

ALASKA STATE LEGISLATURE
SENATE SPECIAL COMMITTEE ON EDUCATION

February 6, 2008

8:01 a.m.

MEMBERS PRESENT

Senator Gary Stevens, Chair
Senator Charlie Huggins, Vice Chair
Senator Bettye Davis
Senator Donald Olson
Senator Gary Wilken

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

SENATE BILL NO. 241

"An Act relating to a report to the legislature on teacher preparation, retention, and recruitment by the Board of Regents of the University of Alaska."

MOVED CSSB 241 (SED) OUT OF COMMITTEE

SENATE CONCURRENT RESOLUTION NO. 16

Establishing and relating to the Education Funding District Cost Factor Commission.

HEARD AND HELD

SENATE BILL NO. 219

"An Act establishing the Governor's Select Panel on School District Cost Factors; repealing current cost factors; relating to child care grants; and providing for an effective date."

HEARD AND HELD

PREVIOUS COMMITTEE ACTION

BILL: SB 241

SHORT TITLE: UNIV. REPORT: TEACHER TRAINING/RETENTION

SPONSOR(S): SENATOR(S) STEVENS BY REQUEST OF JT LEG EDUCATION FUNDING TASK FORCE

01/18/08	(S)	READ THE FIRST TIME - REFERRALS
01/18/08	(S)	SED, HES
02/01/08	(S)	SED AT 8:00 AM BUTROVICH 205
02/01/08	(S)	Heard & Held

02/01/08 (S) MINUTE(SED)

BILL: SCR 16

SHORT TITLE: EDUCATION FUNDING/COST FACTOR COMMISSION

SPONSOR(s): SENATOR(s) STEVENS BY REQUEST OF JT LEG EDUCATION
FUNDING TASK FORCE

01/18/08 (S) READ THE FIRST TIME - REFERRALS

01/18/08 (S) SED

02/01/08 (S) SED AT 8:00 AM BUTROVICH 205

02/01/08 (S) <Bill Hearing Postponed to 2/6/08>

BILL: SB 219

SHORT TITLE: GOV PANEL ON SCHOOL DISTRICT COST FACTORS

SPONSOR(s): SENATOR(s) WILKEN

01/16/08 (S) PREFILE RELEASED 01/11/08

01/16/08 (S) READ THE FIRST TIME - REFERRALS

01/16/08 (S) SED, FIN

WITNESS REGISTER

TIM LAMKIN,
Staff to Senator Stevens
Alaska State Capitol
Juneau, AK

POSITION STATEMENT: Presented overview of SB 241 and SCR 16.

PAT JACOBSON, Regent
University of Alaska
Kodiak, AK

POSITION STATEMENT: Supported SB 241.

EDDY JEANS, Director
School Finance
Alaska Department of Education
Juneau, AK

POSITION STATEMENT: Answered questions on SB 219 and SCR 16.

ACTION NARRATIVE

CHAIR GARY STEVENS called the Senate Special Committee on Education meeting to order at [8:01:14 AM](#). Present at the call to order were Senators Gary Wilken, Bettye Davis, Charlie Huggins, Donald Olson, and Gary Stevens.

SB 241-UNIV. REPORT: TEACHER TRAINING/RETENTION

CHAIR GARY STEVENS announced consideration of SB 241.

8:01:49 AM

SENATOR DONALD OLSON moved to adopt the proposed committee substitute (CS) for SB 241, labeled 25-LS1346\E, Mischel, as the working document. There being no objection, the motion carried.

TIM LAMKIN, staff to Senator Stevens, sponsor of SB 241, presented the changes to SB 241. He said that Section 1 specifies the Regents shall present to the committee with jurisdiction over education. Language was also changed to [require that the annual report] be presented by the 30th legislative day, which would also accommodate the regents' schedule. In Section 2, page 2, lines 2-12 would make the reports biannual beginning in 2012. The effective date is in Section 5.

8:04:16 AM

SENATOR WILKEN said the changes are good and he is very supportive of the legislation, but highlighted page 1, line 7, "Regents shall prepare and present," and said the request to the drafter was to have the Regents "present in person." The drafter explained that is not something they put into legislation, although that is the intent. He said with Senator Olson's permission, he would like to make it clear on the record that it is indeed the intent of the bill to have them present [the report] in person.

CHAIR STEVENS underlined that is what the drafter indicated.

MR. LAMKIN clarified that it was written this way because the language reads "the Board of Regents shall prepare and present" and members of the administration are not regents.

CHAIR STEVENS asked if the drafters are comfortable that this means it will be an eye-to-eye meeting with the Regents.

MR. LAMKIN said that is correct and added that they had a Regent, Pat Jacobson, in the audience who would be happy to answer questions.

8:06:07 AM

PAT JACOBSON, Regent, University of Alaska, Kodiak, AK, said she is a retired teacher and is now on the school board and the Board of Regents. She said she can speak for the Regents and the University in saying that they support this concept and are glad

the legislators do too. She was looking forward to the opportunity they would have in the future to meet face-to-face.

CHAIR STEVENS said he is happy to see Kodiak represented on the Board of Regents in the person of herself and others.

[8:08:06 AM](#)

SENATOR DAVIS joined the meeting.

SENATOR WILKEN said he thinks there is a real disconnect between the legislature and the regents. The regents are responsible for running a billion-dollar corporation and the legislature, acting as the bank, has a lot to do with that corporation. He said he thinks it takes more than an afternoon once a year and that they need to improve communication between the University and the legislature.

MS JACOBSON said she appreciates Senator Wilken's comments.

[8:10:57 AM](#)

SENATOR OLSON moved to report CSSB 241, referred to as Version \E, from committee with individual recommendations and accompanying fiscal notes. There being no objection the motion carried.

SB 219-GOV PANEL ON SCHOOL DISTRICT COST FACTORS

[8:11:38 AM](#)

CHAIR STEVENS announced consideration of SB 219. This was the first hearing of the bill.

[8:12:13 AM](#)

SENATOR HUGGINS joined the meeting.

SENATOR WILKEN presented an overview of SB 219. He listed what was in the packet in addition to the sponsor statement: a bullet sheet giving the highlights of the legislation; a time line, some fiscal notes; an ISIS (Institute of Social and Economic Research) study cover sheet dated 2005; the American Institutes for Research (AIR) report dated 2003; the McDowell study dated 1998; and a historical review that looked back to 1983 and the difficulties in establishing district cost factors (DCF).

SENATOR WILKEN read the following sponsor statement:

Senate Bill 219 offers a unique opportunity for the Legislature to step back from the current debate over

the accuracy of the proposed geographic cost indices used in the education funding formula and encourages the legislative body to consider a new approach to this difficult, recurring policy issue.

Senate Bill 219 establishes a *Select Panel on District Cost Factors* within the Office of the Governor for the purpose of developing an updatable and durable model to measure actual relative cost differences in providing public education. Placement of this important panel under the purview of the governor affords an open, statewide perspective and fosters cooperation between all school districts.

How to accurately measure the relative cost variances between Alaska's 53 school districts has been a constant source of aggravation, discourse, and contention within the legislature and the education community for the past 24 years. The Legislature has attempted many times to develop an updatable model to measure the differences in cost between school districts, but unfortunately an acceptable plan has been elusive.

The *Select Panel* will take a fresh look at how to measure these differences with the goal of providing the State of Alaska with a fair, objective, accurate, and durable district cost model that educators and the public can support. The panel's finished work product will remove a perennial source of frustration for many.

It is time to try the approach outlined in Senate Bill 219. Please join me in support of this legislation.

SENATOR WILKEN said that what this does is put together a group of eight voting members. In 1983, the issue of DCF came up and the state was under pressure from the federal government to come up with an education formula. The legislature drafted one then and again in 1998, 2002, and 2005 and there is still acrimony about DCFs. He's not sure why they can do it now when they haven't been able to come up with an agreeable formula in the past. In 1994, then candidate-for-Governor Tony Knowles put out a questionnaire in which 80 percent of Alaskans responded that they had no faith in the school foundation formula. Education funding had gone up 54 percent and many asked where the money

went. He said that part of the problem was that the DCF had been jimmed in 1985 and the acrimony has continued into the present.

He said there are ways to take multiple inputs and update them with a reliable model but the committee needs to be free of politics and include technical people, one from the Anchorage School Board, two legislators, and three people with base in mathematical models and statistics. According to the time line, in May 2008 the committee would be organized and they would have 16 months to get two competing solicitations and then come forward in September 2010 with a suggested model in time for the Governor's budget. Current DCFs would fall away in 2011 and the legislature would be under the mandate to come up with new DCFs.

8:21:24 AM

SENATOR WILKEN said he's very concerned that what the legislature is trying to do has already been tried and that it is setting itself up for failure. He proposed doing something new with the hope that in ten years all that would need to be done every year is provide new data. He reminded the committee that it is not measuring actual costs but the relative differences between actual costs.

CHAIR STEVENS asked Senator Wilken to look at the second fiscal note regarding the child care program.

SENATOR WILKEN said it has to do with the termination of the DCFs on the first day of the session. He said that today child care grants are adjusted by the DCF and if changes aren't made by 2011, the Department of Health and Social Services (DHSS) doesn't have any way to allocate the child care grants. This provides the authority to DHSS to make the adjustments until the legislature is able to do it. It doesn't kick in until 2011 and only if the legislature fails to come up with the DCF.

8:25:16 AM

EDDY JEANS, Director, School Finance, Alaska Department of Education, Juneau, AK, said he understands Senator Wilken's concerns; but the Joint Education Funding Task Force suggested that a new joint task force be established specifically to address area cost factors. He said that is the next piece of legislation before the committee and the administration will be supporting that piece of legislation as recommended by the Education Funding Task Force.

SENATOR OLSON said that since the cost differential is so fluid

he is not convinced there ever will be a final answer; and he thought they should "bite the bullet, accept what we've got and continue on."

MR. JEANS said it is just as Senator Wilken describes it: when the studies are done, every one goes down the list to see how their districts are impacted. He was surprised there was not more support for the ISER study because the amount for every single school district in the state went up. He understands concerns about the actual data that went into the study and said that debate will never go away. He remembered hearing years ago that it was the best data they had available at the time; that is what it is today; and when they get a new report in 5 years, that will be the best data at the time.

SENATOR OLSON asked why they should even have this bill before them.

MR. JEANS said it's because there are concerns with some of the factors that were considered in the ISER report and that they need to be addressed. He said they hope to improve on the cost factors as time moves on, because they do need to be adjusted periodically; but he doesn't expect 100 percent agreement on what the components are and how much weight to give each of those components.

SENATOR OLSON asked if the concerns Mr. Jeans has raised are addressed in the bill.

MR. JEANS replied that they are not; what this bill does is establish a commission in the governor's office. It is very specific on who the people appointed would represent. It creates a specific timeline in which the commission has to report. If the commission does not make recommendations, it actually repeals the cost differentials in statute, which would be painful for all school districts in the state.

CHAIR STEVENS pointed out that Mr. Jeans has made a 25-year career of understanding these matters and expressed appreciation for his efforts.

[8:30:14 AM](#) CHAIR STEVENS said SB 19 would be held over.

SCR 16-EDUCATION FUNDING/COST FACTOR COMMISSION

CHAIR STEVENS announced consideration of SCR 16.

TIM LAMKIN, staff, Senator Stevens, presented SCR 16 Establishing and relating to the Education Funding District Cost Factor Commission. He said this bill is a direct result of the task force that met over the summer.

SENATOR HUGGINS moved to adopt the proposed committee substitute (CS) to SCR 16, labeled 25-LS1347/C, Mischel, as the working document of the committee. There being no objection, the motion carried.

MR. LAMKIN explained the changes in this committee substitute. He said one recommendation from the task force stated the commission should have adequate financial resources to engage professionals experienced with numbers. On Page 2, lines 14-16 would establish a relationship with the legislative council to contract out services. According to the drafters, Legislative Council is the only committee that has the authority to enter into contracts of that nature and to do that with this commission would require a bill in statute.

CHAIR STEVENS clarified that without this resolve establishing a relationship with Legislative Council, they would have to have a bill instead of the resolution before them.

8:33:00 AM

SENATOR WILKEN said it's important to understand that they are not trying to measure the actual costs but the changes in relative costs. He reminded them that wages and benefits account for about 80 percent of the budget, so it is the other 20 percent they are really measuring. To illustrate, he said if insurance in Fort Yukon is 30 percent higher than in Fairbanks; as time goes by, Fairbanks may go up in insurance but so will Fort Yukon, so what they're trying to measure is not that dollar amount but the relationship between them. That is a quantifiable and measurable difference. On page 1, line 10 he asked that they strike "1998" and say "prior to 1983." On page 11, insert after the word "conducted," "1983-1985, 1998, 2002 and 2004." He commented that on page 2, lines 3-6, there's a recipe for failure. Those 4 lines should give them pause; because if they do this, they'll be doing just what they've done in the past.

8:36:48 AM

SENATOR WILKEN proposed the chair ask Mr. Jeans to be more definitive on lines 14-15 when it says "shall submit a report of its findings and proposed legislative changes;" it would be helpful if the deliverables were a little more precise. He

suggested bulleting 3 or 4 items that this legislature wants to see 3 or 4 years from now.

CHAIR STEVENS asked Senator Wilken what specifics he was talking about.

SENATOR WILKEN listed examples such as whether they want just a table of district cost factors or a model that is updatable and durable and what format it should be in; something to give guidance to this commission on what they're supposed to deliver back to the legislature.

[8:39:06 AM](#)

MR. JEANS said the issue raised by Senator Wilken is addressed on page 1, line 15 through page 2, line 2, where it directs the commission to create a durable and updatable model to accurately reflect the costs. He said that the education funding task force that met this past summer was the first of its kind and was able to bring in experts from different areas enabling the committee to deliberate various components of the funding formula. He said that to have a similar task force specifically focused on cost differentials could have an equally positive outcome. He said expected participants would include the Department of Education, Alaska school business officials and administrators, and school boards. He said the administration supports the resolution.

CHAIR STEVENS asked if the commission would be recurring or would it disappear like the Education Funding Task Force.

MR. JEANS said the resolution calls for the commission to terminate December 31, 2010. The intention is to develop a model that is updatable that would be adopted in statute. He said he could envision statutory requirements that would be added to the model.

[8:42:12 AM](#)

CHAIR STEVENS asked the committee members to let him know their thoughts on the measure and when to move it forward.

There being no further business before the meeting Chair Stevens adjourned the meeting at 8:42:37.

