

HOUSE FINANCE COMMITTEE
April 4, 2005
2:55 P.M.

CALL TO ORDER

Co-Chair Meyer called the House Finance Committee meeting to order at [2:55:53 PM](#).

MEMBERS PRESENT

Representative Mike Chenault, Co-Chair
Representative Kevin Meyer, Co-Chair
Representative Bill Stoltze, Vice-Chair
Representative Eric Croft
Representative Richard Foster
Representative Mike Hawker
Representative Jim Holm
Representative Reggie Joule
Representative Mike Kelly
Representative Carl Moses
Representative Bruce Weyhrauch

MEMBERS ABSENT

none

ALSO PRESENT

Representative Mark Neuman; Representative Woodie Salmon; Representative Bob Lynn; Representative John Coghill; Ben Mulligan, Staff, Representative Bill Stoltze; Marie Darlin, Alaska Association of Retired People (AARP), Juneau; Sam Trivette, Alaska Association of Retired People (AARP), Juneau; Paul La Bolle, Staff, Representative Richard Foster; Nancy Manly, Staff, Representative Bob Lynn; Anne Carpeneti, Assistant Attorney General, Legal Services Section-Juneau, Criminal Division, Department of Law; Randy Ruaro, Legislative Review Section, Department of Law; Rynniva Moss, Staff, Representative John Coghill; Eddy Jeans, Director, Education Support Services, Department of Education and Early Development; Alyce Houston, Corporational Supervisor, Department of Commerce, Community & Economic Development

PRESENT VIA TELECONFERENCE

John Skidmore, Assistant Attorney General, Department of Law, Anchorage; Michelle Logan, Anchorage Police Department, Property Crimes Unit, Detective, Anchorage; Jay Foley, Executive Director, National Identity Theft Center; Jim Smith, Galena School District, Galena; Ralph Lindquist, Nenana School District; Linda Wilson, Deputy Director,

Public Defender Agency, Department of Administration,
Anchorage; Tip Steele, Anchorage School Board, Anchorage;
Ken Eggleston, Superintendent of Schools, Nenana School
District

SUMMARY

HB 16 An Act relating to funding for school districts operating secondary school boarding programs and to funding for school districts from which boarding students come; and providing for an effective date.

HB 16 was HEARD and HELD in Committee for further consideration.

HB 41 An Act relating to minimum periods of imprisonment for the crime of assault in the fourth degree committed against an employee of an elementary, junior high, or secondary school who was engaged in the performance of school duties at the time of the assault.

CS HB 41 (FIN) was reported out of Committee with a "no recommendation" and with a new zero note by the Department of Public Safety, zero note #1 by the Department of Administration, zero note #2 by the Department of Corrections, and zero note #4 by Department of Law.

HB 119 An Act extending the termination date of the Alaska regional economic assistance program; and providing for an effective date.

HB 119 was POSTPONED.

HB 131 An Act increasing the criminal classification of theft of an access device and of obtaining an access device or identification documents by fraudulent means; increasing the criminal classification for certain cases of fraudulent use of an access device; and providing for an effective date.

HB 131 was reported out of Committee with a "do pass" recommendation and with zero note #1 by the Department of Corrections, zero note #2 by the Department of Law, zero note #3 by the Department of Public Safety and indeterminate note #4 by the Department of Administration.

HB 132 An Act relating to sentencing for certain crimes committed against the elderly; and providing for an effective date.

CS HB 132 (JUD) was reported out of Committee with a "do pass" recommendation and with a new note by the Alaska Court System, a new fiscal note by the Department of Administration, zero note #1 by the Department of Law, zero note #2 by the Department of Public Safety and indeterminate note #3 by the Department of Corrections.

HB 229 An Act relating to the reinstatement of Native corporations; and providing for an effective date.

HB 229 was reported out of Committee with a "do pass" recommendation and with zero note #1 by the Department of Commerce, Community & Economic Development.

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#HB229

HOUSE BILL NO. 229

An Act relating to the reinstatement of Native corporations; and providing for an effective date.

PAUL LA BOLLE, STAFF, REPRESENTATIVE RICHARD FOSTER, explained that the legislation had been introduced at the request of regional Native corporations in their district. Corporations have been involuntarily dissolved by the commissioner under AS 10.06.633 and failed to apply for reinstatement during the grace period established in statute. The legislation provides a one-time window during which the Native village corporations, who have been dissolved, can apply for reinstatement.

Mr. La Bolle continued, the legislation is needed because the corporations were established under the Alaska Native Land Claims Settlement and legally own village corporation assets. A new corporation could be created but it would not have the same legal standing as the original corporations nor could they legally own the assets. The bill would allow the corporation's board of directors to legally change the corporation's name if another corporation had taken the previous name.

Mr. La Bolle pointed out that the proposed legislation applies to Caswell Native Association, Savoonga Native Corporation, Arviq Incorporated and Oscarville Native Corporation.

Representative Kelly asked what would the consequences be if the legislation did not pass. Mr. La Bolle explained that the corporation would be dissolved, the assets would go to

paying off debt and any remaining assets would be split between the shareholders.

Representative Kelly asked if they would be forced to reapply. Mr. La Bolle explained that it would not be the same corporation. They could have the same name but would not hold the lands or any other assets granted under the Native Lands Settlement Act. The lands would be divided between shareholders when the corporation was dissolved.

Representative Kelly asked why they would make a choice to not reapply. Mr. La Bolle replied that the choice was not made but had been overlooked.

Representative Kelly asked the number of corporations the legislation would apply to. Mr. La Bolle replied that it would relate to all Native village corporations, specifically the four previously mentioned.

Co-Chair Chenault inquired how many times the bill had been heard. Representative Foster explained that this was about the fifth time it had been introduced for various corporations over the years. The corporations forget to file their returns.

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Representative Kelly inquired if there was opposition to the legislation. Mr. La Bolle replied that all the corporations support it.

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Representative Weyhrauch asked to make a conceptual amendment. Co-Chair Meyer requested that he "hold" that idea until public testimony had been taken.

Co-Chair Chenault inquired if the requests had been made from large landholders.

ALYCE HOUSTON, CORPORATIONAL SUPERVISOR, DEPARTMENT OF COMMERCE, COMMUNITY & ECONOMIC DEVELOPMENT, said she did not know the size of the land holdings as that information is not reported to her section. Co-Chair Chenault commented that information must be available.

Representative Holm questioned if there was a penalty for not filing in a timely manner. Ms. Houston said there was. The corporations have been involuntarily dissolved for not filing the reports and paying their fees. Often times, because of the biannual pay period, the address that was provided do not always get to the ones that need to file the reports. She noted that they are allowed to reinstate

within a two-year period and the two-year period that has passed.

Mr. La Bolle pointed out that there is a \$37.50 dollar fee for each year that the corporation has not filed. With the proposed extension, it would be a \$70 dollar late fee penalty. Ms. Houston corrected that the fees had been doubled and that the corporation would be paying \$275 dollars to reinstate.

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Representative Holm was troubled by the notion that there are requirements for other corporations in the State. He questioned if the legislation would be good policy. Mr. La Bolle replied that it is good policy because the results of not passing the legislation would be worse.

Representative Holm inquired why there are different policies for different corporate laws. Ms. Houston replied that the Bureau of Indian Affairs (BIA) had contacted her and there seems to be serious implications if they do not keep their original lands from the Alaska Native Lands Settlement Act. Those corporations need to keep their original date of incorporation or there are serious complications; whereas, any other entity could reincorporate and have a new beginning date. There is a different implication for those land holdings.

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Representative Holm understood the severity of the situation, however, he thought there should be a policy that the corporations fulfill their legal obligations.

Co-Chair Chenault mentioned the lands issue and was curious if the corporations would lose their lands & assets. He asked where the lands would go. Ms. Houston did not know if that had ever happened.

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Representative Joule responded that there are two levels being discussed. The village corporations have surface ownership and the regional corporations that encompass the village have sub-surface rights. He admitted the issue was complicated.

Vice-Chair Stoltze agreed that the legislation needs to pass. He noted that he did not want to find out what the consequences would be if it did not pass.

Representative Weyhrauch recommended that the corporations be warned and then fined.

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Representative Foster responded that there are at least 230 villages throughout Alaska and that some are basically uninhabited. He understood how mail delivery could be "balled up". He stressed that these are not professional office people. Representative Foster did not know the easiest way to address the concern.

Representative Hawker interjected that he was a co-sponsor of the bill. He pointed out that by the time the last bill got to the floor a couple years ago, it passed unanimously. He surmised that passage of the legislation is "just the right thing to do".

Representative Foster MOVED to report HB 229 out of Committee with individual recommendations and with the accompanying fiscal note. There being NO OBJECTION, it was so ordered.

HB 229 was reported out of Committee with a "do pass" recommendation and with zero note #1 by the Department of Commerce, Community & Economic Development.

#HB131

#HB132

HOUSE BILL NO. 131

An Act increasing the criminal classification of theft of an access device and of obtaining an access device or identification documents by fraudulent means; increasing the criminal classification for certain cases of fraudulent use of an access device; and providing for an effective date.

HOUSE BILL NO. 132

An Act relating to sentencing for certain crimes committed against the elderly; and providing for an effective date.

Co-Chair Meyer stated that HB 131 and HB 132 would be addressed together, noting that they are "nearly" companion bills.

REPRESENTATIVE BILL STOLTZE, SPONSOR, indicated that he has had been a long-standing interest in concerns and issues for seniors. The Administration approached him to carry some senior citizen protection legislation. He deferred to Mr. Ruaro and Mr. Milligan for the details of the bills.

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RANDY RUARO, LEGISLATIVE REVIEW SECTION, DEPARTMENT OF LAW, offered to answer questions of the Committee.

BEN MULLIGAN, STAFF, REPRESENTATIVE BILL STOLTZE, provided an overview of the legislation.

He stated that identity theft is on the increase in Alaska and our country as a whole. The Federal Trade Commission (FTC) reported that identity theft was up 33% in 2003. The State of Alaska ranks second in the number of complaints per 100,000 people. That type of theft averages about \$500 dollars; however, it does not take into consideration the countless hours a victim may spend tracking down and stopping the imposter, as well as time and legal costs to repair credit ratings and fight collection efforts. The proposed changes would bring the penalties for such crimes closer in line with federal criminal law that provide for as much as 15 years in prison for similar circumstances.

The provisions of HB 131:

- Increase the penalty from a class A misdemeanor to a class C felony for:
 1. Theft of an access device, such as a credit card or bank account number.
 2. The crime of fraudulent use of an access device if the value of the property or services obtained is \$50 or more.
 3. The crime of obtaining an access device or identification document by fraudulent means.

Mr. Mulligan continued that the population of older citizens in Alaska is growing rapidly, as are the crimes that affect them. The physical, emotional, and financial impact of crimes against the person and theft and related crimes on the elderly can be devastating. HB 132 would increase the penalty one level for certain crimes against a person and for theft and related crimes, if the perpetrator acted with reckless disregard that the victim was an older citizen.

The provisions of HB 132:

- Increase the penalties for crimes against the elderly one level. For example, assault in the fourth degree, a class A misdemeanor, would be a class C felony if the assault was committed to a person 65 years of age or older.

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JOHN SKIDMORE, (TESTIFIED VIA TELECONFERENCE), ASSISTANT ATTORNEY GENERAL, DEPARTMENT OF LAW, ANCHORAGE, testified in support for both HB 131 and HB 132. He spoke in length about the problems associated with identify theft and how that related to the vulnerable senior population. He urged passage of the legislation and offered to answer questions.

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Vice-Chair Stoltze indicated his appreciation for Mr. Skidmore's work done on the bills.

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MICHELLE LOGAN, (TESTIFIED VIA TELECONFERENCE), ANCHORAGE POLICE DEPARTMENT, DETECTIVE, PROPERTY CRIMES UNIT, ANCHORAGE, testified in support for HB 131 and HB 132. She noted an increase in identify theft in the past three years throughout the State. She claimed that mostly what is happening is the misuse of credit cards; the proposed bills would address that theft type. The bill will allow law enforcement to better combat the ever-increasing theft. She pointed out that forgery is now taken seriously, punished at a C felony; whereas, in the past, those crimes were classified as misdemeanors.

Ms. Logan spoke to current cases and how the legislation would affect the crime results if the victim was over 65 years of age. She stressed how much more vulnerable that population group is. There are circumstances where swindlers look and talk like worthy people. It takes "intent" on the criminal's part when they are dealing with the elderly.

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JAY FOLEY, (TESTIFIED VIA TELECONFERENCE), EXECUTIVE DIRECTOR, NATIONAL IDENTITY THEFT RESOURCE CENTER, noted support for the proposed legislation. There was a completed study in 2003, which charted 600 hours as the amount of time that it could take to reclaim a persons identify. Many victims claim that the imposter gets away. HB 131 increases that crime to a felony, which Mr. Foley thought would be an "excellent step". He added that HB 132 is also a good bill.

Mr. Foley noted that senior citizens are good targets as they do not use their credit cards as much. Additionally,

sometimes faced with memory lapse and disorientation. He believed that some seniors are afraid to admit that they are victims of fraud and identify theft for fear of loosing their ability to live alone and the stigma that is associated with that. He urged passage of the legislation.

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MARIE DARLIN, ALASKA ASSOCIATION OF RETIRED PEOPLE (AARP), JUNEAU, spoke in support of the legislation. She noted that AARP is an organization that supports consumer issues. She urged that the Committee move the bills.

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Co-Chair Meyer agreed that these are good and timely bills. Vice-Chair Stoltze thanked Ms. Darlin for her help on the legislation.

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SAM TRIVETTE, ALASKA ASSOCIATION OF RETIRED PEOPLE (AARP), testified in support of the legislation. He stressed that the impact upon victims is huge. Often times, when dealing with identity theft, the person is dealing with someone in another state. Changing the status of the crime to a felony makes it much more real. He echoed concerns with the devastation and the amount of time that it takes to deal with these crimes. He did not think that there would be a dramatic fiscal impact with passage of the legislation.

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Representative Kelly suggested that the best benefit could be public education. Mr. Trivette noted that AARP had sponsored statewide seminars addressing these concerns. He agreed that more public education would be helpful.

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Co-Chair Meyer asked about the additional costs moving the crime status from a misdemeanor to a felony. He questioned the Public Defender's fiscal note and inquired if the requested two-thirds attorney fee would be made up in the requested costs.

LINDA WILSON, (TESTIFIED VIA TELECONFERENCE), DEPUTY DIRECTOR, PUBLIC DEFENDER AGENCY, DEPARTMENT OF ADMINISTRATION, ANCHORAGE, commented on the fiscal note request of \$129 thousand dollars for HB 132 plus two thirds position for an attorney. The contract attorney would be an employee of the State but would not be full time.

Representative Hawker referenced HB 131, referencing the indeterminate fiscal note. Ms. Wilson acknowledged that the Committee could decide what is best; however, the Agency does not submit an indeterminate note "lightly". She stated that the Public Defenders office believe there would be a fiscal impact. When the offense is raised to a felony, the theft of a credit card, or access device, which could include a single check, raise to a felony, the use of a credit to \$50 dollars. The change would lower it from \$500 dollars to \$50 dollars. She believed that there would be a noticeable increase in charges brought forward. Ms. Wilson thought that there would be a lot of younger people charged with using fake identification (ID). There are no specific numbers in the amount of theft cases that can break it down.

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Vice-Chair Stoltze MOVED to report HB 131 out of Committee with individual recommendations and with the accompanying fiscal notes. There being NO OBJECTION, it was so ordered.

HB 131 was reported out of Committee with a "do pass" recommendation and with zero note #1 by the Department of Corrections, zero note #2 by the Department of Law, zero note #3 by the Department of Public Safety and indeterminate note #4 by the Department of Administration.

Vice-Chair Stoltze MOVED to report CS HB 132 (JUD) out of Committee with individual recommendations and with the accompanying fiscal notes. There being NO OBJECTION, it was so ordered.

CS HB 132 (JUD) was reported out of Committee with a "do pass" recommendation and with a new fiscal note by the Alaska Court System, a new fiscal note by the Department of Administration, zero note #1 by the Department of Law, zero note #2 by the Department of Public Safety and indeterminate note #3 by the Department of Corrections.

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RECONVENE: [3:46:45 PM](#)

#HB41

HOUSE BILL NO. 41

An Act relating to minimum periods of imprisonment for the crime of assault in the fourth degree committed against an employee of an elementary, junior high, or secondary school who was engaged in the performance of school duties at the time of the assault.

Vice-Chair Stoltze MOVED to ADOPT work draft #24-LS0307\F, Luckhaupt, 3/22/05, as the version of the bill before the Committee. There being NO OBJECTION, it was adopted.

REPRESENTATIVE BOB LYNN, SPONSOR, pointed out that State Statute provides for specific terms of imprisonment for crimes committed against certain public employees, such as peace officers, firefighters, etc., in the performance of their official duties. He thought that school employees who work with children deserve the same level of respect and protection under the law.

HB 41 would revise sentencing guidelines so that an individual convicted as an adult of assault on a school employee while on school grounds, on a school bus, at a school-sponsored event, or in the administrative office of a school district, would receive a mandatory minimum term of imprisonment, which would be similar to that imposed upon an individual who assaults a peace officer, fire fighter, correctional employee, emergency medical technician, paramedic, ambulance attendance or other emergency responder engaged in the performance of official duties at the time of the offense.

Representative Lynn summarized that schools must be safe for teachers and other school employees, as well as for the children. The bill provides a step toward that safety and sends a message to anyone who might consider assaulting a school employee. He urged support for HB 41.

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ANNE CARPENETI, ASSISTANT ATTORNEY GENERAL, LEGAL SERVICES SECTION-JUNEAU, CRIMINAL DIVISION, DEPARTMENT OF LAW, offered to answer questions of the Committee. She advised that the Administration does supports the bill.

Vice-Chair Stoltze asked how the legislation compared to previous legislation on crimes against teachers. Ms. Carpeneti responded that HB 88 applied to felony offenses. That bill had a waiver for juveniles, who were 16 or 17 years old with very serious weapon offenses. HB 41 addresses sentencing for misdemeanors. HB 88 and HB 41 together do not conflict with one another.

Co-Chair Meyer inquired if volunteer parents had been addressed in the legislation. Representative Lynn replied that the bill includes bus drivers but not volunteer parents.

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Co-Chair Meyer worried that calling them "contract employees" would create legal ramifications associated with

retirement. Ms. Carpeneti advised that the committee substitute does not call them contract employees but rather contract bus drivers.

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Co-Chair Meyer reiterated his concern that the bill's language treated contracting employees as if they were State employees.

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Representative Kelly asked about the existing language for peace officers and school district employees.

Ms. Carpeneti replied that peace officers and other people would be protected under D(1), which would provide a mandatory minimum return for 4th degree assaults that cause physical injury or put a person in fear. That language provides a mandatory minimum of 60-days. Both involve physical injury to the victim. Paragraph (D) provides for a mandatory minimum of 30-days if the victim is placed in fear. The new provision for school employees and others covered under those provisions, adopts a mandatory provision of 60-days. There is no mandatory minimum for school employees who are put in fear.

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Representative Hawker discussed that there are two categories of employees addressed. He mentioned similarities involving hate crime legislation. He commented that the legislation would be singling out two categories of employees who deserve special consideration and asked why other employees such as court system workers, do not receive special consideration.

Representative Lynn recommended that could be the subject of another bill at a different time. He indicated he wanted to limit this legislation to only school employees. He added that an assault against any teacher would be the equivalent of an assault against a parent and that the legislation is not an assault between two private parties but rather an individual and the government.

Representative Hawker reiterated concern regarding why all public employees will not deserving public protection. Representative Lynn thought that teachers are in a particularly vulnerable position.

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Representative Hawker inquired if the legislation should be extended to other situations involving youth offenders such

as Covenant House employees. Representative Lynn responded that a school is a government institution; whereas, the other is a private entity.

Co-Chair Meyer clarified that HB 41 resulted from problems that occurred at some schools. Vice-Chair Stoltze inquired if the bill would apply to private schools. Ms. Carpeneti opined that it does.

Vice-Chair Stoltze inquired about the current penalties for assault on school employees. Ms. Carpeneti related that many of these offenders have served serious sentences.

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TIP STEELE, (TESTIFIED VIA TELECONFERENCE), ANCHORAGE SCHOOL BOARD, ANCHORAGE, related that the Anchorage School District does support HB 41. He said that the bill refers to adults and not students assaulting teachers. He related an example of a teacher being attacked in front of the students. In the example, the courts were supportive. He hoped that implementation of the legislation could keep schools safer.

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Co-Chair Meyer closed public testimony.

Representative Kelly referred to Representative Hawker's previous statements about hate crimes. He expressed doubts about the bill.

Vice-Chair Stoltze pointed out that a person could not legally carry a concealed weapon into a bar. He asked Representative Lynn about testimony from other school districts. Representative Hawker termed it "putting sideboards up to protect our employees". Vice-Chair Stoltze mentioned that there have been a number of high profile cases lately. Representative Lynn added that it makes no difference if it is an urban or rural school. A problem exists and it has become a national concern.

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Representative Weyhrauch MOVED to adopt Amendment 1. (Copy on File). Vice-Chair Stoltze objected for discussion purposes.

Representative Weyhrauch explained that the bill does not allow for any mitigating factors. The amendment allows a court to determine if any of the factors in the statues apply. For example, if duress was involved, it should be considered. Additionally, he believed that there would be an indeterminate fiscal note rather than a zero.

Co-Chair Meyer speculated that the occurrences would not happen often, which is why the note is zero. He asked if there were examples of someone hitting a teacher. Representative Weyhrauch gave an example of a person who throws someone into another person that hits a teacher. He emphasized that mitigating factors must be considered in order to be consistent.

Co-Chair Meyer asked if he would suggest mitigating sentences for Peace Officers also. Representative Weyhrauch replied that it could apply. Co-Chair Meyer acknowledged that the amendment could provide more flexibility for the judge.

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Representative Holm voiced concern regarding why the Committee was discussing assault 4 rather than assault 3. He asked where that line rests.

Representative Lynn commented that his intent was to remove the flexibility from the judicial system and make it mandatory. He added that he would be satisfied with what the Committee decides.

Ms. Carpeneti explained the difference between assault in the 4th degree and in the 3rd degree. She noted that the 4th degree is a Class A misdemeanor. Any assault higher than that is a felony. The bill provides a legislative conclusion that it is important to have a safe environment in schools, more so than in bars and restaurants and that teachers need to be protected. The bill applies to assault in 4th degree, where there is physical harm.

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Representative Weyhrauch responded that could create an "interesting hierarchy". He stated that he is in favor of the bill, but stressed that there are situations in which the court should be able to mitigate. He noted that he was not opposed to a 60-day minimum sentence but that the judge needs mitigating ability.

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Co-Chair Meyer suggested that the amendment would not take away from the intent of the bill. Vice-Chair Stoltze WITHDREW his OBJECTION. There being NO further OBJECTIONS, Amendment #1 was adopted.

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Representative Foster referenced on the sentence regarding assault on a school employee. He noted that in Nome, a

Peace Officer killed a member of the community without good reason. He worried about situations in which the bill could be harmful to the non-guilty person.

Ms. Carpeneti requested to help draft the amendment. She noted that whenever there are sentencing issues, it is important to be clear whose burden of proof it will be. Representative Weyhrauch understood that the intent of proof would be on the defendant.

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Co-Chair Meyer acknowledged the concerns voiced by Representative Foster.

Representative Hawker thought that everyone would be in support of the bill; however, warned about creating a "privileged class" within communities. Co-Chair Meyer agreed.

Representative Foster MOVED to report CS HB 41 (FIN) out of Committee with individual recommendations and with the accompanying fiscal notes. There being NO OBJECTION, it was so ordered.

CS HB 41 (FIN) was reported out of Committee with a "no recommendation" and with a new zero note by the Department of Public Safety, zero note #1 by the Department of Administration, zero note #2 by the Department of Corrections, and zero note #4 by Department of Law.

[4:28:44 PM](#)

#HB16

HOUSE BILL NO. 16

An Act relating to funding for school districts operating secondary school boarding programs and to funding for school districts from which boarding student's come; and providing for an effective date.

REPRESENTATIVE JOHN COGHILL, SPONSOR, stated that HB 16 would put into statute the Department of Education & Early Development current practices. The legislation does not create new programs; it only supports existing programs that are successful. The change is a student would not have to pass the current standard for qualification. The standard is that the student would be able to have high school available while leaving their school district. The bill provides students a choice regarding whether they go to a larger boarding school that has more offerings than what is available at their local schools.

Representative Coghill pointed out that the legislation, by statute, reimburses to full school year, secondary boarding

schools for the costs incurred by the district operating the program. At this time, there are three boarding schools, which would qualify for reimbursement for a per-pupil stipend plus one round trip between the student's community of residence and the school during the school year. The legislation limits the program to boarding schools already operating since January 1, 2004, and those schools would participate in a five-year pilot project that the Department of Education & Early Development could evaluate for the Legislature. He added that the hold harmless section of the bill allows the student's district of residence to count a student for the Average Daily Membership (ADM) count even though the student is attending a secondary boarding school. It avoids the possibility of paying twice, the base student allocation for the same student.

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Representative Hawker commented on the fiscal impact of the legislation and questioned how those funds could be offset.

Representative Coghill acknowledged that he had been concerned about that. He noted that he was committed to balancing the budget, while finding legitimate ways to fund government. He indicated that he did not know a place from which to transfer the funds, reiterating that the need for boarding schools is great.

Representative Hawker suggested that a participatory investment from people living in the Rural Education Attendance Areas (REAA). Representative Coghill responded that was a capital approach and that he would not want to attach the bill to that. He added that HB 16 is a structural process, looking at how boarding schools do in Alaska.

Representative Coghill acknowledged the need for downward pressure on State government growth.

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Representative Hawker interjected that he was referring to Senator Bundy's REAA head-tax. Representative Coghill misunderstood.

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Vice-Chair Stoltze referenced Section 2 and was confused about community pressure. He worried about a school losing their standing. He thought that the legislation might be restricting options. Representative Coghill stated that there are reasons why in some communities, the schools should no longer exist. He did not want to see that a student leaves because they could not get what they needed.

He struggled with that, but understood that there would be no effect on schools with between 10 & 20 students, as the funding level would remain the same between that level. Only when there are less than 10 students, is there a potential question. He wanted to find a way to hold the school district harmless if that were the case.

Vice-Chair Stoltze worried about pressure in small schools on the child that needed or wanted to board out. He referenced the Nenana Boarding School commenting on what a successful system that is.

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Representative Weyhrauch inquired who goes to a boarding school. Representative Coghill pointed out that many students go to a boarding school. In many cases, the parents pay into the school fund. The stipend does not cover the entire costs of the boarding costs. In Nenana, they divide the cost between the school and the parent. The stipend would cover between $\frac{1}{2}$ and a $\frac{1}{3}$ of the costs. There could be some savings. The students come from a wide range of communities in the State including Anchorage. The reasons that they are there range from social problems, parents wanting to raise the level of education or specific voc-tech options. The Nenanna students seem to be in a good college prep situation. He reiterated that there is a wide range of issues.

REPRESENTATIVE MARK NEUMAN testified in support of HB 16. He claimed that regional learning center concepts were important to future education statewide. It provides a safe haven for many students. The graduation rate from the boarding schools is tremendous and many of these students have gone to college. In the boarding school system and regional learning centers, the student learns in a college type atmosphere and end up doing well in college.

Representative Neuman pointed out that there are many schools that have marginal attendance. The proposed legislation offers a way to bring some of those students into the regional learning centers, thus making the statewide system better. He added that the hold harmless clause does protect some of the smaller statewide schools. Many students would love to get into those schools and that most of the students are from rural Alaska.

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REPRESENTATIVE WOODIE SALMON testified in support of the bill. He noted that he was a result of a boarding school education program. He commented that boarding schools provide a wonderful choice for village students. He acknowledged the sacrifices that parents make in order for

their children to leave the villages and attend boarding schools. He noted opportunities that offer vocational advantages.

Representative Salmon indicated that this is not a Native problem but rather a State problem and that Alaska needs to be proactive in educating our children.

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RALPH LINDQUIST, (TESTIFIED VIA TELECONFERENCE), NENANA SCHOOL DISTRICT, testified in support of the legislation. He noted that Nenana district offers a product, which is very popular with the kids. He gave examples of children in the program that have succeeded and pointed out that no kids opted to leave the school for Christmas break this year. The bill would provide funding for five years. He addressed college prep preparation and begged for support for these kids and the programs.

JIM SMITH, (TESTIFIED VIA TELECONFERENCE), GALENA SCHOOL DISTRICT, GALENA, spoke in support of the legislation. He stressed the success of their program. He offered to answer questions of the Committee.

KEN EGGLESTON, (TESTIFIED VIA TELECONFERENCE), SUPERINTENDENT OF SCHOOLS, NENANA, spoke in support of the legislation. He recounted successes at the Nenana and Galena boarding schools. He observed that the Nenana and Galena boarding schools assist each other and emphasized their need to offer vocational and other popular programs to these students. Mr. Eggleston pointed out that the Nenana School District is working with the Rasmussen Foundation. He assured the Committee that the programs are attempting to find ways to fund that does not encumber more money from the State. He urged passage of the legislation.

HB 16 was HELD in Committee for further consideration.

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ADJOURNMENT

The meeting was adjourned at 5:01 P.M.