

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

March 24, 2003

5:02 p.m.

**MEMBERS PRESENT**

Senator Fred Dyson, Chair  
Senator Lyda Green, Vice Chair  
Senator Gary Wilken  
Senator Bettye Davis  
Senator Gretchen Guess

**MEMBERS ABSENT**

All members present

**COMMITTEE CALENDAR**

SENATE BILL NO. 8

"An Act relating to tampering with public records."

MOVED CSSB 8(HES) OUT OF COMMITTEE

SENATE BILL NO. 55

"An Act relating to tampering with public records."

MOVED CSSB 55(HES) OUT OF COMMITTEE

SENATE BILL NO. 95

"An Act relating to strikes by employees of a municipal school district, a regional educational attendance area, or a state boarding school, and requiring notice of at least 72 hours of a strike by those employees."

MOVED SB 95 OUT OF COMMITTEE

SENATE BILL NO. 10

"An Act relating to a minimum expenditure for the instruction component in a public school budget; and providing for an effective date."

HEARD AND HELD

**PREVIOUS ACTION**

SENATE HES COMMITTEE

-1-

DRAFT

March 24, 2003

SB 8 - See HESS minutes dated 3/5/03 and 3/10/03.

SB 55 - See HESS minutes dated 3/5/03 and 3/10/03.

SB 95 - See HESS minutes dated 3/17/03.

SB 10 - No previous action to consider.

**WITNESS REGISTER**

Ms. Kim Floyd  
Palmer AK

**POSITION STATEMENT:** Supported SB 95.

Ms. Paula Harrison, Director  
Human Resources and Labor Relations  
Mat-Su School District

**POSITION STATEMENT:** Supported SB 95.

Mr. Carl Rose, Director  
Association of Alaska School Boards  
316 W 11th St.  
Juneau, AK 99801

**POSITION STATEMENT:** Supported SB 95 and commented on SB 10.

Mr. Eddie Jeans, School Finance Manager  
Department of Education &  
Early Development  
801 W 10<sup>th</sup> St.  
Juneau, AK 99801-1894

**POSITION STATEMENT:** Commented on SB 10.

Ms. Mary Francis, Executive Director  
Alaska Council of School Administrators  
326 4th Street  
Juneau AK 99801

**POSITION STATEMENT:** Commented on SB 10.

Mr. John Alcantra, Director  
Governmental Relations  
National Education Association (NEA Alaska)  
114 Second St.  
Juneau AK 99801

**POSITION STATEMENT:** Commented on SB 10

**ACTION NARRATIVE**

TAPE 03-12, SIDE A

SB 8-TAMPERING WITH PUBLIC RECORDS  
SB 55-TAMPERING WITH PUBLIC RECORDS

CHAIR FRED DYSON called the Senate Health, Education and Social Services Standing Committee meeting to order at 5:02 p.m. Present were Senators Green, Wilken, and Guess and Chair Dyson. He announced SB 8, sponsored by Senator Davis, to be up for consideration and that it was the same as a bill he sponsored, SB 55. He said they were both concerned about a case that came out of Florida where a child in state custody was not visited or supervised and disappeared and a cover-up was proved. Both bills increase the penalty and definition of that action, but SB 8 deals only with a child under 18 in state custody. SB 55 makes it a crime to tamper with public records of any person with intent to injure a person or to conceal facts material to an investigation.

SENATOR GREEN said there was a question about care and/or children in the custody of the state and asked how SB 55 dealt with adults versus just children.

SENATOR GREEN moved to adopt version I of CSSB 55(HES) for purposes of discussion. There were no objections and it was so ordered.

SENATOR GREEN said she wanted to hear what the differences are in the "I" version.

CHAIR DYSON said it changes messing with records by adding "with intent to conceal fact materials in an investigation."

SENATOR GREEN moved to pass CSSB 55(HES) from committee with individual recommendations and its accompanying zero fiscal note. There were no objections and it was so ordered.

SENATOR GREEN moved to pass SB 8 from committee with individual recommendations and its accompanying zero fiscal note. There were no objections and it was so ordered.

SB 95 - 72-HOUR NOTICE OF TEACHER STRIKE

CHAIR DYSON announced SB 95 to be up for consideration.

MS. KIM FLOYD, Palmer parent of two school age children, strongly supported SB 95 because it's simply about children's safety. She said that many people from the Valley have to leave by 6:00 a.m. to go to work in Anchorage and, as the public information officer for the district, it is her responsibility to work with media to alert parents to school closures. She felt that a 72-hour time period is necessary to cover the Friday to Monday weekend period. She said that the decision to close schools is made at approximately 4:00 a.m. Anchorage media begins reporting at 6:00 a.m., well after many commuters leave for work. Without adequate notice (from an unannounced strike), children may be left unattended at bus stops or arrive at a school without adequate staffing or supervision. SB 95 is a school safety effort.

SENATOR DAVIS arrived at 5:10 p.m.

MS. PAUL HARRISON, Director, Human Resources and Labor Relations, Mat-Su School District, agreed with Ms. Floyd's comments and supported SB 95.

MR. CARL ROSE, Executive Director, Association of Alaska School Boards, concurred with Ms. Floyd and Ms. Harrison that this is a safety issue. He provided the committee with a letter suggesting language that school districts would be willing to provide 72 hours notice as well before locking out.

SENATOR GUESS moved to pass SB 95 from committee with individual recommendations and its zero fiscal note. There were no objections and it was so ordered.

#### **SB 10-EDUCATION FUNDING:INSTRUCTIONAL COMPONENT**

CHAIR DYSON announced SB 10 to be up for consideration.

SENATOR GUESS, sponsor of SB 10, stated that she introduced this bill when she was in the House and agrees with the chairman that it should be held as this is its first hearing and there is a broader philosophical and policy call the legislature should make. She has already had good conversations with Senator Wilken about it.

When the legislature decided to use 70% for the instructional component minimum for the state, she always had an issue with the approach. It was not because she didn't think it was correct, but because there was no changing of that 70% for economies of scale. So Sitka, which has a very dense population

and should be able to put more money into the classroom, is compared with the Lower Kuskokwim, which is a more dispersed district and has more overhead costs. She has worked hard to find the best economies of scale proxy. One could look at density as the number of students per square mile. Unfortunately, if they use that with Juneau, given the park that is behind us, the community wouldn't show the correct density.

The best proxy she could find was the number of kids per school. If the school districts have greater economies of scale, they should be able to be more efficient with their overhead and be able to put more money in the classroom.

She worked with the department today on which schools count and which schools don't and how to do the counting. It becomes more complex when you look at Anchorage, which has three students at Charter North. So, that really doesn't count as a school. If this bill moves, she would move for a 10-student minimum - schools or correctional facilities.

SENATOR GREEN asked if in preparing her list of where schools fell, she considered having a column for the number of years a waiver has already been issued and established. She also wanted to know if there were any incentives for the anomalies.

SENATOR GUESS responded that she is wed to the intent of this bill. The numbers were created from looking at what the distribution is right now. She freely admitted there wasn't a lot of science behind them except for looking where natural breaks occurred. She didn't look at schools that had waivers, but she thought there was an issue with schools that are 70% and under right now that are continually getting waivers. She hoped as the discussion went forward, they would consider what is good policy and if the waiver situation is good policy or if energy costs of schools will ever reach the 70%. She purposely didn't deal with the low end, because her issue was more with the economies of scales, which looks at the more dense school districts.

CHAIR DYSON asked if the existing formula altered or takes into account the number of special needs kids.

SENATOR GUESS replied that the current foundation formula adjusts for intensive needs kids, which are a very small population, but not special needs in a more general sense. There is a 20% addition in the formula to encompass the former gifted and talented and bilingual programs.

CHAIR DYSON said the bill's 5% increase in money spent on the mission as opposed to administration adds 100 more students and that seems ambitious to him, but he would bow to her experience and education.

SENATOR GUESS said he made a good mathematical point and she often looks at things that are linear. Most things are natural log curves, so it goes down a little differently with each step. She thought they should continue to keep that in mind if they are going to continue with the 70% mark.

**5:25 p.m.**

MR. EDDIE JEANS, School Finance Manager, Department of Education, said he had been working all day with Senator Guess on the analysis and would provide a spread sheet that details the department's analysis along with the fiscal note, which will be zero, because they are currently doing the work that is required under the minimum instruction percentage requirement. This bill would simply expand that to a different rate for different schools, as Senator Guess described. He added that at the 70% level, there are still 27 school districts that require a waiver statewide, although they have made tremendous progress over the years. He stated, "We, too, believe the more money directed to instruction, the better."

SENATOR WILKEN asked if there were any issues with any school district in the state ascribing to the standard chart of accounts.

MR. JEANS replied that the department continues to work with school districts to follow the chart of accounts and this process goes well with that. If a district comes in under 70%, they have serious discussions with the district about why it was beyond the district's control to not meet the 70% requirement.

SENATOR WILKEN asked if all 53 districts are following the chart of account categories and subcategories and if they are, are they just being creative in their definitions among the levels and sublevels of expenses.

MR. JEANS replied that all 53 school districts are required to follow the chart of accounts. Creative classification was a problem, but they have given school districts clearer direction on where to classify expenditures so there is more uniformity in the expenditures being reported to the department.

SENATOR WILKEN asked if he still has one or two staff that are helping school districts align themselves to the chart of accounts.

MR. JEANS replied they have those two positions.

SENATOR WILKEN asked if federal funds are considered with the 70%.

MR. JEANS replied they measure that against the school operating fund, which includes federal impact aid. He pointed out:

It's the discretionary money, but it does not include all the other categorical federal funds, which many districts would argue in many cases are instructional expenses.

SENATOR WILKEN said in 2001, his school districts received about \$96.6 million in federal money. He continued:

So, a portion of that would be impact aid money and the other portion would be something other than impact aid. So, you're saying we would consider the impact aid money, but not the other what I think to be about \$40 million. Is that correct? Is there some federal money outside the 70% calculation?

MR. JEANS replied, "There's a whole bunch of money outside the 70%."

SENATOR WILKEN said the special revenue funds in 2001 equaled about \$115 million. He asked if those were considered as part of the 70% calculation.

MR. JEANS replied no, "The statute specifically says school operating fund expenses."

SENATOR GUESS asked as he is transitioning into the new system, he is finding districts that are under 70% are striving to get to 70%.

MR. JEANS replied yes, although there are a few small school districts in the state where 70% is going to be impossible. He noted, "Some districts are very dispersed with small populations which are going to have high fixed operational costs. They will never meet the 70%."

However, he thought those were the extremes and if they get down to a small number of school districts that require the waiver on an annual basis, he thought they had done well.

SENATOR GUESS said that certain districts never had to strive and if they raise the bar to an appropriate level, she asked if people would try to reach that level.

MR. JEANS replied that his experience is that no school wants to ask for a waiver. "They all strive to meet the requirement no matter what it is."

**5:35 p.m.**

SENATOR WILKEN suggested for the smaller school districts, rather than raising the bar, they should consider whether there is a way to consolidate their administrative functions that weigh so heavily on their overhead. He thought that was the way out of the 70% mark.

SENATOR GUESS clarified that was not her intent. She is trying to take it from the top end.

CHAIR DYSON suggested that it was fair to use the 70% to give people a standard to measure themselves with.

MR. JEANS agreed.

CHAIR DYSON asked if it would be wise to lower the 70% requirement for the smaller schools.

MR. JEANS replied they had not had that discussion at the department level.

CHAIR DYSON asked if he had pushed the folks to use the standard chart of accounts and their reports and audits of their budgets.

MR. JEANS replied that all 53 school districts are required to file an audited financial statement with the department on an annual basis.

SENATOR WILKEN added, "That report is given annually to the Legislative Budget and Audit Committee, whose responsibility it is to do something with it."

MR. CARL ROSE said they didn't have a position on SB 10, but did have one on minimum expenditures. The governor's proposed budget is not adequate in the area of education and there are the mandates of No Child Left Behind, IDEA and current reductions to consider. He elaborated:

If we're looking at about a \$33 million reduction, and I hope that that does not take place, and there's evidence that there is a change of heart, at least we're not focusing on the same number in the legislature from what I see proposed from the governor. Nevertheless, we are still looking at the issue of adequacy and that's a critical issue. If we lack the funding and we don't get all of the money we need...that money comes directly out of the classroom. That's an increased burden on the local appropriation. That in light of the concern that we would reduce municipal assistance and revenue sharing, the cost we pass on to the local communities for those who do taxing is a continued burden.

MR. ROSE said he supports the standard chart of accounts and believes in the improved quality of data they get from it. It is important to be able to meet the federal mandates as well as our own quality initiatives, but he sees inadequate levels of funding across the state. He would like districts to have a shot at being successful. He is not in favor of the bill as is, but he understands they are trying to get accountability.

MS. MARY FRANCIS, Executive Director, Alaska Council of School Administrators, supported the intent of SB 10 and definitely supported more resources going to the classroom and said:

As previous speakers pointed out, rising fuels costs, rising insurance costs, the possibility of having to pay for people transportation, the possibility of including community schools...would mean that some of those expenses would go into one's budget and a great percentage of the budget would not go directly to the classroom.

CHAIR DYSON asked if she knew how to get better numbers than Senator Guess had and the valid targets would be to ask schools to meet.

MS. FRANCIS said she would bring her experience as a superintendent to Senator Guess to help figure it out.

CHAIR DYSON asked Senator Guess what she wanted to do with this bill.

SENATOR GUESS replied that this is where the policy work of education needs to be done in the HESS Committee. She believes they are trying to treat all school districts alike and she didn't think that's correct. She has always been willing to examine the details of that with the communities and their representatives and she wouldn't mind taking direction from this committee on certain work that needs to be done.

She thought the discussion needed to be in a broader context of funding and the foundation formula and changing some of the unintended consequences that happened in SB 36.

MR. JOHN ALCANTRA, Director, Government Relations, National Education Association (NEA) Alaska, supported Senator Guess's efforts and Mr. Rose's good comments about No Child Left Behind and exit exams. He applauded the effort to get more dollars into instruction and wanted to help them work on something that would work for all 53 school districts throughout Alaska.

CHAIR DYSON thanked him and said they would hold this bill for further work.

**TAPE 03-12, SIDE B**

CHAIR DYSON adjourned the meeting at 5:50 p.m.