

HOUSE FINANCE COMMITTEE  
May 20, 2003  
10:37 AM

TAPE HFC 03 - 104, Side A

CALL TO ORDER

Co-Chair Williams called the House Finance Committee meeting to order at 10:37 AM.

MEMBERS PRESENT

Representative John Harris, Co-Chair  
Representative Bill Williams, Co-Chair  
Representative Kevin Meyer, Vice-Chair  
Representative Mike Chenault  
Representative Richard Foster  
Representative Mike Hawker  
Representative Carl Moses  
Representative Bill Stoltze  
Representative Jim Whitaker

MEMBERS ABSENT

Representative Ethan Berkowitz  
Representative Beth Kerttula

ALSO PRESENT

Eddy Jeans, Manger, School Finance and Facilities Section, Department of Education and Early Development; Larry Wiget, Public Affairs, Anchorage School District.

PRESENT VIA TELECONFERENCE

none

SUMMARY

CSSB 100(FIN)(brf sup maj fld)(efd fld)  
"An Act making capital appropriations, supplemental appropriations, and reappropriations; capitalizing funds; and making other appropriations."

CSSB 100 (FIN ) (brf sup maj fld) (efd fld) was heard and HELD in Committee for further consideration.

CSSB 202(FIN)  
"An Act relating to school transportation; relating to the base student allocation used in the formula for state funding of public education; and providing for an effective date."

CSSB 202 (FIN) was REPORTED out of Committee with a "do pass" recommendation and two fiscal impact notes from the Department of Education and Early Development: #1 and #3.

#sb202

CS FOR SENATE BILL NO. 202(FIN)

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

Co-Chair Williams noted that the bill had been previously discussed, and that public testimony had closed. There being no further discussion, the committee took up amendments.

Representative Chenault MOVED to ADOPT Amendment #2 for discussion purposes only. Amendment 2 would require the Department of Education and Early Development to provide student transportation services. He maintained that if the State provides funds for the program it ought to negotiate the contracts. He maintained that the State ought to take fiscal responsibility for the contracts.

Representative Chenault WITHDREW Amendment 2.

In response to a question by Co-Chair Harris, Representative Chenault stated that he did not intend to offer the amendment on the Floor.

EDDY JEANS, MANAGER, SCHOOL FINANCE AND FACILITIES SECTION, DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT maintained that the school districts are in a better position to negotiate the contracts. He suggested that one of the main contributors to the escalating cost of the program is that it operates as a reimbursable program, rather than a grant program with set allocations. He recommended that if the Department becomes the negotiator that it be given the authority to direct whether districts operate in house or through contract, based on what would be most efficient. He clarified that the legislation would not allow such flexibility. The legislation would create a grant program, which is better than the current reimbursable program. There is no incentive to negotiate a contract under a reimbursable program. He speculated that under the grant program, there would be incentive to negotiate a better contract, since they could keep any savings. In response to a question by Co-Chair Harris, Mr. Jeans maintained that the program would give districts incentives to look at different options for the quality of program.

Co-Chair Harris expressed concern that quality not be jeopardized in the pursuit of savings. Mr. Jeans noted that

the Department would still oversee safety, and minimum standards would still be adhered to.

Co-Chair Harris asked if all school bus drivers in Alaska receive double the minimum wage. Mr. Jeans confirmed they were required by statute to be paid double the minimum wage. Co-Chair Harris asked how many contracts in the state were paying less than this amount due to special contract terms. Mr. Jeans stated that he did not know how many contracts were in this situation.

Co-Chair Williams, on behalf of Representative Kerttula, MOVED to ADOPT Amendment #1. Amendment 1 would change "2003" to "2004" on page 1 line 14. He OBJECTED for purposes of discussion.

Mr. Jeans explained that this amendment would require the Department to calculate student allocation based on actual expenditures of FY 04. He spoke against the amendment and pointed out that FY 03 was fully funded, and easily determined. He stated that to require the use of FY 04 would delay the implementation of the program.

Co-Chair Williams WITHDREW the amendment.

Vice-Chair Meyer noted that inflation proofing was at 50 percent of the CPI [consumer price index].

LARRY WIGET, PUBLIC AFFAIRS, ANCHORAGE SCHOOL DISTRICT testified in support of the legislation. He acknowledged that the legislation would cause cuts to pupil transportation within the Anchorage School District and across the state, but emphasized the importance of the transitional COLA [cost of living adjustment]. He noted that most districts had fixed expenses in out years, and the bill would provide a minimal amount of additional transition funding as they go through contracts in the next couple years. He pointed out that adequate funding was a concern for all.

Vice-Chair Meyer referred transportation of special needs students, and noted that there may need to be some future adjustments in that area. Mr. Wiget recognized that transportation of special education students is a concern. Transporting an intensive needs student cost \$5 to \$8 thousand per student per year; versus \$500 for other students. He noted that at this time, the districts did not have a better way to address special needs students' transportation.

Representative Foster MOVED to report CSSB 202 (FIN) out of Committee with individual recommendations and the accompanying fiscal note. There being NO OBJECTION it was so ordered.

CSSB 202 (FIN) was REPORTED out of Committee with a "do pass" recommendation and two fiscal impact notes from the Department of Education and Early Development: #1 and #3.  
#sb100

CS FOR SENATE BILL NO. 100(FIN)(brf sup maj fld)(efd fld)

"An Act making capital appropriations, supplemental appropriations, and reappropriations; capitalizing funds; and making other appropriations."

There being no testifiers, Co-Chair Williams closed public testimony.

CSSB 100 (FIN ) (brf sup maj fld) (efd fld) was heard and HELD in Committee for further consideration.

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ADJOURNMENT

The meeting was adjourned at 10:54 AM