

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

May 5, 2003  
1:35 p.m.

**MEMBERS PRESENT**

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

**MEMBERS ABSENT**

Senator Bettye Davis

**COMMITTEE CALENDAR**

**SENATE BILL NO. 202**

"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."

MOVED SB 202 OUT OF COMMITTEE

**SENATE BILL NO. 145**

"An Act relating to reemployment of and benefits for retired teachers or employees, including those who participated in retirement incentive programs, and to the employment as teachers of members of the public employees' retirement system who participated in a retirement incentive program; and providing for an effective date."

MOVED CSSB 145(STA) OUT OF COMMITTEE

**PREVIOUS ACTION**

SB 202 - No previous action to consider.

SB 145 - See State Affairs minutes dated 4/29/03.

**WITNESS REGISTER**

Mr. Eddy Jeans, School Finance Manager  
Department of Education &  
Early Development

801 W 10<sup>th</sup> St.  
Juneau, AK 99801-1894  
**POSITION STATEMENT:** Supported SB 202.

Ms. Jennie Hammond  
PO Box 7100  
Nikiski AK 99635  
**POSITION STATEMENT:** Opposed SB 202.

Dr. Bruce Johnson  
Association of Alaska School Boards  
316 W 11<sup>th</sup> St.  
Juneau, AK 99801  
**POSITION STATEMENT:** Commented on SB 202 and supported SB 145.

Mr. Tim Steele, Vice President  
Anchorage School Board  
3580 E Tudor Rd.  
Anchorage AK 99507  
**POSITION STATEMENT:** Commented on SB 202 and supported SB 145.

Mr. John Alcantra  
Government Relations Director  
National Education Association of Alaska (NEAA)  
114 2nd Street  
Juneau AK 99801  
**POSITION STATEMENT:** Commented on SB 202.

Mr. Steve Kalmes, Director  
Transportation  
Anchorage School District  
3580 E. Tudor Rd.  
Anchorage AK 99507  
**POSITION STATEMENT:** Opposed SB 202.

Mr. Larry Wiget, Executive Director  
Public Affairs  
Anchorage School District  
4600 Debarr Rd.  
Anchorage AK 99508  
**POSITION STATEMENT:** Commented on SB 202.

Senator Gary Stevens  
Alaska State Capitol  
Juneau, AK 99801-1182  
**POSITION STATEMENT:** Sponsor of SB 145.

Ms. Janet Parker, Deputy Director,  
Division of Retirement and Benefits  
Department of Administration  
PO Box 110200  
Juneau, AK 99811-0200  
**POSITION STATEMENT:** Commented on SB 145.

Mr. Kevin Sweeney, Legislative Liaison  
Department of Education &  
Early Development  
801 W 10<sup>th</sup> St.  
Juneau, AK 99801-1894  
**POSITION STATEMENT:** Commented on SB 145.

**ACTION NARRATIVE**

**TAPE 03-26, SIDE A**

#SB202

**SB 202-EDUCATION FUNDING &PUPIL TRANSPORTATION**

**CHAIR FRED DYSON** called the Senate Health, Education and Social Services Standing Committee meeting to order at 1:35 p.m. Present were Senators Green, Wilken, Guess and Dyson. The first order of business to come before the committee was SB 202.

SENATOR GARY WILKEN, sponsor of SB 202, said it has two provisions relating to the K12 public education funding and they are both intertwined within the Senate operating budget. The first item is that SB 202 revises the method in which local school districts are reimbursed for pupil transportation costs. Over the past seven years, district transportation costs have increased 77 percent, from \$32.8 million in FY97 to \$58.1 million in FY04. This legislation establishes a pupil transportation grant program as a means to control the growth of these costs. Under the program, local school districts will receive an allocation based on their actual per student transportation cost in FY03. In FY04 and beyond, the pupil transportation grant will be determined by multiplying the district's transportation allocation by their student enrollment. The reimbursement program recognizes fiscal constraint while continuing to support local school districts with their transportations costs.

The second part of the bill increases the K12 education funding per student amount to \$4,169, an increase of \$159. This change

distributes \$32.1 million to 53 school districts through the education foundation formula, a plan that offers stable and predictable revenue to all 53 school districts.

SENATOR GRETCHEN GUESS asked who came up with the transportation formula and how they came up with the \$1,200 figure. One of her concerns was that dispersed districts had more costs because they have more roads than in the denser districts.

SENATOR WILKEN replied that he wanted Eddy Jeans to explain the answer, but basically those kinds of routes are embodied in the current funding to school districts.

MR. EDDY JEANS, School Finance Manager, answered Senator Guess' question about the \$1,200 by saying that it is a policy statement of the maximum amount they are willing to reimburse a district on a per student basis. There are five districts that exceed the \$1,200. Alaska Gateway was at \$1,464; Bristol Bay was at \$1,322; Copper River was at \$1,300; Delta/Greely was at \$1,351; and Southeast Island was at \$1,234. They already know that a boat picks up students at Southeast Island. Some of those parents will be paid 'in lieu of' (giving parents \$.30 per mile) to run their bus route a little bit further and their costs next year should come in below what they are on a per student basis this year.

He said that the Delta Greely school district has a sole source bid on their contract, but, hopefully, they will be able to negotiate a better rate. If not, they can possibly do transportation cheaper in-house.

SENATOR GUESS asked how many districts' pupil transportation would be over \$1,200 in FY04.

MR. JEANS replied that they did not run FY04 figures, because it is better to base the formula on actual expenses versus projected expenses. He said that Delta Greely projected a slight increase in FY04, but more students are projected. Under this grant program, based on the projected 882 pupils for FY04, they will actually generate \$1 million. That is because growth is built into the foundation program for projection purposes, but not into their transportation budget. "So, you're going to have some winners and losers in this proposal and we know it's not perfect, but it's better than the current reimbursable system, we believe."

SENATOR GUESS asked what the fuel cost was in FY03, since it has gone up so much in the last year. Where is the discussion and adjustment for fuel cost?

MR. JEANS replied that the majority of questions he has received on that are related to the new proposed fuel tax and municipalities are exempt from that. Contractors would have to pay the increase, however, and there have been questions on whether a district could reopen their contract to renegotiate a different rate if the district provided the fuel.

It depends on what kind of negotiating people want to do. Mr. Chairman, the reason for this is, as Senator Wilken pointed out, the cost of the pupil transportation programs have just grown by leaps and bounds over the last 10 years. In fact, since 1990, it's increased 136%. Senator Wilken used a little smaller time frame, so his percentage is a little lower than mine. We believe at the department that if we continued with this current reimbursable system that we're going to have transportation costs that are going to exceed \$100 million by 2012. The pupil transportation programs are contracted every five years. We get increases with those and they also have inflation built into them, an automatic inflationary adjustment.

SENATOR GUESS responded that she still wanted her question answered on gas prices. She didn't care about the taxes.

SENATOR WILKEN responded:

I guess if one wanted to consider that you could renegotiate when fuel costs went up, then we would also renegotiate a fuel cost down. I'm not sure if anybody would ever agree on what the price of fuel would be in 53 different school districts. That may be something more than we are able to handle. I suspect it's just like other things. You just deal with it. I don't think it's a disproportionate share of the budget that can't be handled in some other way.

CHAIR DYSON said in the school districts he represents the school bus management is about as good as he knows how to make it.

When you lock in a cost in this bill, a district like mine may be doing the most efficient job that good fleet managers can do, they're at a disadvantage vis-à-vis a school district that has been real sloppy about it and could gain a lot in efficiencies. I know it's impossible to deal with that, but can you tell me what your guys' thinking was?

MR. JEANS replied:

I've been working very closely with the school districts for a number of years trying to get some containment on the pupil transportation program. In fact, you may remember how we worked with the Anchorage, Fairbanks, Mat-Su to bring contract alignments so that we could get outside contractors into the state. We were successful with bringing some outside contractors in. Were their rates substantially lower than the existing contractors? The answer is no. But, they had to bust into our system. So they had high start up costs associated with that. In fact, as you know, Anchorage and Mat-Su enjoy brand new buses. I've heard people say during some of this testimony, not in this committee, but in the House side, this isn't fair, because some districts are at the end of their contract and they're going to require new buses and others aren't. Quite frankly, Mr. Chairman and committee members, I have not seen a contract go down, because somebody did not have to buy new buses. The rates seem to go up in justification as we need new buses, but five years later, after we've paid for the buses through this program, the rates aren't going back down. It just continues to build. That's part of the reason this proposal is before you.

CHAIR DYSON said it has been represented to him that a disproportionate and most uncontrollable part of the transportation cost is serving handicapped kids. In his district, 60 percent of the routes deal with children with physical disabilities. He asked if there was any solution to that problem.

MR. JEANS answered that issue had been brought to the department's attention and they are currently working with the Anchorage school district to resolve it, but it's already a part of the equation.

At least the ratio that they're dealing with right now would be carried on into the future. It would not address if their special ed population went from 50 percent to 60 percent or 70 percent of their total population. That would not be addressed in this proposal....

One of his main concerns is that the formula is based on verifiable data and the OASIS system verifies every student in the state and where they go to school. That's why they've tried to tie the grant program to the average daily membership. It wouldn't add any new reporting burden to the school district. He has been asked by some school districts why he won't use ridership, but that's a self-reported number requiring auditing of school districts on the number of students riding their buses every day.

CHAIR DYSON asked if they reimburse special education routes?

MR. JEANS answered that the special education routes are already included in the current year's reimbursement and that would be carried over into the grant system. The special education routes tend to be more expensive than the regular routes. Fewer students used them and typically require aides and sometimes interpreters.

CHAIR DYSON said it was a big issue that he would be glad to talk to him about at another time.

SENATOR GUESS asked the sponsor what happens if the costs fall under the grant.

SENATOR WILKEN answered that his school district is embracing this idea because now they can sit around the table and have a discussion about people transportation costs knowing if they can do it more efficiently with less cost, they're able to take every dollar saved and put it into the classroom. The next question becomes when the FY 03 allocation for money starts to become too tight, they would start to have a discussion about increasing it the FY 06 allocation, for instance. This helps to focus the discussion.

SENATOR GUESS said there had been a lot of discussion in the last two years on gifted transportation and she was assuming they were talking about everyone's transportation.

MR. JEANS replied that was correct; this includes everybody's current transportation profile.

SENATOR GUESS said she has the same concern that Senator Dyson does in areas like Anchorage, Fairbanks, Mat-Su and Juneau where they are constantly having an increase in special education children, this formula could be a real problem. They are assuming all the proportions are going to stay the same. She didn't know if they could separate out routes and costs or not.

MS. JENNIE HAMMOND said she lives in Nikiski with her husband and two children, ages three and five. She does everything she can to get her children ready for school. She said legislators need to step up the funding to get more teachers back in the classroom. She opposed SB 202 and urged them to increase the foundation formula.

CHAIR DYSON asked her where she heard about this issue.

MS. HAMMOND replied that she read about it in the paper and attended school board meetings. The school board did not support it either.

MR. BRUCE JOHNSON, Association of Alaska School Boards, thanked the members of the Senate and Senator Wilken, in particular, who attended their recent fly-in. They have had a lot of opportunity to interact about this issue. They recognize this as a policy shift and if it's one they are going to make, he encouraged them to consider that there will be winners and losers. "It will be easier to create efficiencies in larger systems than smaller systems and let's be certain we do not penalize smaller districts."

He said it would be hard for Tok, for instance, to create any efficiencies because there is one road, with one driver, who will pick up the same students. They would be impacted by the \$1,200 cap as well as flat student enrollment at this point, which is further eroding their issues. He urged them to focus on intensive students, the ones who are often in need of transportation to and from school, which is required by federal law. This is the issue Anchorage and other districts are talking about. "How to deal with that when it's a federal mandate other than taking money from someplace else in order to accommodate that."

He said there was potential for improvement in the bill before the end of session and there were ways they could mitigate the negative issues for some of the districts.

Regarding the per pupil increase in the foundation, he acknowledged the hard work that went into rolling funds currently outside of the formula into the per pupil allocation while recognizing that it represents flat funding at a time when there are significant rising costs in most of the districts.

MR. TIM STEELE, Vice President, Anchorage School Board, thanked them for rolling Learning Opportunity Grants (LOG) into the foundation formula. He said:

In a year that saw virtually every candidate for the legislature as well as the governor express support for education, it's difficult to be thankful for any cuts. Funding for any component of our educational matrix at the '03 level is a cut in the purchasing power of our schools all across the state. After a decade of inadequate funding and increased state and federal mandates, we had hoped at the beginning of the session that we would make some progress. Senator Stevens, then in the House, submitted legislation to increase the formula by \$118 per student (4128). This is a 2.9% increase in the formula over last year's funding. That would at least keep pace with inflation. Alaska is not a poor state and our tax burden is the lowest in the United States. If we can't even keep pace with the cost of living and educating our children, what can we say for the future. A failure to provide even the cost of living increase will negatively impact the quality of education in our schools. Please, amend this bill by adding a cost of living increase of \$118 to the formula. This would at least be some progress, not progress that represents adequacy, but certainly would be going in the right direction.

MR. JOHN ALCANTRA, Government Relations Director, National Education Association Alaska, said they believe that the work the Senate Finance Committee has done so far is heading Alaska in the right direction.

An important component of the committee's work was in putting the money into the base student allocation. This allows districts some stability of funding and

helps them meet some of the requirements of state standards. NEA-Alaska has advocated for a base student allocation of \$42.80 per student since May of last year. Forty-two eighty is a conservative estimate, asking for just one year of inflationary costs and just one year of unmet needs identified by business leaders such as Roger Conn, Jim Palmer and Carl Mars in a report published two years ago. These leaders asked for a base student allocation increase of about \$365 per pupil over five years, plus increases to deal with the erosion caused by inflation. We collectively realize the budgetary situation in Alaska; we just only request one year instead of trying to fill the hole all at once. Our suggestion, which again, has been on the table for over 10 months, will cost the state approximately \$31 million in FY 04, but it goes to the constitutional mandate of a quality public education. The sponsors of a companion piece in the House, HB 233, which increase the base student allocation by \$158 per pupil has also identified \$14 million in lapsed funds to [indisc] to a new LOG program in the capital budget. This amounts to an additional \$70 per pupil. This idea gets us another step closer to the goal of adequately funding K12 education for FY 04. The budget for last year was based on \$20.50 per barrel of oil and the CBR draw at about \$950 million. With oil averaging over \$28 per barrel for the first 10 months of this fiscal year, this means the CBR draw will be about \$400 to \$450 million less than anticipated. K12 funding needs just \$31 million to adequately fund K12 for the next fiscal year beginning July 1....

NEA-ALASKA believes the education community should take the remainder of the school year to identify pupil needs under the state standard and the No Child Left Behind (NCLB) Law. This would be the basis for a long-term fix for education funding...

He said his own personal research shows that this bill would add only about \$2 million in funding for K12 education in FY 04 and with the additional requirement of the (NCLB) law and the almost 2 percent inflation of 2002, this additional funding, while in the proper category of the base student allocation, falls short of the need for the next year.

MR. STEVE KALMES, Director, Transportation, Anchorage School District, reminded the committee that school bus transportation is the safest form of transportation in America today. One of the premises of the bill is that all student transportation operations are inefficient, but there isn't any money he can pull off transportation and put in the classroom in Anchorage. It would be just the opposite. He said there is incentive to save as he has worked for five superintendents in Anchorage who were all interested in being as efficient as possible. There are also interested people in the community and budget review teams have gone over their budgets. Two hundred and forty-seven buses are being run in Anchorage currently and in 1984, they ran 291. This is with a larger student enrollment. About 37% of the buses that run in the Anchorage school district transport 5 percent of their population, the special education students. About 45 percent of their costs are allocated to those students. This includes preschoolers and any student who attends any program that isn't available in the home school, as well. Reductions in transportation costs will impact the regular routes since they can't cut special education routes.

Upcoming issues are current contracts that are in place until 2006 that have increased costs in them for the next several years. There are increased costs for labor and fuel and high driver turnover. He said that a long-term equitable solution needed to be found by the legislature.

SENATOR WILKEN noted:

More importantly, today there is nothing in the system that encourages or forces a district to see how to do it better. That's the important part about this grant system and I believe that's why the administration is supporting such a system and it puts that decision on the local people where it should be. The funding for it, then, is the responsibility of the legislature to weigh those requests for resources just as we weigh others.

MR. LARRY WIGET, Executive Director, Public Affairs, Anchorage School District, said he wanted to read something into the record from the spring 2002 education report for the Alaska State Senate Finance Committee.

To educate Alaska's children, they must first get safely to school. Consistent, safe and efficient transportation is vital to the education process.

Pupil transportation is not cheap, but is essential. Money for transporting students frees up funds for the classroom. If the state did not fully fund these costs, districts would be forced to use classroom dollars to pay for getting students safely to school. This is a policy shift, which will negatively impact the Anchorage school district.

CHAIR DYSON said that the committee had requested fiscal notes from DEED, but had not yet received them.

MR. JEANS responded that DEED submitted those fiscal notes to the legislative liaison office on Friday and he didn't know why they didn't have them.

SENATOR GUESS asked if any districts were going to lose money from where their LOGS are now with net increases in the base student allocation.

SENATOR WILKEN responded that no one should lose any dollars.

MR. JEANS added that when they look at this in terms of moving the LOGS inside the foundation formula, the district that would be most adversely affected by that would be the Anchorage school district. This bill has enough of an increase so they would more than recover what they would lose by moving their LOG grants into the foundation formula. He couldn't tell her on an individual basis.

SENATOR GUESS said she knows the number of intensive students is tracked as part of the foundation formula and asked if the number of special education students who need transportation is a verifiable piece of data.

MR. JEANS replied that they have their federal count that was done on December 1, but it wasn't verifiable data. The intensive count is the next level he would go to and he needs some costs from a couple of school districts so he can break it down. They have been trying to run that data.

SENATOR WILKEN brought forth a fiscal note from Representative Gatto's bill on this subject and he asked the committee to look at it and move this bill on to Finance where it would get a fiscal note that he didn't think would be any different than the one before them.

SENATOR GREEN moved to pass SB 202 from committee with individual recommendations with the anticipated fiscal notes. There were no objections and it was so ordered.

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#SB145

**SB 145-REEMPLOYMENT OF RETIRED TEACHERS**

CHAIR FRED DYSON announced SB 145 to be up for consideration.

SENATOR GARY STEVENS, sponsor, said Alaska is facing a shortage of qualified teachers and this bill would allow the rehiring of early retired teachers. The Retirement Incentive Program (RIP) was a big disincentive for people to return to work, as they would have to pay back 110 percent of the benefits they received. There is no actuarial impact to the districts, but they would be required to certify that they are experiencing a shortage. This would not guarantee tenure and salaries would be negotiable. It does not require districts to hire RIP teachers, but gives them that option in times of need. It will not cost the state money because it has already been taken care of through the retirement system and it will help the shortage of teachers in our state.

**TAPE 03-26, SIDE B**

SENATOR GARY WILKEN asked how he envisioned certification being done.

SENATOR STEVENS replied certification would be a notification to the Department of Education that a district is experiencing a shortage of teachers. Otherwise, he didn't know any of the specifics of the procedure.

SENATOR WILKEN asked if certification adds to the bureaucracy and what does it do to help in the scheme of things. Does anyone look at the certification or does it put someone on notice?

SENATOR STEVENS replied that he thought it would just require the district to look at it carefully to make sure they weren't using it because they had a RIP teacher available, and that there was, in fact, a shortage. He would be more comfortable having the department comment on the specifics.

SENATOR WILKEN asked if he envisioned that the teachers coming back would be included or excluded from the NEA bargaining unit.

SENATOR STEVENS answered that they would not be receiving retirement or benefits from the union because the district negotiates the contract and is separate from the union. He thought they would be outside the purview of the union.

CHAIR DYSON wanted clarification on page 3, section 4, on receiving benefits during the period of reemployment. An earlier page indicates they may within 30 days of reemployment elect to continue receiving benefits during the period by filing a waiver of coverage.

MS. JANET PARKER, Division of Retirement and Benefits, explained that when coming back to work the employee has the option to continue receiving their benefits or to waive their retirement benefit and continue to receive retirement credit.

But if they want, and it's certainly to their advantage if you're eligible to retire with a full retirement benefit of 20 years or longer, then you can actually work and receive both your paycheck and your retirement check.

She said that dozens of retirees had been brought back that way.

CHAIR DYSON said this is just giving RIP'd employees the same options as existing retired employees have.

MS. PARKER said that was correct.

CHAIR DYSON asked if a retired teacher is hired back at any level their new employer chooses.

SENATOR STEVENS answered that he thought that was negotiable.

MS. PARKER said she thought someone from the school board could best answer that question. She didn't know about the different contracts. It's possible that they could collectively bargain to reduce their salary off the normal salary schedule they have.

CHAIR DYSON said he was confused and asked again if there was any language in the bill that would require the district to hire someone in at the level they were when they retired or can they hire someone back at any level that is mutually acceptable to them.

SENATOR STEVENS replied that he thought the later was the case. The district is not forced to hire anyone back at the level they retired from.

CHAIR DYSON said he may have asked the question poorly and asked again:

If they came back and chose not to get their retirement benefits while they were working, I read the bill to say that they would accumulate additional retirement benefits to be collected at a future date after they retired a second time.

MS. PARKER said that is correct.

CHAIR DYSON asked further if they chose the later course, are they accruing their additional retirement benefits based upon their new salary in the new job that they have negotiated or is it at the level it was when they retired the first time.

MS. PARKER replied they would receive a benefit based upon their new segment of employment, however long and at that salary.

SENATOR STEVENS said the bill had two things that could happen. One, you can be a RIP teacher and decide to go back into teaching and pay back 110 percent of everything you have received - back into the system as you were before retiring. "All sins are forgiven" - and you're a tenured teacher at whatever level you were. The second choice is you can say you are going to keep your retirement.

CHAIR DYSON interrupted saying there is a difference between keeping your retirement and keeping RIP benefits. "Those are two different things."

MS. PARKER said that he was correct about that. "If I decide to come back and I was a RIP retiree and if I don't accept the waiver, then I have to pay the penalties - for teachers it's 110 percent of the benefits received, which would be pretty..."

CHAIR DYSON asked what happened if you do accept the waiver.

MS. PARKER replied if you accept the waiver, you forego the penalty, you don't have to pay anything back. You continue to get your benefit and whatever salary agreement you have made with the school district.

CHAIR DYSON asked, "So, somebody that got a RIP and comes back under the waiver that would be authorized under this bill cannot accumulate any more retirement benefits?"

MS. PARKER said that was correct.

SENATOR STEVENS agreed with that.

CHAIR DYSON asked where in the bill it made that clear.

SENATOR WILKEN asked why someone would choose not to continue to receive his benefits.

SENATOR STEVENS responded that he thought it was unlikely that anyone would choose to pay back 110 percent. He thought they are really dealing with the other scenario of someone who chooses to keep their retirement and receive some pay for the work they do.

SENATOR WILKEN speculated if he is getting his retirement pay, he might come back at half of what he made before.

SENATOR GREEN said there is a provision currently in statute that allows, if you establish a special circumstance in your area and you have to have someone on staff, you can get a waiver from PERS or TRS and go through a process that is somewhat similar to this.

MS. PARKER explained that is the section of law that they are amending with SB 145. Before, it applied only to the normal retiree.

SENATOR GREEN said she was concerned that the block of money that was paid back went into the system, not back to the district.

SENATOR WILKEN asked if this was a slippery slope they were starting down and what other groups would be asking to do this in the future if teachers get it today.

SENATOR STEVENS said they already started on that slippery slope when they approved the commissioner to do this.

SENATOR WILKEN asked if the state grader operators were in a different system.

MS. PARKER replied that this law only applies to the TRS. There is a provision similar to this in the PERS and if you are a RIP retiree, you cannot come back without paying the penalties.

MR. KEVIN SWEENEY, Legislative Liaison, Department of Education and Early Development (DEED), said he might be able to shed some light on their questions. The way to certify teacher shortages is under current statute, which allows someone who didn't take the RIP to return. It's the same process. The board has to adopt a policy that shows there is a shortage. They report to the administrator of their retirement system. Adding the RIP'd teachers wouldn't affect the department at all.

Regarding the two choices when a teacher comes back, they are only talking about choice number two with this bill, because choice number one is already available to them - that is coming back, paying back the RIP and continuing to get their benefits. This bill gives them choice two, which is to come back and not pay back the RIP, not get any new benefits and continue to get the retirement benefits.

MR. SWEENEY explained for background information that in 2001 when the original bill was passed allowing school districts and REAAs to hire non-RIP'd teachers, because of an oversight, the DEED was left out, despite the fact that they operate a couple of schools in the state and have the teaching learning support division. For the most part those are certified employees who require certification.

The division has had a serious problem with turnover and shortages. The turnover averages 45-55 percent. Some positions have gone unfilled for years at a time. This bill also clarifies that the department is able to use the hire of non-RIP'd teachers in addition to letting them take advantage of the new RIP'd policy, if that is what the Legislature decides.

MR. TIM STEELE, Vice President, Anchorage School Board, said he supported this legislation saying in Anchorage, they are having a tough time in finding teachers for certain specialties. Alaska does not prepare enough teachers to hire within the state. The (NCLB) standard requires highly qualified instructors for all courses. He said that Anchorage teachers did not participate in the state RIP program and he didn't anticipate that they would use this program very much, but it is one more option for recruiting.

SENATOR WILKEN asked if it was correct that people hired back under SB 145 would not be represented by a bargaining unit.

MR. STEELE replied that is his understanding.

SENATOR WILKEN asked if he would not expect negotiations that take place between him and the bargaining unit to include a class of people called RIP'd rehires.

MR. STEELE replied that he would not and said again that their numbers would be very small.

MR. BRUCE JOHNSON, Association of Alaska School Boards, said they supported CSSB 145, although it's not a full answer to the teacher shortage issue. He informed the committee that recruitment that is currently going on outside the state is very expensive. Recently, a several state study suggested that it costs about 20% of whomever you hire for recruitment costs. He also submitted that it's another way of keeping people in our state and contributing to the economy who otherwise might leave, because they are fairly youthful and want to continue in their pursuit of teaching elsewhere. "Why not keep that talent and that service here in Alaska?"

SENATOR LYDA GREEN commented:

I'm sorry Bruce, I didn't want to say this, but why wouldn't we expect people who teach to work like the rest of people who have a lifespan of work that goes far beyond the age of 43? I think it's a bizarre circumstance. We can take the blame for it; we can take the credit for it. I think it's a strange system that anyone is encouraged to retire.

MR. JOHNSON said that debate would probably occur. He is 55 and still working. He wished he was one of those 43 year olds and not working, but he's not. He said that most people are working far beyond their mid-40s; it's just if they participated in a RIP, which was an opportunity for them, have chosen to leave our state and are providing service elsewhere.

Let's keep more of those people here who may have rested for two or three years and done some other things and decided teaching is really their calling more long-term than they originally thought.

SENATOR WILKEN asked Senator Gary Stevens if he would object to a five-year sunset.

SENATOR GARY STEVENS replied that a 2005 sunset was already in there on page 4, line 28.

SENATOR WILKEN moved to pass CSSB 145(STA) from committee with individual recommendations and zero fiscal note. There were no objections and it was so ordered.

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CHAIR DYSON adjourned the meeting at 3:04 p.m.