor.

CHAIR GATTO replied that since there is only one available pot of money for pupil transportation, if the legislature factors in special education and hazardous routes for one district, it must be factored into all districts. How will the districts be better off?

MS. COMEAU said that she believes it is essential to look at the kids that are being transported, and it is more than just numbers of students. The district is required by federal and state law to provide transportation for certain numbers of kids, those [covered by the] Individuals with Disabilities Education Act (IDEA). Ms. Comeau said she believes it would not be fair for the district to take away transportation for other kids because those children have as much right to safe transportation to school as the special education kids, who simply have more protection under federal law.

Number 2652

REPRESENTATIVE GARA asked Ms. Comeau to explain how this legislation does not factor in special education kids.

MS. COMEAU said she will speak to this question but will ask Steve [Kalmes] to also address the question. She posed a hypothetical example where five special education students who have wheelchairs moved into Anchorage. That is the only way the students can get around. So the district must transport them with a bus that has a lift. Most of the time these kids do not live anywhere close to each other, so there is an elaborate shuttle system that is as efficient as it can be. So the transportation for five special education students is very different from the transportation of five non-special education students that are just added to existing routes.

Number 2580

MR. KALMES told the committee that 40 percent of the district's buses transport 5 percent of the students. That is the district's handicapped population. Because of the low density and the fact that program locations are spread all across the district, it is more expensive to transport these students. Many of the kids need additional services and specialized training because they have medical needs. There are kids that need short ride times so it reduces the length of time they can

be on the bus. Mr. Kalmes told the committee that the district cannot transport a medically fragile kid for \$300 per year.

Number 2537

CAROL ENZLER, Superintendent, Petersburg City School District, testified on HB 259. She commented that as she was listening to Carol Comeau's testimony on special education transportation, she noted that it is likely that Anchorage has more than its fair share of special education students. One thing that was not mentioned is that many of those students must be transported door to door. These students are not required to go to a main pickup location, as other students are required to do. Ms. Enzler asked the committee to give the districts an opportunity to review the bill to determine what impact it might have. She said it does not look as though it will be a great impact for Petersburg next year, but the district needs to have a chance to look at what it will do in the future. She told the committee she will fax the members the district's comments on the impact of the bill.

Number 2477

VICE CHAIR SEATON announced that the committee plans on holding the bill and asked all the districts to send suggestions on ways of improving this bill or any other ideas in addressing this issue.

Number 2442

REPRESENTATIVE OGG said that he will be leaving to attend another meeting, but will listen to the testimony later on Gavel to Gavel.

Number 2413

REPRESENTATIVE KAPSNER mentioned that Version V is not available on line yet, but that Chair Gatto's office could provide copies to those that request it.

VICE CHAIR SEATON agreed with Representative Kapsner and announced that any one wishing to have a copy of Version V of HB 259 should contract Chair Gatto's office.

Number 2362

JANELL PRIVETT, President, School Board, Wrangell City School District, testified on HB 259 and answered questions from the committee. She said communities have not had an opportunity to look at the bill to determine the intentions and impact it may have. She encouraged the members to talk with the contractors who provide busing for the districts. Mr. Jeans can give the members their names. She said she believes it is very important to invite them to the table. She said they are experiencing the same kinds of increases in costs that all private businesses face with increased liability and insurance costs. She pointed out that when Wrangell and Petersburg numbers are being quoted, it is important to keep in mind that Wrangell's contract is new this year and Petersburg has no idea what its contract will look like next year. She asked that the legislators remember their responsibility under the state constitution to ensure that Alaska's children have an opportunity for an adequate education. The kids will not be at school without appropriate busing.

Number 2240

MS. PRIVETT told the committee that she cannot support any bill that brings more reductions to her community when the community is demanding excellence in education. The community is paying for that as best they can. Wrangell has the highest sales tax in the state of Alaska; they contribute the largest amount possible to education; they are responsible in funding education; however, they cannot sustain what the legislature keeps reducing in a fair and equitable manner. This year alone, 29 percent of their staff will be terminated. She said there are many great ideas, but those ideas cost more and more money.

Number 2210

MS. PRIVETT reminded the members that they are walking in the same footsteps as many other legislators, and are continuing to do the same things and will continue to fail as a legislature. She told the committee they are not bringing forth a responsible fiscal plan, or a plan that has a future. One of the great governor's of this state made a statement and she said she believed he was wiser than all of us understood at the time: Governor Hickel said that "when there is no vision, there is no hope, and there is no future, no agenda for Alaska, if your only ideology or only philosophy, if your only cause is to cut the budget." She asked the committee to look toward developing a fiscal plan. One positive note in the bill is the inflation proofing of bus driver's salaries. She asked that the committee look to inflation proofing costs of education as well.

Number 2134

VICE CHAIR SEATON asked her to please contact Chair Gatto's office to get a copy of Version V of the bill.

CHAIR GATTO commented that some districts are gaining enrollment, some districts are losing enrollment, and some districts' enrollment is steady, but what is noteworthy is that in every single one of those cases the districts are asking the legislature to increase pupil transportation. This is something that does not seem possible for the legislature to do when the governor is suggesting that there be reductions. If the legislature responds to only those districts that are losing students, as in Wrangell, and ignores those that are gaining students and those that are staying steady in enrollment, how is that fair to anyone?

Number 2086

MS. PRIVETT suggested that the committee sit down with the providers and find out why there is so much inconsistency. She said she believes that will provide some of the answers. The Anchorage School District superintendent spoke eloquently on the different services the districts are required to provide, Ms. Privett said. In the community of Wrangell there is only one bus provider. There will not be competition.

Number 2058

CHAIR GATTO said this is far from the question he'd asked.

MS. PRIVETT pointed out that Wrangell's current busing contract is less than that of the previous five years. Wrangell has also reduced their bus routes.

CHAIR GATTO asked how it is fair to take money away from districts that are gaining enrollment or those whose enrollment is the same and give it to districts that are losing enrollment. How can it not be fair to treat everyone the same by saying a district will get a certain amount of money for each student? Is not that a fair way to do it?

MS. PRIVETT said she believes Chair Gatto is putting her in an unfair position. She said if she had adequate information to answer that question, she would, but she can only speak to her district's position. Those questions should be asked of each

district, but she will be happy to provide the answer on behalf of her own district. There are people within the Department of Education and Early Development, specifically, Eddie Jeans, who should be able to answer that question for Chair Gatto.

Number 1986

REPRESENTATIVE KAPSNER told Ms. Privett that Version V of the bill does not provide for inflation proofing of bus drivers salaries.

Number 1958

VICE CHAIR SEATON agreed with Representative Kapsner's comment. He asked Ms. Privett to get a copy of Version U or V from Chair Gatto's office.

Number 1910

DEBBIE OSSIANDER, President, Association of Alaska School Boards, testified and answered questions from the committee. She told the committee the association consists of school board members from across Alaska and they are extremely concerned about the current discussions going on a number of fronts with respect to education. Districts are really feeling the pinch, and the talk of reductions in pupil transportation and other areas is extremely alarming.

MS. OSSIANDER said there were four areas of discussion she wanted to bring up on this bill. First, school boards are concerned about linking payments to 2003 standards if there is no inflationary index in the bill. As the costs to contractors go up, the districts have to meet those costs. She said the second item of concern is the lack of regard for changed or hazardous conditions, or special student populations. Third, she said she was concerned with the administration's testimony [implying] that school boards could have children walk longer than one and half miles and that it would be perfectly safe and acceptable thing to ask communities to do. Fourth, there is also concern that federal mandates require that schools have a 95 percent attendance or the school will be placed in a failing category. How that will factor in with new discussions on tightening pupil transportation or not fully funding pupil transportation is a serious question.

Number 1796

MS. OSSIANDER expressed the belief from the members of the association that school boards and school districts have been working extremely hard to contain their costs in pupil transportation. She said she is amazed that there is the belief by some that there would be some willingness by private contractors to open up a contract and renegotiate the terms when there is a reversal in revenues from the public entity that entered into the contract. Ms. Ossiander concluded her remarks by saying pupil transportation funding affects a majority of districts in the state of Alaska profoundly. If the funding does not meet the fixed contract costs, then the funds will have to come from somewhere. The passion the members are hearing in testimony reflects districts' deep concern that these funds will come from the classroom. She urged the committee to tread carefully and told the committee the association believes in fully funding transportation costs according to need.

Number 1728

CHAIR GATTO commented that he and Ms. Ossiander have been on the same side for a lot of years, and he wanted her to know that they are still on the same side. He said his biggest concern is the \$10.7 million reduction in pupil transportation. He said he thinks that if these reductions were to go ahead, the districts would wonder how the legislature could have let this happen. He said what he is trying to do with this bill is to reverse the \$10.7 million in a way that is acceptable to the governor's office and to the legislature. This may be a way to do that. It does put the responsibility back on the districts. That is what he has been asked to do by districts, instead of their making efficiencies for which the district gets no benefit, because every time a district makes an efficiency, the money goes back into the general fund. This is a way that if efficiencies can be found, the district can keep the money saved.

CHAIR GATTO told Ms. Ossiander this bill is a result of conversations he has had with school districts who said if they were given a fixed amount of money, they know where they could make some efficiencies and would apply them if the money were the districts' to keep. That is the reason for the bill. It is not simply a desire to cut into education, but rather an effort to restore education funding. Chair Gatto said he knows that the \$10.7 million will come right out of the classroom and he does not believe there is room to take it out of the classroom. He told Ms. Ossiander that he is trying his best to keep the money in the classroom. It appears this bill might be on the

right track. He does not have a different solution unless Ms. Ossiander might have one. He said if the districts face this big a cut, he knows where it will be coming from, and that is why he is here trying to resolve this problem. He said it is an imperfect system and imperfect people are dealing with it. He does not know where to get the funds for fully funding student transportation. He said he will be listening to Ms. Ossiander's comments because he knows she has been involved in student education for many years.

Number 1566

MS. OSSIANDER expressed her thanks for Chair Gatto's intent in putting forth this bill because she knows the concern and care he has about this issue. She said if she had to decide between the two choices, she would go with Chair Gatto's. She does not have the understanding yet that she must step away from what she believes is right, and that is fully funding the costs for pupil transportation. If it is necessary to go with HB 259, there are some ways the bill could be improved. One thing might be to get people from various-sized districts to serve as auditors or a specific group of experts that could suggest some changes that would work. Another thing that would help is if there were a little bit of flexibility from ADM to accord for special circumstances such as special education populations or hazardous conditions that have cropped up. Ms. Ossiander said she hopes her suggestions help.

CHAIR GATTO replied that her suggestions do help. However, every time there is a suggestion, there is a new problem associated with it. He reiterated that the amount of money that will be appropriated is fixed and any kind of flexibility from ADM will come from within the districts. The group of experts' idea is wonderful. Chair Gatto said he believes Ms. Ossiander is well positioned to come up with one, two, or three people who would have good input. He said he needs the information pretty quickly, and he said he is more than willing to make changes to the bill if it would result in an improvement. Any changes that suggest the legislature increase the amount of money above the \$10.7 million will have to have a method to produce those funds. If there can be a system developed to implement the idea, that would be really welcome. Chair Gatto explained that it needs to be done somewhat quickly and that suggestions are welcome, whether they are from experts or not. CHAIR GATTO said currently the administration is cooperating, but if that is lost, he said he is fearful of what will happen. He said he hopes to get the bill to where it is acceptable and pass it on.

It may not make it all the way, but at least the committee did the best they could at the time.

Number 1389

MS. OSSIANDER said she would send Chair Gatto a couple of names of people who are transportation folks.

REPRESENTATIVE KAPSNER said the House is not in lockstep on this issue. She said she does not believe this is the best that can be done with what the state has. She believes there is a lot more money than what is being said. Just because the governor did not want to fulfill his promises on education does not mean she does not want to fulfill her promises. Representative Kapsner said she does not believe the legislature is beholden to the governor and it is not necessary to be in lockstep with him. She said in the previous eight years the legislature was not arm in arm with the governor's office, so there is no need to be now. The legislature is an independent body, and she said she believes members should be thinking for themselves. This is not a route she wants to take. Representative Kapsner reiterated that the legislature is not in 100 percent agreement on this issue.

Number 1313

VICE CHAIR SEATON asked for clarification of Representative Kapsner's comments. He asked if she has problems with specific parts of the bill or just is in favor of full funding of pupil transportation.

REPRESENTATIVE KAPSNER responded that the school districts are not bound legally to provide student transportation, but the state is. She asked Mr. Jeans if her assumption is correct.

MR. JEANS replied that the state is not required by law to provide pupil transportation.

REPRESENTATIVE KAPSNER commented that she worries when the legislature saddles school districts with having to turn their backs on special-needs kids or having a first grader walking over a mile and a half to meet the bus. She said that thought makes her shudder. The education community is the last place she believes the legislature should be looking for cuts.

Number 1217

JOHN STEINER, Member, Anchorage School Board, testified on HB 259 and answered questions from the committee. He told the committee that the transportation costs are not discretionary for the school districts. They are driven by contracts, competition for drivers, route distances, geographic extent and scope of the district, student residents' density within the district, weather and climate within the district, fuel costs, road and traffic conditions, hazardous routes, community growth patterns, and the degree of federally protected special education students. He pointed out that none of the factors he mentioned are related to ADM.

Number 1130

MR. STEINER said he very much appreciates Chair Gatto's efforts to make some sense of the fact that whether the numbers are driving the amount of transportation dollars when districts are growing or shrinking, it is an imperfect or flawed solution. For example, if there is a compact community with relatively mild weather and no heavy traffic highways that make hazardous routes, they may need to transport virtually none of their children, since they may all be within walking distance. However, for a community that is geographically widespread with a lot of highways, such as Anchorage and Mat-Su and Kenai, there will be a very different picture. Within that the question is not how many students are in the district, but how many will need transportation. In one dense neighborhood in Anchorage it may be that virtually all the children walk to school. In another, it may be that all of them have to ride because of the highway conditions around the school and the distance from where the students live. If 100 students are added for a redevelopment in a community that is close to a school, there is no additional cost for transportation. If it is a new subdivision that is far away from a school, those children may require an entirely new bus route, which will be substantially more expensive for the school district than if the children live next to the school. All of this suggests that in order to have a fair and workable solution it will be necessary to look at factors other than ADM.

Number 1015

MR. STEINER told the committee that his fundamental concern is that the 20 percent cut is not possible. It is a flawed situation, particularly when a large portion of the cost is in a district where transportation is very efficient. To put a cap on all those issues mentioned earlier, including changes in

growth patterns and special education, does make it come out of the classroom because there is nowhere else to take it.

Number 0940

VICE CHAIR SEATON told Mr. Steiner that he should contact Chair Gatto's office for a copy of the bill and the fiscal note. He said the idea of this bill is that most of the factors Mr. Steiner mentioned are taken into account by going to last year's 2003 costs to the districts. So whether a district is rural or not, the attempt was made to look at its actual costs right now. He said the figures in the fiscal note will show a vast difference in the cost of pupil transportation from district to district. The attempt is to use that as baseline data and then only look at the changes to ADM. The legislature will need Mr. Steiner's input on how the legislature might address other factors that need to be considered. Part of the hope is that if schools are being built along highways, the district will be lobbying very hard with the boroughs and municipalities for adequate bike paths or adequate ways of accessing those schools so that they are not in hazardous conditions.

Number 0748

CHAIR GATTO said the members are familiar with the funding formula and many of the items he mentioned are included in that. He said he can only imagine if the legislature tried to develop a formula that included densities, fuel costs, traffic patterns and routes, community growth, and locations for special education students, all of which would change the very next year, which would mean more adjustments. It would be dynamite.

Number 0570

CHAIR GATTO reminded Mr. Steiner that Mr. Jeans said that pupil transportation is permissive. It is conceivable that everyone in the House and Senate will agree to restore the \$10.7 million in funding, and the governor has the ability to cut that. He said he is not sure that the governor will not because he is looking for a CBR [Constitutional Budget Reserve] draw limited to \$395 million; if the legislature ends up above that figure, he will be looking for places to cut the budget.

CHAIR GATTO said that the only thing he would like to do is make it [less] difficult for the districts to at least be able to depend upon a certain amount of money. The districts do well with predictable numbers and knowing the student enrollment

gives a predictable number for student transportation. Chair Gatto said he knows the costs are going up and believes all the members know that, but he does not want to see money coming out of the classroom to fund pupil transportation. If there is a cut, that is the only place he knows of where it will come from. He said the population in the Bush is stable to slightly growing; in Southeast it is shrinking; and in Anchorage and Mat-Su it is slightly growing, some areas more than others. Those are trends that may not continue, but may reverse; however, he said he is trying to look at a way to get this written in stone in a way that will help districts with predictable amounts of money. That is his goal.

CHAIR GATTO said he does not know how to make a formula taking into account all the things Mr. Steiner mentioned. Even if he did come up with a formula, it would probably be changed over and over again each year, trying to make it correct, and it would never get there.

Number 0515

MR. STEINER responded that he fully respects those concerns and considerations. He told the members that he has a copy of the fiscal note and sees the various amounts that are spent in different districts. The current fiscal year does consider some of those factors already. Some of those factors do change from year to year, as Chair Gatto had mentioned. The changes in growth patterns and where new highways are built change where hazardous routes are located, as Vice Chair Seaton had mentioned. He said his concern in using an ADM, with no adjustment factors that allow for an efficient district to have a way to address those cost increases, is that the funds will wind up coming directly out of the classroom. There may be other districts where there are efficiencies that could be gained, but he said he does not believe those savings should stay in the school district. There should be some system that requires districts to be efficient and for those funds to be used to help those other districts that are already efficient, if that is the case.

Number 0353

MR. STEINER shared the concern that the governor may simply "line item veto" pupil transportation. However, if the legislature has gone to the public, has carefully looked at what has been touted as a cost-plus financing system, and has determined that although there may be some inefficiencies, the

vast majorities of these monies are being spent extremely efficiently, the governor would listen if the legislature told the governor that there is no way to get this reduction from the program because of the extreme importance of student safety and the fact that the only place reductions can come is from the classroom.

Number 0261

CARL ROSE, Executive Director, Association of Alaska School Boards, testified on HB 259 and answered questions from the members. He told the committee that he has been listening very carefully to the testimony this morning and in the Senate Finance Committee last evening, as well as the discussion that took place in the House with regard to the operating budget. He told the committee that these are the challenges of the times. Much of what the committee has heard today is a result of frustration, and people clinging to principle and wanting to be treated fairly. On the other hand, the state is facing serious economic and political challenges.

MR. ROSE said he comes to the committee today, as he is looking at this budget and trying to come up with a plan that addresses districts' needs, in part, the \$10.7 million, and that presents "us" with one opportunity. Things start to look bleak when looking at the next fiscal year and on down the road. He said he is very concerned and alarmed. The state is operating from a point of scarcity right now and looking to squeeze every area. He told the committee he testified last evening and much of the focus was on economic development [oil and gas in Arctic National Wildlife Refuge] that is anticipated in 10 years. So if looking at the future in 10 years, that says that the sixth graders today will be the [people with bachelor's degrees] 10 years from now. If Alaska is going to be developed, education is going to be an important element from [kindergarten] through university. The best possible education that the state can provide in its schools is going to be limited by access, so that is why transportation is so important.

Number 0052

MR. ROSE said he lends his support in saying that this is an issue that needs to be addressed. "We" are trying to look at what the short-term benefit might be and the long-term impact. He said he is hearing that the districts would like the committee to move slowly. However, Mr. Rose said that he feels urgency, that there needs to be something done, and that it is

important not to sit back and wait. He commended the committee and the sponsor for putting this bill forward. The bill will not be settled in this committee; it has to go through the entire House, the committee process in the Senate, and the Senate. This bill needs to get moving. No one wants to compromise. The governor has many options available to him; he not only has the line-item-veto authority, but he can reduce the appropriations. That is not something districts have experienced in the last eight years.

TAPE 03-18, SIDE A

Number 0033

MR. ROSE said in the past the districts have had a governor who was willing to add money to the budget; therefore, the districts were fearless of any veto of additional funds. This is a different set of circumstances today. He told the committee he wants to lend his support to this legislation. He thanked the committee and the sponsor for bringing this issue forward, for looking for solutions, and said he knows there will be numerous opportunities for districts to bring concerns to the legislature. He said he really appreciates the sponsor's efforts in restoring the \$10.7 million in the short term. Mr. Rose told the committee he is really concerned about what the budget battle will be next year and in subsequent years. The state has a lot of work to do. He said he hopes the Special Committee on Ways and Means will come up with some brighter outlook, as Janell Privett from Wrangell had mentioned earlier. There needs to be some kind of fiscal plan that gives everyone some hope. In the short term, however, everyone is compelled to look at the realities and challenged of the times. Mr. Rose summarized his comments by saying that he supports the committee's efforts, but that there is a sense of urgency and there is a need to get moving.

Number 0132

VICE CHAIR SEATON agreed that this committee has the same sense of urgency that Mr. Rose expressed. The legislature is working on the budget and trying to restore funds and identify where those monies will come from. He said there are a number of different issues that members are putting forward to try to identify revenues that can pay for these things. Vice Chair Seaton applauded the sponsor for coming forward to try to take the pupil transportation off the table as a major item of budget cutting because the members have seen the priorities listed by the governor. Vice Chair Seaton said the legislature should not

ignore those priorities, because the governor has the ultimate authority and unless the legislature addresses those in some way, it is possible transportation will be cut.

Number 0256

CHAIR GATTO agreed with the comments made to the committee. There is the short-term and long term view; the long-term which is about ten years off. He said he is currently working on some way that will do something for education and that will enhance the revenue stream for education. It is hard to do. There has to be support from the House, the Senate, the governor, and sometimes the public. In the short term the legislature has to deal with this budget now. It does not matter that in two, three, five, or ten years the state will be better off. Something has to be done today with the budget that is before the legislature. That is why this conversation is happening now. What does the legislature do now? It is important to restore funds to education, and everyone is in agreement [on that]. How does legislature make that happen? Where does the money come from? Those are the questions that need to be answered. [HB 259 was held over.]

Number 0484

CHAIR GATTO announced that the following all deal with the same issue: HOUSE BILL NO. 26, "An Act relating to the base student allocation used in the formula for state funding of public education; and providing for an effective date."; HOUSE BILL NO. 220, "An Act relating to the base student allocation used in the formula for state funding of public education; and providing for an effective date."; HOUSE BILL NO. 222, "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."; and HOUSE BILL NO. 233, "An Act relating to the base student allocation used in the formula for state funding of public education; and providing for an effective date." A subcommittee will look at all of these bills that deal with money for education funding and will bring one bill back to the full committee to deal with. That subcommittee will be composed of Representative Seaton, chair; Representative Wilson; and Representative Gara. Chair Gatto said that he hopes the funding formula can get an increase in funds. He said the members are concerned about kids and education and want a foundation formula bill to move through the process quickly before the legislative session is over. He hopes the subcommittee will come back to the full committee at the next

meeting with a bill to address the formula. [End of discussion of HB 26, HB 220, HB 222, and HB 233, all of which were sent to a subcommittee.]

CHAIR GATTO briefly returned attention to HOUSE BILL NO. 259, "An Act relating to public school transportation, and to the minimum wages for school bus drivers; and providing for an effective date." He said that he hopes to have changes to HB 259 after consulting with some of the committee members and individuals whom Ms. Ossiander said would assist in making revisions to the bill. [HB 259 was held over.]

ADJOURNMENT

Number 0583

There being no further business before the committee, the House Special Committee on Education meeting was adjourned at 8:54 a.m.