

HOUSE FINANCE COMMITTEE
April 05, 2004
3:04 P.M.

TAPE HFC 04 - 76, Side A

CALL TO ORDER

Co-Chair Williams called the House Finance Committee meeting to order at 3:04 P.M.

MEMBERS PRESENT

Representative John Harris, Co-Chair
Representative Bill Williams, Co-Chair
Representative Kevin Meyer, Vice-Chair
Representative Mike Chenault
Representative Eric Croft
Representative Hugh Fate
Representative Richard Foster
Representative Mike Hawker
Representative Reggie Joule
Representative Carl Moses
Representative Bill Stoltze

MEMBERS ABSENT

None

ALSO PRESENT

Diane Barrans, Executive Director, Postsecondary Education Commission, Department of Education; Jacqueline Tupou, Staff to Senator Green; Pat Davidson, Legislative Auditor, Legislative Audit Division; Chris Robinson, Executive Director, Special Education Service Agency; Karla Schofield, Deputy Director, Legislative Administrative Services, Legislative Affairs Agency

PRESENT VIA TELECONFERENCE

None

SUMMARY

HB 534 An Act extending the termination date of the office of victims' rights.

CSHB 534(FIN) was REPORTED out of Committee with a "do pass" recommendation and with one accompanying fiscal impact note.

SB 277 An Act relating to the Alaska Commission on Postsecondary Education; relating to the Alaska Student Loan Corporation; relating to bonds of the corporation; relating to loan and grant programs of the commission; relating to an exemption from the State Procurement Code regarding certain contracts of the commission or corporation; making conforming changes; and providing for an effective date.

CSSB 277(FIN) was REPORTED out of Committee with a "do pass" recommendation and with three previously published fiscal impact notes.

SB 289 An Act extending the termination date of the special education service agency; and providing for an effective date.

SB 289 was REPORTED out of Committee with individual recommendations and with one fiscal impact note.

#SB277

SENATE BILL NO. 277

An Act relating to the Alaska Commission on Postsecondary Education; relating to the Alaska Student Loan Corporation; relating to bonds of the corporation; relating to loan and grant programs of the commission; relating to an exemption from the State Procurement Code regarding certain contracts of the commission or corporation; making conforming changes; and providing for an effective date.

DIANE BARRANS, EXECUTIVE DIRECTOR, POSTSECONDARY EDUCATION COMMISSION, DEPARTMENT OF EDUCATION, explained that SB 277 is substantively the same as HB 404, which the committee heard and reported out several weeks ago. Legal recommended several technical changes.

In response to a question by Co-Chair Williams, Ms. Barrans explained that the bill would allow the Alaska Student Loan Corporation to issue bonds that could be used to pay capital expenses of the state. There is a cap placed on the amount of bonds that the Corporation could issue. SB 277 additionally authorizes the creation of the Alaska Advantage Grant Program to be funded by the Corporation. The bill adds clarifying language to statute regarding the administrative lien process over which the Commission currently has authority, and it makes changes to the state procurement laws to exempt the services that are obtained to guarantee and disburse loans electronically.

Co-Chair Williams noted that SB 277 passed the House, and HB 404 is now in House Rules.

Representative Foster MOVED to report CSSB 277(FIN) out of Committee with attached fiscal notes. There being NO OBJECTION, it was so ordered.

CSSB 277(FIN) was REPORTED out of Committee with a "do pass" recommendation and with three previously published fiscal impact notes.

#HB534

HOUSE BILL NO. 534

An Act extending the termination date of the office of victims' rights.

SARA NIELSEN, STAFF TO REPRESENTATIVE SAMUELS, explained that HB 534 simply extends the sunset date for the Office of Victims' Rights to 2010. The Office provides legal counsel, education and assistance to victims of crimes.

Co-Chair Williams noted that the usual extension is four years, and asked the reason for this extension. Ms. Nielsen replied that some of the cases are longer than one year and the sponsor wanted to ensure that current victims would have assistance in the future. The Office doesn't have the typical one-year "wrap up" of other boards and commissions.

Representative Stoltze commented that the Senate passed SB 105 [Twenty-Second Legislature, 2001] and it didn't have the sunset date, and he questioned why HB 534 needs the sunset. Ms. Nielsen replied that the Twenty-second Legislature passed SB 105 and the original bill did not have a sunset date. The House Judiciary Committee added the sunset date to give parameters. Governor Knowles vetoed the original bill in the Twenty-first Legislature, which also did not have a sunset date.

Representative Stoltze asked if the sponsor had a position on whether the sunset date is needed. Ms. Nielsen replied that the sponsor would support not having a sunset date at all because the Office of Victims' Rights is included in the annual audit by the Legislative Budget & Audit Committee.

Representative Chenault questioned why FY 2007 on Fiscal Note #1 shows an increase to more than \$500 thousand.

KARLA SCHOFIELD, DEPUTY DIRECTOR, LEGISLATIVE ADMINISTRATIVE SERVICES, LEGISLATIVE AFFAIRS AGENCY, explained that the current termination date for the Office would be July 1, 2006, which is actually FY 07. For the next two years, this funding would be included in the regular budget, as it has

been in the past. Once FY 07 begins, and if the Office was extended, this would be a continuing cost through FY 2010.

Representative Chenault brought up the language in the fiscal note Analysis dated 4/5/2004 that states, "If this legislation passes, the funding for the Office of Victims' Rights will continue to be included in the Legislature's budget." Ms. Schofield explained that it would probably continue to be in the Legislature's budget through FY 06.

Representative Croft proposed deleting rather than extending the effective date from FY 06 to FY 10, and the title, but he didn't want to hold up the bill. He asked Co-Chair Williams how to do a conceptual amendment to accomplish that.

Representative Stoltze thought that the original statute contained sunset repealers, and it would simply involve repealing those.

Ms. Nielsen thought that the sponsor would be supportive of a conceptual amendment removing the termination date.

Representative Croft MOVED to ADOPT a conceptual amendment eliminating the termination date for the Office of Victims' Rights to make it a continuing office. There being NO OBJECTION, it was so ordered.

Representative Foster MOVED to report CSHB 534(FIN) out of Committee with the accompanying fiscal note. There being NO OBJECTION, it was so ordered.

CSHB 534(FIN) was REPORTED out of Committee with a "do pass" recommendation and with one accompanying fiscal impact note.

#SB289

SENATE BILL NO. 289

An Act extending the termination date of the special education service agency; and providing for an effective date.

JACQUELINE TUPOU, STAFF TO SENATOR GREEN, explained that the Legislature established the Special Education Service Agency in 1986. Its function is to help school districts and infant learning programs provide required services to children where there is no local expertise. The Agency provides a tremendous cost savings to the State for children who would otherwise have to go into expensive residential programs to receive the services. Many resources are available for the school districts throughout the State. She referenced letters of support from the school districts (copies on file.) stating that the Agency performs an excellent

function for the State. The bill reauthorizes the Agency for another nine years, until June 30, 2013.

Co-Chair Williams questioned the 9-year extension. Ms. Tupou replied that the language parallels previous legislation for the Agency.

PAT DAVIDSON, LEGISLATIVE AUDITOR, LEGISLATIVE AUDIT DIVISION, explained that their most recent audit recommended a four-year extension. The prior audit recommended, and the Legislature adopted, either an 8- or 9-year extension. The Division recommended the 4-year extension in the recent audit for a couple of reasons. The board members providing most of the State oversight were not attending the meetings, and the Division didn't think that State involvement in the organization was as strong as it had been previously. One recommendation relates to the additional use of teleconferencing to provide services to the districts. She remarked that this would be a definite change in how the Agency delivers service. The Division thought it would be prudent for the Legislature to reevaluate the Special Education Service Agency through the sunset process and receive comments regarding how well the service delivery is working.

REPRESENTATIVE CROFT questioned how the fiscal note saves money, and asked if these students are taken out of the foundation formula into direct delivery, or would be included in the foundation formula for the districts as well.

CHRIS ROBINSON, EXECUTIVE DIRECTOR, SPECIAL EDUCATION SERVICE AGENCY, replied that students remain within the school system as part of the school's Average Daily Membership (ADM) within the foundation program for the school. He explained that the Special Education Service Agency (SESA) provides a combination of on-site and distance supports, to advise a local program for a severely disabled student. The model utilizes staff already in the school, keeps the child at home, and avoids residential costs. The funding to the SESA parallels the foundation funding to the schools. It's a legislative appropriation through the Department of Education & Early Development line item budget now called Special Schools.

Representative Croft asked why the reauthorization extension is for 9 rather than 4 years. Mr. Robinson replied that the 1995 reauthorization was a 9-yr authorization. He pointed out that the tenure of education specialists in severe disabilities as of FY 04 is 9.8 years, and he believes that it is not coincidental. The longer period of authorization has given stability to the model to attract and retain specialists. There are not enough specialists nationally, and it is difficult to recruit to Alaska. The Agency feels

that nine years would acknowledge it as an integral part of the special education service system in Alaska. The Agency must be able to fill the funded positions, and it cannot get specialists to invest in a move to Alaska with an indefinite and, under statute, short-term future.

Representative Chenault asked if this program applies to every school district in the state except the five largest districts. Mr. Robinson said that is correct regarding student-specific services with the Low Incidence Disability Outreach Program. The largest five districts receive student-specific services in other grant areas including birth to three, the infant learning program, vision, deafness, and the federally funded deaf/blind program.

Mr. Robinson explained that the state allocation for general revenue is prioritized to those districts where the critical number of kids is insufficient to warrant the district's expense for a specialist. Representative Chenault responded that he comes from Kenai School District with schools that are accessible by boat or airplane. He expressed that his district feels snubbed by these programs at times. The bill seems to apply to more rural than urban areas.

Ms. Topou replied that the Agency has many resources available statewide including workshops, a newsletter, a website and a library. Student-specific services are targeted to rural communities with low-incidence disabilities.

Representative Hawker asked how much of the roughly \$2.1 million annual budget is administrative and how much goes to delivery of classroom services. Mr. Robinson replied that the student-specific services are the most expensive, and the Agency uses a variety of other mechanisms to support the local schools in a less costly way. A lot of its work is not at a student-specific or classroom-specific level, but it is topical and generic to provide severe disability education and intervention training. Using FY 03 as the most recently audited year, of the \$2.089 million general revenue allocation, the administration line item was \$202 thousand.

Representative Hawker commented that the Department of Education has changed since the Agency was established in 1986. He asked why there is a need to maintain a separate, discrete agency. Mr. Robinson replied that last fall's audit was the fifth conducted since 1986. He said the reasons for maintaining a separate agency are to avoid adding to the state employee ranks, and to position the Agency to be more responsive to school district needs in a timely manner than arguably might be the case if the Agency were part of the state administration.

Representative Hawker asked if the Department of Education would agree that it is not efficiently effective. Mr. Robinson replied that the Department agrees that the Agency is best positioned outside of it.

Representative Hawker stated that he would be more comfortable with a shorter rather than a longer sunset as originally suggested by the LB & A Committee.

Co-Chair Williams expressed agreement with Representative Hawker, but said that he would leave the decision up to the Committee.

Ms. Davidson offered that the other alternative is to request an audit of the Special Education Service Agency outside the sunset period. If the sunset date were set, the audit would automatically come up.

Representative Croft pointed out that if the 9-year sunset date was retained but an audit was requested in four years, it would allow an opportunity to look at the Agency in four years and to decide whether to terminate it early.

Representative Hawker expressed that he'd rather see a shorter window, from an administrative standpoint.

Representative Hawker MOVED to ADOPT a conceptual Amendment changing the termination date from 2013 to 2008. Representative Croft OBJECTED.

In response to a question by Representative Croft, Ms. Davidson clarified that a four-year audit would be ensured by the House Finance Committee submitting a specific audit request to the LB&A Committee, to audit the Agency in accordance with the sunset provisions in Title 466 and submit it to the Legislature for its review in 2008.

Ms. Davidson explained that the LB&A does statutory deadline audits first, and then committee requests on a first come, first serve basis. She noted that by putting in an audit request with a date, the LB&A Committee would complete and submit the audit to the Legislature.

Representative Croft asked if the procedure would involve a letter of intent asking for a sunset audit four years from now even though the Agency is not sun setting at that time. Ms. Davidson agreed, and recommended following up with an audit request to the LB&A Committee.

Representative Croft informed Representative Hawker that he felt this would be a better approach than the amendment for a shorter sunset. If the amendment failed, he would still offer a letter of intent to have a sunset audit done while the valuable program continued.

In response to a question by Representative Stoltze, Ms. Tupou maintained that it would be unfortunate to cut the Agency to a four-year sunset. Mr. Robinson had pointed out the difficulty of recruiting specialists for the required services. Additionally, Mr. Robinson identified long-term goals including video teleconferencing that would take time to implement.

Representative Joule brought up the four-year recommendation that showed less involvement with the state board, and asked how the Agency has taken corrective measures since that time. Mr. Robinson replied that both the Agency and the Department of Education and Early Development concurred in response to the report that the Department needs to be active in attending board meetings. Two board meetings have been held since then, and a department designee and a backup designee have been appointed. The Agency will present by-laws and recommendations to the Board at its June meeting. The recommendations will clarify the attendance contingencies and policies in the event of non-participation.

In response to a question by Vice-Chair Meyer, Ms Davidson replied that she recommended a four-year extension because it is the period of time established in statute for boards and commissions. Audits look for positive, extenuating circumstances that warrant a recommendation for extension.

Representative Hawker felt that there was a solid argument by all that the standard shorter sunset is better. He maintained his amendment.

A roll call vote was taken on the motion to adopt Amendment #1.

IN FAVOR: Moses, Hawker, Williams
OPPOSED: Stoltze, Croft, Foster, Joule, Meyer

Representatives Chenault, Fate, and Harris were absent.
The MOTION FAILED (3-5). Amendment #1 was not adopted.

Representative Croft MOVED an attached letter of intent asking LB&A to do a sunset audit in four years even though there is a 9-year sunset period. There being NO OBJECTION, it was so ordered. [Note: The Letter of Intent was rescinded on 4-6-04]

Representative Stoltze thought it more appropriate intent language would state that this Legislature supports revisiting through an audit. He pointed out that it's the prerogative of a future Legislature to actually request the audit.

Representative Foster MOVED to report SB 289 out of Committee with the accompanying fiscal note. There being NO OBJECTION, it was so ordered.

SB 289 was REPORTED out of Committee with individual recommendations and with one fiscal impact note.

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ADJOURNMENT

The meeting was adjourned at 3:43 P.M.