

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

March 2, 2004

11:06 a.m.

MEMBERS PRESENT

Representative Carl Gatto, Chair
Representative Paul Seaton, Vice Chair
Representative Dan Ogg
Representative Peggy Wilson
Representative Kelly Wolf
Representative Les Gara

MEMBERS ABSENT

Representative Mary Kapsner

COMMITTEE CALENDAR

HOUSE BILL NO. 425

"An Act relating to funding for school districts operating secondary school boarding programs, to funding for school districts from which boarding students come, and to inoperative school districts; and providing for an effective date."

- HEARD AND HELD

HOUSE BILL NO. 333

"An Act relating to an endowment for public education; and providing for an effective date."

- HEARD AND HELD

HOUSE BILL NO. 405

"An Act relating to reports on school and school district performance; and relating to accountability of public schools and school districts; and providing for an effective date."

- HEARD AND HELD

PREVIOUS COMMITTEE ACTION

BILL: HB 425

SHORT TITLE: BOARDING SCHOOL FUNDING

SPONSOR(S): REPRESENTATIVE(S) COGHILL

02/04/04 (H) READ THE FIRST TIME - REFERRALS
02/04/04 (H) EDU, HES, FIN
03/02/04 (H) EDU AT 11:00 AM CAPITOL 124

BILL: HB 333

SHORT TITLE: PUBLIC SCHOOL ENDOWMENT

SPONSOR(S): REPRESENTATIVE(S) OGG, COGHILL, HOLM

01/12/04 (H) PREFILE RELEASED 1/2/04
01/12/04 (H) READ THE FIRST TIME - REFERRALS
01/12/04 (H) EDU, HES, FIN
01/27/04 (H) EDU AT 11:00 AM CAPITOL 124
01/27/04 (H) <Bill Hearing Postponed>
03/02/04 (H) EDU AT 11:00 AM CAPITOL 124

BILL: HB 405

SHORT TITLE: SCHOOL PERFORMANCE DESIGNATION/REPORT

SPONSOR(S): REPRESENTATIVE(S) GATTO

01/28/04 (H) READ THE FIRST TIME - REFERRALS
01/28/04 (H) EDU, HES
02/17/04 (H) EDU AT 11:00 AM CAPITOL 124
02/17/04 (H) <Bill Hearing Postponed>
03/02/04 (H) EDU AT 11:00 AM CAPITOL 124

WITNESS REGISTER

REPRESENTATIVE JOHN COGHILL

Alaska State Legislature

Juneau, Alaska

POSITION STATEMENT: Testified as sponsor of HB 425 and answered questions from the members.

HARRY WHITE, Principal

Project Education Residential School

Galena School District

Galena, Alaska

POSITION STATEMENT: Testified in support of HB 425 and answered questions from the members.

EDDIE JEANS, Finance Manager

School Finance and Facilities Section

Department of Education and Early Development

Juneau, Alaska

POSITION STATEMENT: Testified on HB 425 and answered questions from the members.

JOSEPH BEEDLE
Vice President for Finance
University of Alaska Systems
Fairbanks, Alaska
POSITION STATEMENT: Testified on HB 333.

BOB LOEFFLER, Director
Division of Mining, Land, and Water
Department of Natural Resources
Anchorage, Alaska
POSITION STATEMENT: Testified on HB 333 and answered questions
from the members.

LES MORSE, Director
Assessment and Accountability
Department of Education and Early Development
Juneau, Alaska
POSITION STATEMENT: Testified on HB 405.

ACTION NARRATIVE

TAPE 04-12, SIDE A
Number 0001

CHAIR CARL GATTO called the House Special Committee on Education meeting to order at 11:06 a.m. Representatives Gatto, Seaton, Wilson, Ogg, and Gara present at the call to order. Representative Wolf arrived as the meeting was in progress.

CHAIR GATTO told the members that today is the 100th birthday of Dr. Seuss and Gastineau School has invited the members to a celebration in his honor. A free book will given to each child that attends, he added.

HB 425-BOARDING SCHOOL FUNDING

[Contains discussion of HB 390.]

CHAIR GATTO announced that the first order of business would be HOUSE BILL NO. 425, "An Act relating to funding for school districts operating secondary school boarding programs, to funding for school districts from which boarding students come, and to inoperative school districts; and providing for an effective date."

Number 0186

REPRESENTATIVE JOHN COGHILL, Alaska State Legislature, testified as sponsor of HB 425 and answered questions from the members. He told the members that he represents the North Pole area, and grew up in Nenana. The Nenana School Board was instrumental in bringing the boarding school issue to his attention, he said. Representative Coghill explained that HB 425 provides boarding schools with stipend benefits beyond what is already allowed under some circumstances. This bill would expand currently operating boarding schools' ability to collect stipends and one round trip transportation cost for each student who attends boarding schools. A sunset provision is provided in the bill to ensure that there is a review of the pilot program in five years, he added.

REPRESENTATIVE COGHILL told the members that he struggled with the thought that [provisions in this bill] could impact a community in such a way that it could lose its school. For example, by allowing students to attend one of the boarding schools it could mean the number of student [in a particular community] could fall below the required 10 students. He told the members that the hold harmless language was inserted in the bill to address that issue. He pointed out that it would be necessary for the school district to show that the student(s) would benefit from classes that would not otherwise be offered in a small community, but could be obtained at a boarding school. If this were the case, the school district would be held harmless for the loss of a student while he/she were attending a boarding school.

REPRESENTATIVE COGHILL told the members that there will be a cost of \$1,406,000. The fiscal note is based on the present number of boarding school students, he added.

REPRESENTATIVE COGHILL told the members that Eddie Jeans from the Department of Education and Early Development mentioned to him that Section 1 could be removed from the bill because it does not apply to the 10-student rule. Representative Coghill emphasized that if a student leaves a boarding school, the boarding school loses funding for that student.

Number 0578

REPRESENTATIVE COGHILL explained that boarding schools have an interesting history in Alaska. He said he was raised in a small village that had a small Episcopalian boarding school. Many Native people he knew were negatively affected by mandatory moves to boarding schools both inside and outside of Alaska.

Some of those students had very bad experiences, he added. The schools were not well run. As a result, there was a real stigma attached to boarding schools in Alaska, he explained. Representative Coghill told the members that he believes there is a greater respect for the [Native] culture and the needs of students. He said that some of these schools help students grow who might otherwise find themselves in tough circumstances within a village. He said he was impressed by the way some of the students have improved their education and changed many things in their lives to a more healthy way of living. The students have done this while remaining culturally relevant and academically appropriate, Representative Coghill added.

Number 0680

REPRESENTATIVE COGHILL told the committee that there is a fiscal note attached. He explained that he has been talking with members [of the House Finance Committee] about ways to finance this pilot program. He added that he does not have a specific revenue source identified to pay for this project yet, but is working on one.

REPRESENTATIVE COGHILL said he believes this is a good thing to do. He has seen the successes from the Nenana and Galena boarding schools. Some students have told him that without the educational opportunity offered them at these schools they most assuredly would have failed school due to peer pressure and academic deficiencies. He acknowledged that this bill does not fix every problem, but it is one niche that needs to be seriously considered.

CHAIR GATTO asked if there is a state definition for boarding schools. He noted that some literature refers to these educational opportunities as "residential programs" and others refer to it as "boarding school programs." He suggested that the term residential program be used instead of boarding school because boarding school does have a historical stigma for some Alaskans.

REPRESENTATIVE COGHILL agreed that there may be a stigma in referring to boarding schools, but there is a difference in administration between a residential program and a boarding school. For example, Nenana, which is a home rule community, has put its own money into the existing school. The community has opened its public school to students of a residential center which has its own program, but the community supplies the schoolrooms and teachers. He explained that Nenana did that to

increase the student count, because the community had a big building in a diminishing town. Whereas, in Galena the school is a residential boarding school.

Number 0935

CHAIR GATTO announced for the record that Representative Wolf has joined the meeting.

Number 0940

REPRESENTATIVE SEATON pointed to Section 2 [page 1, line 14 and page 2, line 1 and 2] where it says:

(a) A district that began operating a secondary boarding program before January 1, 2004, is eligible to receive reimbursement for the costs incurred by the district in operating that program.

REPRESENTATIVE SEATON commented that if this is a good model to follow, then why would some districts not qualify [because its school was not in operation on January 1, 2004].

REPRESENTATIVE COGHILL responded that there is a practical reason. He said if this program works he does not know if the state can afford to allow these schools to flourish throughout the state. Representative Coghill commented that he believes these programs work, but thinks it is best to offer a pilot program to those existing boarding schools for a time, and then take another look at the programs. He emphasized that a good review needs to be done before making a sweeping policy call.

CHAIR GATTO commented that there are laws of unintended consequences. He asked for clarification that students who attend boarding schools will still be counted as present in the districts where the students come from.

REPRESENTATIVE COGHILL posed the following hypothetical example to clarify how the hold harmless provision works. A school has exactly 10 students and a student chooses to go to a boarding school because there is an educational or social problem that would warrant the student attending a boarding school. The school district he leaves would lose funding for the next year; however, this legislation would provide that the school would be held harmless from closure due to the drop in student enrollment [and the ten-student rule]. The provision does not mean that the school would get funding for a student who is not there, he

emphasized. The Department of Education and Early Development may wish to speak to this point, he commented.

Number 1157

CHAIR GATTO posed a worst-case scenario of a school that only has ten kids, five of which go to boarding school, and five are left. Then \$250,000 is [still available] to run the school. He explained that he is using figures he got from the situation in Central, where the community only had eight students, it advertised for two additional kids to attend school there; two additional students did enroll and Central received \$250,000 in funding. Chair Gatto said his concern is that a community could get down to just two kids and the state would still have to put up the money to run the entire school.

Number 1205

REPRESENTATIVE COGHILL responded that the Department of Education and Early Development does have discretion to allow or disallow that kind of situation to occur.

CHAIR GATTO went on to say in the extreme of this scenario, a mother, who would normally home school her kids, could enroll them in the school, become the teacher, and get \$250,000 to educate her children.

REPRESENTATIVE COGHILL told the members that it is his hope that a system will remain in place where a student who could excel and cannot get a science or mathematics class is able to go to a boarding school such as the those he has mentioned today. If there were a family with four students [from a small community and all of them chose to go to boarding school], he said he believes the district would be in trouble.

Number 1346

REPRESENTATIVE SEATON referred to Section 2 and asked if there is language that clarifies that reimbursement is only made for students who live outside of the district where he/she attends boarding school. He pointed to page 3 [V. Budgets and Allowable Costs, A. WITHIN DISTRICT] of the backup materials, where it says:

For students attending school within their home district, costs (including indirect costs) of placement supervision, counseling and program

administration are the responsibility of the school district.

REPRESENTATIVE SEATON asked if a student comes from outside the district would costs, stipends, and airfare be reimbursed.

REPRESENTATIVE COGHILL replied that he would like the department to respond to that question. He said he would be curious how the department and district would handle a situation where a student who lives in Nenana wants to attend the boarding school because for example, there are problems within the family.

Number 1491

REPRESENTATIVE SEATON posed a hypothetical question involving the Kenai Peninsula School District. He asked how reimbursement would work for a student who lives in Port Graham and who wanted to attend a boarding school in Seldovia if one existed there. He commented that as he reads Section 2, it appears the district would get the per student allocation plus the costs and airfare reimbursement. However, according to page three of the backup materials, it appears that the district would not get any of the costs paid, he said. Representative Seaton asked if that point should be clarified in the statute.

REPRESENTATIVE COGHILL replied that he hopes the department would be given discretion in determining reimbursement.

Number 1540

CHAIR GATTO posed a hypothetical question to Representative Coghill where a student who lives in Nenana, wants to go to the boarding school in Galena. Is there a restriction that a student must attend the boarding school closest to the student's residence, or may the student attend any boarding school he/she chooses, he asked.

CHAIR GATTO commented that the committee has always been supportive of offering alternatives in education, as well as, making what is in place work as well as it can. It may be important to offer alternatives to some kids, he suggested.

REPRESENTATIVE COGHILL replied that there are many variables and for that reason he believes the statute should be broad, and the application should allow the [department] discretion.

CHAIR GATTO told the members that he just received a report entitled "Certificate of Information Submitted on Boarding Home Reports" in which it says that some students do not have daily access to a school with the appropriate grade level. He said that while the language is a bit confusing, the point is well made that a student could be in a community that has a boarding school, but not have the appropriate grade level available to the student which in turn could require the student to go somewhere else.

Number 1691

REPRESENTATIVE SEATON commented that many districts are experiencing a problem of declining enrollment and therefore, less funding. He asked if any consideration has been given to the thought that this bill may provide an incentive to "poaching" [students].

REPRESENTATIVE COGHILL replied that there is a balance. He explained that the communities of Nenana and Galena have put up a significant amount of their own resources to establish better educational opportunities. He commented that those two schools look for people who can make the most progress, whether it is at the top or bottom of the educational spectrum. Representative Coghill told the members that in Nenana's case many of the students who attend there are troubled, regardless of whether the student was from Anchorage or a small village. Nenana's intent is for students to excel both academically and socially. He said he could not speak to the other schools' policies.

Number 1854

REPRESENTATIVE GARA asked if transportation and stipend costs are the only expenses not currently being paid to boarding schools.

REPRESENTATIVE COGHILL replied that the costs covered are one round trip ticket for transportation and a stipend for room and board.

REPRESENTATIVE GARA asked what the average cost of these expenses are.

Number 1890

REPRESENTATIVE COGHILL responded that the costs may vary, but an average would be about \$450 [per month].

REPRESENTATIVE GARA commented that he would be more sympathetic for this option being available to students who are having a hard time finding an educational environment to thrive in. He asked if there is a way to refrain from spending this kind of money on kids who are doing well. He said he does not see any language in the bill that would differentiate between students.

REPRESENTATIVE COGHILL replied that he is inclined to agree with Representative Gara. However, in thinking it through, he said, there could be a student who wants the opportunity to thrive in a smaller school. He said he does not believe this option should be limited to only those who are deficient in social or academic attributes. He told the members that in Nenana and Galena there is a strong cultural and academic emphasis. Representative Coghill stated that he believes it should be an option available for students who wish to attend, and would be uncomfortable inserting language that requires a student to be in great need in order to be enrolled. Representative Coghill pointed out that some of the better achievers who are doing well in Nenana, for example, did not have the educational opportunity in their home community.

Number 2033

REPRESENTATIVE GARA suggested establishing a certificate of need procedure that the local school official would have to complete to substantiate that the student would do better at a boarding school might be merited. He said he has a problem with students that are going to a boarding school for the luxury of choice. Representative Gara pointed out that \$500 per month for an eight-month school year is \$4,000 that he believes will come out of public education [funding] somewhere else.

REPRESENTATIVE COGHILL commented that he would defer to the school districts who have had students apply for this option. He said he believes the [boarding] schools have had more applicants apply than the schools are able accept. The schools are pretty much funding these programs on their own dime. He commented that if he understands it correctly, the schools do receive some travel money now. Representative Coghill reiterated that he believes the qualification process would be better spoken to by the districts who have already been through this process.

REPRESENTATIVE GATTO pointed out that with the laws of unintended consequences there can be good news and bad news. He

said, for instance, that there could be a student who is bright and wants to go to a boarding school, so all he has to do is fail the tests, and that would qualify him to attend the boarding school.

CHAIR GATTO commented that there is legislation [HB 390] which deals with the length of a school year and the flexibility in allowing students to attend classes seven days in a row if the school desires that kind of schedule. He told the members when he talked with Nenana and Galena boarding schools there was tremendous support for that idea. It would enable the students to finish their classes in a shorter period of time, while at the same time allow the school to offer another group of students the opportunity to enroll in the program. He added that it is possible to find some economies in using flexible scheduling. The bill that would allow this flexibility has not passed the legislature yet, he added.

CHAIR GATTO referred to Representative Gara's concerns that this bill might create a situation where it is robbing Peter to pay Paul. The school districts might object, he said.

Number 2211

REPRESENTATIVE COGHILL reminded the members that there are 133,000 students in public education, and this bill would affect around 340 students. This is only a niche, he emphasized. He told the members that many of the questions raised in the hearing today would be addressed through the admissions process and the memorandum of agreement that the Department of Education and Early Development would provide. He said he believes that the districts who have been involved in this process and the department should have significant input.

REPRESENTATIVE WILSON said she shares some of the concerns expressed with respect to funding losses in school districts. Historically kids were sent to boarding schools on a routine basis, but it was decided that it had a negative impact. The state then provided high schools for small communities so students could attend in their communities. However, Mt. Edgecumbe remained a boarding school. There is the thought that some students do benefit from a boarding school environment. It may be that the student is removed from a bad situation. Representative Wilson told the members that many students are sent to Mt. Edgecumbe by parents who want a better education for their children, not because their children are in trouble. She shared that she teaches classes for seniors in all the high

schools in her district, and she cannot believe the difference in the knowledge students at Mt. Edgecumbe possess over those of the other high schools. These kids are in a contained environment on campus, and the level of supervision and instruction is high.

REPRESENTATIVE WILSON commented that she has talked with [administrators] from Nenana and Galena who shared the desire to continue to operate boarding schools. She told the members that this is really a policy question. The state already has a stated-run boarding school and it works. She asked Representative Coghill what the capacity is for each of the schools.

Number 2487

REPRESENTATIVE COGHILL replied that he believes Nenana has about 75 students; however he will confirm that number. He suggested that the Department of Education and Early Development may have the head count in boarding schools. He said when considering this issue as a policy call, it is important to note that these communities have provided some of the resources. There may have been the desire to get state funding, but he would not call the schools' motives into questions because it is clear a need was identified. He pointed out that in Nenana's case there was a large building that was empty and the community saw a need that could be filled. Nenana also started a cyber school and used some of the funds to support the boarding school program; however, once the district found out, the administrator was fired and the district made some serious corrections. Representative Coghill told the members that there is no doubt that a boarding school environment gives those involved a comradery and a sense of mission to achieve academic excellence. Nenana is committed to its school and has searched for funding through local, state, federal, and nonprofit organizations. He commented that he believes Galena is the same way, but could not comment on the other boarding schools in Alaska.

Number 2671

HARRY WHITE, Principal, Project Education Residential School (PERS), Galena School District, testified in support of HB 425 and answered questions from the members. He told the members that PERS allows students an opportunity to get an education that is not available in the students' home community. Over 200 students applied last year and only 83 were enrolled due to space constraints. He explained that the school does not

"poach" students; students apply [without solicitation]. The school has been successful in that every student who attended last year opted to return. There is also a high rate of attendance by siblings. Mr. White explained that PERS is a grade 9 through 12 school. Every student who attends one or two years, regardless of his/her home community, achieves higher grades. One example of progress that has been made is in a class that started with a 7 percent passage of language arts and 4 percent passage of math, and through PERS the class achievement level has been raised to 58 percent passage of language arts and 52 percent passage of math, he said.

Number 2763

MR. WHITE told the committee that upon graduation from high school, the school also offers vocational certification in mechanics, culinary arts, and aviation courses for a solo pilot license. All of these vocational certifications can be followed up with classes at University of Alaska Anchorage for further certifications and degrees. He commented that six students just graduated last week from the school's cosmetology course with national certification. Many of these courses are the students' 13th and 14th year of education.

MR. WHITE shared that 85 percent of the PERS graduates have gone on to full time employment or some form of postsecondary education. He said he believes that is an excellent record because most of the students come from the villages.

MR. WHITE explained that the cost of providing this education is over \$26,000 per student. The community and soft money provides over \$20,000 per student for the education the students are provided. He emphasized that PERS is already educating the students, raising scores, getting students into college, and providing vocational training so that students may get jobs.

Number 2850

REPRESENTATIVE WILSON asked if the capacity of the boarding school is 83 students.

MR. WHITE responded that there is more space available in the dorm facility, but the community can only afford a certain number of students. He explained that the classroom capacity is between 70 and 75 students; however, PERS shuttles students back and forth to the city school three miles away to provide for more students. In response to Representative Wilson's inquiry

Mr. White clarified that the boarding school capacity is more than 100, but the school capacity is about 70 to 75 students.

Number 2932

CHAIR GATTO asked if the school can only accommodate 75 students, but the dormitory can hold 100, why would PERS bus [kids to classes].

MR. WHITE responded that busing is used to make the difference between the 75 and 100 students and still provide the education that is requested.

CHAIR GATTO asked for further clarification.

MR. WHITE explained that all 83 students live in the dormitory. The school has arranged the class schedule to accommodate [the shortage in classroom space]. The school buses students to [the public school] to offer additional elective classes like woodworking. The scheduling arrangement allows PERS to provide an education to more students in one year, he added.

Number 2960

REPRESENTATIVE SEATON posed a hypothetical question where PERS had 100 students in the dormitory, while the classrooms' capacity was 75. He asked if he is correct in projecting that in order to make that arrangement work PERS would be adding 25 students to the local school.

TAPE 04-12, SIDE B

MR. WHITE explained that the students obtain all of their academic classes at PERS and the elective classes at the other location.

Number 2948

EDDIE JEANS, Finance Manager, School Finance and Facilities Section, Department of Education and Early Development, testified on HB 425 and answered questions from the members. He said he believes that the members are trying to ascertain how the number of students that can be housed at the boarding school, could be educated. He explained that in Galena there is the Galena public school and also the residential program where facilities that were formerly the old air force base are being used. He asked Mr. White to confirm that this is correct.

MR. WHITE responded that Mr. Jeans is correct. The Galena public school is three miles away from the [former] air force base where the Galena Residential School is located.

MR. JEANS explained that the Galena Residential School is using a variety of facilities for the educational component of these students. The capacity of the residential component is 100 students. He said that what he believes Mr. White is saying is that even though PERS is only serving 83 students; the capacity for residential students is 100. Due to financial constraints Galena is not moving toward the 100-student capacity. He told the members it is the intention of PERS to continue to share the educational programs with the Galena city school.

Number 2877

CHAIR GATTO asked for additional clarification on residential students' attendance.

MR. JEANS explained that both schools are part of the City of Galena's school district, even though the programs are discussed as independent units.

CHAIR GATTO asked how many students are in the Galena school district.

MR. JEANS replied that he is not sure, but would provide that information for the committee.

MR. WHITE responded that he is not sure either because the district has a kindergarten through grade 12 facility.

CHAIR GATTO asked if the city school is larger than the residential school.

MR. WHITE responded that the city school is larger, but emphasized that it is not just a high school. He explained that only 10 or 11 students are bused over to the city school to receive vocational electives. There are not a large number of students going to the city school from the residential school, he stated.

REPRESENTATIVE GARA prefaced his question by saying that he missed the first portion of Mr. White's testimony, and asked if he understood correctly that Mr. White said running the

residential school puts the school in the red by about \$20,000 per student.

Number 2822

MR. WHITE responded that is correct. It costs PERS \$26,000 per student to run the residential school. This cost covers room, board, staffing, travel, and utilities.

REPRESENTATIVE GARA asked how much the school is compensated by the state.

MR. WHITE replied that the school gets about \$5,700 per student.

REPRESENTATIVE GARA asked Mr. Jeans if this bill would provide that extra [\$20,000] per student.

MR. JEANS replied that it would not provide \$20,000 per student. He said that based on the department's fiscal note the school would generate \$551,000 for 91 students, or approximately \$6,000 per student. He explained that even though Galena's boarding school was originally started as a boarding school, the district receives state funding for students that attend school in the boarding program, but the funding is just the foundation funding. The school attempted to use state funds that were generated through other programs to help supplement the boarding school program. However, the charter school legislation was amended a year or two later which said that state funds could not be used to support a boarding program. This legislation put the school in a "catch-22" position where the school started under one premise and then the rules changed. He told the members that Galena is using other resources and local funds to support their program.

Number 2641

MR. JEANS explained that the other piece of the dilemma for boarding schools is that if a student does not have daily access to a secondary program, then the state will provide a boarding stipend. In Galena's case, there are eight students who come from St. George out in the Pribilof Islands. St. George only offers a K-8 program out there so the state pays Galena a monthly stipend. Mr. Jeans explained that this legislation would provide for the state to pay monthly stipends to all kids in Galena for this pilot program and then see what the impacts are. He commented that this program would also apply to Nenana. Nenana currently has less than five students who qualify for the

boarding stipend because those kids do not have access [to grades 9 through 12] in their home communities. Mr. Jeans summarized that all this legislation does is say that if a student wants to attend a residential program, then the state would pay a boarding stipend while the student attended there.

Number 2605

MR. JEANS emphasized that one should not compare Galena to Nenana to Mt. Edgecumbe because each program is extremely different. A student may elect to go to Mt. Edgecumbe because he/she wants to get ready for college and it is known that Mt. Edgecumbe prepares students for college. Another student may want to go to Galena because of the [nationally accredited] cosmetology course or pilot training where there is a flight simulator. The programs are vastly different, but what is being discussed is providing some assistance in covering some of the residential costs for those kids who choose to go to these boarding programs.

CHAIR GATTO asked if a boarding school is taking in \$6,000 [per student] and the cost is \$20,000, how does it stay in business.

MR. WHITE responded that the additional funds are obtained from soft-money grants, local money, and other funds from the district.

CHAIR GATTO responded that in other words, it is costing Galena more money to run the program than what is being provided by the state; and the district is using other money to pay the difference.

MR. WHITE agreed that money is being taken from other areas to maintain the program. The main benefit is that Galena is seeing students succeeding that had very little opportunity to succeed. The question that is starting to be asked year by year is how long can Galena continue to do this without additional help.

CHAIR GATTO stated that Galena School District is a benevolent association whose primary goal is to watch kids succeed and is willing to put up its own money no matter where the kids come from.

Number 2433

MR. WHITE responded that Galena's primary mission is to educate students and if the chairman wishes to place "benevolent" upon it, then it will gladly be accepted.

Number 2428

REPRESENTATIVE WILSON asked how long Galena has been offering a boarding school program.

MR. WHITE told the committee that this is the school's seventh year.

REPRESENTATIVE WILSON asked what the norm is for students who graduate from Galena.

MR. WHITE explained that the cosmetology school is just getting off the ground, and there were six students who graduated from cosmetology this year. Only four of the six graduated from Galena, the other two graduated from other high schools, he added. He reiterated that the 13th and 14th [grade] course offerings, which are funded by grants, have just started so he does not have a percent available.

REPRESENTATIVE WILSON asked if state funds for the boarding school program are now or could in the future be redirected to support the vocational program also.

MR. WHITE responded that funds that come from the state for the residential program would be used to appropriately fund the academic programs.

REPRESENTATIVE GARA asked under the current program, approximately how much money is being spent per student to provide an education for the eight kids [from St. George] who go to the Galena residential school.

MR. JEANS commented that this proposed legislation mirrors the current program. The dollar amounts reflected on the fiscal note, of a \$577 monthly stipend is what the state is paying for each of those eight children.

REPRESENTATIVE GARA said that if this legislation passes, Galena will get roughly \$6,000 for boarding expenses and \$6,000 for the base student allocation. That would still leave Galena responsible for \$14,000 for each student. He asked Mr. White if this kind of appropriation would allow Galena to continue to operate for the long term.

Number 2258

MR. WHITE replied that Galena has enough money to run another year or so. If the school were to receive the additional money it would mean Galena could go on longer and possibly increase the number of students enrolled.

Number 2235

REPRESENTATIVE WILSON asked Mr. Jeans how much funding is provided to Mt. Edgecumbe per student.

MR. JEANS replied that he would have to get that information for her. He added that Mt. Edgecumbe's residential component is built into the state budget because it is a state-run school.

REPRESENTATIVE WILSON said she would like to know for comparison purposes.

MR. JEANS acknowledged that the residential schools being discussed today are costing the state less than what Mt. Edgecumbe is costing the state.

CHAIR GATTO stated that the cost per student at Mt. Edgecumbe is approximately \$20,000 and one round trip [transportation allowance from the student's home] each year. He said the true cost of running a residential school is close to that figure.

REPRESENTATIVE WILSON said she would like to see these schools funded in a way that would ensure they stay open for more than just two years. It would be nice to know if these programs are working.

CHAIR GATTO commented that Mr. White told the members that the school also has soft-money through grants.

REPRESENTATIVE WILSON asked Mr. Jeans if the Department of Education and Early Development has had on-site reviews of the educational programs and are the programs [accredited].

Number 2100

MR. JEANS replied that the department has not done a field audit of these schools; however, he is sure that Representative Wilson has seen the brochures. The Lower-Kuskokwim Bethel area has a boarding school that brings kids in from the outlying

communities. There is also the Nome-Beltz School which he is not quite sure of because it is not the typical 180-day program. It is a two-week program of intensive courses where kids are brought in from the Bering Straits School District and then the kids go back home. He said he does not believe that school would fit in this mix, but will wait for direction from the legislature on that.

Number 2049

REPRESENTATIVE WOLF asked Mr. White to elaborate on the soft-money funds that he referred to. Are home school funds used at PERS, he asked.

MR. WHITE responded that PERS is part of the Galena City School District of which there are three programs, the city school, PERS, and Interior Distance Education of Alaska (IDEA). He told the members that PERS has a grant writer who is working on a grant now that should provide some assistance.

REPRESENTATIVE WOLF asked if some of the funds [which are subsidizing PERS] are from the home school program.

MR. WHITE responded that most of the additional money need to run PERS has been coming from soft money. For example, the resiliency grant is a very large grant PERS gets for retention of students into a residential program. He said that PERS' success ratio will mean that the grant will awarded to them again this year. That is the largest grant PERS gets and is a big part of the funding, he said.

Number 1926

REPRESENTATIVE SEATON asked Mr. Jeans to address the language in the bill [on page 1, line 14 and page 2, line 1] which specifies that a district would have to have been operating a secondary boarding school program prior to January 1, 2004.

MR. JEANS said it is his understanding that Representative Coghill wanted to create a pilot program for those districts that are currently running residential boarding schools. He added that is why the attachment to the fiscal note shows districts and communities which the department has identified that have programs in place. Mr. Jeans added that is also why he mentioned the Nome-Beltz's program differences and asked for legislative direction. Mr. Jeans assured the committee that some of the details could be spelled out in regulations and

would not have to be written into statute. He reiterated that the purpose for the language is that Representative Coghill wanted this to be a pilot program which would be evaluated after a number of years.

REPRESENTATIVE SEATON commented that as he reads the statutory language it does not distinguish where the students come from; however, in the copy of the memorandum of agreement it says that if the students are coming from within the district, the student will not receive any money. So this would be an incentive to attract students from outside of the district and no incentive to provide the services to students within the district, he added.

Number 1793

MR. JEANS replied that the memorandum of understanding that Representative Seaton is looking at is the current agreement based on current regulations. It says if a student does not have daily access to a secondary program, then the student qualifies for a boarding home stipend. For example, in the Pribilof Islands the school district is operating a Kindergarten to eighth grade program in St. George. He told the members that the high school students in that district could go anywhere in the state, and the state would pay boarding stipends. Mr. Jeans commented that years ago kids from this district use to go to school in the Matanuska-Susitna Borough School District. He explained that the majority of students that are attending boarding school in Bethel are students from the Lower Kuskokwim region. Under the current program these students will not qualify [for a boarding stipend] for two reasons. First, the students are from within the district, and second, all of their communities are providing Kindergarten through 12th grade programs.

MR. JEANS further explained that this proposal would allow students who wish a more diverse course offering [to have that opportunity], and to assist those districts in bringing kids in and get some assistance with a boarding school program.

REPRESENTATIVE SEATON asked Mr. Jeans to clarify that the intent of this bill is to allow students, whether from within or outside of a school district, to enroll in a residential program and have a boarding stipend and other costs [paid for by the state].

MR. JEANS agreed that is his understanding of the bill.

Number 1665

REPRESENTATIVE WILSON summarized that currently the law says that the only students who would qualify [to attend residential programs] are those who live in communities that do not offer 9th through 12th grades in their district. This bill would allow any student to apply to a boarding school program. Representative Wilson posed a hypothetical question that if parents in Wrangell believed their child was running with the wrong group of kids, could that student be enrolled in a boarding school program.

Number 1643

MR. JEANS responded that could happen. He offered an example that there could be a student that wants to be a cosmetologist and that training is probably not available in Wrangell.

Number 1628

CHAIR GATTO announced that HB 425 would be held in committee.

HB 333-PUBLIC SCHOOL ENDOWMENT

Number 1590

CHAIR GATTO announced that the next order of business would be HOUSE BILL NO. 333, "An Act relating to an endowment for public education; and providing for an effective date."

Number 1583

REPRESENTATIVE OGG moved to adopt CS HB 333, 23-LS0991\U as the working document.

CHAIR GATTO noted that Representatives Wilson and Coghill are co-sponsors of the bill.

REPRESENTATIVE DAN OGG, Alaska State Legislature, testified as sponsor of CS HB 333. He told the members that he represents the Kodiak Island and north end of the Lake and Peninsula Borough and is a former regent of the University of Alaska for eight and one-half years.

REPRESENTATIVE OGG explained that this bill really has to do with how education is funded and provided some historical

perspective. In 1634 the Massachusetts colony granted the community of Dorchester, Thompson's Island. Four years later the rents, fees, and royalties from that island were dedicated to a free school. In 1670, the Plymouth colony followed suit and enacted the first ordinance in America which said that profits should annually accrue to the colony for fishing with nets in Cape Cod for mackerel, bass, or herring, and those funds would be dedicated for a free school. The following year a teacher came to the colony by the name of Thomas Hinkley and the colony provided those fishing profits [for education purposes]. At the same time, the colony dedicated the profits and benefits from two former-Indian tribal lands to run the school.

Number 1384

REPRESENTATIVE OGG went on to say that in 1861 the Moral Act was passed which said that America felt higher education was so important that it authorized the giving of land in western states to setup land-grant colleges.

REPRESENTATIVE OGG said when Alaska became a territory it came under this act, he said. In 1917 the University of Alaska Fairbanks became Alaska's land grant college. As such, the lands in Alaska were available to them. The one catch with the federal government was that the land had to be surveyed before the land could be obtained. During the territorial days and up until statehood the amount of lands that were surveyed and the sections in them that were dedicated to schools or colleges ended up being a total of 115,000 acres. During statehood discussions there was always the intent to get the land to the University of Alaska to fulfill the land grant. In 1959 when the statehood compact was signed, the land grant was left out. There was some discussion because Alaska was unique and the federal government gave the state 103 million acres with the thought that perhaps the [university land grant] should come out of this 103 million acres.

REPRESENTATIVE OGG told the members that during Governor Egan's administration there was a bill that passed the legislature to give the University of Alaska a land grant, and it was vetoed. The land grant issue remained dormant for some time, until the 1990s when two regents for the University of Alaska, Lew Williams, Jr. and Joseph Henry, worked hard for a land grant. Representative Ogg commented that he worked with them. He told the members that three land grant bills made it through the legislature during that time, and each one was vetoed.

Number 1128

REPRESENTATIVE OGG went on to say that in 2000, the last land grant bill, SB 7, was vetoed. It was a historic time because the legislature over-rode the governor's veto. However, the governor declared that the over-ride of his veto was not valid because the legislature did not have enough votes as he deemed the legislation to be an appropriation which requires a three-quarter vote to over-ride his veto. In January of this year, the Alaska Supreme Court ruled that was not the case. The bill was not an appropriation and the legislature was only required to have the two-thirds vote so the vote [in over riding the governor's veto] was upheld. However, what the judge said was that because there was a conservation group who had joined the law suit at the lower court and had put forth the question as to whether this bill was an unconstitutional dedication of state funds, the Alaska Supreme Court said it would not decide that issue because it had not been brought up to them; so that case went back to the superior court where it sits today to decide that issue. SB 7 gave an actual physical grant of land to the university of 250,000 acres. The bill lays out a schematic about how the university would work with the Department of Natural Resources to pick these lands. When the lands are selected it must then come back to the legislature for approval.

REPRESENTATIVE OGG pointed out that the reason for this is that when a specific grant of land is selected then it will "gore someone's ox", he said. When the bills came through in the 1990s the miners were very upset that potential mining lands might end up in the hands of the university. At other times it would be the timber industry that would be upset, he said. Representative Ogg added that sometimes it would be supporters of the university that did not believe the university should be involved in developing land and it was their desire the land stay in a pristine state.

Number 1046

REPRESENTATIVE OGG reiterated that the university does not have its full land grant because it is tied up in court. He explained that HB 333 is a little different from other legislation that has been brought forward. He explained that this bill creates a tenancy in common with the State of Alaska. He posed the following hypothetical example to demonstrate how a tenancy in common works. He said imagine that a grandfather decided that he wanted his grandchildren to have some land and willed it to all of his grandchildren equally. For example, if

there were eight grandchildren, each grandchild owned one-eighth of that land, but there is no way for that grandchild to go out on the land and say, this piece of land is mine, because the land is owned in common. If the grandfather knew that he had a couple of grandchildren who were spendthrifts and did not want them to manage the land, he then arranged for one grandchild to manage the land and the other grandchildren would benefit equally from the land. Representative Ogg stated that is what this bill does.

Number 0995

REPRESENTATIVE OGG told the members that this bill would provide for the land to stay under the management of the State of Alaska and the university would end up owning one percent of all state land as a tenancy in common. There is a caveat that when land is given in the example provided, that the non-managing party acquires the right over the managing tenant, the managing tenant has a fiduciary duty to be a good steward of the property. He explained that in this bill that fiduciary duties does not apply. The reason that language was inserted is to ensure that the University of Alaska is not looking over the shoulder of the Department of Natural Resources and trying to make decisions on the management of the land. The idea is to get the land to the university as a tenancy in common and have the monies flow to the university, he said.

Number 0884

REPRESENTATIVE OGG pointed out that parts of the bill set out what funds would actually flow to the university, because some might think the university would get one percent of the oil and gas, mining, or land sales revenues. This language ensures that the university does not get revenues from the existing flow; it would only receive revenues from new leases or new sales. This would not impact the state from its current revenue sources.

Number 0846

REPRESENTATIVE OGG said the language in Section 1 and 2 is just enabling language. Section 3 is a new section which establishes the fund. Section 4 sets out powers and duties for commissioners and how the fund will function.

REPRESENTATIVE OGG told the members that Sec. 14.40.499, on page 4, says how the fund would be administered and establishes the board.

REPRESENTATIVE OGG said that Sec. 14.40.501 sets out the duties and powers of the fund. He pointed out that on page 5 there is a new section [Sec. 14.40.505] that says how funding flows from state lands.

REPRESENTATIVE OGG told the members that in Sec. 14.40.507 there is language which conveys the land to the university as a tenancy in common.

Number 0704

REPRESENTATIVE OGG pointed to a change in wording between version U and the original bill which is on page 4, line 10. He explained that for many years there was a "President" of the board of regents and has since been changed to "Chair" of the board of regents. Version U changes that wording to "chair" of the board, he reiterated.

REPRESENTATIVE OGG told the members that there was a suggestion from the University of Alaska to "use the percentage of market value" so that the money that comes out of the fund flows at a rate of 5 percent on an annual basis which is delineated in Sec. 14.40.503.

REPRESENTATIVE OGG said Sec. 14.40.507, page 5, lines 16 through 19, provides language that removes the fiduciary responsibility so the state can manage the land unimpeded.

REPRESENTATIVE OGG summarized that there may be some slight changes in language to ensure the bill reflects the intent he has described to the members.

Number 0550

REPRESENTATIVE GARA asked to be directed to the language that provides for one percent of state land to be transferred as tenants in common.

REPRESENTATIVE OGG directed Representative Gara to page 5, line 13. He commented that the language is inarticulate and will have to be redrafted.

REPRESENTATIVE GARA asked how the one percent of state land compares to the 250,000 acres in the last land grant.

Number 0462

REPRESENTATIVE OGG responded that one percent of state land would be about 1,004,000 acres. He reminded the members that the land cannot be divided because it is a tenancy in common.

REPRESENTATIVE GARA asked how Representative Ogg came up with one million acres.

REPRESENTATIVE OGG thanked Representative Gara for bringing that question before the committee because when providing a history of land grants, he did not mention an important point. He explained that this legislation is different from other land grant acts in that it is his desire to fund both the university and kindergarten through 12th grades. He said both of those two educational entities would benefit from the university's land grant. He explained that is the reason the number of acres is higher. One other reason the number is higher is that when starting with nothing this endowment is really a pass to the next generation. Representative Ogg said probably by 2013 there will be about \$3 to \$4 million a year. He commented that he does not have the exact figure, but said it takes a while for the funds to build up. Representative Ogg used a past example of state oil revenues that began in the 1960s through to the present where the state has received about \$52 billion. That is the total amount of revenue, he said. If one percent of that \$52 billion had gone into this fund there would be about \$520 million in the fund. That figure covers a 35-year period, he added. If it had been managed as the permanent fund has, it would be a billion dollar account. Five percent of that billion dollars would provide \$50 million for education. If using those figures into the future, 25 or 30 years down the road, \$25 million would go to kindergarten through 12th grade and \$25 million for the university system on an annual basis. Representative Ogg said it is not a lot, but it helps.

Number 0196

REPRESENTATIVE GARA commented that there is land that he would not want to see conveyed away from public ownership. He said he believes it is amazing that a person can walk up and down a stream and fish or raft it. He said he believes that among the lands that are most precious to Alaskans are the stream bank lands and other recreational lands. The Department of Natural Resources has done a good job over the years in protecting stream bank lands, he commented. He asked if Representative Ogg would be willing to include language that would ensure that the

state would not give away public access to the Kenai River or other cherished public lands.

REPRESENTATIVE OGG commented that this kind of language could be included in the bill; however, in doing so it would change the legislation from a tenancy in common to that of an individual land grant to the university. He pointed out that SB 7 actually provided for specific land to be granted to the university. Representative Ogg reminded the members that there will be land that will gore your ox; a miner will have land that will gore his ox, and that is why this bill does not go in that direction. This bill leaves the authority to manage the lands with the State of Alaska in the Department of Natural Resources through the public hearing and public notice process to dispose of and develop land. He added that the point of the language which relieves the department of fiduciary responsibility would ensure that the university would not come to the state and argue that the department is not managing the land to benefit the university in the way it wishes.

TAPE 04-13, SIDE A

Number 0095

REPRESENTATIVE SEATON asked about the language in Section 2, page 2, lines 26 through 28, where it says:

and any other land owned by the University of Alaska is not and may not be treated as state public domain land.

REPRESENTATIVE SEATON asked Representative Ogg to explain the meaning of the designation "state public domain land." He asked if the lands cannot be treated as public domain lands, what restrictions are put upon them by that clause.

REPRESENTATIVE OGG responded that the University of Alaska has some lands already. The university is not under the jurisdiction of the State of Alaska as to how those lands which it possesses are developed. He pointed out that is the purpose of land grants. It allows that the university have an independent source of income by managing the land to make some extra money, he said. Representative Ogg pointed to the following language in bold [on page 2, line 25 and 26]:

land conveyed to the state and the University of Alaska under AS 14.40.507,

REPRESENTATIVE OGG told the members that that language will most likely be deleted.

REPRESENTATIVE SEATON referred to page 5 where there is language about a conveyance and selection process. He said he knows the members are aware of the difficulty that was experienced during the Native and state land selections process. Representative Seaton asked if it would be acceptable to change the tack to take one percent of revenues generated from state lands and in that way avoid the selection process which would be difficult and expensive.

Number 0331

REPRESENTATIVE OGG replied that what Representative Seaton is suggesting is exactly what this bill would do. There is no selection process with this legislation, he said. The university ends up owning one percent of all the land, but it is an undivided one percent portion of the land. In other words, there is no actual physical land transferred, only a right that is transferred.

REPRESENTATIVE SEATON referred to page 5, lines 11 through 12, which reads:

The commissioner of natural resources shall convey to the University of Alaska...

Number 0426

REPRESENTATIVE OGG added that it also says "the State of Alaska." He commented that this language needs to be clarified. Representative Ogg explained that the language should say that the land is conveyed, the university owns one percent, and the State of Alaska owns 99 percent. The land is owned together, he stated. The tenancy is common. He commented that he has been talking with Bob Loeffler about clarifying the language.

Number 0542

JOSEPH BEEDLE, Vice President for Finance, University of Alaska Systems, testified in HB 333. He told the members that as a land grant university they are familiar with the mechanism and support this endowment to help fund education. Federal land grant efforts date back to 1915 and 1929 when the federal government attempted to transfer 360,000 acres to the

university. Unfortunately, less than one-third was transferred because of survey delays and the fact that the Alaska Statehood Act did not complete the commitment.

MR. BEEDLE said these facts place Alaska last in all land grant universities or college states. For example, New Mexico received 1.3 million acres, Oklahoma received 1 million acres, New York received 1 million acres, Arizona received 850,000 acres, Pennsylvania received 780,000 acres, and the University of Alaska received in the range of 115,000 acres. He told the members that Alaska is ranked 48th in amount of land grant volume received and has not received parity of other states. Mr. Beedle told the members that the one percent land grant is a minimal approach because of the shrinkage of revenues available to the university because much of the revenue is dedicated, such as the 25 percent mineral resources revenues going to the Alaska Permanent Fund.

MR. BEEDLE went on to say:

Referring briefly to the legislative research document projections for new resource revenue, we appreciate over a 25-year estimated time period that there could be \$34 billion accumulated in nominal terms. One percent for education, \$342 million over that life time for an average of \$13.7 million or a split of \$6.8 [million] with K-12. I would agree that that could average, in terms of the POMV approach, \$15 to \$20 million in the year 2030. So looking out 25 years from now, we could, in fact, have earnings off of those endowed proceeds of approximately between \$15 and \$20 million.

I would note that the backup schedules provided by legislative research [Legislative Research Report Number 04.176, dated March 1, 2004] from the Department of Revenue shows that it is 2012 when you assume all four: ANWR, Beaufort Sea, Central North Slope, NPRA ... all four have to work. Then the gas line has to come on for us to reach \$100 million (indisc.) if all those things work.

Under the concept of \$100 million, if I was asked to do a fiscal note for the university, I would be assuming then \$100 million to the state. And again, that does not start to occur under this Department of Revenue forecast until 2012, \$100 million, K-12 gets

\$500,000 and the university gets \$500,000. So we assume the stream is static, a stream of \$500,000 per year. Because of prudent investments and percentage of market draws, we only have \$5,000 at the end of the second year to spend because you would assume 20 percent, so one-fifth, five years averaging of the \$500,000 of the five percent earnings. So in year six we would have that first contribution where all the money was invested, \$500,000 per year for five years, equals \$2.5 million. At year six then that average for the five years would be \$1.5 [million], so we would receive \$75,000 in year six. In year ten, assuming again, the minimalistic, \$100 million per year at one percent to K-12 and the university, we would enjoy \$200,000 per year in year 11. So it certainly pales in comparison to our total needs for state general funds and it would beg the question: is one percent, in fact, enough. Should it be raised to say maybe four percent or so to roughly the equivalent of something meaningful.

Number 1018

MR. BEEDLE told the members that the university currently administers its own land grant development and conversion process, but has no objection to having the Department of Natural Resources administer the universities tenancy in common ownership proposed under this bill. Currently the university has a land grant trust endowment which is in statute and it has used the percent of market value (POMV) process since 1996, so five percent of the average five year balance is paid out, he said. Mr. Beedle summarized his comments by saying the university supports HB 333 and offered to work with the sponsor to address some of the technical aspects of the bill.

Number 1112

REPRESENTATIVE GARA asked if the state kindergarten through 12th grade and university budgets are approximately \$1 billion.

REPRESENTATIVE OGG responded that it is close to that.

REPRESENTATIVE GARA asked what the benefit is in obtaining funds through revenue of state lands, as opposed to just requesting it from the general fund.

REPRESENTATIVE OGG replied that the bill recognizes a historical trend in this country that supports land grant universities to provide an independent revenue source. This independent revenue provides some independence from the political process. Not a lot, he said, but a little bit. He said that another reason to pursue this is that this is a federal program that was established and it is fulfilling a promise made to the state, as the university lands were included in the 104 million acres [given to the state by the federal government].

Number 1269

REPRESENTATIVE OGG told the members that when the governor was a U.S. Senator he put in matching land grant bills, that if the state gave a grant to the university, then the federal government would "pony up." What happened then was that the same "oxen were being gored." If the state does this and fulfills the state land grant, then the U.S. Senators could look at this and say here is a way to fulfill the federal promise for the land grant. He added that the amount of money that would flow from the federal side far exceeds what the state monies would be.

Number 1314

REPRESENTATIVE GARA asked Mr. Loeffler if the state lands managed by the Department of Natural Resources would be managed any differently than it is today if this legislation were to pass.

Number 1325

BOB LOEFFLER, Director, Division of Mining, Land, and Water, Department of Natural Resources, testified on HB 333 and answered questions from the members. Mr. Loeffler responded that it would be fair to say that there would not be changes. He added that there have been some errors in drafting the bill which are being addressed. He explained that as long as those errors are corrected, it is transparent to the department as to where the revenue goes. The intention of the bill is for the department to maintain all of the management authority. Mr. Loeffler commented that this is really a policy decision for the committee.

Number 1424

REPRESENTATIVE SEATON asked Mr. Loeffler if this land grant includes subsurface rights, because that is where the money is generated. He said his understanding is that the Alaska Statehood Bill provides that if the state transfers the subsurface rights [of state lands], then the federal government takes them back.

MR. LOEFFLER pointed out that this bill would provide one percent of the revenue for everything. The land is still managed by the department and the revenue still goes to the state. He told Representative Seaton that he could contact the Attorney General's Office for verification, but said he does not believe that is a problem.

REPRESENTATIVE SEATON replied that he would appreciate hearing back on this point.

CHAIR GATTO announced that HB 333 would be held in committee.

HB 405-SCHOOL PERFORMANCE DESIGNATION/REPORT

Number 1472

CHAIR GATTO announced that the final order of business would be HOUSE BILL NO. 405, "An Act relating to reports on school and school district performance; and relating to accountability of public schools and school districts; and providing for an effective date."

Number 1498

REPRESENTATIVE OGG moved to adopt HB 405, 23-LS1533\A, as the working document. There being no objection, HB 405, version A, was before the House Special Committee on Education as the working document.

Number 1535

CHAIR GATTO, Alaska State Legislature, testified as sponsor of HB 405. He explained that he needs to adopt some conceptual amendments to address drafting errors.

Number 1571

LES MORSE, Director, Assessment and Accountability, Department of Education and Early Development, testified on HB 405. He explained that the one point in this legislation that needs to

be changed is AS 14.03.123(a), on page 3, lines 13 and 14, which reads:

designation of distinguished, successful, deficient,
or in crisis to each public school and school
district.

MR. MORSE said this legislation was intended to remove that language and have one accountability system that would be in compliance with the federal requirements.

Number 1603

CHAIR GATTO told the members that the bill's language would align state requirements with federal requirements so that two standards do not have to be met.

Number 1614

REPRESENTATIVE WILSON moved conceptual Amendment 1 to address changes in HB 405 language to align state standards in statute to meet federal standards, as those in the No Child Left Behind Act. There being no objection, Amendment 1 was adopted.

[HB 405 was held over.]

ADJOURNMENT

There being no further business before the committee, the House Special Committee on Education meeting was adjourned at 1:00 p.m.