

HOUSE FINANCE COMMITTEE
April 10, 2003
2:56 PM

TAPE HFC 03 - 56, Side A
TAPE HFC 03 - 56, Side B

CALL TO ORDER

Co-Chair Harris called the House Finance Committee meeting to order at 2:56 PM.

MEMBERS PRESENT

Representative John Harris, Co-Chair
Representative Kevin Meyer, Vice-Chair
Representative Eric Croft
Representative Mike Hawker
Representative Reggie Joule
Representative Bill Stoltze
Representative Jim Whitaker

MEMBERS ABSENT

Representative Bill Williams, Co-Chair
Representative Mike Chenault
Representative Richard Foster
Representative Carl Moses

ALSO PRESENT

Kevin Sweeney, Legislative Liaison, Department of Education and Early Development; Joyce Kitka, Volunteer, Alaska Association for Community Education; Susan Burke, Juneau; Kim Garner, Director, Administrative Services, Department of Administration; Linda Sylvester, Staff, Representative Weyhrauch; Rachel Lewis, Unclaimed Property Division, Department of Revenue; Bruce Johnson, Association of Alaska School Boards.

PRESENT VIA TELECONFERENCE

Julie Jonas, Four Valleys Community School Program, Anchorage; Rebecca Reichlin, Girdwood; Jody Liddicout, Anchorage; Debbie Bogart, Director, Community Schools, Anchorage; Daryl Farrens, Homer Community School Coordinator, Homer; Curt Ledford, Director, Community Schools, Sitka; Robert Boyle, North West Artic Borough School District.

SUMMARY

HB 109 "An Act relating to the limitation on payment of state treasury warrants; and providing for an effective date."

CSHB 109 (FIN) was REPORTED out of Committee, with one previously published zero fiscal note from the Department of Administration, and a "do pass" recommendation.

HB 165 "An Act relating to community schools; and providing for an effective date."

HB 165 was HEARD and HELD in Committee.

HB 154 "An Act relating to admission to and advancement in public schools of children under school age; and providing for an effective date."

HB 154 was HEARD and HELD in Committee.

#hb165

HOUSE BILL NO. 165

"An Act relating to community schools; and providing for an effective date."

KEVIN SWEENEY, LEGISLATIVE LIAISON, DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT spoke in support of the legislation. He noted that the statute was adopted in 1975 to establish a grant program. He explained that that purpose of the grant program was to provide financial support to assist local school districts in establishing community school programs. He pointed out that every school district currently provides community school services. He maintained that the amount of grant funding represents a small percentage of the program expenditures. He expressed the Administration's belief that the statute had fulfilled its objective of beginning community schools programs in each district and stated its desire to end the grant program.

Mr. Sweeny provided members with a chart illustrating the current prorated funding formula (copy on file). He also provided a chart reflecting the percentage of state grants compared to total expenditures for each district. He pointed out the example of Valdez, where the State's grant comprised only .5 percent of program expenditures.

Mr. Sweeny noted that the House Health Education and Social Services Committee amended the legislation to retain a statutory reference to a community schools program and encouraged the continued community use of schools.

Co-Chair Harris observed that the Fairbanks school district received a \$50 thousand grant and expended \$180 thousand, which represented 27 percent as compared to other school districts who further exceeded their grant amounts. He asked what accounted for this difference.

Mr. Sweeney speculated that the Fairbanks district did not account for costs of utilities or collected a different amount in community fees or other local support. He maintained the potential to fund larger portions of program expenditures from sources within the community.

Co-Chair Harris pointed out that the current state budget did not contain funding for the program and questioned what would happen if the legislation were not enacted. Mr. Sweeney estimated that in that case there would be a pro ration of zero. He reiterated that the Governor feels that the statute has served its purpose.

Representative Joule noted that some districts indicated a ratio of 100 percent grant to expenditures. He asked if this indicated that they received no other funding for the program.

Mr. Sweeney explained that these were the amounts reported as being spent on community schools. He again speculated that some districts did not account for all of their expenses.

Vice-Chair Meyer questioned if there are villages that are receiving funding that would not be able to make up the loss. Mr. Sweeney noted that within those districts utilizing 100 percent of their grant amounts, the grants ranged from \$1,500 to \$15,000, with an average of \$2 to \$3 thousand. He speculated that it would be difficult to provide a service for this amount of money.

Vice-Chair Meyer pointed out that the appropriation (\$500,000) represents a small amount in the State budget, whereas it creates a greater impact on school districts' or local government budgets. He asked why the State could not simply continue the grant program since it seemed to be working well.

Mr. Sweeney acknowledged that the program funding was a small amount and pointed out that it was not currently fully funded. He estimated that the full amount would be closer to \$3 million. He reiterated that the purpose of the grants was to generate programs, and stressed that communities must now begin to maintain these programs on their own.

JOYCE KITKA, VOLUNTEER, ALASKA ASSOCIATION FOR COMMUNITY EDUCATION spoke against the legislation. She distributed program information to members (copy on file). She maintained that the funding level estimates provided by the Department of Education and Early Development were not accurate and included funding for other programs. She gave the example that the amount listed for Juneau's Community Schools' budget also included funding for a before and after school daycare program, which was not run by Community

Schools. She noted other errors of up to \$600 thousand in budget numbers reflected for various school districts.

Ms. Kitka stressed that Community Schools was the one State program with the potential to reach every Alaskan. She maintained that the program had been fiscally responsible and had developed partnerships to facilitate funding. She stressed that the State monies were used to leverage such partnerships. She explained that adult programs often subsidize youth programs. She emphasized that the program has resulted in 342,000 activity hours logged, 464,300 youth served, 400,000 adults served. She stressed that the 212,000 hours in volunteer time was valued at \$3 million. She concluded that this was an excellent return on a State investment of \$500 thousand.

In response to a question by Co-Chair Harris, Ms. Kitka explained that not all school districts are able to fund community education. She noted that the program provided a wide array of education such as childbirth classes, summer school classes, and tutoring. She noted that the classes were offered to meet community needs such as drivers' education, preschool and before and after school childcare programs. She noted that federal funding (21st Century Program) was close to elimination.

In response to another question by Co-Chair Harris, Ms. Kitka explained that fees support larger programs, such as adult education and gym rentals. She also noted that, as a result of the paid programs, other classes could be offered at a reduced rate, with the intention to provide free youth services.

Representative Hawker observed that Anchorage has extensive community school utilization. He estimated that with approximately 90,000 participants in the Anchorage school program, and a grant of \$151 thousand, if each of the participants paid \$2 dollars it would more than equal the grant. He asked if that was a reasonable amount to ask from program participants.

Ms. Kitka deferred to the Anchorage school district on the question. She expressed that her own district advisory committee struggled with how much if anything to charge youth for programs. She suggested that the amount was relative to the needs of a community.

Representative Croft asked if the numbers represented any duplication. Ms. Kitka noted that people are counted every time they register. Representative Croft pointed out that Anchorage reflected only 30 thousand contact hours and suggested that the fees would have to be more like \$5 per hour, which may prevent some youth from participating regularly in a service such as an open gym.

SUSAN BURKE, JUNEAU, spoke in opposition to the legislation. She maintained that there is no reason to repeal authorizing statutes. She suggested that the funding level was not the central issue in regards to the legislation. She observed that the funding decision had already been made in the House Finance Committee.

Ms. Burke stressed that the true issue at hand was whether the Committee could honestly predict that other legislatures would never deem it appropriate for the state of Alaska to provide financial support to community school programs. She pointed out that appropriations could not go forward without statutory authorization.

Ms. Burke responded to the argument that the level of funding has not been sufficient to be meaningful to any school district. She suggested that this argument should support additional funding. She also spoke to the idea that the statutes have fulfilled their purpose to establish the programs. She pointed out that while the statute does address the initial program development, it also suggests the intention to support the operation of community schools. She noted language that suggests that operational plans for each program should be evaluated by the Department of Education and Early Development every four years. She concluded that there is not enough reason to repeal the statutes.

Ms. Burke acknowledged that funding levels change from year to year and that this year's budget was unusually difficult. She observed however that no one had stated that it was not proper for the state to support community schools. She emphasized that financial times and political leaders change and pointed out the greater difficulty of reinitiating the program, as compared to the lack of harm by maintaining the statute. She noted that the existence of the statute did not obligate the legislature to appropriate funds. She urged the Committee not to take action on HB 165.

JULIE JONAS, FOUR VALLEYS COMMUNITY SCHOOL PROGRAM, ANCHORAGE, testified via teleconference in opposition to the legislation. She pointed out that education funding is being significantly reduced and emphasized the far-reaching community benefits of the community schools program. She noted that the Girdwood program sponsors soccer and service learning programs. She stated that there is not a community center in Girdwood, so the community school staff provided that service. She urged the Committee not to repeal authorizing statutes for the program, even if funding was reduced. She stressed that the community school program is not just an afternoon school program. She maintained that community schools hold a community together.

REBECCA REICHLIN, GIRDWOOD, spoke via teleconference in opposition to the legislation. She stressed that funding goes a long way and is well used. She noted that state funding is used to leverage other local support. She listed a number of programs supported by their community school program, including: childcare, adult education, student activities, tutoring, volunteer opportunities, and youth services. She stressed that the program was increasingly important at this time to support youth, educational standards, and emergency preparedness. She encouraged the legislature to identify sources of income as well as reduce spending in order to balance the budget. She urged the Committee not to repeal the statute.

JODY LIDDICOUT, ANCHORAGE, testified via teleconference in opposition to the legislation. She noted that community schools are behind many of the events that serve her children. She stressed the number of volunteers associated with the program and emphasized the huge value for a small amount of funding.

DEBBIE BOGART, DIRECTOR, COMMUNITY SCHOOLS, ANCHORAGE, testified via teleconference in opposition to the legislation. She responded to questions raised during earlier testimony. She stated that the Anchorage School District supports Community Schools remaining in statute, with modified intent language that includes ongoing operation.

Ms. Bogart pointed out that for 80 schools in the district, there were only thirteen community school sites. She noted that these sites averaged one thousand classes per quarter offered, as well as children's enrichment programs. She clarified that of the \$1.3 million in expenditures listed by DEED for her district, only \$694 thousand was actually attributable to Community Schools. She also noted that the district does charge a user fee ranging from \$1 to \$6 [per class] dollars. She explained that the fees are used to repay the school district grant match, as well as for operations and supplies. She also noted that classes pay a minimal wage to instructors.

Ms. Bogart discussed the level of community involvement in [Anchorage] programs: over 30,000 youth and over 28,000 adults participated, supported by 27,000 volunteer hours. She calculated that if volunteer hours were compensated at \$15 an hour, the in-kind value would be \$400,000. She pointed out that communities were growing and becoming more diverse. She maintained that Community Schools meets the DEED goal of providing life-long learning and provides needed community outreach. She also noted that programs drew support from individuals without children, which in turn helped to provide funding for the school system. She urged the Committee to keep Community Schools in statute.

DARYL FARRENS, HOMER COMMUNITY SCHOOL COORDINATOR, HOMER, testified via teleconference in opposition to the legislation. He explained that the philosophy of their community schools program is to make programs available to anyone that wants to participate and therefore fees are kept to a minimum. He stated that with the \$32 thousand received from the State, their program operated nearly seven days per week. He noted that Homer raised 33 percent of their total expenditures. He stressed that a cut in funding would dramatically affect the amount and quality of community programs offered.

CURT LEDFORD, DIRECTOR, COMMUNITY SCHOOLS, SITKA, testified via teleconference in opposition to the legislation. He noted that his district's community schools program offered before and after school activities, which served half of the community's children. He stated that Sitka's program does not receive district funding. He pointed out that the program gave over \$15,000 in scholarships to children for summer classes.

HB 165 was HEARD and HELD in Committee for further consideration.

TAPE HFC 03 - 56, Side B

#hb109

HOUSE BILL NO. 109

"An Act relating to the limitation on payment of state treasury warrants; and providing for an effective date."

Representative Croft MOVED to ADOPT proposed committee substitute Work Draft, 23-LS0581\I, 4/10/03. There being NO OBJECTION, the work draft was adopted.

LINDA SYLVESTER, STAFF, REPRESENTATIVE WEYHRAUCH, testified in support of the legislation. She explained that the legislation would address stale dated warrants. She referred to the supplemental budget, which included requests for stale dated checks of up to two years. She stated that the legislation amended current statute to limit warrants to six months. She noted that under the proposed legislation, if a warrant has not been cashed in six months, it would go to the Unclaimed Properties Division. She maintained that this process would not create an added burden for that division.

Ms. Sylvester also noted that the bill addressed streamlining miscellaneous debts. She gave examples from the supplemental budget of extremely irregular requests, such as a charge of \$26 for facsimile charges dating two years prior. She maintained that the legislation would

eliminate stale dated warrants and miscellaneous expenditures from the supplemental budget process.

KIM GARNERO, DIRECTOR OF FINANCE, ADMINISTRATIVE SERVICES, DEPARTMENT OF ADMINISTRATION spoke in support of the legislation. She noted that her department was responsible for payments from the state of Alaska. She noted that if warrants were not cashed within two years, the current process of "stale dating" required the amount to revert to the General Fund. She explained that, when a claim is later made, a new appropriation was required to pay the warrants, which could take up to one year for completion. She reiterated that the fast track supplemental budget included \$44 thousand for stale dated warrants.

Ms. Garnero referenced the unclaimed property statute of 1986. She noted that the proposed legislation would shorten the time frame and change the handling of stale dated warrants by treating them as unclaimed property. She stated that with the new procedure, the Department of Revenue would actively seek the owners of the unclaimed warrant, thereby expediting the process.

Ms. Garnero also stated that the proposed legislation addressed the state's ability to pay vendors from a previously dated invoice. She noted that current law required a new appropriation for invoices older than two years. She explained that the legislation would allow agencies to simply pay the invoice from the current budget, as long as they have an adequate lapse balance in the year relating to the obligation. She maintained that this procedure would more efficiently handle accounts with vendors.

Representative Hawker referred to section 2 of the legislation and asked for a definition of a valid approved claim. Ms. Garnero defined it as a claim that has been reviewed by an agency and approved by the Office of Management and Budget.

RACHEL LEWIS, UNCLAIMED PROPERTY DIVISION, DEPARTMENT OF REVENUE responded to a question by Representative Croft. She explained that unclaimed property is held in perpetuity. She noted that each year, several million dollars were transferred from the Unclaimed Property Fund into the General Fund, retaining a working balance.

Representative Foster MOVED to report HB 109 out of Committee with the accompanying fiscal note. There being NO OBJECTION, it was so ordered.

CSHB 109 (FIN) was REPORTED out of Committee, with one previously published zero fiscal note from the Department of Administration, and a "do pass" recommendation.

HOUSE BILL NO. 154

"An Act relating to admission to and advancement in public schools of children under school age; and providing for an effective date."

KEVIN SWEENEY, LEGISLATIVE LIAISON, DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT, testified in support of the legislation. He explained that current statute allows early entry for students at the discretion of the school district, providing the child meets board-prescribed standards. He stated that the Department of Education and Early Development feels that the intent of the statute was to allow the early entry of a truly exceptional child. He maintained that the provision has resulted in a two-year kindergarten program in some districts, enrolling every four year old in the program and counting them toward foundation funding.

Mr. Sweeny stated that the legislation intends to clarify the criteria for early enrollment for a four year old. He clarified that the Department supports early enrollment of kindergarten children with the intent of moving them on to first grade in the next year. He observed that only a portion of school districts currently provide services to four year olds. He speculated that if all districts provided this service, the fiscal note might be close to \$63 million. He concluded that the effect of the bill would be to clarify whether the state would provide thirteen or fourteen years of funding per child.

BRUCE JOHNSON, ASSOCIATION OF ALASKA SCHOOL BOARDS, testified in opposition to the legislation. He read from prepared testimony as follows:

HB 154 in the estimation of our Association's members will eliminate an important tool that many districts have utilized to ensure an "equal start" for all children. The inequality that currently exists among children starting formal schooling is well documented. A recent study by the Economic Policy Institute validates that children enter school with wide achievement disparities. This particular study found that children in the highest socioeconomic group score 60 percent higher in mathematics and reading as compared to the students in the lowest socioeconomic group. Findings such as these help support what educators have known for years - the "achievement gap" begins long before children enter school. This bill, should it become law, will severely limit a school districts' capacity to better ensure that children enter the public school starting gate on more equal footing.

Please don't misunderstand AASB's position on this issue - we believe strongly that all children can learn regardless of their socioeconomic status. But the fact remains that many children come to the schoolhouse door without the advantages provided to children in our state's more affluent homes, and this difference is extremely difficult to overcome without opportunities to start the schooling experience at a pre-school level.

I would draw your attention to the tremendous advances in student learning that are occurring in many of our school districts. In nearly all cases, such as the Chugach School District's Continuous Improvement model, students pass through a system comprised of levels based on demonstrated skills, not based on specific age or time frames. Early intervention is key to students acquiring the skills necessary to advance to the next level. I would submit that a program targeted to needy four year olds is far superior to retention at later grades.

In summary, I urge you to reconsider HB 154 and if needed, regulate the current law before denying the opportunity for children most in need to enter public schools on an equal footing with their peers. Thank you.

In response to a question by Co-Chair Harris, Mr. Johnson observed that there are approximately 10,000 students at any grade level and acknowledged that Mr. Sweeny's cost estimates were probably accurate. He conceded that to institute a program for four year olds to fill available classroom space was not proper policy. He pointed out that many of the students served come from disadvantaged homes in primarily rural districts. He encouraged the Department to regulate the program, rather than eliminate an opportunity for these most needy students.

In response to a question by Co-Chair Harris, Mr. Sweeney responded that the Department was currently seeking clarification of the statute that provides foundation funding. He emphasized that the formula was intended to fund school districts equally. He suggested that if the program is provided to one district it must be offered to all. He acknowledged the benefit of the programs, but speculated that it was not the intent of this particular statute.

Co-Chair Harris questioned why Anchorage and Fairbanks school districts have not taken advantage of the program. Mr. Sweeney maintained that more districts would wish to take advantage of the program now that they know it is

available. He added that increased space requirements would result in increased capital costs.

In response to a question by Co-Chair Harris, Mr. Johnson noted that there would have to be a minimum of four hours per day of instruction in order for a district to qualify for full foundation funding. He added that there is reduced need where there are quality pre-school or Head Start programs. He noted that more urban communities offer these types of opportunities. He noted that programs served less than half of the children eligible for Head Start, since there was not sufficient funding to serve the entire population.

ROBERT BOYLE, NORTH WEST ARTIC BOROUGH SCHOOL DISTRICT, testified via teleconference in opposition to the legislation. He quoted a study from the University of North Carolina illustrating that the State could achieve a savings of up to \$13 thousand per pupil by investing in early years. He noted that the savings was realized by avoiding remedial services later.

Representative Joule asked if it would be to the State's advantage to have children in the system earlier in school districts with disadvantaged students. Mr. Sweeney once again acknowledged the Department's recognition of the program's value. He pointed out that most of the programs receive Title 1 funding. He noted that the Department would continue to provide full Title 1 funding at \$4 thousand per student if districts offered a preschool program. The Department is asking for legislative clarification as to whether the program should be supported through the foundation formula.

Representative Stoltze noted that he had not heard from his two school districts [Matsu and Anchorage] regarding the legislation.

Mr. Johnson stated that the Anchorage School District supports the program, even though they have not participated in it. He noted that more urban districts serve students with Head Start programs.

Co-Chair Harris speculated that the issue is of more importance in other areas of the state, such as the Northwest Arctic Borough.

Representative Foster pointed out that there are unique needs throughout the state. Co-Chair Harris stressed that the Committee must look at the State as a whole.

Representative Joule noted that there are only two Head Start programs in his large district. He emphasized the

need for all young children to have access to early learning opportunities.

HB 154 was HEARD and HELD in Committee.

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ADJOURNMENT

The meeting was adjourned at 4:19 PM