

HOUSE FINANCE COMMITTEE
April 6, 2009
2:20 p.m.

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CALL TO ORDER

Co-Chair Stoltze called the House Finance Committee meeting to order at 2:20 p.m.

MEMBERS PRESENT

Representative Mike Hawker, Co-Chair
Representative Bill Stoltze, Co-Chair
Representative Bill Thomas Jr., Vice-Chair
Representative Allan Austerman
Representative Harry Crawford
Representative Anna Fairclough
Representative Richard Foster
Representative Les Gara
Representative Reggie Joule
Representative Mike Kelly
Representative Woodie Salmon

MEMBERS ABSENT

None

ALSO PRESENT

Representative Cathy Munoz; Representative Beth Kerttula; Remond Henderson, Deputy Director, Division of General Services, Department of Administration; Karen Lister, Staff, Representative John Coghill; Eddy Jeans, Director, School Finances and Facilities, Department of Education and Early Development.

PRESENT VIA TELECONFERENCE

Bryan Butcher, Public Affairs Director, Government Affairs and Public Relations, Alaska Housing Finance Corporation, Department Of Revenue; Mark Sansouci, Department of Defense Regional Liaison for Military Families for the Northwest; Carol Comeau, Superintendent of Schools, Anchorage School District (ASD) Municipality of Anchorage (MOA), Superintendent of Anchorage School System.

SUMMARY

HB 161 "An Act relating to the Alaska Mental Health Trust Authority Support Office Building; authorizing the issuance of certificates of participation for

construction of the building and authorizing the use of up to \$25,000,000 from the mental health trust fund for construction of the building; approving leases of all or part of the building by the Department of Administration; and providing for an effective date."

CSHB 161 (FIN) was REPORTED out of Committee with a "do pass" recommendation and with three new fiscal notes from the Department of Revenue, the Department of Administration, and the Department of Natural Resources and with one previously published fiscal note: FN1 (REV).

HB 137 "An Act relating to an interstate compact on educational opportunity for military children; amending Rules 4 and 24, Alaska Rules of Civil Procedure; and providing for an effective date."

HB 137 was REPORTED out of Committee with a "do pass" recommendation and with a new zero fiscal note from the Department of Education.

HB 29 "An Act increasing the minimum wage; and providing for an effective date."

HB 29 was SCHEDULED but not HEARD.

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#hb161

HOUSE BILL NO. 161

"An Act relating to the Alaska Mental Health Trust Authority Support Office Building; authorizing the issuance of certificates of participation for construction of the building and authorizing the use of up to \$25,000,000 from the mental health trust fund for construction of the building; approving leases of all or part of the building by the Department of Administration; and providing for an effective date."

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REPRESENTATIVE CATHY MUNOZ indicated that the three fiscal notes from the Department of Revenue, the Department of Administration, and the Department of Natural Resources would be reviewed for the committee.

REMOND HENDERSON, DEPUTY DIRECTOR, DIVISION OF GENERAL SERVICES, DEPARTMENT OF ADMINISTRATION, explained the fiscal notes.

[2:23:21 PM](#) AT EASE

[2:24:14 PM](#) RECONVENED

Mr. Henderson reported that the Department of Revenue fiscal note represents \$22 million to fund 50 percent cost of the new building. The note reflects, in FY 2010, the cost of issuing bonds up to \$400,000 and estimated interest payments of \$626,000. The fiscal note also reflects an annual debt payment of \$1.9 million beginning in FY 2011. This debt payment is based on \$22.7 million repaid over a period of 20 years at 5.5 percent interest. The Department of Natural Resources fiscal note reflects the Mental Health Trust Fund responsibility for the remaining \$22.7 million cost of the new facility. The Mental Health Fund will be replenished from rents paid by the Division of General Services on behalf of the new building tenants, the Departments of Labor, Fish and Game, and Public Safety. The money will be repaid over 30 years at an interest rate of 7.5 percent of the rents collected. The Department of Revenue fiscal note also reflects the operating expenses of \$1.5 million. He continued reading the numbers in the fiscal note. Approximately \$3.5 million of this amount will come from General Services and \$300,000 from commercial rentals. Mr. Henderson commented the Department of Administration fiscal note reflects the difference between the estimated lease payments for the state, assuming passage of the bill. He disclosed that the note does not reflect the deferred maintenance cost of \$5.8 million for the Douglas Island building and \$2.5 million for the Public Safety building. It is anticipated that over a 30 year period the savings will be \$13.5 million.

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RYAN BUTCHER, PUBLIC AFFAIRS DIRECTOR, GOVERNMENT AFFAIRS AND PUBLIC RELATIONS, ALASKA HOUSING FINANCE CORPORATION, DEPARTMENT OF REVENUE testified via teleconference, announced that the Alaska Housing Finance Corporation (AKHFC) fiscal note reflects, in the contractual line, the costs savings of not having to make lease payments on the building because it would be owned. He noted that the miscellaneous line reflected the costs of debt service paid plus maintenance. In FY 2011 and FY 2012, the savings would increase as the years progress. The expected savings will be approximately \$15.2 million.

Representative Foster MOVED to report CSHB 161 out of Committee with individual recommendations and the accompanying fiscal note.

There being NO OBJECTION, it was so ordered.

CSHB 161 (FIN) was REPORTED out of Committee with a "do pass" recommendation and with three new fiscal notes from the Department of Revenue, the Department of Administration,

and the Department of Natural Resources and with one previously published fiscal note: FN1 (REV).

[2:32:48 PM](#)

#hb 137

HOUSE BILL NO. 137

"An Act relating to an interstate compact on educational opportunity for military children; amending Rules 4 and 24, Alaska Rules of Civil Procedure; and providing for an effective date."

KAREN LISTER, STAFF, REPRESENTATIVE JOHN COGHILL explained that HB 137 endeavors to eliminate some of the barriers for military school children as they transition from one school system to another. She reported over 12,000 active duty children between the ages of 5 and 18 residing in Alaska would benefit from this compact. She referred to the Sectional (Alaska State Legislature House Rules Committee, Representative John Cogill, Chairman, Sectional HB 137, copy on file):

Sectional

HB 137

"An Act relating to an interstate compact on educational opportunity for military children; amending Rules 4 and 24, Alaska Rules of Civil Procedure; and providing for an effective date."

Section 1: AS 14. Adds a new chapter:

Chapter 34. Interstate Compact on Educational Opportunity for Military Children

Article I - Purpose

This article describes the purposes of this compact which is to remove barriers to educational success for military children by facilitating enrollment, placement, and timely graduation; providing enforcement of rules, uniform collection and sharing of information; and promoting coordination, flexibility, and cooperation among member states.

Article II - Definitions

This article provides definitions for terms used throughout the compact.

Article III - Applicability

This article defines the children covered by this compact.

Article IV - Educational Records and Enrollment

This article outlines how sending and receiving states handle a military student's unofficial and official

educational records. The Interstate Commission determines what information must be included in the records, and the time line for providing the records. It provides a 30-day grace period for immunizations. Kindergarten and first grade entrance is addressed for both grade level and age.

Article V - Placement and Attendance

This article describes course placement; education program placement, and special education services to address federal requirements for students with disabilities. Placement flexibility and absences related to deployment are also addressed.

Article VI - Eligibility

This article provides information on enrollment eligibility. It prohibits the student from being charged a tuition if the student lives in a different jurisdiction, and allows the student to continue to attend the school they were enrolled in while residing with the custodial parent. The military student shall have as many opportunities as possible to participate in extracurricular activities, even if they have missed the application deadlines.

Article VII - Graduation

This article facilitates on-time graduation by providing procedures for waivers, exit exams and transfers during a military student's senior year.

Ms. Lister interjected that Articles IV, V, VI, and VII deal with the student directly and the other articles deal with the compact in general.

Article VIII - State Coordination

This article establishes requirement for creation of a State Council or other existing body to provide coordination among its government, local and military agencies. Membership requirements are also addressed.

Article IX - Interstate Commission on Ed Opportunity for Military Children

This article deals with creating the commission and its responsibilities, powers, and duties. It details membership, voting rights, meetings, executive committee, bylaws and rules, data collection, and a process for reporting alleged violations.

Article X - Powers and Duties of the Interstate Commission

This article lists the powers and duties of the Interstate Commission: Dispute resolution; promulgate rules; issue advisory opinions; enforce compliance; and other powers and duties related to establishing and running and supporting the state councils at a national level.

Article XI - Organization and Operation of the Interstate Commission

This article provides the structure for the Interstate Commission to organize, establish bylaws, set up executive and other committees, establish procedures for meetings, and providing for start-up rules for the initial administration of the compact.

Article XII - Rulemaking Functions of the Interstate Commission

This article gives the Interstate Commission rulemaking authority, and rulemaking guidelines and a provision for judicial review of a proposed rule.

Article XIII - Oversight, Enforcement, and Dispute Resolution

This article addresses oversight, enforcement and dispute resolution specifically. Oversight: Charges the executive, legislative and judicial branches of state governments regarding the purpose and intent of the Compact. It further states that the Interstate Commission shall receive all service of process and has standing to intervene. Further addresses consequences of default by a member state. Dispute Resolution: If requested the Interstate Commission will attempt to resolve disputes and provide rules for mediation and binding dispute resolution. Enforcement: The Interstate Commission shall enforce the rules and provisions of this compact and may initiate legal action to enforce compliance with the provisions of the compact.

Article XIV - Financing the Interstate Commission

This article provides a method for the Interstate Commission to pay its reasonable expenses by collecting annual assessments from each member state. There are limits on incurring obligations and the need for accurate accounting of all receipts and disbursements, and the requirement for a yearly audit by a certified or licensed CPA.

Article XV - Member States, Effective Date and Amendment

States are eligible to become members, the compact becomes effective when no less than 10 states enact the compact into law and the member state passes the law. Rules for how amendments become effective and binding.

Article XVI - Withdrawal and Dissolution

This article addresses how member states withdraw from the compact, what their responsibilities of notice, time, and responsibility for assessments. This article also addresses reinstatement, and compact dissolution.

Article XVII - Severability and Construction

Provisions of this compact are severable and any portion deemed unenforceable does not affect the remaining compact.

The compact should be liberally construed, and nothing in this compact inhibits other interstate compacts.

Article XVIII - Binding Effect of Compact and Other Laws

Nothing in this compact prevents the enforcement of other laws that are not inconsistent with this compact. Conflicting laws are superseded by the compact to the extent of the conflict. All rules of the Interstate Commission are binding on the members states. Any provisions that exceed constitutional limits are ineffective to the extent of the conflict of the member state.

Sec. 14.34.020 Compact Administrator.

Establishing a compact administrator and the duties of that office.

Sec. 14.34.030 State Council.

Establishes the state council as a subcommittee of the membership.

Sec. 14.34.040 Regulations.

The board may adopt regulations to implement this chapter.

Sec. 14.34.090 Short Title.

Interstate Compact of Educational Opportunity for Military Children

Section 2: Uncodified law of the State of Alaska is amended by adding a new section:

INDIRECT COURT RULE AMENDMENTS. The changes made by Sec. 1 of this Act have the effect of changing Alaska Rules of Civil Procedure:

(1) Rule 4 - entitles the Interstate Commission to receive service of process of a judicial proceeding that pertains to a Compact provision or rule.

(2) Rule 24(b) - entitles the Interstate Commission to intervene in a judicial proceeding in which the validity of a compact provision or rule is at issue.

Section 3: Uncodified law of the State of Alaska is amended by adding a new section:

CONDITIONAL EFFECT OF CERTAIN PROVISIONS.

Provisions set out in Section 1 concerning service of process and standing to intervene, take effect only if Section 2 receives two-thirds majority vote of each house required by the State Constitution.

Section 4: Uncodified law of the State of Alaska is amended by adding a new section:

CONDITIONAL EFFECT OF ACT; COMMISSIONER'S DUTY TO NOTIFY.

When Sections 1 and 2 of this Act will take effect and notification requirements when the 10 or more states have ratified this compact.

Section 5: Setting out the effective dates of this Act to be not less than 10 states other than this state ratify the Compact or July 1, 2009, whichever is later.

Ms. Lister indicated that 14 states have adopted this compact.

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Representative Gara asked if he understood correctly that the provision for students moving between bases was to keep them in the same school. Ms. Lister responded it would be within the same area when moving from one state to another and specifically being in the same state but, wanting to keep the student in the same school even though the family has moved to another district. Representative Gara asked where that was in the bill. Ms. Lister indicated Article VI. Representative Gara asked what the compact does to help the student remain in the same school. Ms. Lister referred to the eligibility of enrollment, Article VI, Subsection (3) "a transitioning military child, placed in the care of a non-custodial parent or other person in standing in loco parentis who lives in a jurisdiction other than that of the custodial parent, may continue to attend the school in which the student was enrolled while residing with the custodial parent." Representative Gara asked if this is the form language all 50 states are trying to adopt. Ms. Lister indicated that was correct.

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Representative Foster recounted the difficulties and frustrations of registering his children into Juneau schools in earlier days.

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MARK SANSOUCI, REGIONAL LIAISON FOR MILITARY FAMILIES FOR THE NORTHWEST, DEPARTMENT OF DEFENSE testified via teleconference, asked for support of HB 137. He emphasized that the interstate compact is the Department of Defense's effort to respect federalism and partner with the council of state governments in states that voluntarily join this interstate commission to help transitioning military school

children. The Department of Defense considers military school children in transition as one of its top 10 key issues for the military family's quality of life. He signified that most military children will attend 6 to 9 different school systems between kindergarten and 12th grade, often moving twice during their high school years. Frequent moves often result in some educational obstacles, including the lack of consistency between states. There have been 14 states that have adopted the compact since its inception in 2007.

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Mr. Sansouci noted that last year the 10 state threshold was reached to activate the Interstate Commission. The commission fees were voted as \$1 per active military student, ages 5 to 18. The fee for Alaska will be \$12,106 for the 12,106 military students residing here. The compact requires the state governors create a State Council or use an existing body or board to coordinate the commission activities. He listed the structure requirements and responsibilities for the council. The council members would be paid travel expenses to attend Interstate Commission meetings. In fiscal note reflects the \$22,000 annually for travel to the meetings. House Bill 137 allows Alaska to join other states on the forefront as Alaska is 16th largest military state.

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Co-Chair Stoltze thanked the sponsor and Mr. Sansouci and agreed that many state representatives have a large number of military families in their districts and this bill would be a good thing for the students.

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Representative Foster questioned why the schools systems can not solve the problem instead of involving the legislature.

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Representative Gara appreciated the moving problem with military families, but asked if there was a plan in this compact to give students partial credits when moving. Mr. Sansouci explained that the intent was for the student to be placed in a similar level class to continue their uninterrupted education. Partial credit is not addressed in the compact. He addressed Representative Foster's question by saying the Department of Defense is involved to help insure consistency and continuity between the states.

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CAROL COMEAU, SUPERINTENDENT OF SCHOOLS, ANCHORAGE SCHOOL DISTRICT (ASD) MUNICIPALITY OF ANCHORAGE (MOA), SUPERINTENDENT OF ANCHORAGE SCHOOL SYSTEM testified via teleconference, supported HB 137 as an opportunity to put into statute the expectation that all school districts will work with military families to help student transitions.

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Co-Chair Hawker asked what number the Municipality of Anchorage would put on a fiscal note. Ms. Comeau did not think there would be one. She believed it was more important to send the message that the community values these procedures. Co-Chair Hawker asked Ms. Comeau if this bill would impose any unacceptable requirements on the school district. Ms. Comeau indicated there had been a thorough review of the bill and it was strongly supported.

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Co-Chair Stoltze closed public testimony.

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EDDY JEANS, DIRECTOR, SCHOOL FINANCES AND FACILITIES, DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT noted that at least 95% of requirements in the compact are already in Alaska statute or regulations. He remarked that there was support from the Alaska School Activities Association, the Anchorage, Sitka, and the Kodiak Island School Districts, as well as, the State Board of Education.

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Co-Chair Hawker questioned if the \$22,000 fiscal note were zeroed out would it cripple the education department. Mr. Jeans replied it would not break the department, but the department would appreciate the appropriation to support the compact. Co-Chair Hawker encouraged more effective and efficient use of government assets. Co-Chair Hawker preferred to see the travel money evaluated in the annual budget process.

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Co-Chair Stoltze asked how many military students were enrolled in Alaska online schools. Mr. Jeans could not answer that question. Co-Chair Stoltze asked if Mr. Jeans knew where the online checks were coming from and how many students were affected. Mr. James responded that the department does not collect information specifically for military families. Co-Chair Stoltze asked to see that information for the future.

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Co-Chair Hawker offered a zero fiscal note for the committee to discuss for this bill. Representative Kelly agreed the fiscal note should be zero. Co-Chair Hawker emphasized he is not critical of the program only the funding mechanism.

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Representative Gara interjected that the program takes money and personnel to work efficiently. He believed the money should be kept in the fiscal note. Co-Chair Stoltze expressed that often departments see opportunities to put money in fiscal notes, but he believed this to be an important program.

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Representative Kelly stressed the Alaska school districts were already doing a good job and should not require more money.

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Mr. Jeans clarified the number of active duty military students in the state.

Co-Chair Hawker MOVED to zero out the fiscal note and asked the department to accommodate it in the existing authority during the regular budget process. There being NO OBJECTION, it was so ordered.

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Co-Chair Hawker MOVED to report HB 137 out of Committee with individual recommendations and the accompanying new zero fiscal note.

Representative Gara OBJECTED for discussion.

Representative Gara remarked that the problem with moving students between schools during the school year affects student achievement. He agreed this was good for military students along with the federal government's mandate for homeless students, but added the lingering problem with the foster youth. He stressed that Alaska needs a policy to help foster students stay in the same school.

Representative Gara WITHDREW his OBJECTION.

HB 137 was REPORTED out of Committee with a "do pass" recommendation and with a new zero fiscal note from the Department of Education.

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#hb29

HOUSE BILL NO. 29

"An Act increasing the minimum wage; and providing for
an effective date."

HB 29 was SCHEDULED but not HEARD.

ADJOURNMENT

The meeting was adjourned at 3:08 PM