

SENATE FINANCE COMMITTEE
January 30, 2008
9:03 a.m.

CALL TO ORDER

Co-Chair Stedman called the Senate Finance Committee meeting to order at [9:03:29 AM](#).

MEMBERS PRESENT

Senator Lyman Hoffman, Co-Chair
Senator Bert Stedman, Co-Chair
Senator Charlie Huggins, Vice-Chair
Senator Kim Elton
Senator Donny Olson
Senator Joe Thomas
Senator Fred Dyson

MEMBERS ABSENT

None

ALSO PRESENT

Ginny Austerman, Staff, Senator Donny Olson; Cathy Boutin, Dzantik'I Heeni Middle School, Juneau

PRESENT VIA TELECONFERENCE

Debbie Edwardson, North Slope School Board Member, Barrow; Charlotte Glover, Librarian, Ketchikan; Roz Goodman, Retired School Librarian, Pedro Bay; Maureen Radotich, Parent, Valdez; Barb Bryson, Librarian, Valdez;

SUMMARY

SB 119 "An Act establishing a grant program to support public school libraries."

SB 119 was heard and HELD in Committee for further consideration.

SJR 14 Proposing an amendment to the Constitution of the State of Alaska relating to appropriations from the budget reserve fund.

SJR 14 was heard and HELD in Committee for further consideration.

[9:03:43 AM](#)

SENATE BILL NO. 119

"An Act establishing a grant program to support public school libraries."

GINNY AUSTERMAN, STAFF, SENATOR DONNY OLSON, explained that SB 199 was at the request of the Alaska Association of School Librarians (AkASL). It establishes a program to assist libraries with purchasing materials that will update their collections. This version of the bill includes a grant of up to \$3000 per year per school. The funds are to be used to expand library collection materials: books, magazines, reference and audio visual materials, and electronic curriculum that support reading activities.

Ms. Austerman explained that the grant money may not be used to purchase classroom materials, textbooks, testing software, library automation software, computer hardware, operating software, or for technology support. The grants will be awarded to eligible public school libraries and will be administered by the person in charge of the state library. Unused funds may be awarded to a school district as an incentive grant to encourage innovative public school library programs. If the funds are not sufficient to fund all of the eligible grant requests, the available funds shall be paid out on a pro rata basis.

[9:08:00 AM](#)

Senator Thomas wondered about the reference to communities with a population of less than 10,000. He requested information about the definition of "community" in existing statute. Ms. Austerman did not have that information.

[9:08:36 AM](#)

Co-Chair Hoffman MOVED to ADOPT CSSB 119 (FIN), labeled 25-LS0749\C, Mischel, 1/29/08, as the working document before the committee. Co-Chair Stedman OBJECTED for discussion purposes.

Senator Thomas said he asked the question to determine which communities would be eligible for the grant. Ms. Austerman agreed to find that information.

Senator Dyson asked where the funds would come from. Ms. Austerman explained that they would be obtained by appropriation from general funds. Senator Dyson pointed out that there were matching funds contained in the bill.

[9:10:00 AM](#)

Co-Chair Stedman related that the bill is modeled after to the harbor bill in that the state would appropriate funds into a capital matching account out of which communities could apply for monies to construct or expand public

libraries. The state would match 50 percent of the capital to the community's 50 percent. Communities would be allowed to use entities such as the Rasmuson Foundation for funding. At least 20 percent of the funding must come from the local community. The concept is for the communities to construct and expand public libraries using some of their own money.

Similar to the harbor bill process, there may need to be additional language needed to deal with maintenance issues to ensure that the libraries will be maintained to a high standard by the communities.

[9:12:54 AM](#)

Senator Elton pointed out that the Department of Education and Early Development maintains a prioritized list for major maintenance for new school construction. He reference page 2, line 24, where it says if there is insufficient money to fund all eligible grant requests, the available money shall be paid on a pro rata basis, which seems to assume that all requests are equal in value. He wondered how the requests would be prioritized.

Ms. Austerman noted that eligibility requirements are spelled out in the bill. She reported that the person in charge of the state library is in charge of determining how the money would be awarded. Senator Elton asked Ms. Austerman to find out more information about that.

[9:15:48 AM](#)

SENATOR DONNY OLSON, SPONSOR, talked about how library needs might vary in different areas of the state. He reported that the purpose of the bill is to provide an opportunity for communities to have access to new library materials. It is important to have this legislation because of the rapid changes in technology and outdated materials and information.

[9:17:11 AM](#)

Senator Dyson agreed with Senator Elton's concern about finding a fair way of distributing the grant funds. He voiced concern about unorganized communities with a school not having access to this program due to a lack of ability to raise matching funds. He gave an example of the Sitka School District library's "enlightened" philosophy that welcomes students from home schooling and correspondence programs. He hoped that those types of schools would be eligible for the grant.

[9:19:34 AM](#)

Senator Huggins wanted more information about determining who is eligible for the program and how many schools might qualify. Co-Chair Stedman listed population centers over 10,000 in the state: Anchorage, Fairbanks, Eagle River, and Juneau. They are eligible for larger capital dollars to be used for expansion of libraries. This legislation is geared for smaller areas. He provided the borough of Kenai and Soldotna as an example. Senator Huggins assumed some of the sites in Mat-Su would be eligible. He reiterated a definition of who is eligible. Co-Chair Stedman said the intent is to include such schools.

[9:22:32 AM](#)

CATHY BOUTIN, DZANTIK'I HEENI MIDDLE SCHOOL LIBRARIAN, JUNEAU, noted that though libraries do a great job of instructing children, the cost of books and materials has increased. She gave examples of books that are now more expensive. Co-Chair Stedman assumed Ms. Boutin was supportive of the bill. Ms. Boutin said she was.

[9:27:03 AM](#)

BARB BRYSON, LIBRARIAN, VALDEZ, testified in support of SB 119. She read from a prepared statement (copy on file.) As a member of AkASL, she stated strong support of the bill because it would parallel the already existing state support of public libraries. She quoted studies to support the library's relationship to higher student achievement. She encouraged support of the bill as a means of supporting school curriculum needs.

[9:31:08 AM](#)

DEBBIE EDWARDSON, NORTH SLOPE SCHOOL BOARD PRESIDENT, BARROW, testified in strong support of SB 119. She shared personal experiences about the importance of books and reading, as a mother and as a writer. Village school libraries provide the only source of books in the North Slope area. She shared statistics about student success. She related funding issues which prevent allocating money for libraries and technology.

[9:35:56 AM](#)

ROZ GOODMAN, RETIRED SCHOOL LIBRARIAN, PEDRO BAY, testified in strong support of SB 119. She provided written testimony (copy on file.) She pointed out the need for updating school library collections. She listed studies about the correlation between reading success and library collections and the need to support public school libraries. She reported on outdated materials and how schools do need new library resources. She listed the benefits of passing SB 119.

[9:40:52 AM](#)

MAUREEN RADOTICH, PARENT, VALDEZ, testified in support of SB 119. She spoke from personal experience about the benefits of reading and the love of books.

[9:43:31 AM](#)

CHARLOTTE GLOVER, LIBRARIAN, KETCHIKAN, provided written testimony in support of SB 119 (copy on file.) She spoke about how poorly funded the school libraries are in the Ketchikan area as compared to the well-funded public library. She related that she loans out an average of 600 public library books a month to school libraries. School libraries are some children's only resource for books. She urged support of SB 119.

[9:47:30 AM](#)

Senator Elton commented that public school libraries don't have the funds they need; however, that is a failure of the school district. He maintained that Sections 2 and 3 of the bill ask the state to do something that school districts should be doing. This bill may further that problem because the state would be providing those materials that the schools should be providing.

Senator Elton requested feedback on the population number used in the bill. Large school districts have a better ability to do a better job for their public school libraries than the rural schools do. He wondered about the population cap for the construction component in the bill. He wanted to be clear that he supports the bill, even though he believes that many public school districts have failed to support their libraries.

[9:50:49 AM](#)

Senator Huggins echoed Senator Elton's comments. He referred to a proposed foundation formula funding increase and thought that libraries could be one of the areas funded by that increase. He asked how new libraries would be staffed. He thought that outdated textbooks might be a bigger priority than library books. He commented that schools that are funded at an 80 percent level, such as correspondence schools, might have to be addressed differently than regular schools.

At-Ease: [9:53:03 AM](#)

Reconvene: [9:53:25 AM](#)

Co-Chair Stedman stated that SB 119 would be set aside until a later date.

SB 119 was MOVED but NOT ADOPTED. It was heard and HELD in Committee for further consideration.

[9:54:27 AM](#)

#sjr14

SENATE JOINT RESOLUTION NO. 14

Proposing an amendment to the Constitution of the State of Alaska relating to appropriations from the budget reserve fund.

CO-CHAIR HOFFMAN, SPONSOR, explained that he introduced the bill in order to change the constitutional requirements to extract funds from the budget reserve (CBR) account from three-fourths to two-thirds of the members of each house of the legislature. Prior legislators have been reluctant to pay back the \$5.2 billion in the budget reserve because of the high standard to extract funds. It has been said that as a result of the three-fourths vote, there have been votes that required additional appropriations in capital projects or operating projects. He maintained that was never the original intent of the constitutional amendment.

Co-Chair Hoffman recalled when the concept of raising the standard was first brought up in the House. He pointed out the current financial position in Alaska, where there are several billions of dollars as potential savings. Co-Chair Hoffman emphasized that the proper procedure would be to repay the constitutional budget reserve and return to the original intent of the constitution. He thought there could be a simple majority, but that there should be a higher standard.

[9:57:56 AM](#)

Senator Dyson asked about the committee's intention regarding the bill. Co-Chair Stedman replied that the intent was to pass it out of committee today. Senator Dyson requested that SJR 14 be held in committee for a few more days. Co-Chair Hoffman said he had no problem with that.

[9:58:55 AM](#)

Co-Chair Hoffman related that there is an article from the Juneau Empire stating support for the bill (copy on file.) He referred to Senator Wilken's support for the ideas found in bill.

Senator Elton calculated that under a two-thirds requirement it would take 14 votes in the Senate to access the CBR and

27 in the House, which is only a change of one less in the Senate and three less in the House. Co-Chair Hoffman agreed that the problem has been in the House. Three votes difference in the House lowers the bar quite a bit.

[10:00:21 AM](#)

Co-Chair Hoffman MOVED to ADOPT Amendment 1, labeled 25-LS1350\A.1, Cook, 1/25/08:

Page 1, line 1:
Delete "**an amendment**"
Insert "**amendments**"

Page 1, line 2:
Delete "**appropriations from**"

Page 1, following line 7:
Insert a new resolution section to read:
*** Sec. 2.** Article IX, sec. 17(d), Constitution of the State of Alaska is amended to read:
(d) If an appropriation is made from the budget reserve fund, until the amount appropriated is repaid, the amount of money in the general fund available for appropriation at the end of each succeeding fiscal year shall be deposited in the budget reserve fund. For purposes of this subsection, each amount deposited into the fund under (a) of this section shall be treated as a repayment of money appropriated from the fund. If the amount deposited under (a) of this section exceeds the amount due in repayment, the excess amount shall be treated as a credit to be applied as a repayment of money appropriated from the fund in the future. The legislature shall implement this subsection by law."

Renumber the following resolution section accordingly.

Co-Chair Stedman OBJECTED for discussion purposes.

Co-Chair Stedman explained that Amendment 1 moves the legislature away from the day-to-day, year-to-year management of the CBR. When remunerations from settlements are available, the monies go into the CBR as an offset of what is owed. Most likely there will be sizeable adjustments any time there is an audit request going out on PPT. Such a payment would offset what is owed and lower the debt. The state owes the CBR roughly \$5 billion and has about a \$3 billion balance. There is a high probability that a large sum of that balance could be paid back this year. Over the next several years the CBR could easily approach \$8 billion to \$10 billion. Co-Chair Stedman wanted the legislature to recognize that when claims were made for taxes or settlements, they would be returned to the CBR.

There will need to be future discussions regarding what size the CBR should be.

[10:04:02 AM](#)

Senator Elton quoted from the amendment, "for purposes of this subsection, each amount deposited into the fund". He asked if income earned by the fund is a deposit or if it only refers to revenues from the sources stated in the constitution. Co-Chair Stedman replied that it would not include realized or unrealized earnings. It is targeting settlements such as those from oil taxation, which could be very sizeable.

[10:05:04 AM](#)

Senator Dyson thought the amendment did not quite get where the sponsor wants to go. It makes assumptions about optimal levels. Senator Dyson reported that he requested a recommendation of what the ideal level for the CBR is and he never received an answer. He applauded the intent of the amendment. He guessed that there was a formula that would guide the state. He stated support for having a high bar for removing money when the balance is below the recommended level and a lower bar when there is plenty of money. He wondered what other large enterprises use as a guiding formula for their rainy day accounts. Part of the discussion should involve expert advice.

[10:07:45 AM](#)

Co-Chair Stedman thought that it would be very difficult to find a comparison to the state with its very large wealth. He did not think there was an exact model to use for comparison.

[10:09:10 AM](#)

Co-Chair Stedman WITHDREW his OBJECTION to Amendment 1. There being NO OBJECTION, Amendment 1 was adopted.

Co-Chair Stedman concluded that the intent of the amendment is to move from crisis management to planning for the future.

At-ease: [10:09:48 AM](#)

Resume: [10:10:41 AM](#)

Co-Chair Stedman referred the committee to a copy of Article 09, Section (a), of the Constitution of the State of Alaska. He suggested members read it because it applies to the amendment and to Senator Elton's question regarding deposits to the fund.

ADJOURNMENT

The meeting was adjourned at 10:12 AM.