

**ALASKA STATE LEGISLATURE
HOUSE EDUCATION STANDING COMMITTEE**

February 5, 2010

8:05 a.m.

MEMBERS PRESENT

Representative Paul Seaton, Chair
Representative Peggy Wilson
Representative Robert L. "Bob" Buch
Representative Berta Gardner

MEMBERS ABSENT

Representative Cathy Engstrom Munoz, Vice Chair
Representative Bryce Edgmon
Representative Wes Keller

COMMITTEE CALENDAR

HOUSE BILL NO. 295

"An Act relating to the grant of certain state land to the University of Alaska; relating to the duties of the Board of Regents; relating to deposits made to the Alaska permanent fund received from certain lands conveyed to the University of Alaska; ratifying and reauthorizing certain prior conveyances of land to the University of Alaska; making conforming amendments; and providing for an effective date."

- HEARD & HELD

HOUSE BILL NO. 317

"An Act increasing the special needs funding and base student allocation for public schools, and extending the adjustment for student transportation funding; and providing for an effective date."

- HEARD & HELD

HOUSE BILL NO. 206

"An Act establishing a career assessment requirement in public schools; and relating to postsecondary courses for secondary school students."

- HEARD & HELD

PREVIOUS COMMITTEE ACTION

BILL: HB 295

SHORT TITLE: UNIVERSITY LAND GRANT

SPONSOR(s): RULES BY REQUEST OF THE GOVERNOR

01/19/10	(H)	READ THE FIRST TIME - REFERRALS
01/19/10	(H)	EDC, RES, FIN
01/27/10	(H)	CRA REFERRAL ADDED AFTER EDC
01/29/10	(H)	EDC AT 8:00 AM CAPITOL 106
01/29/10	(H)	Heard & Held
01/29/10	(H)	MINUTE(EDC)
02/05/10	(H)	EDC AT 8:00 AM CAPITOL 106

BILL: HB 317

SHORT TITLE: EDUC. FUNDING: BASIC/SPEC NEEDS/TRANSPORT

SPONSOR(s): EDUCATION

01/27/10	(H)	READ THE FIRST TIME - REFERRALS
01/27/10	(H)	EDC, FIN
02/01/10	(H)	EDC AT 8:00 AM CAPITOL 106
02/01/10	(H)	Heard & Held
02/01/10	(H)	MINUTE(EDC)
02/05/10	(H)	EDC AT 8:00 AM CAPITOL 106

BILL: HB 206

SHORT TITLE: HIGH SCHOOL ASSESSM'T/POSTSECONDARY CLASS

SPONSOR(s): EDUCATION

03/25/09	(H)	READ THE FIRST TIME - REFERRALS
03/25/09	(H)	EDC, FIN
03/27/09	(H)	EDC AT 8:00 AM CAPITOL 106
03/27/09	(H)	Heard & Held
03/27/09	(H)	MINUTE(EDC)
04/03/09	(H)	EDC AT 8:00 AM CAPITOL 106
04/03/09	(H)	Heard & Held
04/03/09	(H)	MINUTE(EDC)
04/15/09	(H)	EDC AT 8:00 AM CAPITOL 106
04/15/09	(H)	Heard & Held
04/15/09	(H)	MINUTE(EDC)
01/20/10	(H)	EDC AT 8:00 AM CAPITOL 106
01/20/10	(H)	Heard & Held
01/20/10	(H)	MINUTE(EDC)
02/01/10	(H)	EDC AT 8:00 AM CAPITOL 106
02/01/10	(H)	Scheduled But Not Heard
02/05/10	(H)	EDC AT 8:00 AM CAPITOL 106

WITNESS REGISTER

DEBBIE SPENCER, Owner
Shoreline Incorporated
Pelican, Alaska

POSITION STATEMENT: Testified in opposition to HB 295.

TIM LYDEN
Juneau, Alaska

POSITION STATEMENT: During hearing of HB 295, urged the committee to remove the Sumdum parcel.

MARY IRVINE
Juneau, Alaska

POSITION STATEMENT: During hearing of HB 295, urged the committee to remove the Sumdum parcel.

DICK MYLIUS, Director
Division of Mining, Land and Water
Department of Natural Resources (DNR)
Anchorage, Alaska

POSITION STATEMENT: Responded to questions on HB 295.

MARI MONTGOMERY, Director
Office of Land Management
University of Alaska System
Anchorage, Alaska

POSITION STATEMENT: Responded to questions, during the hearing on HB 295.

NORM CARSON, President
Pelican Chamber of Commerce
Pelican, Alaska

POSITION STATEMENT: Testified on HB 295.

CAROL CAIRNES, Representative
Tongass Conservation Society
Ketchikan, Alaska

POSITION STATEMENT: Testified with concern on HB 295.

KATIE KOESTER, Staff
Representative Paul Seaton
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Presented an amendment to HB 317, on behalf of the House Education Standing Committee, sponsor by request, chaired by Representative Seaton.

CARL ROSE, Executive Director
Association of Alaska School Boards (AASB)
Juneau, Alaska
POSITION STATEMENT: Testified in support of HB 317.

EDDY JEANS, Director
School Finance and Facilities Section
Department of Education and Early Development (EED)
Juneau, Alaska
POSITION STATEMENT: During bill hearings, responded to questions on HB 317, and HB 206.

LOUIE FLORA, Staff
Representative Paul Seaton
Alaska State Legislature
Juneau, Alaska
POSITION STATEMENT: Presented the CS for HB 206, on behalf of the House Education Standing Committee, sponsor by request, chaired by Representative Seaton.

DARLEEN TRIPLETT, Superintendent
Dillingham City Schools
Dillingham, Alaska
POSITION STATEMENT: Testified with concern for HB 206.

WOODY WILSON, Superintendent
Wrangell Public School District
Wrangell, Alaska
POSITION STATEMENT: Testified in opposition to HB 206.

ACTION NARRATIVE

[8:05:04 AM](#)

CHAIR PAUL SEATON called the House Education Standing Committee meeting to order at 8:05 a.m. Representatives Seaton, P. Wilson, Buch, and Gardner, were present at the call to order.

HB 295-UNIVERSITY LAND GRANT

[8:05:16 AM](#)

CHAIR SEATON announced that the first order of business would be HOUSE BILL NO. 295 "An Act relating to the grant of certain state land to the University of Alaska; relating to the duties of the Board of Regents; relating to deposits made to the Alaska permanent fund received from certain lands conveyed to the University of Alaska; ratifying and reauthorizing certain prior

conveyances of land to the University of Alaska; making conforming amendments; and providing for an effective date."

[8:07:41 AM](#)

DEBBIE SPENCER, Owner, Shoreline Incorporated, suggested that the consternation surrounding the Mite Cove and Sumdum parcels stems from having the land use designations, previously determined via public process, being disrespected under the University of Alaska (UA) land selections. The many years of work, incorporating all of the stakeholders, were not mentioned in a letter [not cited] from Commissioner Tom Irwin, Department of Natural Resources (DNR), regarding the parcels, only that land selections were the result of cooperation between the department and the UA. She directed attention to the committee packet report from DNR titled "University of Alaska Land Grant List 2005," dated January 12, 2005, Revised 2010, and the tab labeled "Parcel Descriptions," page 9 of 15, Approx. Area in Acres column, to point out that Mite Cove is listed as a 320 acre parcel, but under the heading Description/Plan Designation it is described as being nearly 200 acres. Elsewhere in the document, it is identified as a 180 acre area; the document is in conflict with itself. Neither does the written description correspond with the land use plan developed through the public process [Northern Southeast Area Plan (NSEAP), adopted 10/15/02 by DNR]. The final sentence in the description column states, and she read, "Considered appropriate for remote residential or commercial recreation marine services," and does not reflect the NSEAP, which specifies the area for public recreation and tourism, undeveloped; coded RU. Turning to page 11, of the same document, she pointed out the description for the Sumdum parcel. The designation reads "Public Recreation-Dispersed." Ms. Spencer said the NSEAP indicates the same use designation for Sumdum, as for Mite Cove, and further that they must be held in the public domain. These two parcels will continue to be held in contention due to the inconsistency of the list before the committee and the land use plan developed through the public process. Pelican passed a city resolution, in 2005, in opposition to the bill previous to what is before the committee, and will be passing a similar resolution to oppose HB 295.

[8:14:20 AM](#)

CHAIR SEATON directed the committee's attention to a letter dated 2/2/10, from the witness, page 2, and the excerpt from the NSEAP describing the intended use of Mite Cove and fully defining the RU designation.

8:15:26 AM

TIM LYDEN, urged the committee to remove the Sumdum parcel, indicating that it is central to Tracy Arm-Fords Terror Wilderness, and serves as a vital public access area for Endicott Arm. There is a safe anchorage and camp located on the five acres, unique to the area that is primarily sheer cliffs. Privatizing the area would have an effect on the public's ability to utilize this remote locale. He stated his fears that privatization would bring development to the area.

8:20:23 AM

MR. LYDEN referred to a document signed by 17 tour operators that depend on use of the Sumdum area, and paraphrased the statement, which read [original punctuation provided]:

The undersigned seventeen commercial tour companies bring thousands of visitors to Southeast Alaska every year. Our businesses provide guided hunting and fishing kayak expeditions, and week-long excursions aboard small and mid-size vessels. Our segment of Alaska's tourism industry provides vital and unique economic benefits to southeast Alaska, and many of us are local business people. We stand out among other segments of the tourism industry because many of us provision our excursions locally, and a high number of our clients dine and seek local accommodations before and after their trips. University of Alaska research shows businesses like ours pump millions of dollars into the Southeast economy annually. Bringing clients to wild Alaskan landscapes is the backbone of our businesses, and it's the reason for our concern over the Sumdum parcel. The Sumdum parcel is in Sanford Cove, in the heart of the Tracy Arm-Fords Terror and Chuck River Wilderness Areas. For each of us, the area is a highlight of the services we provide. Many of us use Sanford Cove as a safe and scenic anchorage. With bears, wolves, salmon and cultural ruins, it is a common location for walks ashore, fishing hunting and camping; not only for our commercial clients, but for many independent and local travelers, too.

Tracy Arm-Fords Terror Wilderness is especially unique because it currently contains no lodges, private cabins, or other developments. Some of us have

operated in southeast Alaska for several decades, long enough to know that such undeveloped anchorages are increasingly rare.

Privatization of the Sumdum parcel would displace many of us from long-standing business activities. It would also displace many independent and local recreationists and mar an undeveloped landscape. But removing the Sanford Cove parcel from the bill would have only a minor impact on university funding, one that could be compensated by other means.

Thank you for your consideration, and please help us maintain current use of this important part of Southeast Alaska.

[8:23:25 AM](#)

MARY IRVINE reminded the committee of her previous testimony [1/29/10] and the request which Representative Munoz made for DNR to provide further documentation of the archeological nature of the site. She said that as a private individual she is restricted from receiving archival information from the state [Office of History & Archeology Alaska Historical Commission, Division of Parks & Outdoor Recreation, Department of Natural Resources], which is available to state agencies and legislators. One 1946 report, titled HAA AANI, published by Goldschmidt and Haas, is an anthropological report on Southeast Alaska, which contains maps and historical information including the Sumdum area. She described the history that has revolved around this area dating from the 1800's, marking it as a multi culturally layered historic area.

[8:27:17 AM](#)

REPRESENTATIVE P. WILSON asked if there are archeological remains at the site.

MS. IRVINE said that without access to the confidential documents held by DNR she cannot answer that question. However, photographs of the area compiled by the UA, and state libraries, available for viewing via the internet at [vilda.alaska.edu], are indicative of the industry and activity that once existed in the thriving Sumdum community. She encouraged the excising of this five acre parcel from the university land grant.

[8:30:41 AM](#)

DICK MYLIUS, Director, Division of Mining, Land and Water, Department of Natural Resources (DNR), explained that one of the criteria used in the land selection was based on consideration of land available to municipalities, under the municipal entitlement act. The type of lands that municipalities can select is specified in AS 29.65.130, which reads:

(10) "vacant, unappropriated, unreserved land" means general grant land as defined in (3) of this section, excluding minerals as required by Sec. 6(i) of the Alaska Statehood Act, that

(C) is unclassified or, if classified under AS 38.05.300, is classified for agricultural, grazing, material, public recreation, or settlement purposes, or is classified in accordance with an agreement between a municipality and the state providing for state management of land of the municipality

MR. MYLIUS said that because of the allowance, by the legislature, to transfer public recreation lands to municipalities, the department surmised that it would also be appropriate to transfer the same public recreation lands to the university; hence the Mite Cove and Sumdum parcels were selected.

[8:32:04 AM](#)

CHAIR SEATON pointed out the conflicting use designations of the Sumdum parcel: The University of Alaska Land Grant List 2010, page 11 of 15, use description of "Public Recreation-Dispersed," versus the NSEAP stipulation for "Public Recreation and Tourism-Undeveloped.

MR. MYLIUS replied:

In terms of the actual land classification that gets applied to those, it's the same classification as the public recreation classification. So that's why we considered that one as appropriate for transfer. Even though it says it's dispersed recreation, and tourism, it still ends up ... classified as public recreation, when you actually put the land classification on it.

[8:33:21 AM](#)

REPRESENTATIVE GARDNER inquired about the public process that occurred during the selection.

MR. MYLIUS said there was not a public process for the selection, because it was based on the previous decisions made in determining land use plans, which did incorporate the public process. The selected parcels were reviewed, and public testimony occurred, during the 2005 legislative hearings.

[8:34:00 AM](#)

REPRESENTATIVE GARDNER remembered that the governor, at that time, stated a desire to have the list be accepted as presented without change. She sympathized with the small communities who may have felt up against the wall in the decision making process.

MR. MYLIUS indicated that the legislature did remove nine parcels, following the 2005 public testimony. The original legislation, SB 7, introduced in 2007, put the onus on the UA and DNR to sort out the details. The department expected there to be some contention, and decided to bring it back to the legislature to address the public concerns. He suggested that, without exception, any of the high value parcels of land will be objected to by the locals.

REPRESENTATIVE GARDNER summed up that there is general public support for the university to have land, as long as it is not "their land."

[8:36:13 AM](#)

REPRESENTATIVE P. WILSON asked whether the land use code for Mite Cove will be maintained under university ownership; what uses can the university apply to the parcel.

MR. MYLIUS said once the transfer occurs the university can utilize parcels for whatever purposes they choose.

[8:37:14 AM](#)

REPRESENTATIVE P. WILSON opined that state land ownership is not vast, given the federal holdings, and particularly in the southeast region, due to the Tongass National Forest. She suggested that land selections may be inappropriate in the southeast region, but not as hard felt, and contentious, elsewhere in the state.

MR. MYLIUS concurred that state land holdings are minimal in the southeast region. The lands acquired were identified as suitable for recreational development or private ownership, which makes them valuable as well as contentious.

[8:39:16 AM](#)

CHAIR SEATON recognized that the southeast region doesn't want to lose population; however, if there is not land available for development, opportunities diminish. A value exists in having undeveloped land, but it presents a dichotomy for supporting population growth. The committee, and legislature, is charged with striking the appropriate balance between competing interests.

[8:41:16 AM](#)

REPRESENTATIVE P. WILSON opined that because an area is designated for community use, such as Mite Cove, it should not be assumed that transferring it to the university would result in the type of benefit that the town desires. She questioned whether the legislature should allow this type of land conveyance.

[8:42:41 AM](#)

CHAIR SEATON inquired whether the communities have suggested alternative parcels for selection.

MR. MYLIUS said it depends on the parcel and the community. In the case of Pelican, the city limits do not extend far enough to include Mite Cove. Other communities, such as Wrangell, have formed boroughs large enough to select some of the parcels under municipal entitlement. The Ketchikan Gateway borough is a non-issue as all of the entitlements have been received. These represent the three categories of communities that are being dealt with: no borough and no entitlement currently; borough still working on entitlement; and entitlements satisfied.

[8:44:10 AM](#)

REPRESENTATIVE GARDNER underscored the importance of holding a public process in selecting lands to address the competing values represented and ensure that voices have been heard. She then summarized the process described: a public process is used to identify land use plans and classifications; the plans and

classifications were the basis of the selections made by the department and university; a public process ensued through the legislative process, allowing further testimony; and once the land is transferred to the university it is no longer subject to the land use plan that was initially developed.

MR. MYLIUS concurred.

[8:45:42 AM](#)

CHAIR SEATON asked what uses would be considered regarding development of the Sumdum parcel, should ownership be conveyed to the university. Further, he questioned the universities regard for the historical and cultural concerns of the area.

MARI MONTGOMERY, Director, Office of Land Management, University of Alaska System, said there are no specific development plans for any of the parcels being conveyed. Lands considered archeological resources are protected under state law. Sealaska Corporation has indicated an interest in purchasing the Sumdum parcel for cultural preservation reasons. Others would like to acquire this property, but no decisions are being made pending acquisition. The possibility exists for it to be preserved for academic study.

[8:49:00 AM](#)

REPRESENTATIVE GARDNER inquired about the annual cost of managing the UA land office, and the annual average revenue that is derived through the office, to benefit the university.

MS. MONTGOMERY reported that the office budget averages 2.5 million. She said the office has a mission which includes managing and permitting academic research land, as well as land acquisitions, disposals. The office generates revenues averaging \$10 million.

[8:51:04 AM](#)

NORM CARSON, President, Pelican Chamber of Commerce, said that given the circumstances unique to Pelican, it would be beneficial to the city to have land closer to the town conveyed to the university. He pointed out that there is a DNR parcel [C18], within 2 miles of Pelican, currently designated for settlement, unlike Mite Cove, which is 13 miles away and designated RU. For purposes of furthering community growth, the city would welcome the conveyance of the C18 parcel.

CHAIR SEATON clarified that this is a request for a parcel exchange and not opposition to conveyance.

MR. MYLIUS noted that the land cited was originally on the list and could be reconsidered by DNR: ST 1002 Warm Springs Bay [University of Alaska Land Grant List 2010 Parcel Descriptions, page 10 of 15].

[8:56:22 AM](#)

CAROL CAIRNES, Representative, Tongass Conservation Society, expressed concern with using this approach as a significant funding support for the UA budget. The Ketchikan parcels conveyed to the university have resulted in several issues. She reported on property that was sold, without local advertisement, adjacent to residences, for \$1,200 per acre, and clear cut. The existing residents had no opportunity to purchase the land. The Moser Bay parcels are near existing settlements, but the selections for Cleveland Peninsula, and Leask Cove, may prove marginal for development. If the university were to develop the parcels for academic purposes, it would be acceptable; however, a law suit has been filed due to the concept of using the land in this way for funding higher education. The program has only contributed a small percentage to the university budget, and the clear cutting has devalued neighboring property. She stressed that any land sales should be well advertised, and she asked for reconsideration for how the dispersals are handled.

[HB 295 was held over.]

[9:00:46 AM](#)

The committee took an at-ease from 9:00 a.m. to 9:02 a.m.

HB 317-EDUC. FUNDING: BASIC/SPEC NEEDS/TRANSPORT

[9:01:48 AM](#)

CHAIR SEATON announced that the next order of business would be HOUSE BILL NO. 317, "An Act increasing the special needs funding and base student allocation for public schools, and extending the adjustment for student transportation funding; and providing for an effective date."

[9:02:09 AM](#)

KATIE KOESTER, Staff, Representative Paul Seaton, Alaska State Legislature, introduced the amendment, stating:

What this amendment does is it replicates the 1.50 percent increase in block funding, for the fiscal year 2012 (FY 12). If you recall, in HB 317, we increase funding for the base student allocation (BSA) by \$125 dollars for the next three fiscal years, and also increase for the first fiscal year the block grants. This would ... take that increase and extend it by an additional year that would make the first year be a 1.50 percent increase, and the second year a 3 percent increase. ... The actual amendment inserts a section 3, on page 2, following line 9, that mimics the section preceding it with a different factor ... instead of 1.215, it's 1.23.

MS. KOESTER said the additional aspects of the amendment serve to renumber the sections appropriately.

[9:04:55 AM](#)

CHAIR SEATON moved Amendment 1, labeled 26-LS1378\E.2, Mischel, 2/4/10, which read:

Page 2, following line 9:

Insert a new bill section to read:

"* **Sec. 3.** AS 14.17.420(a), as amended by sec. 6, ch. 9, SLA 2008, and by sec. 2 of this Act, is amended to read:

(a) As a component of public school funding, a district is eligible for special needs funding and may be eligible for intensive services funding as follows:

(1) special needs funding is available to a district to assist the district in providing special education, gifted and talented education, vocational education, and bilingual education services to its students; a special needs funding factor of **1.23** [1.215] shall be applied as set out in AS 14.17.410(b)(1);

(2) in addition to the special needs funding for which a district is eligible under (1) of this subsection, a district is eligible for intensive services funding for each special education student who needs and receives intensive services and is enrolled on the last day of the count period; for each

such student, intensive services funding is equal to the intensive student count multiplied by 13."

Renumber the following bill sections accordingly.

Page 2, line 13:

Delete "sec. 2"

Insert "sec. 4"

Page 2, line 16:

Delete "secs. 2 and 3"

Insert "secs. 4 and 5"

Page 2, line 22:

Delete "Sections 2 and 3"

Insert "Sections 2 and 4"

Page 2, line 23:

Delete "Section 4"

Insert "Sections 3 and 5"

Page 2, line 24:

Delete "Section 5"

Insert "Section 6"

CHAIR SEATON, hearing no objection, announced that Amendment 1, to HB 317, was adopted.

[9:06:19 AM](#)

CHAIR SEATON offered Conceptual Amendment 2, removing the third year of the forward funding.

REPRESENTATIVE GARDNER objected for discussion.

[9:06:54 AM](#)

CHAIR SEATON explained that Conceptual Amendment 2 would remove the necessity for a new legislature to pass a continuation bill in the first half of a session. Currently, a newly formed education committee would need to come to terms with the funding formula, and craft an appropriate continuation bill, which he opined could prove difficult.

[9:08:18 AM](#)

REPRESENTATIVE GARDNER pointed out that adding a fourth year would serve the same purpose, relieving any urgency, and provide more security for the school districts.

CHAIR SEATON stated reluctance to extending it as far as four years, due to all of the variables involved in the funding formula. He opined that it would be prudent to have a shorter projection period, which would allow adequate time within the legislature to understand the situation and continue the forward funding. Further, the historical aspect of the intent, and reasoning, used to develop forward funding has a better opportunity to be passed on to the upcoming legislative members, but may be lost two legislatures removed.

REPRESENTATIVE GARDNER recognized that modifications to the bill could subsequently occur. However, she maintained that the education committee has the opportunity to indicate definite intent for forward funding, and said it is important to have a plan in place.

[9:11:38 AM](#)

REPRESENTATIVE GARDNER offered Conceptual Amendment 1, to Conceptual Amendment 2, increasing the forward funding by one year.

CHAIR SEATON objected for discussion.

[9:12:00 AM](#)

CHAIR SEATON reiterated his concern for the difficulty it would pose, in projecting appropriate funding formula figures, and predicted that nebulous fiscal projections would hinder the movement of the bill through the legislative process. He expressed hope that the intent would not become altered, in the future, and forward funding would be continued. He maintained his objection.

[9:13:14 AM](#)

A roll call vote was taken. Representatives Wilson and Gardner voted in favor of Conceptual Amendment 1, to Conceptual Amendment 2. Representatives Buch and Seaton voted against it. Therefore, the amendment to Conceptual Amendment 2 failed by a vote of 2-2.

CHAIR SEATON, hearing no further objection, announced that Conceptual Amendment 2 was adopted.

[9:15:24 AM](#)

REPRESENTATIVE BUCH opined that HB 317 will be a bill which will continue to evolve.

[9:16:35 AM](#)

CARL ROSE, Executive Director, Association of Alaska School Boards (AASB), expressed support for the failed amendment, and indicated interest in having the forward funding extended to ten years. The idea for forward funding that came through the education task force has been crafted in a suitable way and is supported by the association, as amended.

[9:19:11 AM](#)

CHAIR SEATON directed the committee's attention to the handout titled "The Department of Education and Early Development - School Finance. Response to House Education Committee Questions of 2/1/2010," and asked the department to explain the five page document.

[9:20:02 AM](#)

EDDY JEANS, Director, School Finance and Facilities Section, Department of Education and Early Development (EED), said that the document addresses four questions, beginning with funding comparisons for the Alaska Military Youth Academy (AMYA) to the other residential school programs. Page 2 provides a breakout of dollars generated through the foundation funding, as well as residential funding provided by the state. He reminded the committee that the legislature passed a residential funding program for Galena, Lower Kuskokwim, and Nenana. The Mt. Edgecumbe residential program is funded through the department's operating budget. Question two regards how AMYA schedules the residential program. He reported that the academy runs two 22 week residential sessions each year. Funding is received on the basis of seven times the base student allocation (BSA) via the funding formula, and pays for the residential, as well as the instructional, programs. AMYA has a second allocation, which is an adjustment to provide follow-up mentorship to the graduates. Question three addresses the pupil transportation contract adjustments for ties to the CPI (Consumer Price Index). Many of the contracts allow for upward or downward CPI adjustments.

Pupil transportation is covered by a grant based on the number of students, and even if the number of students decline on a particular route, it still must be run, but state support will be less. He stated support for the [proposed language of CSHB 317, Version S] regarding the adjustment to student transportation funding. The final question deals with the 1.50 percent adjustment, intended to provide additional support for career and technical programs. He said he reviewed the history of funding for these programs. In 1998, when categorical funding was in place, 8.5 million was allocated for vocational education, and the total foundation program was \$795 million, or 1.08 percent categorically identified for vocational education. He said, "Even back then, those dollars were intended for the additional costs of vocational programs, not the base cost of those programs." Directing attention to page 5, of the handout, he explained that adding 1.215 percent will identify roughly 1.07 percent of the total, or \$14.7 million out of a \$1.4 billion dollar budget. Increasing it by the additional three percent, 1.230, means nearly \$30 million would be provided out of a \$1.4 billion dollar budget, or 2.14 percent. He opined that this would be a good direction to take if it is clearly understood that these are dollars to offset additional costs of running vocational education programs, on top of what is already in place.

[9:25:01 AM](#)

CHAIR SEATON asked concurrence from the committee to have a letter of intent crafted to specify that the career technical vocational component is not being supplanted in the block grant, by the increase proposed in the bill. With no objection, a letter of intent will accompany the bill.

[9:25:46 AM](#)

REPRESENTATIVE BUCH returned to page 2, of the 5 page handout, and clarified that Mt. Edgecombe is funded through the department's operating budget.

MR. JEANS confirmed his understanding.

REPRESENTATIVE BUCH recalled concern for loss of federal funding, and the ability for the state to maintain the facilities. He asked whether the department expects the other residential programs to be funded similarly in the future.

MR. JEANS said Mt. Edgecombe is unique, as a state owned and operated school, which is why the residential component shows up in the department's budget. However, if Galena requested to contract with the state to operate another state school, an amendments could be made to the department's budget to fund the residential component. The legislature passed a funding mechanism to provide the residential costs for Galena, Lower Kuskokwim, and Nenana, as a separate component outside of the foundation formula. These three schools are not funded through the operating funds, but rather out of the department's grant budget.

[9:28:22 AM](#)

REPRESENTATIVE BUCH noted that the AMYA tracks the post graduates, to know whether the young adults have continued as productive citizens. He expressed an interest in seeing the AMYA tracking model expanded to other programs, which may require a minimal fiscal note, but will result in important feedback that will validate the efforts being made by the department.

MR. JEANS agreed that the AMYA fiscal component for post graduate progress tracking/mentoring is not expensive. He reported tracking, will be implemented through the cooperative agreements that the department is entering into with the UA system, and Department of Labor & Workforce Development (DLWD), especially if students remain in the state. A unique student identifier is also under consideration, which will also be helpful for tracking.

[9:30:57 AM](#)

CHAIR SEATON commented that a recent news article indicated how another state has employed a unique identifier to track students, and expanded its use to track students across other states.

MR. JEANS added that participants in the K-12 pilot program were required to utilize the EED student ID [identification] system. The progress of these students will be tracked and analyzed to enable the department to determine the benefits of the program.

[9:32:11 AM](#)

REPRESENTATIVE BUCH indicated an interest in establishing a means for tracking homeschooled children. He said that they

often come into the system later, perhaps through the AMYA, and there should be a way to correct the information to reflect a student's history.

CHAIR SEATON agreed that the information is valuable and the committee is interested in supporting the department's efforts to implement a meaningful tracking system. He requested that the department provide the committee with information regarding any statutes that may need amending to allow these actions to be put into place.

[9:34:07 AM](#)

CHAIR SEATON directed attention to page 2, of the departmental handout, and stated that the funding formula applies a built in base student allocation escalator, of seven, to be applied for the AMYA program. With the formula increases, forward funding, and other legislative actions that have occurred, the escalator needs to be reviewed. An unintended consequence is being recognized where the funding mechanism, the multiplier, may no longer correspond with the needs of the AMYA program. He asked Mr. Jeans whether HB 317 would be the appropriate vehicle for changing that funding program.

MR. JEANS recommended that it be addressed in another bill, and also to have the academy express their needs directly to the committee.

CHAIR SEATON said the academy would be invited to address the committee, and provide a full overview of the program.

[9:40:54 AM](#)

CHAIR SEATON solicited response to the revisions made to the bill, and announced that HB 317 would be held for further consideration.

HB 206-HIGH SCHOOL ASSESSM'T/POSTSECONDARY CLASS

[9:41:41 AM](#)

CHAIR SEATON announced that the final order of business would be HOUSE BILL NO. 206, "An Act establishing a career assessment requirement in public schools; and relating to postsecondary courses for secondary school students."

The committee took an at-ease from 9:42 a.m. to 9:47 a.m.

9:47:00 AM

CHAIR SEATON moved to adopt CSHB 206, 26-LS-765\P, Mischel, 2/2/10, as the working document.

REPRESENTATIVE BUCH objected for discussion.

9:47:21 AM

LOUIE FLORA, Staff, Representative Paul Seaton, Alaska State Legislature, presented the committee substitute (CS), Version P, directing attention to page 2, line 27, where a new Section 2 has been inserted. Language now extends the existing 20 day student count period to 80 days, ending the second Friday in the month of February. Page 3, line 22, Section 4, establishes that the count from the preceding year will fund the present year. Section 5, page 4, line 2, deals with the possibility of a count increase, and provides districts the ability to request additional funding, for current year adjustments. He directed attention to Section 3 on page 3, line 17, and paraphrased the language, which read [original punctuation provided]:

*Sec. 3. AS 14.17.600 is amended by adding new subsections to read:

(c) The student count conducted for the immediately preceding school year shall be used for calculating state aid under AS 14.17.410.

(d) A student who is enrolled and graduates from secondary school during the counting period shall be included in the student count for the full counting period.

9:50:26 AM

EDDY JEANS, Director, School Finance and Facilities Section, Department of Education and Early Development (EED), said the suggestion to consider a continuous, 80 day, count period originated with the commissioner.

9:51:20 AM

CHAIR SEATON noted that Version P clarifies how the basic forward funding will be solidified, and a means for districts to receive enrollment increase adjustments for the current year.

MR. JEANS concurred.

[9:52:22 AM](#)

CHAIR SEATON explained why the count time is being adjusted, and how it is expected to provide financial encouragement for schools to retain students. The reason for Section 3 is to allow adjustment for mid-year graduation, which might otherwise be discouraged.

[9:54:52 AM](#)

REPRESENTATIVE GARDNER asked for a further explanation of the effects of extending the count period.

CHAIR SEATON said the mathematics appear to be streamlined by having a single longer count period, versus two shorter periods, which are averaged.

REPRESENTATIVE GARDNER opined that in order to identify an accurate attrition number the most effective times to count would be in October and again in April or May.

[9:57:40 AM](#)

REPRESENTATIVE P. WILSON offered that one reason for the count ending in February is that the school districts begin budget deliberations, which includes issuance of pink slips to teaching staff.

REPRESENTATIVE GARDNER argued that the two count periods theory is to provide an attrition count, and to incentivize student retention.

[9:58:48 AM](#)

MR. JEANS said the original intent will be accomplished by HB 206, as amended. He reported that having one continuous period eliminates the averaging mechanism required for two separate count periods, which proved to be a confusing feature. Additionally, Version P still achieves the desired effect providing BSA funding based on the prior year count, and allowing adjustments for increases in current year enrollment. At some point the count has to be stopped to allow the districts time for budget reconciliation, and ending in February allows for those financial adjustments to occur.

CHAIR SEATON pointed out that in the previous version, a February count was included.

REPRESENTATIVE GARDNER maintained her concern that the original intent is not being preserved.

CHAIR SEATON said the previous version also included a February count period.

[10:01:21 AM](#)

MR. JEANS opined that the current language strengthens the original intent, and the continuous count period eliminates any "game playing."

REPRESENTATIVE GARDNER argued that whatever happens on day 81 or 120 will never be known.

MR. JEANS responded that neither version would provide that information, which would only be available by implementing a full 180 day count period. A count of that length would hinder districts ability to make adjustments for current enrollments, throughout the year.

[10:02:56 AM](#)

CHAIR SEATON pointed out that concerns have arisen for how a 180 day student count will affect small schools with enrollments of 10-11.

MR. JEANS indicated that the communities that have been playing games with a minimum of 10 students, for a 20 day count period, will need to maintain that enrollment for 80 days. If the small school can show that they had 10 students for 180 days, in a prior year, funds reflecting that number will be distributed in the subsequent year. He explained that the funding does not go directly to the school, but is directed to the district; where it is determined how to allocate the resources. Funding for the prior year count will be provided, even if the count decreases in the current year.

CHAIR SEATON said that understanding should alleviate the concerns of the smaller schools.

[10:05:01 AM](#)

REPRESENTATIVE BUCH removed his objection.

CHAIR SEATON, hearing no further objection, announced that Version P was before the committee. He then opened public testimony.

[10:05:41 AM](#)

DARLEEN TRIPLETT, Superintendent, Dillingham City Schools, said the record keeping can become involved, and small schools don't have dedicated administrative staff to handle reporting requirements. She suggested extending the date for when the counts are due to the department, as the ten day requirement is restrictive. The student count must be checked for accuracy and adjusted for transfer students, prior to transmission, which can be labor intensive.

[10:08:08 AM](#)

WOODY WILSON, Superintendent, Wrangell Public School District, testified in opposition to HB 206, paraphrasing from a prepared statement, which read [original punctuation provided]:

Alaska has one of the highest high-school drop-out rates in the nation. HB 206 addresses this problem by providing incentives for districts to keep students by replacing the current 20-day student count period with an 80-day count for purposes of determining student numbers for school funding. HB 206 seeks to elevate student engagement by allowing students who pass the High School Graduation Qualifying Exam (HSGQE) to take college or vocational education credits for free until high-school graduation. Students who do not pass all three sections of the HSGQE should not be disqualified from taking college or vocational education credits. Many very successful business people in this and other states could not pass all three sections of the qualifying exam. That should not penalize them or hold them back.

It also adds a student's career preparedness scores to their high-school transcript.

The career preparedness requirement attempts to ensure that high school graduation is based on student competency for real-world employment applications. The Department of Education and Early Development

(DEED) currently requires that all 11th graders take a career assessment test, in this case the WorkKeys Assessment.

The above statement is incorrect. "The department does "not" currently require" It is the opinion of my School Board and the opinion I share that WorkKeys should not become a requirement since it has little, if any, value to most students in Wrangell. Students who are college bound will find WorkKey test documents useless for all practical purposes. Most colleges and universities do not recognize WorkKeys scores as having any value. Students entering a trade or going on to technical schools may find more value in the WorkKeys scores since they may find counselors, teacher's and employers who understand what those scores mean. One size does not fit all and we do not believe in mandating something that will have no value to a large number of our students.

HB 206 allows students who take and pass all three sections of the HSGQE prior to graduation to take college credits or vocational school credits until graduation. This could allow students to advance toward an associate degree or vocational education certificate by the time they have graduated high school. New studies indicate all students should start college with at least six college credits to improve college graduation rates. The HSGQE has been identified as a contributing factor to the high school drop-out rate. Students interpret that passing the exam means they have met their high school qualifying criteria leading to a lack of interest in school. Incorporation of classes that are selected based on relevance to the individual student will help maintain interest and achievement.

Wrangell Public Schools currently offers 51 College Credits to students in a wide variety of classes. Will this bill help us defray the cost of these courses? This current school year Wrangell Public Schools is offering Math 105, Math 108, Math 200, English 111, English 211, Early Childhood Development, Emergency Trauma Technician (ETT), Emergency Medical Technician I (EMT-I), Certified Nurse Assistant, Advanced Woodworking, Welding I (metals fabrication) and Welding II (metal fabrication). All these courses

are concurrent or dual enrollment college courses. How will this bill benefit our students or our district?

HB 206 requires school districts to conduct an extended count period to determine school funding. This provision increases the count period from 20-days to 80-days and would provide a financial incentive for schools to retain their students for the whole year. School districts will be funded based on their prior year's count. Current law holds districts harmless for a decrease in student count, and HB 206 would allow districts with an increase in student numbers during the current year to receive an adjusted funding level for that year. Students who graduate from high-school in the middle of the 80-day count would be included in the full count period.

It is my belief that the prolonged count period will accomplish nothing but to perhaps cause more frustration for school secretaries, administrators, and IT [(information technology)] people who have to compile these data. It is very possible that school districts may lose funding.

Will there be a fiscal note attached to the bill? Extending the count will not come without cost in each district and DEED. Thickening the bureaucracy is not always a good thing without knowing if positive results can be gained. The assumption is that schools have control over whether or not the student attends and continue their education. Agreed, schools can influence this decision but schools certainly do not have control. Parents are the control in this instance. I fear schools will be punished for decisions made in the homes of their students.

Furthermore there are other reasons for school populations to increase and decrease that have nothing to do with drop outs. Drop out prevention seems to be the primary purpose for this legislation. How does the bill control for normal transience of school populations. Transience is certainly not related to school drop outs but would cause a district to either gain or lose funds. For example:

Village A has a fire that burns several homes. Families from Village A move to Village B. Village A has a significant decrease in student population over the count period and Village B has an increase. One school will be penalized while the other will be rewarded. Neither may have had an increase or decrease based purely on drop outs.

Where will the money for tuition come from? Is it supposed to come from the school district's foundation formula? There is no fiscal note that I have seen yet so I may not understand how this is intended to be paid for.

What about districts that use their own staff to teach the college courses through articulation agreements with universities and colleges. Are they reimbursed for the courses they are teaching since no university staff is involved other than the registrar?

If the local district teaches these classes can they be reimbursed through the Governor's Scholarship Program?

There would seem to be models that achieve the same result, like the current model used in Wrangell, without any need for legislation, additional counts, and additional bureaucracy. Why haven't these models been reviewed?

[10:13:45 AM](#)

CHAIR SEATON announced that HB 206 would be held, for further consideration.

[10:14:20 AM](#)

ADJOURNMENT

There being no further business before the committee, the House Education Standing Committee meeting was adjourned at 10:14 a.m.