

**ALASKA STATE LEGISLATURE  
HOUSE HEALTH, EDUCATION AND SOCIAL SERVICES  
STANDING COMMITTEE**

April 29, 2003  
3:10 p.m.

**MEMBERS PRESENT**

Representative Carl Gatto, Vice Chair  
Representative John Coghill  
Representative Paul Seaton  
Representative Kelly Wolf  
Representative Sharon Cissna

**MEMBERS ABSENT**

Representative Peggy Wilson, Chair  
Representative Mary Kapsner

**COMMITTEE CALENDAR**

HOUSE BILL NO. 233

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

- MOVED CSHB 233(EDU) OUT OF COMMITTEE

HOUSE BILL NO. 10

"An Act amending the definition of group health insurance, and allowing the Department of Administration to obtain a policy or policies of group health care insurance for employers that are small businesses, nonprofit organizations, special services organizations, or small associations for insurance purposes; and providing for an effective date."

- Moved CSHB 10(HES) Out of Committee

REPORT ON STATE HEALTH POLICY MEETING IN CHICAGO BY  
REPRESENTATIVE CISSNA

- HEARD

HOUSE BILL NO. 231

"An Act relating to termination of the parental rights of a person who owes substantial child support arrearages."

- REMOVED FROM AGENDA

**PREVIOUS ACTION**

BILL: HB 233

SHORT TITLE: INCREASE EDUCATION FUNDING

SPONSOR(S): REPRESENTATIVE(S) WILSON

Jrn-Date	Jrn-Page		Action
04/02/03	0738	(H)	READ THE FIRST TIME - REFERRALS
04/02/03	0738	(H)	EDU, HES, FIN
04/16/03		(H)	EDU AT 7:00 AM CAPITOL 124
04/16/03		(H)	<Subcommittee assigned>
04/17/03		(H)	EDU AT 1:00 PM CAPITOL 106
04/17/03		(H)	<Subcommittee meeting>
04/22/03		(H)	EDU AT 11:00 AM CAPITOL 124
04/22/03		(H)	Moved CSHB 233(EDU) Out of Committee
04/22/03		(H)	MINUTE(EDU)
04/23/03	1069	(H)	EDU RPT CS(EDU) 6DP
04/23/03	1069	(H)	DP: WILSON, OGG, SEATON, WOLF,
04/23/03	1069	(H)	KAPSNER, GATTO
04/23/03	1069	(H)	FN1: (EED)
04/24/03	1111	(H)	COSPONSOR(S): ANDERSON, MCGUIRE
04/28/03	1172	(H)	COSPONSOR(S): WOLF, DAHLSTROM
04/29/03		(H)	HES AT 3:00 PM CAPITOL 106

BILL: HB 10

SHORT TITLE: GROUP HEALTH INSURANCE FOR PRIVATE GROUPS

SPONSOR(S): REPRESENTATIVE(S) HEINZE, ROKEBERG

Jrn-Date	Jrn-Page		Action
01/21/03	0033	(H)	PREFILE RELEASED (1/10/03)
01/21/03	0033	(H)	READ THE FIRST TIME - REFERRALS
01/21/03	0033	(H)	L&C, HES
01/29/03	0088	(H)	COSPONSOR(S): HAWKER
02/07/03	0152	(H)	COSPONSOR(S): FOSTER, STEVENS
02/07/03	0152	(H)	WILSON, SEATON
02/10/03	0172	(H)	COSPONSOR(S): WEYHRAUCH
02/14/03	0218	(H)	COSPONSOR(S): MOSES
02/18/03	0231	(H)	COSPONSOR(S): KERTTULA
02/24/03		(H)	L&C AT 3:15 PM CAPITOL 17
02/24/03		(H)	Heard & Held

02/24/03		(H)	MINUTE(L&C)
03/10/03	0497	(H)	COSPONSOR(S): GRUENBERG
04/11/03		(H)	L&C AT 3:15 PM CAPITOL 17
04/11/03		(H)	Moved CSHB 10(L&C) Out of Committee
04/11/03		(H)	MINUTE(L&C)
04/14/03	0958	(H)	L&C RPT CS(L&C) NT 5DP 2NR
04/14/03	0958	(H)	DP: LYNN, GATTO, DAHLSTROM, ROKEBERG,
04/14/03	0958	(H)	ANDERSON; NR: CRAWFORD, GUTTENBERG
04/14/03	0959	(H)	FN1: ZERO(H.L&C/ADM)
04/14/03	0976	(H)	COSPONSOR(S): ANDERSON
04/24/03		(H)	HES AT 3:00 PM CAPITOL 106
04/24/03		(H)	Heard & Held MINUTE(HES)
04/29/03	1188	(H)	COSPONSOR(S): WOLF
04/29/03		(H)	HES AT 3:00 PM CAPITOL 106

**WITNESS REGISTER**

DEBBIE OSSIANDER, President  
Association of Alaska School Boards  
Chugiak, Alaska

POSITION STATEMENT: Testified in favor of CSHB 233(EDU) and answered questions from the members.

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

POSITION STATEMENT: Testified on CSHB 233(EDU) and answered questions from the committee.

TIM STEELE, Vice President  
Anchorage School Board  
Anchorage, Alaska

POSITION STATEMENT: Testified on CSHB 233(EDU).

STEVE CATHERS, Superintendent  
Valdez School District  
Valdez, Alaska

POSITION STATEMENT: Testified in support of CSHB 233(EDU).

MARY FRANCIS, Executive Director  
Alaska Council of School Administrators  
Juneau, Alaska

POSITION STATEMENT: Testified on CSHB 233(EDU).

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

POSITION STATEMENT: Testified in support of CSHB 233(EDU), explained the formulation of the base student allocation, and responded to questions from the members.

MARY MARKS, Member  
Anchorage School Board  
Anchorage, Alaska

POSITION STATEMENT: Testified on CSHB 233(EDU) and answered questions from the members.

#### **ACTION NARRATIVE**

#### **TAPE 03-38, SIDE A**

Number 0001

**VICE CHAIR CARL GATTO** called the House Health, Education and Social Services Standing Committee meeting to order at 3:10 p.m. Representatives Gatto, Wolf, Coghill, Seaton, and Cissna were present at the call to order. Vice Chair Gatto announced for the record that Chair Wilson had been excused due to illness.

#### HB 233-INCREASE EDUCATION FUNDING

Number 0096

VICE CHAIR GATTO announced that the first order of business would be HOUSE BILL NO. 233, "An Act relating to the base student allocation used in the formula for state funding of public education; and providing for an effective date."

REPRESENTATIVE SEATON presented CSHB 233(EDU) on behalf of the sponsor, Representative Peggy Wilson, who had been excused due to illness, and answered questions by the members. He explained that CSHB 233(EDU) is the legislation created by a subcommittee of the House Special Committee on Education to generate an increase in the foundation formula. He said there is consensus that education needs more funding. Implementation of the No Child Left Behind Act (NCLB) will be costly for districts. The House Special Committee on Education and the subcommittee only looked at the budget for the Department of Education and Early Development (EED) for funds to increase the funding formula. He

said the committee rolled the \$23.3 million that was used for Learning Opportunity Grants (LOGs) last year into the foundation formula. This was the subject of HB 26, then-Representative [now Senator] Gary Stevens's bill. The committee also placed \$2.2 million of the \$3.9 million in savings that will be generated by removing the option of two-year kindergarten programs [HB 154] into the foundation formula. These funds will hold all the districts harmless so that districts which would have lost money as the system goes from a per student basis to a formula basis will not. The other \$1.7 million that will be saved by eliminating the two-year kindergarten program was rolled into the formula as well. This resulted in an additional \$8 per student.

REPRESENTATIVE SEATON summarized his comments by saying that by rolling in the \$3.9 million, plus the \$6 million in supplemental funding from last year and the \$23.3 million in LOGs, the committee came up with a new base student allocation of \$4,168. He said the committee was able to do this without going outside EED's budget, which has already been approved in the operating budget that went over to the other body. Representative Seaton told the committee the figures are the same on the fiscal note. He referred the committee to a calculation from Eddie Jeans, EED, on how the committee came up with the \$4,168 per student, which adds an additional \$158 per student.

VICE CHAIR GATTO commented that this bill is complicated and asked if anyone needs Representative Seaton to clarify any portion of his presentation.

Number 0454

DEBBIE OSSIANDER, President, Association of Alaska School Boards (AASB), testified in favor of CSHB 233(EDU) and answered questions from the members. She told the committee the association's top priority is adequate sustainable funding and this bill is a good step in the right direction. She said they are very supportive of the bill.

MS. OSSIANDER told the committee inflationary costs have increased approximately 30 percent over the past 10 years and state funding has not kept up with both inflationary cost increases and increases in fixed costs. Districts across the state are no longer able to offer the competitive salaries needed to get staff in remote locations of the state and into difficult to fill positions. There are increasing numbers of children with special needs and limited English proficiency,

which are incredible challenges. Ms. Ossiander said that she knows the committee is very well aware of the NCLB Act mandates, which are [being imposed on] the state without adequate money from the federal government. Furthermore, this is a time when schools are grappling with the Quality Schools Initiative. Many school districts do not have adequate infrastructure to do the data collection that is required by [NCLB Act]. The districts will be required to provide remediation far beyond what is possible for every single student as well as compel student attendance. She told the committee that the association was extremely alarmed by the governor's budget, which had another significant reduction for education. Ms. Ossiander directed attention to the AASB report which includes an impact statement regarding the effects of the state's current fiscal condition for each district. The association separated out the various budgets among the House, the Senate, and the governor by district to show the members graphically exactly what the results of the funding would be. In summary, Ms. Ossiander announced that AASB is very much in support of this bill because an increase in the base student allocation is very much needed.

Number 0634

VICE CHAIR GATTO commented that a fair amount of the money to increase the base student allocation results from the rolling of the LOGs into the foundation formula. It is not new money, but old money with a new label.

MS. OSSIANDER replied that AASB is completely aware of that. She said two months ago she would have requested that the bill be amended to increase funding. However, the governor's budget caused such fear that right now AASB can see that the cut will not be horrendous. Ideally, AASB would like to see more funding to address inflation as well as an inflationary index in the foundation funding formula. She said AASB believes it is not only justifiable, but a requisite.

VICE CHAIR GATTO asked Ms. Ossiander if she knew how the new [base student allocation] in CSHB 233(EDU) compared with all the monies received in the prior year minus all the cuts that districts took.

MS. OSSIANDER related her understanding that this is roughly the same amount with the exception of the FY 04 reduction in statewide student transportation, which will be approximately \$4.5 million. This bill rolls in the LOGs, adds in monies from additional sources, and has a hold harmless provision for

schools that would have lost funds due to the rolling in of LOGs.

Number 0738

VICE CHAIR GATTO commented that he believes it was only \$11 that was required to make a transfer of the LOGs a zero impact on some school districts. Over the years there has been a lot of pressure from the districts to roll the LOGs into the formula because districts believe they are protected; however, they are not. He said the formula is not protected and it is important to get the message out that every single year it is subject to appropriation by the legislature. While all the legislators here strongly favor funding for education, it is a serious risk. Vice Chair GATTO complimented the hard work of the members who put the committee substitute together. He said that it will still be necessary to get the other body and the governor to agree. It is hard work.

MS. OSSIANDER made a final comment to the committee, saying that as an elected school board member for the last 10 years, her biggest personal challenge has been the inability to do adequate budget forecasting because funding for school districts is dependent on so many external factors.

VICE CHAIR GATTO pointed out that [school funding] is a challenge when the state asks the school district how many students it will have at a time when it does not know.

Number 0909

CARL ROSE, Executive Director, Association of Alaska School Boards, testified on CSHB 233(EDU) and answered questions from the committee. He told the committee that AASB has had 68 elected school board members and their chief executives in town to talk about their concerns on education. Mr. Rose said he sent out an impact statement with a cover letter thanking many of the members for their hard work. The association is very concerned with the plight of education. In the last week or two there has been a great amount of movement. He said he appreciates this.

MR. ROSE commented that young people are called to meet standards. The issues of accountability and quality of education are serious. The responsibility to the young people of the state is serious and he knows that the members know that. It appears that when looking at the challenges of the NCLB Act,

the Individuals with Disabilities Education Act (IDEA), Quality Initiatives, benchmark testing, and High School Qualifying Exam are good measures if funded appropriately. The impact statements that AASB sent out suggests that under the hold harmless scenario, there are serious and deep reductions in opportunities for young people. Mr. Rose said what is happening now is that the districts are looking at reading, writing, and mathematics offerings being seriously hampered. There are some real challenges ahead for the legislature and the state.

MR. ROSE told the committee that many of the 48 states with a deficit have alarming deficits [and those states don't have] a permanent fund. In Alaska, he said he views the capacity to tax as a favorable option. Furthermore, using the permanent fund strategically is a real opportunity to move the state where it needs to go. Mr. Rose acknowledged that the politics of getting there is very difficult. Nonetheless, AASB wants to work with the legislature, which is why AASB distributed the impact statements as purely an advisory statement on the kinds of impacts the districts are going through. These impacts are not limited to just this year, he noted. Next year and the year after does not look much better. He urged the members to look at how to bridge the gap between now and 10 years out.

MR. ROSE turned to the issues that will be coming up as a result of the reduction in funding. Although everyone wants smaller class size, every time there is a reduction in funding the money comes from the classroom. The latitude that has been explored over the last 10 years has included retirement incentive programs (RIP) to create savings by hiring less experienced people for less money. However, now AASB is coming to the legislature asking for incentives to hire some of those people back to help bridge the gap. Therein is the essence of what the committee is talking about today. The people who have served their entire lives in the profession are now being called upon to come back and fill the gap because the education profession is not attractive enough for young people. Therefore, there is a recruitment dilemma. With regard to adequacy of funding, [the inadequacy of funding] is taking its toll on the entire system.

Number 1198

MR. ROSE thanked the committee for allowing him the time to share AASB's concerns. He told the committee the House and Senate have done good work; however, it does not meet the needs. Although this [bill] is good work with regard to where AASB thought it was, the challenges still lay ahead for the state.



He relayed that AASB wants to commit to assisting the legislature in any way it can [with education funding].

VICE CHAIR GATTO responded that he thinks Mr. Rose's comments are good ones. He noted that Mr. Rose travels all around the country and he has worked for AASB [since 1974]. Therefore, Vice Chair Gatto said he believes Mr. Rose's experience and history places him in a unique position to [propose] some ideas to the legislature. More than anyone else Mr. Rose recognizes that the \$2 million barrels a day is only \$1 million barrels a day now and that is the state's funding source. The legislature is faced with the terrible problem of trying to fund things with half the income. The question becomes what will the legislature do when the reserves run ou, which is why the legislature is asking school boards, Ms. Ossiander, Mr. Rose, and people in the communities to give [the legislature] some help and latitude in understanding that the state cannot fund [programs] as was done in the past. Representative Gatto said although he hates to cut education, the goal at this point is to minimize the difficulties rather than have an increase over last year. He expressed appreciation for Mr. Rose's testimony and said he knows that he has been an advocate for education a long time and has one interest in his heart, which is the best interest for Alaska's kids.

Number 1301

TIM STEELE, Vice President, Anchorage School Board, testified on CSHB 233(EDU). He commented that this year is a different year than those in the past. When the legislature started the year there were a number of bills introduced that increased the formula; the board was happy about that. Furthermore, most everyone that ran for re-election, including the governor, is supportive of education and that was appreciated. However, when the board received the governor's budget, it was a bit of a setback. Instead of the board's normal [pitch] to legislators to obtain some additional funding to keep pace with inflation, make some growth in terms of funding, and move towards adequacy, the board focused on trying to get a little back of what was proposed to be eliminated.

MR. STEELE said the conditions have changed somewhat even from when this body passed its [operating budget] and the Senate has been able to put a number of things back. The climate again is changing and it appears that there is an effort to increase the size of the pie and to hold education to last year's numbers. However, the district is still down in terms of the hit that

will be taken in student transportation, but tuition has been added back as well as the debt reimbursement. Although the districts are making some progress, it is difficult to say thank you when the legislature is giving the districts just a little bit less than what was received last year because what is needed is some growth. He told the committee that the Anchorage School Board supports rolling the LOGs into the foundation formula and the board appreciates the added funds to try to hold districts harmless. Those items are very important, he said. As the state faces the times ahead it is important to have the LOGs in the formula. Mr. Steele said he knows the formula is not protected, but it is better than a grant.

MR. STEELE commented that the Anchorage School Board wishes it had the extra funds that the early bills were going to put into the formula and the LOGs. That would have provided some progress. Mr. Steele specified that the Anchorage School Board does want the LOGs rolled into the foundation formula and wants to be held harmless, and would like to see some movement towards adequacy. Therefore, some additional funding is necessary. If the \$4,128 [base student allocation] was available and the LOGs were rolled in, that would have been great. That would have been some progress at least above the consumer price index. However, as it is, this is the 12th of the last 15 years in which the district has not even had a cost of living allowance. He said progress is needed. The cuts to the district, as small as they are, compared to the governor's budget are still going to hurt.

MR. STEELE offered that the cuts are going to hurt the classroom, he highlighted. The last two years the district has had a little reprieve from that through the LOGs. However, now the district is back to the position of not even making the maintenance budget. If the legislature can find its way to put some more money in the budget, the Anchorage School Board would greatly appreciate it. The Anchorage School Board does appreciate the LOGs, he reiterated. He noted that Anchorage stands to gain the least by rolling the LOGs because the district is at the base number in terms of the distribution. However, the district appreciates what it has and will take whatever it can get. In summary, Mr. Steele said he appreciates the efforts to increase the size of the pie, and hopes that at sometime the state will get to the point where the district can plan and grow.

Number 1589

STEVE CATHERS, Superintendent, Valdez School District, testified in support of CSHB 233(EDU). He expressed gratitude for the work that has gone into this legislation and told the committee that he is aware of the difficult time this is for the members. He proposed that this is not the time to let school funding and quality education suffer. The reason he feels this way is due to the NCLB Act's challenge to every school in the nation to address individual children's needs in ways that have never been done before. That is a tremendous vision and his district has embraced it, although the district is frustrated because the cost of doing this as well as all the other reporting and data collecting provisions of the NCLB Act are staggering.

MR. CATHERS offered that the costs are more than his district can bear right now. Even districts that currently meet the adequate yearly progress measure found in the NCLB Act, are going to have a very difficult time passing the bar as it is progressively raised under the bill. If the state is serious about the NCLB Act and every child succeeding, then now is the time to protect the services to those kids. He said Alaska is anticipating a lot of economic growth and development in the next 10 years. Furthermore, it is very clear that there will be a skilled work force needed when major projects come on line. That work force will not be composed of young Alaskan adults unless the state is able to provide programs now to adequately train and prepare Alaska's kids to participate in that growth and opportunity.

MR. CATHERS said he thinks it is important to recognize that the kids who are in elementary school now will be the people trying to get jobs with the gas line project in the future. Investing in education now could clearly be seen as a business investment. He indicated that such an investment is necessary.

MR. CATHERS expressed appreciation for AASB's work in compiling all the antidotal information about cuts in districts all over the state. Such information gives a very clear picture of what is really happening out there. There are a lot of cuts being made that are truly cuts to essential school services, and districts throughout the state are reaching desperation points. He said he does not think there is great public awareness of the problem because so many school employees continue to fill the gaps.

Number 1736

MR. CATHERS commented that it is important to note that what is being cut across the state are the core curriculum classroom teachers, materials and books for the classrooms, and support services. Many districts have lost virtually all the support services they once had. If there are any suspicions that schools are not lean and efficient, that can be addressed by looking at what is happening to school budgets right now. He said that the hold harmless provision will allow 22 districts to receive the same funding [that they did last year] and the rest of the districts will be getting significant funding increases which may not be enough to address their needs, but those 22 districts will be forced to continue to cut and it will not represent relief for them. He just wanted the committee to be aware that these districts will be in no better shape, but will be grateful not to be cut.

Number 1818

MR. CATHERS told the committee that for those district, any increased dollars from other sources are reduced by 40 percent. He said he does not believe it was the intent of the legislature to do this; however, the way it works in his districts is that if they get an intensive special education student, for example, a blind student, while the district may be required to invest \$60,000 to meet the needs of that child, the intensive funding for that child might only be \$20,000, which is also reduced by 40 percent. So that reduction is not just a reduction in the regular formula funding but is also a reduction for such things as intensive students or any increases within the formula, so that has been very painful to deal with. He said that although rolling the LOG money into the formula would result in a 40 percent cut, he supports it because it is the best thing for education statewide. He said he represents one of the 22 districts for which there will not be any monetary increases. He suggested to the committee that no matter what is done, all decisions with finance are now painful, and he urged the committee to dig deep and make sure that the state does not let go of the quality of education at this critical time for the state.

Number 1873

MARY FRANCIS, Executive Director, Alaska Council of School Administrators, testified on CSHB 233(EDU). She told the committee that she represents school superintendents, principals, and school business officials. She said that she does not have a great deal to add to what the prior speakers

have said. She pointed out that by increasing the per student allocation, the legislature is doing an admirable thing.

VICE CHAIR GATTO asked Eddie Jeans to comment on HB 233. He mentioned that the House Special Committee on Education subcommittee, especially the chair of that subcommittee, Representative Seaton, did a lot of work on the current version of the bill.

Number 1925

EDDY JEANS, Manager, School Finance and Facilities Section, Education Support Services, Department of Education and Early Development, testified in support of CS HB 233(EDU), explained the formulation of the base student allocation, and responded to questions. He told the committee that the CS HB 233(EDU) would increase the base student allocation from \$4,010 to \$4,168. The way the subcommittee arrived at that number was by breaking down different components of money that are outside the foundation funding formula on a per student basis. As the process proceeded, it was found that when adding all those per student allocations together, it did not translate to the final number in the bill. What the subcommittee focused on was the total dollars they were trying to put back into the funding formula. That really came from three areas. The first was the \$23.3 million that was appropriated for the FY 03 LOGs, the second area was \$6 million that was appropriated in FY 03 as one-time supplemental funding, and the third area was from the proposed legislation to eliminate funding for four year olds or the "two year kindergarten" program of about \$3.9 million; thus they were able to come up with a total of \$32.2 million. He said his staff worked on a spreadsheet to find out how much of an increase to the base student allocation was required in order to appropriate \$32.2 million. That is how the \$4,168 was arrived at as the new base student allocation. This is an additional \$158 per adjusted average daily membership (ADM) in the state.

VICE CHAIR GATTO said that \$158 [per adjusted ADM] equals \$32.2 million, and remarked that a way has been found to put \$32.2 million back into the education formula. Part of these funds were the LOGs - which were \$118, plus \$11, or \$129 out of the \$158. A lot of that money was just moving from the left pocket to the right pocket, he characterized.

Number 2048

REPRESENTATIVE COGHILL noted that it is not a direct translation. He pointed out that the per student allocation on the LOGs, when translated into the foundation formula, actually has winners and losers, and so the hold harmless provision was added. He asked Mr. Jeans if that provision "buoyed up" a number.

MR. JEANS responded that the \$23.3 million in LOGs was distributed on a per capita basis as a straight head count. Moving the LOGs into the foundation formula and distributing it on an adjusted ADM means that some districts lose funds when there is a change from one distribution method to the other. To address those districts that would have lost under that scenario, the subcommittee and the department determined that it would need an addition \$2.2 million in additional funds to hold all districts harmless in making that transition. The subcommittee identified \$3.9 million in savings for the "four-year-old kindergarten" legislation to cover that \$2.2 million, and this leaves an additional \$1.7 million to go into the formula. That is how the subcommittee arrived at the \$32.2 million and provided for the hold harmless provision.

Number 2113

REPRESENTATIVE SEATON commented that the \$3.9 million savings from the elimination of the "four-year-old kindergarten" program was incorporated in the budget that the House passed. Although there is legislation that is moving to eliminate that program, the House budget already includes that money in education funding, but under a different section, so the subcommittee is proposing that those funds be moved over to the foundation formula.

VICE CHAIR GATTO asked for clarification that the LOGs were in part, but not completely, based on ADM.

MR. JEANS said that the \$23.3 million was distributed as a straight head count; the additional \$6 million that was distributed outside the formula was distributed based on adjusted ADM. That is why there was no need to hold those districts harmless for that \$6 million.

Number 2168

MARY MARKS, Member, Anchorage School Board, testified on CSHB 233(EDU) and answered questions from the committee. She told the committee that not only is she a member of the Anchorage

School Board, but she is also a parent of four children in the district. She said she is coming to the committee as a minority to tell members that the LOGs are being used to close the achievement gap. Native students barely achieve any kinds of academic standards, she remarked, adding that that is a big concern to her. The LOGs help students become achievers through the after-school programs because the teachers work with students to help them believe in themselves and give accountability and validation to them that they can be successful, all of which is very important to communities. She told the committee that she is responsible for nearly 50,000 students. She said she took an oath and is here to speak on behalf of these students.

MS. MARKS said she is fortunate enough to be in schools with her kids and doing public service. So learning how to balance out her life, culture, and survival tools is something to pass on to her students and children, though it is not an easy task. The grant monies not only help with the after school programs, but the summer school programs as well. She added that the mission is to make sure students are reading by the time they are in third grade. Without full funding plus more, the district will not be able to attain the expectations of the NCLB Act. She said that without these monies she does not know what is being said to the kids. She acknowledged that it is a hard task the committee is facing, and asked members to weigh out all the consequences and all the information brought before the committee.

MS. MARKS said that if she can just reach eight more students to help them feel needed and connected to the school, it is important because not all students feel those things. She told the committee that the LOGs provided her with more tools. She said JOM (ph) and BIA (Bureau of Indian Affairs) monies are not enough to close the achievement gap. She said she needs the legislature to help do that. The district has 92 different languages, and the bilingual department and migrant education department are working together to try to close the gaps. With the NCLB Act, the district needs even more assistance.

**TAPE 03-38, SIDE B**

Number 2387

MS. MARKS said she shared with corporate leaders that the district needs their help. She said that if there is no way to increase education funding, it looks like a dysfunctional future.

REPRESENTATIVE COGHILL thanked Ms. Marks for her time and oath. He said as he understands from her testimony that she believes the LOGs give higher focus to achievement gaps. He asked if she sees the funds more useful in LOGs.

MS. MARKS responded that she sees it from "outside the box." If she is to go out into the communities, it is another tool that is available.

REPRESENTATIVE COGHILL asked if she sees the LOGs as one of those tools.

MS. MARKS replied that she does see LOGs as a tool to bring the communities into the school and to find a way for them to be involved in the education process. She said she gains more information that she can then disperse into the community.

REPRESENTATIVE COGHILL said it is his understanding that the LOGs are specifically targeted at the Quality Schools Initiative. He asked, "Do you think if the LOGs are added to the foundation formula that the local school districts would not keep the same focus?"

MS. MARKS said she is sure they would [keep the same focus].

Number 2247

REPRESENTATIVE SEATON explained that one of the problems the subcommittee had in developing a method to approach this - whether to keep them as separate LOGs or add them to the formula - is that local communities are capped at matching 23 percent of the money in the formula, and money that is outside the formula cannot be matched by local districts. So by rolling this money into the formula - basically \$160 - it would allow the local districts to match about \$40 to \$50. It allows more money to flow into education on a local level, whereas if it is left outside in the LOGs, the districts cannot match the funds because it is prohibited by federal law. He asked Ms. Marks if she is saying she would rather have the \$23.3 million left outside of the formula as LOGs and not available for local districts to match.

MS. MARKS said she is advocating for increased funding. She said her goal is to close the achievement gap.



VICE CHAIR GATTO offered that [the bill] does increase the formula somewhat; however, the state is experiencing lean years. He asked Ms. Marks if she has any suggestions on where the state would find that money.

MS. MARKS said she would like to see more money funded for education, but does not have a suggestion on where to get it.

Number 2137

REPRESENTATIVE SEATON moved to report CSHB 233(EDU) out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, CSHB 233(EDU) was moved from the House Health, Education and Social Services Standing Committee.

The committee took an at-ease from 3:55 p.m. to 4:25 p.m.

HB 10-GROUP HEALTH INSURANCE FOR PRIVATE GROUPS

Number 2113

VICE CHAIR GATTO announced that the next order of business would be HOUSE BILL NO. 10, "An Act amending the definition of group health insurance, and allowing the Department of Administration to obtain a policy or policies of group health care insurance for employers that are small businesses, nonprofit organizations, special services organizations, or small associations for insurance purposes; and providing for an effective date."

REPRESENTATIVE SEATON moved to adopt the proposed committee substitute (CS) for HB 10, Version 23-LS0030\X, Ford, 4/25/03, as a work draft. There being no objection, Version X was before the committee.

REPRESENTATIVE CISSNA moved to report CSHB 10(HES) out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, CSHB 10(HES) was reported from the House Health, Education and Social Services Standing Committee.

Number 1973

The committee took an at-ease at 4:22 p.m. in order to prepare for Representative Cissna's report on the State Health Policy meeting in Chicago.

REPORT ON STATE HEALTH POLICY MEETING IN CHICAGO BY  
REPRESENTATIVE CISSNA

NOTE: The meeting was recorded but no log notes were taken. A copy of a separate tape for the Report on State Health Policy meeting in Chicago by Representative Cissna, labeled Tape 03-38A, may be obtained by contacting the House Records Office at State Capitol, Room 3, Juneau, Alaska 99801 (mailing address), (907) 465-2214, and after adjournment of the second session of the Twenty-Third Alaska State Legislature this information may be obtained by contacting the Legislative Reference Library at (907) 465-3808.

**ADJOURNMENT**

There being no further business before the committee, the House Health, Education and Social Services Standing Committee meeting was adjourned at an unspecified time.