

**ALASKA STATE LEGISLATURE
HOUSE EDUCATION STANDING COMMITTEE**

March 2, 2009

8:03 a.m.

MEMBERS PRESENT

Representative Paul Seaton, Chair
Representative Cathy Engstrom Munoz, Vice Chair
Representative Wes Keller
Representative Peggy Wilson
Representative Robert L. "Bob" Buch
Representative Berta Gardner

MEMBERS ABSENT

Representative Bryce Edgmon

COMMITTEE CALENDAR

HOUSE BILL NO. 147

"An Act repealing the minimum expenditure for instruction requirements for public schools."

- MOVED HB 147 OUT OF COMMITTEE

HOUSE BILL NO. 58

"An Act relating to a student loan repayment program for specified occupations or fields in which a shortage of qualified employees exists."

- HEARD AND HELD

HOUSE BILL NO. 126

"An Act relating to continuing the secondary public education of a homeless student; relating to the purpose of certain laws as they relate to children; relating to tuition waivers, loans, and medical assistance for a child placed in out-of-home care by the state; relating to foster care; relating to children in need of aid; relating to foster care transition to independent living; and relating to juvenile programs and institutions."

- HEARD AND HELD

PREVIOUS COMMITTEE ACTION

BILL: HB 147

SHORT TITLE: EDUCATION FUNDING FOR INSTRUCTION
SPONSOR(s): EDUCATION

02/23/09 (H) READ THE FIRST TIME - REFERRALS
02/23/09 (H) EDC, FIN
03/02/09 (H) EDC AT 8:00 AM CAPITOL 106

BILL: HB 58

SHORT TITLE: EDUC LOAN REPAYMENT PROGRAM
SPONSOR(s): REPRESENTATIVE(s) THOMAS, WILSON, MILLETT

01/20/09 (H) PREFILE RELEASED 1/9/09
01/20/09 (H) READ THE FIRST TIME - REFERRALS
01/20/09 (H) EDC, FIN
03/02/09 (H) EDC AT 8:00 AM CAPITOL 106

BILL: HB 126

SHORT TITLE: FOSTER CARE/CINA/EDUCATION OF HOMELESS
SPONSOR(s): REPRESENTATIVE(s) GARA

02/11/09 (H) READ THE FIRST TIME - REFERRALS
02/11/09 (H) EDC, HSS, FIN
02/25/09 (H) EDC AT 8:00 AM CAPITOL 106
02/25/09 (H) Heard & Held
02/25/09 (H) MINUTE(EDC)
03/02/09 (H) EDC AT 8:00 AM CAPITOL 106

WITNESS REGISTER

HANNAH HARRISON, Staff
to Representative Paul Seaton
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Presented HB 147, on behalf of the House Education Standing Committee, sponsor of the bill, which Representative Seaton chairs.

RICHARD CARLSON, Superintendent
Klawock City School District
Klawock, Alaska

POSITION STATEMENT: Testified in support of HB 147.

EUGENE S. AVEY, Superintendent
Annette Island School District
Annette Island, Alaska

POSITION STATEMENT: Testified in support of HB 147.

JACK WALSH, Superintendent
Bristol Bay Borough School District
Naknek, Alaska

POSITION STATEMENT: Testified in support of HB 147 and, during the same hearing, stated support for HB 58.

DAVID HERBERT, Superintendent
St. Mary's City School District
St. Mary's, Alaska

POSITION STATEMENT: Testified in support of HB 147.

REPRESENTATIVE BILL THOMAS
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Introduced HB 58, as prime sponsor.

KACI SCHROEDER, Staff
to Representative Bill Thomas
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Responded to questions on HB 58, on behalf of Representative Thomas, sponsor.

HANNAH HARRISON, Staff
to Representative Paul Seaton
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: During the hearing on HB 58, responded to questions.

DIANNE BARRANS, Executive Director
Alaska Commission on Postsecondary Education
Juneau, Alaska

POSITION STATEMENT: Testified during the hearing on HB 58.

BRYNN KEITH, Research Chief
Division of Administrative Services
Department of Labor & Workforce Development (DLWD)
Juneau, Alaska

POSITION STATEMENT: Testified during the hearing on HB 58.

EDDY JEANS, Director
School Finance and Facilities Section
Department of Education and Early Development (EED)

POSITION STATEMENT: Testified with official support for HB 147.

REPRESENTATIVE LES GARA

Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Responded to questions on HB 126, as prime sponsor.

LAUREN RICE, Director of Public Affairs
Covenant House Alaska (CHA)
Anchorage, Alaska

POSITION STATEMENT: Testified in support of HB 126.

CAROL COMEAU, Superintendent
Anchorage School District
Anchorage, Alaska

POSITION STATEMENT: Testified in support of HB 126, with specific concerns.

ACTION NARRATIVE

[8:03:14 AM](#)

CHAIR PAUL SEATON called the House Education Standing Committee meeting to order at 8:03 a.m. Representatives Seaton, Wilson, Munoz, and Keller were present at the call to order. Representatives Buch, and Gardner arrived as the meeting was in progress.

[8:03:37 AM](#)

HB 147-EDUCATION FUNDING FOR INSTRUCTION

[8:04:37 AM](#)

CHAIR SEATON announced that the first order of business would be HOUSE BILL NO. 147, "An Act repealing the minimum expenditure for instruction requirements for public schools."

[8:05:19 AM](#)

HANNAH HARRISON, Staff, to Representative Paul Seaton, Alaska State Legislature, paraphrased from the sponsor statement, which read as follows [original punctuation provided]:

HB 147 repeals AS 14.17.520, a ten year old provision in Alaska statutes requiring that 70% of a school district's operating expenditures be dedicated to the instructional component of the district budget, regardless of their geographical location, student

population size, or any other factor. AS 14.17.520 is considered an accountability measure to ensure school districts are spending funds on instructional programs.

The rising cost of education is affecting the way school districts address their spending. Fuel, electricity, and building maintenance expenses can radically change from year to year.

There are two types of school districts that have been chronically unable to meet the 70% requirement: districts that have an operating budget of \$3 million or less and those that spend 20% or more of their budget on operation and maintenance. Currently, if a school district is unable to meet the 70% requirement, they must file a waiver through the State Board of Education & Early Development which can either be approved or denied. Approval allows the district to operate with their submitted budget, but requires justification for their failure to comply with the 70% requirement. Denial of a waiver can require the district to revise its budget to meet the 70%.

AS 14.17.520, has become outdated. The current statewide assessment system is a better accountability program to determine if school districts are meeting their student's needs through good instructional practices. The state assessment system measures student proficiency in reading, writing and mathematics from one year to the next. In fact, with the passage of SB 285 last year the department of education has the authority and responsibility to intervene in chronically low performing schools and districts. SB 285 requires the Department of Education to redirect school district resources to improve instructional practice intended to increase student proficiency. This accountability system provides a better use of school district and state resources to increase student achievement.

Repealing AS 14.17.520 will remove the 70% requirement and waiver process, saving almost half of Alaska's school districts, the State Board of Education and EED staff a redundant yearly process that does not measure the effectiveness or ability of a district to deliver a quality educational program to its children.

8:08:59 AM

CHAIR SEATON opened public testimony

8:09:29 AM

RICHARD CARLSON, Superintendent, Klawock City School District, stated support for HB 147, paraphrasing from a written statement, which read as follows [original punctuation provided]:

While I represent the Klawock City School District, it is worth noting that the State Board of Education, the Alaska Association of School Boards, and the Alaska Association of School Administrators have all been vocally in opposition to the 70 percent rule.

Klawock is a small, single site school, of 125 students, located on Prince of Wales Island in southeast Alaska. The student demographics include 74 percent Native Alaskan, and 66 percent are impoverished. If you take a look at the educational statistics, our school should not be a successful school; based on what statistics say about minority and impoverished students. However, our school district has bucked that trend. We have always made Adequate Yearly Progress (AYP), the drop-out rate is consistently around 2 percent, attendance rate is 95 percent, and test scores are impressive. Most of our students go on to postsecondary education. Recently we were named as one of the top high schools in America by U.S. News and World Report.

By every measure we are a successful school district, and yet annually, I have to spend a good amount of time and energy justifying how I expend our money. Annually I have to write a waiver. And it's not just the process of writing the waiver. During the course of the year determinations must be made, for instance, on how much of our time is spent transporting students to swimming classes; that is considered counted towards the 70 percent. Or how much our activity director's time is dedicated towards activities that would qualify for the 70 percent, for example academic decathlon or music festival. It becomes extremely time consuming and burdensome.

It's not so much the time it takes, I get paid to do that, but it goes more to the core of local control and who is in the best situation to determine how money is to be allocated; whether it is an arbitrary number set in statute, or whether it is people that serve the school district - school board members and community members. I would argue that it's the people closer to the school district who would be the more appropriate people to make that decision.

At the Klawock City School District we have a mission statement that highly values providing a well rounded educational program and educating the whole student. In our mission statement there is an emphasis on developing leadership skills, team work, strong work ethics, and responsibility. Those are sorts of things that are learned in and outside of the classroom, and consequently, outside of the 70 percent criteria.

We believe that we are in the best situation to determine what is in the best interest for our children, not some arbitrary number set in statute.

On a more practical level, increasing energy costs, the cost of facilities, and the cost of state and federal unfunded mandates make it increasingly difficult to reach the [70] percent.

Clearly we agree that accountability is critical, but we feel that there are many, many better ways to determine the success of a school district than to place an arbitrary number in statute.

Therefore, we very much support HB 147 and the repeal of the 70 percent rule.

[8:16:03 AM](#)

REPRESENTATIVE WILSON pointed out that some districts provide pay/benefits to school board members, and asked what the policy is in Klawock.

MR. CARLSON reported that the members receive \$75.00 per month, which many of them donate back to the district. To a follow-up question he stated that spouses do not receive travel benefits.

8:17:03 AM

REPRESENTATIVE KELLER queried how heating cost for a classroom is considered under the 70:30 rule, and whether those guidelines are in statute.

MR. CARLSON answered that the guidelines are not in statute, and that fuel counts against the 70 percent criteria. When the fuel prices skyrocketed the situation became untenable.

REPRESENTATIVE KELLER suggested that a regulation change could be made to allow a portion of the heating costs to be included as a cost of education; arguing that a warm classroom is necessary for instruction.

MR. CARLSON maintained that the issue comes back to local control and who is making appropriate determinations.

8:18:42 AM

REPRESENTATIVE MUNOZ noted the districts declining enrollment and asked the superintendent to address the topic.

MR. CARLSON stated his belief that southeast Alaska, and certainly Prince of Wales Island, is experiencing declining enrollment in general. The exiting senior class, and the incoming kindergarten numbers, indicates a loss of about five percent. The fixed costs of operating remain static, however, and it becomes increasingly difficult to meet the 70 percent requirement. To a further question, he reported that Klawock has a staff comprised of 3 administrators and 14 certified teachers.

8:21:02 AM

CHAIR SEATON directed attention to the committee packet and the waiver requests from the various school districts. He pointed out that these forms contain pertinent information regarding each schools budget.

8:22:19 AM

EUGENE S. AVEY, Superintendent, Annette Island School District, stated support for HB 147, and opined that the existing statute has become a burden on small school districts. Annette Island School represents the southern most district of the state. He credited the dedicated teaching staff as the reason that the

school has met AYP. The 70 percent regulation was originally placed in statute to raise the level of instruction, however, it has become overshadowed by the requirements of the No Child Left Behind Act (NCLB). It is now an unnecessary mandate that places undue burdens on school districts that cannot possibly be met given the rising costs for energy, maintenance, shipping, and other operational expenses. Creative ideas are cultivated, by small school districts, in an attempt to meet this unrealistic requirement. At the Annette Island School District, outside assistance is employed to ensure that the minimum expenditure requirement is being met. As a past superintendent of another rural district, he reported that similar difficulties occurred and the requirement could not be met. The one-site Rural Education Attendance Area (REAA) and high impact AYP have been instrumental for Annette Island School District to achieve the mandate. He added that many schools cannot send teams to competitions, due to these expenditure requirements. At the recent Academic Decathlon competition a low turnout was experienced. This may possibly be schools cutting these activities to meet the minimum expenditure requirement and he posed the question, "But at what cost?" Students miss out when they are unable to benefit from participating in intramural events. The NCLB requirement has raised the bar and imposes standards that parallel the state statute under repeal. Reduce government bureaucracy, allow local officials to provide oversight, and trust that the schools have the best interest of the students in mind, he finished, and urged passage of HB 147.

[8:28:34 AM](#)

REPRESENTATIVE WILSON reiterated her previous question regarding payment/benefits for members of the Annette Island school board.

MR. AVEY said he believes it is a monthly stipend of \$109, the spouses are not allowed travel privileges. Given the hours they work, and the activities that they contribute personal money to, he opined, "I don't think they're really paid Most likely it's a wash." To a question from Representative Munoz, he said that Annette Island is a single site district, with 275 students. The staff includes 30 certified teachers and 3 administrators. The high school has been recognized as a blue ribbon school, which applies efforts to not only meet AYP, but to focus on each child and their needs.

[8:30:54 AM](#)

REPRESENTATIVE KELLER inquired if school board members receive health coverage or other benefits, including travel.

MR. AVEY reported that the members attend one national conference per year, and participate in state fly-ins once or twice per year. He opined that the travel money is not lavish, but well spent. Further, health coverage benefits can be purchased, however, none of the members take advantage of that option.

REPRESENTATIVE WILSON qualified her line of questioning as a means to locate the districts which reportedly pay their board members several thousand dollars.

MR. AVEY noted that higher pay could be an attractive incentive.

[8:33:38 AM](#)

CHAIR SEATON pointed out that the retirement system rewrite has been changed to exclude from Public Employees' Retirement System/Teacher's Retirement System (PERS/TRS) a school board member who makes less than \$24,000 per year; rectifying a loop hole that has existed to the detriment of some school districts. However, there are school districts that pay board members as much as \$2,100 per month, but it does not count towards the 70 percent requirement.

[8:35:33 AM](#)

JACK WALSH, Superintendent, Bristol Bay Borough School District, stated support for HB 147. Bristol Bay is a small district, serving Naknek, South Naknek, and King Salmon, with a significantly declining enrollment; currently 144 students. In the history of Bristol Bay the population trend is cyclical, thus the decline may take an upward turn in the near future. The 70:30 issue has been a challenge for many districts, he opined. The Bristol Bay schools have met their AYP requirements under NCLB; however, with the NCLB bar rising, and enrollments declining, the margin of error is reduced, and meeting AYP may become more difficult in the future. He said it is important to understand that AYP does not directly relate to this legislation, and may or may not be impacted as a result of repealing the 70:30 statute. Student success and progress is a greater indicator of a district's accountability than anything else, he opined. Every year Bristol Bay requests a waiver, although the budget is above the \$3 million dollar mark; approximately \$3.5 million. The district employs fifteen

teachers, four support staff, along with one full-time administrator and one part-time administrator, both of whom are certified teachers. Operational costs consume 10 percent of the budget; despite the decline in enrollment, the 90,000 square foot building must be maintained. Neither the transportation costs [nor maintenance costs] are reduced when enrollment declines. He opined that passage of HB 147 may be the best step towards helping the rural school scenario.

[8:41:20 AM](#)

CHAIR SEATON asked whether a new school would reflect a savings in operating costs.

MR. WALSH responded that, although the school is an older building, it is well maintained. Some costs may be saved, but measures have been taken to minimize heating costs by utilizing recovered waste heat from the electric company; no diesel is used and the building has no furnace/boiler. However, as the utility company upgrades to more efficient equipment, waste heat is being minimized, and he acknowledged that he may be looking for capital improvement money in the future to secure a different heat source.

CHAIR SEATON indicated interest regarding how operational costs at new schools compare with older facilities and how these expenditures effect the 70:30 requirements.

[8:43:45 AM](#)

MR. WALSH responded to the question from Representative Wilson, stating that Bristol Bay has a five member school board, which meets locally on a regular basis and participates in state fly-ins once or twice per year. Each member is allowed \$50.00 per meeting, including per diem. A policy allows them to qualify for health insurance, although none of them subscribe. He said that there is no indication that board privileges are ever abused.

[8:45:21 AM](#)

REPRESENTATIVE MUNOZ asked if the administrative office is in Naknek.

MR. WALSH said, yes. The nearest administrative office is 12 miles down the road, however.

REPRESENTATIVE MUNOZ inquired about the districts ability to attract and retain teaching staff.

MR. WALSH indicated that, despite the lack of infrastructure amenities, the staff continues to be stable, and locating good teachers has not been an issue. The district does provide a \$1,500 moving allowance for teachers, and the new hire starting wage is \$40,000 per year, he reported. The turnover is about 20 percent, but is primarily experienced in the administrative staff.

REPRESENTATIVE MUNOZ asked if the local young people are encouraged to become teachers.

MR. WALSH responded that many of the students have taken that path, and the staff includes several lifelong Alaskans as teachers. A Future Teacher's of America (FTA) program is being developed to encourage interest in the teaching profession.

[8:48:45 AM](#)

REPRESENTATIVE KELLER queried if the 70 percent law has changed how district funds are distributed.

MR. WALSH answered that fund distribution is effected, in order to maintain compliance. Whenever a new program and a maintenance project are considered, the 70 percent rule must be weighed against the need. Also, budget line items are often amended.

[8:49:53 AM](#)

CHAIR SEATON asked what adjustments are made.

MR. WALSH said that primarily maintenance has been set aside. The reading and writing performance for students, along with math, could use some academic specialists, however, it is a struggle to accomplish this goal.

[8:50:56 AM](#)

REPRESENTATIVE WILSON noted that transportation for student activities appears to be an issue, and asked how that is accomplished.

MR. WALSH indicated that \$40,000 is included for student travel, and funds are raised in the community to help students attend activities.

[8:52:22 AM](#)

REPRESENTATIVE KELLER suggested that employing a reading specialist would improve the schools instructional component to meet the 70:30.

MR. WALSH agreed, and also concurred with Chair Seaton that the stimulus for such action is consideration for the students, but the measurement tool is AYP.

[8:53:42 AM](#)

MR. WALSH, prior to his departure, stated support for HB 58 that will be subsequently addressed by the committee today.

[8:54:04 AM](#)

DAVID HERBERT, Superintendent, St. Mary's City School District, stated support for HB 147, and reported that his district has met the optimal zero level for AYP. St. Mary's services 185 students, employing 14 certified teachers, and 3 administrative staff; two full-time and one half-time. Fuel costs are a major factor for meeting the 70:30 requirement, as the fuel barge makes delivery once per year, and whatever the cost is at that time will effect the year's budget, including the allotment for transportation. Additionally, this is a single site school district, serving a first class city, and has a budget just under \$3,000.000. During the four years he has served as an administrator, he said that each year a waiver has been requested. The school board reviews all budget expenditures, along with an outside financial auditing firm. Each year effort must be expended on generating the documentation to submit a waiver. Students are being well educated, but the 70:30 requirement cannot be met, despite frugal practices. The department does not tend to deny waivers, although this year there were additional questions to be considered. He stressed that the funds are well spent and this regulation is no longer necessary. Finally, he said the board members attend the Alaska Association of School Board fly-ins and on occasion attend job fairs to hire teachers.

[8:59:34 AM](#)

REPRESENTATIVE KELLER asked whether the superintendent would consider the additional questions indicative of harassment on the part of the department.

MR. HERBERT explained that the waiver request format was changed this year, and upon approval, EED required additional questions regarding expenditure activity. He declined to conjecture why these questions were put forward by the department.

[9:01:06 AM](#)

CHAIR SEATON closed public testimony and set the bill aside for further consideration following the subsequent agenda item.

HB 58-EDUC LOAN REPAYMENT PROGRAM

[9:01:26 AM](#)

CHAIR SEATON announced that the next order of business would be HOUSE BILL NO. 58, "An Act relating to a student loan repayment program for specified occupations or fields in which a shortage of qualified employees exists."

[9:02:07 AM](#)

REPRESENTATIVE BILL THOMAS, Alaska State Legislature, presented the CS for HB 58, to the committee.

[9:02:23 AM](#)

REPRESENTATIVE MUNOZ moved to adopt CSHB 58, 26-LS0307\P, Mischel, 2/25/09.

CHAIR SEATON objected for discussion.

[9:02:45 AM](#)

REPRESENTATIVE THOMAS introduced the proposed CS changes, paraphrasing from a prepared statement , which read as follows [original punctuation provided]:

Section 1:

Findings and Purpose: remains the same.
Establishes that the purpose of the bill is to provide financial incentives to students who return to Alaska to work.

Section 2:

Remains the same. Allows Alaska Student Loan Commission to perform duties assigned by the Alaska qualified employee recruitment loan repayment program. (Technical conforming language.)

Section 3:

Remains the same. Allows the Executive Director of the Alaska Student Loan Commission to administer the Alaska qualified recruitment loan repayment program. (Technical conforming language.)

Section 4:

Remains the same. Allows unrestricted capital monies made available to Alaska Student Loan Corporation to be appropriated to the loan repayment program.

Section 5:

Changed Eligibility Criteria

HB 58 [reads] - In order to be eligible for the program the student must:

- 1.) Be a resident of the state when applying
- 2.) Be employed in a specified field:
 - a. Biologist
 - b. Education
 - c. Dentist
 - d. Nursing

Changed in CS - In order to be eligible for the program the student must:

- 1.) Be a resident at the time of applying for the program
- 2.) Is working full time in a field determined by the Department of Labor to be in a shortage in the state.
- 3.) Applicant began working in the designated field in Alaska within four years of attaining his/her degree
- 4.) Student received a loan from the Alaska Student Loan Corporation

Changed Conditions and Limitations on Loan Repayment

Clarified that the loan repayment will only be for the outstanding loan amount at the time of the application to the program. Therefore if a student elects to pay some of the loan on their own, the state

will not be reimbursing them for payments already made.

[9:04:05 AM](#)

REPRESENTATIVE MUNOZ asked for clarity on how qualification for the program works, and what will occur if the critical workforce areas change in the four years that a student is Outside attaining their degree.

KACI SCHROEDER, Staff, to Representative Bill Thomas, Alaska State Legislature, responded that reimbursement occurs when the student returns to the state and takes up employment. Further, she said that the Department of Labor & Workforce Development (DLWD) does not anticipate changes to occur rapidly in deficit employment areas.

[9:05:32 AM](#)

REPRESENTATIVE KELLER inquired whether the CS affects the fiscal note.

MS. SCHROEDER said the available fiscal note does not reflect the CS.

CHAIR SEATON interjected that a fiscal note will be tailored for the CS, if it is adopted.

[9:06:17 AM](#)

CHAIR SEATON removed his objection and CSHB 58, Version P, was before the committee.

[9:06:40 AM](#)

REPRESENTATIVE THOMAS explained how the reported lack of professional biologists and nursing field employees has been the impetus for this bill. He identified the problem as being an exodus of students, attending universities Outside, and not returning to Alaska to fulfill their careers. The loan forgiveness incentive applies to working in rural and urban Alaska, and requires the employee to make a work commitment of four to six years. Further, he pointed out that the gas pipeline will require a large workforce, and college training should be encouraged for this effort. A repayment program incentive has been in existence, however, he opined, it is in

need of revitalization. Although the fiscal note is high, the need for this program is high, also.

[9:12:10 AM](#)

REPRESENTATIVE MUNOZ referred to Sec. 4, and asked about the dividend repayment to the Alaska Student Loan Corporation (ASLC).

MS. SCHROEDER explained that current statute allows ASLC to pay any excess money to the state, and the new language allows the money to be made available to the proposed program.

REPRESENTATIVE MUNOZ asked for clarity on the funding source for the program.

MS. SCHROEDER answered that it will be capitalized and consist of appropriations made by the legislature.

REPRESENTATIVE MUNOZ queried what the recommended amount is for the capitalization.

MS. SCHROEDER indicated that, without a CS fiscal note to refer to, she would defer to EED for an answer.

CHAIR SEATON clarified that this capitalization is from the general fund.

[9:14:17 AM](#)

REPRESENTATIVE KELLER asked if this program applies to Alaska residents only, and whether any loan repayments would be made outside of the state.

MS. SCHROEDER directed attention to page 3, lines 25-28, to respond to the residency question. She paraphrased the bill language, which reads: "... the applicant is a resident of the state at the time of submitting the application and during the loan repayment period;" and Page 4 language establishes that the recipient is required to be a resident during the repayment period. However, she pointed out, the proposed amendment removes the residency requirement. If residency is required prior to the assistance being available, it creates an unintended penalty phase where a student returning to the state cannot benefit until residency is once again established.

[9:16:06 AM](#)

CHAIR SEATON referred to page 3, line 6, to read: "repayment of education loans from the corporation under the program ...", and pointed out that any loans being paid back must have originated with ASLC and excludes loans from other states, agencies, or private funding.

MS. SCHROEDER said, "Correct."

[9:17:09 AM](#)

CHAIR SEATON directed attention to the CS and asked for justification on the changes of the eligibility criteria.

MS. SCHROEDER indicated that the eligibility criteria begins on page 3. The recipient is required to be a resident but is allowed a four year grace period to begin work in their chosen field. The intent is to ensure that the student does not remain ten years out of state before deciding to return to Alaska. The four year period will serve as an allowance time to attain any required license to practice. Further, the recipient must remain employed in Alaska, the loan must have originated with the ASLC, and it is the purview of DLWD to determine the workforce shortages that are covered. The conditions and limitations on the payback schedule have also been clarified in the CS to indicate that any payments a student may have previously made on the loan, will not be reimbursable.

[9:19:27 AM](#)

CHAIR SEATON asked about the repayment rates for rural versus urban work.

MS. SCHROEDER described the repayment for rural work as four years, or 25 percent, and six years, or 16.67 percent per year in urban areas. To a follow up question from Chair Seaton, she explained that the basis for the difference is to attract professionals to rural areas, where there is a deficiency; loan repayment is expected to be an attractive incentive. Further, the expectation is that a professional, such as a teacher, having become established over a four year period, may choose to stay.

[9:21:34 AM](#)

REPRESENTATIVE BUCH referred to page 4, line 11, and commented on the vagueness of the language authorizing DLWD to specify

occupational shortages. He asked what means will be used to identify applicants for this program.

MS. SCHROEDER said that DLWD tracks the employment trends across the state, publishing an informative analysis every two years, as well as providing a monthly magazine "Economic Trends."

REPRESENTATIVE BUCH maintained that [subsection (b)] seems vague, despite the other specifics requirements contained in the bill.

[9:23:32 AM](#)

HANNAH HARRISON, Staff, to Representative Paul Seaton, Alaska State Legislature, offered that the bill originally addressed specific occupations. However, during the drafting of the bill it was decided that DLWD would be the fundamental source for identifying which occupations indicate a 15 percent or higher vacancy, or are otherwise experiencing a shortage.

REPRESENTATIVE BUCH upheld the need to have clarity imbedded in the bill; additional criteria, and identified jobs.

[9:26:09 AM](#)

CHAIR SEATON made a request that DLWD provide the committee a list of the university majors that apply to this aspect of the bill. Further, he conjectured that a student could take a loan under this program, attend a four year university, and return to Alaska to find that their major is no longer considered a deficient category. Given the scenario of a job dropping off the list, how will reimbursement be handled, he asked.

MS. SCHROEDER answered that once an applicant is accepted into the program, the reimbursement will be made, whether or not the degree they hold has dropped off of the DLWD list.

CHAIR SEATON underscored that statute must be clear, regarding these qualifications.

[9:28:07 AM](#)

REPRESENTATIVE MUNOZ agreed with the need for clarity, and also suggested that flexibility is important to reflect the changing needs of the state.

MS. SCHROEDER explained that the entire list would be expansive, and was intentionally omitted so as to avoid a Christmas tree bill.

[9:29:16 AM](#)

REPRESENTATIVE KELLER asked for a description of the process used to qualify a job and specify it as eligible for the program.

MS. SCHROEDER indicated that it is a complex process and deferred to DLWD.

[9:30:27 AM](#)

DIANNE BARRANS, Executive Director, Alaska Commission on Postsecondary Education, said it is important to have a clear intent in a bill, so as to not put an agency in a compromising position. Unless full funding is received, administrative decisions will need to be made regarding which occupations will receive benefits and the state regions that require focused effort. An example is the teaching profession. In some regions, such as Southcentral, the teaching profession would not be identified as experiencing a shortage, but in other regions this is a high priority deficit occupation. She suggested that the bill language allow the commission to impose certain principles related to public interest emphasis or emergency workforce decisions. This would also facilitate regulation drafting and program implementation.

[9:32:22 AM](#)

CHAIR SEATON requested that Ms. Barrans work with the sponsor on improving the bill language, and she agreed.

[9:32:48 AM](#)

BRYNN KEITH, Research Chief, Division of Administrative Services, Department of Labor & Workforce Development (DLWD), said, "Regrettably, the [DLWD] doesn't have a handy list of shortage occupations." Assessing a shortage requires many considerations, but it is basically a supply and demand situation. The department has an abundance of information regarding the demand for specific workforce positions, however, the knowledge of how many skilled workers are available, and residing in Alaska is elusive. Thus, establishing the shortage figure is difficult. Proxy measures are utilized, one being to

chart, by occupation, the percentage of non-residents employed. Although there are many reasons that an employer hires a non-resident, the policy assumption is that the hire was made based on the lack of available local talent. The non-resident report is produced annually, as well as a projection for future demand by occupation. Every two years, the department releases a forecast of future occupational demands. The 2009 forecast projects through 2016, she said, and expressed confidence in the report as a potential shortage indicator. Shortages occur due to growth/expansion in a particular field, as well as the retirement factor, and the data reflects these variables, she said. A definitive answer does not exist, however, these measures are helpful.

[9:35:22 AM](#)

CHAIR SEATON requested that Ms. Keith join the afore mentioned work group, including the bill sponsor, to identify fields of study that this bill could incorporate, and mechanisms that could be employed to ascertain appropriate loan reimbursements.

[9:36:40 AM](#)

REPRESENTATIVE KELLER confirmed that DLWD identifies potential shortage areas but does not prioritize vocations.

MS. KEITH stated that the research and analysis section does not prioritize occupations, it produces data on which policy decisions can be made. The Alaska Workforce Investment Board does prioritize occupations for various reasons; largely to funnel training dollars.

[9:37:29 AM](#)

CHAIR SEATON stated that the bill would be held.

[9:37:53 AM](#)

HB 147-EDUCATION FUNDING FOR INSTRUCTION

[9:38:30 AM](#)

CHAIR SEATON announced that the next order of business would be HOUSE BILL NO. 147, "An Act repealing the minimum expenditure for instruction requirements for public schools."

[9:38:57 AM](#)

EDDY JEANS, Director, School Finance and Facilities Section, Department of Education and Early Development (EED), stated official support for HB 147. He explained that the 70 percent requirement rule was passed in 1978, when the state first implemented an accountability system. At the same time an assessment system was also implemented. With the enactment of the No Child Left Behind Act (NCLB), new assessment levels have been established, which is proving to be a better measurement of student achievement than the original effort established by the state. To expect that every district can meet the 70 percent requirement is now unreasonable. He identified two specific areas that are primarily affected: schools with a budget of \$3,000,000 or less, and districts with operation/maintenance costs that require 20 percent of their budgeted funds.

[9:41:33 AM](#)

REPRESENTATIVE KELLER inquired how the 30 percent instructional component is defined and reviewed.

MR. JEANS responded that the definition is in regulation. It specifies the categories of expenditure requirements: instruction, special education, support services, and school operations. These are the areas that the department has understood as instructional expenditures.

REPRESENTATIVE KELLER asked if it would be possible to review the inclusive elements and add fuel costs; could that be considered a valid waiver item.

MR. JEANS said fuel costs are a reason that a district would make a request, however, the department has already identified a pattern, via the economy of scale, and know which schools will routinely be requesting a waiver.

[9:44:08 AM](#)

REPRESENTATIVE KELLER referred to today's previous testimony, which indicates that a significant amount of work is involved in attaining a waiver. He asked whether the zero fiscal note implies that the department's workload to process waivers is insignificant.

MR. JEANS affirmed that the department is providing a zero fiscal note, however, the scrutiny of district budget reviews will continue to be of a high level, and require substantial

amounts of time. The overall reduction of departmental effort surrounding the waiver request is minimal. However, he allowed, the districts do expend considerable effort preparing the requests. Mr. Jeans cited the St. Mary's district, as an example. The districts students perform at a high level, which should be the performance measure rather than identifying whether an appropriate percentage of funds were used for instruction. Following a comment from Chair Seaton, he confirmed that the 2008 passage of SB 285 provided the department the authority, as well as a directive, to work with low performing schools/districts.

[9:47:06 AM](#)

CHAIR SEATON referred to the previous questions of funding school board member travel and spousal privileges. He asked if this bill preserves the department's ability to provide oversight and appropriate determination of activities that may not promote student achievement.

MR. JEANS opined that the existing legislation is straight forward; either a district meets the 70 percent rule or not. Flexibility is not built in to the regulation, and a report may be received that a district has misappropriated funds. However, he stressed, this is not the mechanism to address school districts possible abuse of funds. When a district has low student performance, the miss direction of funding is clear, and the department can then take action, as allowed under SB 285. Additionally, he recalled that the department has recommended to the state board to not grant a waiver; perhaps two or three instances. When this occurs the superintendants are able to appeal before the board to have the waiver granted. The department takes the waiver responsibility seriously, he stressed.

[9:50:20 AM](#)

REPRESENTATIVE WILSON asked what alterations would be necessary to make a waiver acceptable, if it is initially denied.

MR. JEANS explained that the waiver must match what the districts budget indicates. Exchange between the department and district also occurs when identical waiver request letters are received, in which only the date has been altered. This is not a rubber stamp process, he stressed.

[9:51:34 AM](#)

CHAIR SEATON named the entities supporting HB 147, including EED, school board association administrators, and school superintendents.

[9:52:37 AM](#)

REPRESENTATIVE KELLER stated that he is not able to support HB 147, and requested that it be held for an amendment to refine the instructional definition component, rather than repeal the law.

CHAIR SEATON called for further discussion and suggested that a conceptual amendment be offered.

[9:55:07 AM](#)

MR. JEANS clarified that the previously mentioned instructional component categories are listed in regulation, not statute. He cited the enumerated items, under regulation 4 AAC 09.115, which reads:

4 AAC 09.115. Minimum expenditure for instruction

The department will calculate each district's required minimum expenditure for instruction under AS 14.17.520 based upon the district's school operating fund expenditures reported under the uniform chart of accounts required under 4 AAC 06.120. The instructional component of a district's budget consists of expenditures in the following functional uniform chart of accounts categories:

- (1) 100 - Instruction;
- (2) 200 - Special Education Instruction;
- (3) 220 - Special Education Support Services - Student;
- (4) 300 - Support Services - Students;
- (5) 350 - Support Services - Instruction.; and
- (6) 400 - School Administration.

MR. JEANS pointed out that item (6), School Administration, includes principals but not secretarial staff.

[9:55:56 AM](#)

REPRESENTATIVE KELLER withdrew his request to hold the bill for amendment, but maintained his objection to passing the repeal.

[9:56:05 AM](#)

REPRESENTATIVE MUNOZ moved to report HB 147 out of committee with individual recommendations and the accompanying fiscal notes.

REPRESENTATIVE KELLER objected.

[9:56:37 AM](#)

REPRESENTATIVE KELLER expounded on the role of the public school system in the community, particularly rural or small communities, which, although important and good, are not aspects of education. There is nothing in statute that delineates between these roles. He maintained that the existing statute provides a useful tool that has helped to ensure the direction, and accountability of funding use for educational purposes. The school facilities/transportation are often the best and most vital in a community; perhaps even offering a nutritional program, and a place to stay overnight. Local school boards are under pressure to divert core funding from classroom instruction and have it sidelined to these other uses and needs of adults in the system. Although the existing law may be a crude tool, he insisted it is working, and he reviewed points of the day's testimony. The laws cannot define what is best for a student. The funding formula does not incentivize proficiency, it has been left to the accountability system imposed on the state. He recalled Mr. Jeans's statement regarding the dialogue with the districts, generated by waiver requests that will be lost with this repeal. Finally, he argued that SB 285 does not afford the legislature the same control or involvement.

[10:01:32 AM](#)

CHAIR SEATON countered that better, modern instruments now exist to measure progress and accountability; outdating the means that this original legislation set forth. Every school should be seen for its individual needs, and be scrutinized by the local school board, rather than having a blunt tool with blanket

requirements wielded. Maintaining the 70 percent rule would require allowing some of the categories to be re-directed, "just to fudge the numbers," he opined. Additionally, there is a huge discrepancy between schools and the maintenance required depending on the age of the building and the funding that has been provided to upgrade a communities facilities. "I think the tool is blunter than it should be," he finished.

[10:04:25 AM](#)

REPRESENTATIVE KELLER said that, regarding the construction and facilities costs, it is because of the existing statute that the committee is aware of the situation. Further, the zero fiscal note indicates that it does not cost to continue this regulation. He agreed that the school districts resent the paperwork involved, although the actual time spent writing the waiver is not lengthy. He pointed out that the tough part of requesting a waiver is making decisions and scrutinizing how to spend the money. That is precisely what makes this a valuable tool, he opined.

[10:05:39 AM](#)

REPRESENTATIVE WILSON stated her support for the bill, and offered that if a school is making AYP, it is obvious that the funds are being well utilized. The majority of school boards want the best for their students, thus this is not a rural versus urban concern. She voiced support for local control in the districts, and opined that the sideboards are in place to deal with a school that does not perform.

[10:07:38 AM](#)

A roll call vote was taken. Representatives Munoz, Wilson, Buch, and Seaton voted in favor of reporting HB 147 from committee. Representatives Keller and Gardner voted against it. Therefore, HB 147 was reported out of the House Education Standing Committee by a vote of 4-2.

[10:08:20 AM](#)

HB 126-FOSTER CARE/CINA/EDUCATION OF HOMELESS

[10:08:46 AM](#)

CHAIR SEATON announced that the final order of business would be HOUSE BILL NO. 126, "An Act relating to continuing the secondary

public education of a homeless student; relating to the purpose of certain laws as they relate to children; relating to tuition waivers, loans, and medical assistance for a child placed in out-of-home care by the state; relating to foster care; relating to children in need of aid; relating to foster care transition to independent living; and relating to juvenile programs and institutions."

[10:09:09 AM](#)

REPRESENTATIVE LES GARA, Alaska State Legislature, availed himself to the committee.

[10:09:42 AM](#)

CHAIR SEATON opened public testimony.

[10:09:50 AM](#)

LAUREN RICE, Director of Public Affairs, Covenant House Alaska (CHA), stated support for HB 126 paraphrasing from a prepared statement, which read as follows [original punctuation provided]:

Nearly 50% of CHA youth have been involved with the foster care system at some point in their lives. They arrive on our door step with a plastic bag full of a few belongings. Many of these youth survive for a few months after being released from care, but find at the young age of 18 they don't have the resources and life skills required to live completely independently on their own. After living traumatized lives, they are faced with a new trauma and a new set of dangers that homelessness presents.

We know more today about what our foster care youth need than we have ever known in the past. Some of this is research based, some learned from hard, tragic lessons, but the vast majority of this information comes directly from the graduates of the foster care system. They've come back to us, as advocates for the new generation, telling us exactly what they needed, exactly what did not work and exactly how we can help fix the system. To fail to hear their crystal clear voices would be huge disservice to them as well as the little ones who are still navigating and coping with the foster care system.

We know we can lesson trauma by ensuring our children may attend their home school despite foster care placement changes. Allowing youth to have consistency with their teachers and schoolmates when every other aspect of their life is uncertain is essential. We know monthly visits increase the likelihood that abuse and neglect do not go undetected. This is absolutely essential to keeping our kids safe. We know that our older youth, just like any other teen, need transitional assistance to make it safely to adulthood.

This legislation is fundamentally about providing to our foster care youth the resources we would naturally provide to our own children. Few of us cut the cord when our kids turn 18 and refuse to assist with educational, occupational and housing needs. This bill ensures that while we cannot completely erase the trauma endured by foster care children, we can lesson it. We can actively take steps to help them in a responsible, reasonable fashion.

CHA supports this bill and supports the ongoing conversation about improving the lives of Alaska's foster care youth.

[10:14:25 AM](#)

CAROL COMEAU, Superintendent, Anchorage School District, stated support for the bill, with two areas of concern. First, she said, transportation may not be adequately addressed, and requires further definition. Then, directing attention to HB 126 [Version S], page 2, subsection (b), paragraph (2), she read:

the superintendent of the school district makes a written finding that a waiver of the requirements is in the student's best academic interest and the finding is mailed to the school board and to the person in charge of children's services for the Department of Health and Social Services.

MS. COMEAU rhetorically asked what the criteria will be and how the decision will be made. She offered to work with the bill sponsor on these concerns.

10:17:03 AM

REPRESENTATIVE GARDNER said she shared the same concern, regarding paragraph (2), and pointed out that it has been addressed in an amendment before the committee. If adopted, the amendment will serve to delete that language.

10:18:14 AM

REPRESENTATIVE GARA explained that the two amendments allay both of superintendant Comeau's concerns. Amendment 1 addresses the question, "What is [the] new process we're going to come up with to allow an exception if we think the child should move to a new school?" During the school year a foster child may change residences 5-15 times, and the effort is primarily to keep them in the same school. A measure should exist to allow the appropriate decision to be made. The McKinney-Vento [Homeless Education Assistance Improvement Act of 2001] is being incorporated into HB 126, and it provides the necessary standards. McKinney-Vento allows transportation support for a student to remain in the school of origin throughout the school year. The procedures under this act stipulate that the youth should be kept in the school of origin unless the youth, guardian, or parents represent the need to change. The Alaskan school system has already been using this procedure for the class of students who are covered; homeless, and those awaiting foster care.

10:20:18 AM

CHAIR SEATON interjected a word of caution when incorporating federal law into state statute, and asked for further details.

10:20:35 AM

REPRESENTATIVE GARA directed attention to HB 126 page 1, section 1, which incorporates the McKinney-Vento Act [lines 12-13], and said the goal of the section is this:

Right now there's federal funding to keep children in the same school, with the exceptions that are in the federal statute There's a federal law that says, for children who are homeless, and ... foster children in emergency care, or awaiting foster care, ... there is federal funding to provide transportation to ... the ... school [of origin]. There has been a national movement in the foster care field to ... allow all

foster youth, as they get bounced between placements, to stay in the same school, under the same standards. This legislation would ... provide funding to allow school districts to keep all foster youth, not just those awaiting foster care, but those also in foster care who get bounced between homes, in the same school. Rather than come up with a different state standard ... we're going to ... incorporate the standards that the school districts have already been using with McKinney-Vento, for those [children] who are already covered.

REPRESENTATIVE GARA explained that this eliminates the need to generate new standards. It also eliminates the conflict of standards for determining eligibility of children awaiting, versus already in, foster care. He pointed out that there has been no indication that McKinney-Vento doesn't work.

[10:22:41 AM](#)

CHAIR SEATON stated his concern for the scope of the McKinney-Vento Act, and asked what aspects would be adopted.

REPRESENTATIVE GARA agreed that the Act is expansive, however, the bill only incorporates the language "that says funding available to keep children in the same school where appropriate." Section 1 expands the class of foster children, to include all foster children, who are eligible for transportation services.

[10:23:49 AM](#)

REPRESENTATIVE GARDNER offered her understanding of the federal aspect being adopted. She said, currently, a student awaiting foster care placement is covered under McKinney-Vento, but once placed, they are no longer eligible and lose the transportation benefit; possibly necessitating a change of school.

[10:24:48 AM](#)

REPRESENTATIVE KELLER asked about the recovery of transportation costs, and whether HB 126, incorporating McKinney-Vento, is the vehicle required to recuperate the \$175,000, deficit that the Anchorage school district experienced.

REPRESENTATIVE GARA explained that the foster youth transportation program experienced a shortfall of \$175,000; a deficit paid by the Anchorage school district.

MS. COMEAU interjected that the district used \$175,000 from the district's general fund allocation. Although the youth met the federal criteria, additional funding was not received. The bill represents an expansion, and should be valid to recoup this year's deficit, she opined.

[10:26:43 AM](#)

CHAIR SEATON recalled a competitive grant of \$170,000 received by the state, and asked for comment.

MS. COMEAU clarified that the district exceeded the general fund appropriation by \$175,000, to pay transportation costs for these youth. She deferred to Mr. Jeans to explain the receipt and disbursement of the Title I funding, under which McKinney-Vento is allotted.

CHAIR SEATON said this question would be reviewed at a future meeting. He then requested information on Amendment 2.

[10:28:26 AM](#)

REPRESENTATIVE GARA explained that Amendment 2 funds the two non-state entity requirements established in HB 126. The first is the provision to keep children in the school of origin, as they are bounced between foster homes, and the second is a request for the university to provide financial assistance. The requirements of these provisions are contingent on receipt of legislative funding. If the legislature provides funding then the university and school districts must comply, but if not funded, the mandate ceases.

CHAIR SEATON made a request for further information regarding financing procedures.

[10:30:07 AM](#)

CHAIR SEATON stated that public testimony would remain open. Further, he noted that the amendments are extensive and said time will be allowed at the next hearing to consider the content.

[10:30:14 AM](#)

ADJOURNMENT

There being no further business before the committee, the House Education Standing Committee meeting was adjourned at 10:30 a.m.