

**ALASKA STATE LEGISLATURE**  
**SENATE RULES STANDING COMMITTEE**

February 18, 2008

11:00 a.m.

**MEMBERS PRESENT**

Senator Gary Stevens, Chair  
Senator Lyda Green, Vice Chair  
Senator Johnny Ellis  
Senator Gene Therriault

**MEMBERS ABSENT**

Senator John Cowdery

**COMMITTEE CALENDAR**

SENATE BILL NO. 119

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

MOVED CSSB 119(RLS) OUT OF COMMITTEE

**PREVIOUS COMMITTEE ACTION**

BILL: SB 119

SHORT TITLE: SCHOOL LIBRARY GRANTS

SPONSOR(s): SENATOR(s) OLSON

03/14/07	(S)	READ THE FIRST TIME - REFERRALS
03/14/07	(S)	HES, FIN
04/25/07	(S)	HES AT 1:30 PM BUTROVICH 205
04/25/07	(S)	Moved SB 119 Out of Committee
04/25/07	(S)	MINUTE(HES)
04/27/07	(S)	HES RPT 4DP
04/27/07	(S)	DP: DAVIS, ELTON, THOMAS, COWDERY
01/30/08	(S)	FIN AT 9:00 AM SENATE FINANCE 532
01/30/08	(S)	Heard & Held
01/30/08	(S)	MINUTE(FIN)
02/08/08	(S)	FIN AT 9:00 AM SENATE FINANCE 532
02/08/08	(S)	Moved CSSB 119(FIN) Out of Committee
02/08/08	(S)	MINUTE(FIN)
02/11/08	(S)	FIN RPT CS 6DP NEW TITLE
02/11/08	(S)	DP: HOFFMAN, STEDMAN, ELTON, THOMAS, DYSON, OLSON

**WITNESS REGISTER**

DARWIN PETERSON

Staff to Senator Stedman  
Alaska State Capitol  
Juneau, AK

**POSITION STATEMENT:** Explained the change in the proposed CS to SB 119.

DAVE GRAY

Staff to Senator Olson  
Alaska State Capitol  
Juneau, AK

**POSITION STATEMENT:** Answered questions on SB 119.

SENATOR BERT STEDMAN

Alaska State Capitol  
Juneau, AK 99801-1182

**POSITION STATEMENT:** Commented on the fiscal notes for SB 119.

CLARK GRUENING

Alaska School Library Association  
Juneau, AK

**POSITION STATEMENT:** Answered questions on SB 119.

DAVID TEAL, Director  
Legislative Finance  
Alaska State Capitol  
Juneau, AK

**POSITION STATEMENT:** Answered question on the fiscal notes for SB 119.

RICHARD LUTHER, Legislative Liaison  
Department of Education and Early Development (DEED)  
Juneau, AK

**POSITION STATEMENT:** Answered questions on the fiscal notes for SB 119.

#### **ACTION NARRATIVE**

**CHAIR GARY STEVENS** called the Senate Rules Standing Committee meeting to order at [11:00:24 AM](#). Present at the call to order were Senators Green Therriault, Ellis and Stevens.

#### **SB 119-SCHOOL LIBRARY GRANTS**

[11:01:04 AM](#)

CHAIR STEVENS announced SB 119 to be up for consideration and that CSSB 119(RLS), version K, was before the committee. He said that the CS corrected a mistake in language as well as clarifying the zero fiscal note.

SENATOR ELLIS moved to bring version K before the committee for discussion purposes. There were no objections and it was so ordered.

DARWIN PETERSON, staff to Senator Stedman, said the change in the new CS was located in section 1. He explained that the state already had a library assistance grant fund in statute when SB 119 came to the Senate Finance Committee with a new materials grant for school libraries; the committee amended that to also include a construction grant for public libraries in small communities around the state. When those two grant programs were being developed in the committee, it was decided to eliminate the Library Assistance Grant Fund because according to both the Division of Legislative Audit and the Administration, that fund had never been used and no money was ever appropriated into it.

[11:02:07 AM](#)

He explained a problem arose when the bill moved from committee because it was found that the program was indeed being used, even though the fund was not. It was the program through which the state matched federal money for all of its public library grants each year. The original legislation repealed all the sections of statute that referred to the "Library Assistance Grant Fund" but just the word "fund" needed to be deleted so that the department could continue to receive money for the grants.

[11:03:13 AM](#)

SENATOR THERRIAULT asked what the CS does to the other repealer sections of .310, .320, .330 and 340.

MR. PETERSON replied they are no longer being repealed because they have the important eligibility requirements of the grant program that receive federal funds for public libraries.

SENATOR THERRIAULT asked if all those other sections reference the program.

MR. PETERSON answered yes.

[11:04:37 AM](#)

DAVE GRAY, staff to Senator Olson, said he supported the changes.

CHAIR STEVENS said the sponsor statement needs to be rewritten.

MR. GRAY said Senator Stedman's office was going to do that.

11:05:15 AM

SENATOR GREEN asked how this bill started out and what its purpose is.

MR. GREY replied that Senator Olson was asked last session to bring forward a program of grant monies to school districts for their libraries. The bill picked up some interest from Senator Stedman for other libraries.

SENATOR GREEN said they are trying to do everything they can to equalize things in the school funding formula and she thought this had been covered there. She hated to think this was the first of many line item requests outside of the formula.

11:07:06 AM

MR. PETERSON said, in response to Senator Green's question, it was not the intent of the Senate Finance Committee when it composed the CS to supplant any funds from local school districts that are responsible for maintaining their libraries. Senator Elton had that concern in committee and the bill was amended prior to reporting it out. Language was adopted on page 3, line 29, clarifying these grants may not be used to supplant school district expenditures for their libraries.

11:08:22 AM

SENATOR STEDMAN explained that the bill has two portions. One is the 50-percent state capital match that has a population cap of 10,000 and a minimum contribution of 20 percent from the municipality. The department would prioritize the requests and the legislature may allocate funds for this purpose at its discretion. There is no intent to fund the bill this year.

He explained that the 10,000 headcount was put in to exclude the major population centers of Fairbanks, Anchorage, Juneau and Eagle River because their library requests would be much larger compared to the others and it would overwhelm them. The thought was to address those separately. The intent is also to have regulations written that would require on-going maintenance replacement reserves. The scope of SB 119 was intended to exclude communities that are so small they don't have the fiscal

capability of operating and maintaining their public libraries and the larger ones who fiscal needs would overwhelm the fund.

11:11:19 AM

SENATOR GREEN asked for clarification of language on page 2, line 17, that said a local government entity and an amount not less than 20 percent.

SENATOR STEDMAN answered the idea is to get away from the state doing 100 percent of the financing and the municipalities having no money invested because the feeling is they would not have an interest in maintaining them. He said the state contribution is capped at \$50,000.

CHAIR STEVENS asked if private donors could put in more than 30 percent and if their contributions would just reduce the state's portion, not the municipalities'.

SENATOR STEDMAN said that was correct.

11:13:06 AM

SENATOR THERRIAULT asked for the definition of community. He said when people in Fairbanks say "Fairbanks" they mean the entire Interior of Alaska - the city of North Pole, there's the borough and in Fairbanks, the borough owns the libraries. He asked if the borough would be the community that would be used for the count.

SENATOR STEDMAN replied there is a list of qualifying communities and North Pole would qualify.

MR. PETERSON added that this question came up in Senate Finance, as well, and "community" is not defined in statute. According to Legislative Legal Division it is an all-encompassing term that is used throughout statutes to include all locations throughout the state where people reside. "So it includes boroughs, it includes cities, it includes towns and it includes villages. So, as Senator Stedman said, the Fairbanks North Star Borough would not qualify, but the city of North Pole would."

SENATOR THERRIAULT said the community of Sutton in his district (MatSu) has been working on upgrading its library and asked if that city would qualify if the MatSu Borough oversees and owns the libraries.

MR. PETERSON replied if the community of Sutton was applying it would qualify. If it the MatSu Borough applied, it would not, because it is too large to qualify.

[11:16:34 AM](#)

SENATOR THERRIAULT asked if there was another way to exclude the larger communities that have the economic power to do projects on their own and what the mechanism was for the legislature to fund these grants on a yearly basis.

SENATOR STEDMAN replied the legislature at its own prerogative will decide from year to year if it will fund the program depending on the state's fiscal position at the time and the size of the requests. He said they don't have a good understanding of what is needed around the state.

This program is modeled after the harbor concept of a 50 percent capital match and harbors don't get funded outside of the grant process where the state would contribute 60-100 percent of the funding. The idea is to try to channel the requests so that communities will maintain and operate the public libraries after they are built.

[11:19:08 AM](#)

SENATOR THERRIAULT asked if applications would be scored and if the department would come up with the criteria. Also, if a library wasn't funded one year, would it wait on the list or have to apply next year and what happens when a new community applies and goes to the front of the list?

SENATOR STEDMAN replied that likely the list would be reprioritized from time to time; but it wouldn't be totally rewritten every year. He liked the idea of having a ranked process and then the legislature decides what ones would be funded over time.

[11:22:01 AM](#)

SENATOR GREEN asked for a list of projects and the amounts funded by federal and state government in the last 10 or 15 years. She recalled 1997/98 when federal library funds were depleted and her concern that they were setting up a false hope that there will be a fund that will fund libraries in the future and there would be no money for it. She asked if they are not doing it now, what has changed.

[11:23:42 AM](#)

SENATOR STEDMAN responded by asking if she was talking about the library non-capital grants. He would have to dig to get her the 10 to 15 year information.

CHAIR STEVENS recapped that in the past the state had a program and a fund and the CS is trying to keep the program and eliminate the fund.

[11:24:33 AM](#)

SENATOR THERRIAULT noted language saying "the library collection development grant may not be used to supplement school district..." on page 3, line 29 and asked how the legislature would know a grant was used to supplant school district funds.

CHAIR STEVENS replied that the grant wouldn't exceed \$3,000.

SENATOR THERRIAULT said it seemed to him that they are trying to convey the idea to schools of keeping up with their libraries out of the education funding in general, but then there is this allowance for \$3,000. And if they haven't been able to keep up because of budgetary pressures and they use that \$3,000 to catch up, is that supplanting?

MR. GRAY deferred to Clark Gruening to answer that.

[11:26:28 AM](#)

CLARK GRUENING, Alaska School Library Association, answered that on page 3, line 15, one of the eligibility requirements is "contributes from the school district budget an amount that is not less than the grant award that is being paid for library collection materials."

SENATOR THERRIAULT said it seems even if the district has a part time librarian it would cost more than \$3,000.

MR. GRUENING countered that a lot of these libraries don't have librarians; the books are on a shelf and they are trying to change that by getting districts to buy in by requiring the various matches.

[11:28:30 AM](#)

MR. PETERSON went to the two fiscal notes. He said the Senate Finance Committee adopted a zero fiscal note for SB 119. A few days after that, the fiscal note dated 1/25/08 came back at \$1.2 million. They asked the department to provide another one because the premise it used for the first one is that the legislature will appropriate the maximum amount in FY'09 to

satisfy as many grants as could possibly be applied for. A \$3,000 maximum for the material grants for 400 schools resulted in \$1.2 million. He said they intend to create this program, but not to fund it this year.

[11:29:56 AM](#)

MR. PETERSON said they expect the regulations to be promulgated over the interim if the bill passes and then next year the legislature can decide whether or not to appropriate money. It could be anything up to \$1.2 million for the material grants portion of the bill. So they want the committee to adopt the zero fiscal note.

SENATOR THERRIAULT said he didn't think zero was appropriate and that it deserved an asterisk.

SENATOR STEDMAN said he understood Senator Therriault's concern as far as recognizing the potential impact of all fiscal notes that the state might be setting itself up for. But the way this fiscal note was written implies that the legislature would fund it to the maximum and he didn't think that was very likely. He thought it more appropriate that the fiscal note show the financial exposure the state is facing.

SENATOR THERRIAULT said fiscal notes should show financial exposure and putting zeros in the boxes was not right either. That is why they have asterisks. Further he said the administration might not know if the legislature would appropriate any money this year or not.

[11:33:07 AM](#)

SENATOR STEDMAN responded that he agreed that potential impact needs to be reflected in the fiscal note, but there is no interest in funding it this year and there is no interest in adding the person that is requested in the fiscal note. If the department is so overtaxed with work, that it can't handle the process of ranking and sorting, that discussion would probably come to the legislature again.

[11:34:25 AM](#)

CHAIR STEVENS asked if the \$1.2 million fiscal note is just a reflection of the public school libraries and not of community libraries.

SENATOR STEDMAN replied that is correct.

SENATOR THERRIAULT said something needs to be added to the explanation of the potential grants. There has to be a process for the communities to submit requests to and so some man hours need to be put in the fiscal note.

SENATOR STEDMAN agreed that there would be a workload increase, but as stewards of the treasury, they should be cautious in funding fiscal notes every year and typically scrub them for additional employees. From a broad perspective, he takes some of the administration's head counts with a grain of salt as if it's just a maneuver to pump up the budget.

11:37:39 AM

DAVID TEAL, Director, Legislative Finance, said there will be two separate fiscal notes, the school one would come from the Department of Education and the municipal one would come from the Department of Commerce, Community & Economic Development. This one is incorrectly prepared, he said, because it says a new format has information columns going into the future. With respect to Senator Therriault's questions, the information columns are exactly why the format has changed and asterisks should be used for explanations. For FY'09, the fiscal note used the appropriation column for the \$1.2 million instead of the information column and as Senator Stedman testified, there is no intention to fund it this year. If this fiscal note were to be adopted, they would get \$1.2 million because it's in the appropriation column. If the same \$1.2 million were put in the information column, it would be a zero fiscal note. The \$61,000 that goes along with the position should be zeroed out because doesn't make sense to fund a position without funding the grants.

11:40:17 AM

SENATOR THERRIAULT said appropriation bills appropriate money, not fiscal notes. So, that appropriation would have to be built into an appropriation bill anyway. On the personnel part, writing a regulation package, getting public input and determining what the scoring criteria would be would be more of a manpower intensive effort than once the program is up and running just receiving the applications and running them through the criteria. If the department wanted to set up those criteria before actually soliciting for grants, it would need the manpower sooner.

MR. TEAL replied he was correct, but the point he is trying to make is that there is an appropriation column on the fiscal note, so it could be funded in 2010.

[11:42:51 AM](#)

SENATOR THERRIAULT said according to Mr. Teal, they should have two fiscal notes and they only have one. He said either the committee could write the other one as indicated or they could ask the departments.

[11:43:31 AM](#) at ease [11:47:08 AM](#)

[11:47:19 AM](#)

RICHARD LUTHER, Legislative Liaison, Department of Education and Early Development (DEED), explained he developed the fiscal note based on the assumption that it could be funded. He found out how many school libraries would qualify and then if the bill were funded, they put in the maximum amount. The state library indicated it would need a position to be able to administer the program. After submitting the fiscal note, the department got a request to submit either a zero or an indeterminate fiscal note. If the program were not to be funded, that could be indicated as indeterminate, but it could be anything from zero up to the maximum amount.

SENATOR THERRIAULT said he thought using an asterisk would be appropriate because he had no way of knowing what would be appropriated.

MR. LUTHER said they could do that and that's how it would read.

[11:49:43 AM](#) at ease [11:50:57 AM](#)

SENATOR ELLIS moved to adopt CSSB 119(RLS), version K. There were no objections and it was so ordered.

SENATOR ELLIS moved to adopt the indeterminate fiscal notes. There were no objections and it was so ordered.

There being no further business to come before the committee, Chair Stevens adjourned the meeting at [11:52:24 AM](#).