

HOUSE FINANCE COMMITTEE
March 27, 2012
9:06 a.m.

[9:06:28 AM](#)

CALL TO ORDER

Co-Chair Thomas called the House Finance Committee meeting to order at 9:06 a.m.

MEMBERS PRESENT

Representative Bill Stoltze, Co-Chair
Representative Bill Thomas Jr., Co-Chair
Representative Anna Fairclough, Vice-Chair
Representative Mia Costello
Representative Mike Doogan
Representative Bryce Edgmon
Representative Les Gara
Representative David Guttenberg
Representative Reggie Joule
Representative Mark Neuman
Representative Tammie Wilson

MEMBERS ABSENT

None

ALSO PRESENT

Mary Sage, Board Member, North Slope Borough School District Board of Education; Eva Kinneeveauk, Board Member, North Slope Borough School District Board of Education; Peggy Cowan, Superintendent, North Slope Borough School District; Marilyn Davidson, Assistant Superintendent, Kodiak Island Borough School District School Board; Norm Wooten, School Board Member, Kodiak Island Borough School District School Board; Aaron Griffin, Board Member, Kodiak Island Borough School District School Board; Representative Alan Austerman; Representative Alan Dick.

PRESENT VIA TELECONFERENCE

Melissa Borton, President, Kodiak Island Borough School District School Board; Susan Eagle, President, Wrangell Public Schools School Board.

SUMMARY

PRESENTATION:

SCHOOL BOARD PRESIDENTS and BOARD MEMBER
TESTIMONY: North Slope Borough, Kodiak, Wrangell

[9:07:05 AM](#)

^PRESENTATION: SCHOOL BOARD PRESIDENTS OR DESIGNATED BOARD MEMBER TESTIMONY

Co-Chair Thomas acknowledged school districts present in the room including Sitka, North Slope, Northwest, Kodiak, Petersburg, Anchorage, Southwest, and Kenai.

[9:09:25 AM](#)

NORTH SLOPE

MARY SAGE, BOARD MEMBER, NORTH SLOPE BOROUGH SCHOOL DISTRICT BOARD OF EDUCATION, introduced herself and her colleagues.

EVA KINNEEVEAUK, BOARD MEMBER, NORTH SLOPE BOROUGH SCHOOL DISTRICT BOARD OF EDUCATION, introduced herself and shared that she had been named after her great grandmother from Point Hope. She provided a PowerPoint presentation: "North Slope Borough School District" (copy on file). She addressed slide 2:

What is your FY 13 total school district budget? What percentage goes to personnel?

Ms. Sage relayed that the district's FY 13 budget was \$68,062,521, of which, 76 percent went to personnel costs. There was a budget gap of \$2.8 million primarily due to healthcare and energy costs. There was no increase in staffing or programs.

Ms. Kinneeveauk moved to slide 3:

Provide a graph that shows your total school district budget from FY 09-FY 13 (5 years), broken down by funding source (state/local/fed/mix)

Ms. Sage provided a breakdown of the funding sources for the district's FY 13 budget; it was comprised of 36 percent state funds, 12 percent federal funds, 49 percent from the North Slope Borough, and 3 percent other funds. The graph only included data for one year; additional years would be provided at a later time.

Co-Chair Thomas commented that because of a piece of legislation that had passed (SB 36) the North Slope district's local contribution was higher than that of most school districts. He elaborated that there were three or four districts that had higher local contributions than the majority due to the legislation.

[9:12:12 AM](#)

Ms. Kinneeveauk remarked that the school district was thankful for the borough funding. She turned to slide 4:

Did you fund to the total allowable local contribution in FY 12? In FY 13?

Ms. Sage communicated that the district had not funded to its total allowable contribution in FY 12 or FY 13 (slide 4); however, the borough had always funded more than the required minimum. The current borough budget funded 69 percent of the allowable level.

Ms. Kinneeveauk pointed to slide 5:

If not, how much below were you? Why?

Ms. Sage read from slide 5:

- \$14,118,927
- NSB funds nearly three times the minimum required local contribution but does not fund to the cap
- NSB supports critical services that other regions receive from the state, e.g. public safety, police, health and social services, search & rescue

Ms. Sage elaborated that the borough used its funds to provide search and rescue services to local and extending areas (e.g. Prudhoe Bay and Alpine). The villages did not have Village Public Safety Officers (VPSO); the borough provided police service. She added that the borough had always been very generous with education funding.

Ms. Kinneveauk moved to slide 6:

How much has the state contributed to the PERS/TRS unfunded liability on behalf of your school district in FY 12 and FY 13?

Ms. Kinneveauk relayed that state funding to the PERS/TRS liability on behalf of the district had been \$5.3 million in FY 12 and \$8.7 million in FY 13. She thanked the committee for setting fixed rates that helped districts plan. She read slide 7:

When was your most recently ratified teacher contract put into place?

Negotiated 2012 for 2013

What were the terms? (salary and benefits increases/decreases per year, in percentages {or dollars, if appropriate})

0 percent, rolled over flat, salary schedule honored

What is your average teacher salary?

\$72,636

What is your starting teacher salary?

\$53,046

Did you negotiate significant salary increases in your labor contracts for FY 2013? If yes, why did you do that given the current funding situation/debate?

No, all certified, classified, administrative and exempt agreed to 0 salary increase in 2013,

holding flat in all areas because of current budget difficulties

Ms. Sage expounded that the North Slope had to be competitive with its salaries. She detailed that 5 years earlier 84 of the district's 170 teachers had been new; there had been a 50 percent turnover rate and some schools had entirely new staff. At a recent job fair the school system had learned that California districts had comparable salaries but teachers were also provided a \$6,000 signing bonus. The Alaska rural average turnover rate was approximately 30 percent. The board had made teacher retention a priority and the turnover rate had been reduced to 27 percent. She pointed out that the district was recruiting teachers to live in the Arctic and salaries needed to be competitive; in Barrow it was currently 34 degrees below zero without wind chill and water and many sewer lines were frozen.

Co-Chair Thomas observed that there was a 70 degree difference between the North Slope and Juneau at present.

[9:16:13 AM](#)

Ms. Kinneveauk noted that progress had been made related to the turnover rate and shared that for the first time in 11 years a principal had stayed for two years.

Ms. Sage discussed the high cost of living in the district; one gallon of milk cost \$10 and a bag of grapes cost \$17. In relation to teacher salaries, she asked the committee to keep in mind that the district's cost differential was 79 percent.

Representative Wilson asked which programs had contributed to the decline in turnover. Ms. Sage believed that part of the reason for the decline was due to the new strong leadership of Superintendent Peggy Cowan. The district would begin the upcoming year with no empty classrooms. She relayed that salaries attracted teachers and the district strived to retain them. The school system worked to involve the community and she believed the decrease in turnover was due to teamwork.

Representative Gara wondered whether a funding formula that kept up with inflation would help the district to address

turnover. Ms. Sage responded that it would greatly help the district.

Representative Gara asked what the \$14 million figure on slide 5 represented. Ms. Sage clarified that the local contribution had been \$14 million below the maximum allowable number.

Co-Chair Thomas pointed to slide 3, which showed the percentage contributed by the borough in comparison to other fund sources.

[9:18:50 AM](#)

Ms. Kinneeveauk discussed that one half gallon of milk cost over \$8 in her village; stove oil cost over \$450. She stressed that teacher retention was difficult.

Representative Edgmon asked for the total number of new teachers that had been mentioned earlier. He wondered what kind of orientation program the district had for new teachers. Ms. Sage responded that five years earlier the district had turned over 84 teachers and turnover in the past year had been 27 percent. The district had a one-week orientation for teachers that included cultural orientation. She asked Ms. Cowan to elaborate on the issue.

PEGGY COWAN, SUPERINTENDENT, NORTH SLOPE BOROUGH SCHOOL DISTRICT, shared that the orientation for all new teachers was held for one week in early August. She explained that orientation continued throughout the school year and included items such as living on the North Slope and introduction to instructional programs, assessment systems, response to intervention programs, and curricular programs integrated with culture and place.

Co-Chair Thomas asked where Ms. Cowan had lived prior to the North Slope. Ms. Cowan replied that she had lived in Juneau for 25 years and in Fairbanks prior to that.

[9:21:30 AM](#)

Ms. Kinneeveauk turned to slide 8:

What are the cost drivers in your budget?

- salaries and benefits

- energy
- transportation costs

Ms. Sage expounded on slide 8. She relayed that the district's health insurance had increased in the past five years. She shared that the district was comprised of 89,000 square miles (the size of the state of Minnesota) and that moving people was expensive. She explained that all purchases were shipped and resulted in high freight costs.

Ms. Kinneveauk conveyed that she could not drive to a board meeting because there were no connected roads. She detailed that round-trip airfare cost \$459 from Point Hope to the nearest hub. Direct flights from Point Hope to Barrow were only available twice per week and weather played a large factor.

Ms. Kinneveauk pointed to energy costs on slide 9:

How much were your energy costs in FY 11?

- \$6,753,303

How much do you project them to be in FY 13?

- \$7,237,500 (9% of overall costs, second highest category)

Ms. Kinneveauk addressed a graph titled "Adjusting to Declining Enrollment" on slide 10. She communicated that the district's enrollment had been relatively steady since 2007.

Ms. Sage moved to slide 11:

Do you have a system in place to make budget adjustments when enrollment drops—how do you approach this?

Ms. Sage explained that enrollment had been relatively stable. The district adjusted on a case-by-case and school-by-school basis; the issue had not been a large factor in the past five years.

Ms. Kinneveauk moved to slide 12:

What are your biggest instructional challenges?

- Broadband/Latency
- Delivery across 89,000 sq. miles
- Principal and Teacher Turnover
- Relevant/Engaging Curriculum
- Village Equity/High cost of highly qualified staff for small sites
- Sustain Professional Development
- Lack of local teachers

Ms. Kinneeveauk elaborated that there were some things that were not possible in the villages including alternative schools. There was an alternative school in Barrow that reached 50 to 60 kids annually; however, there were many children that the district could not reach because it did not have the necessary resources or tools. Additionally, there were no advanced placement classes because funding was not available. The district wanted to provide great classes in the smaller communities but due to lack of bandwidth and funding it was not possible. She discussed the presentation from the Cordova teacher-of-the-year related to a shift in information technology learning, which the North Slope district would like to offer in its community as well. She furthered that the North Slope special education teacher was very excited about iPads; however, there were days that internet connectivity was not available.

[9:26:56 AM](#)

Ms. Kinneeveauk continued to discuss challenges facing the district. She stressed that broadband internet was always slow in the district. She discussed the school system's work to bring relevancy to its curriculum and believed it would positively impact student scores. She shared that science teachers were currently able to use lemmings or other local animals for dissections.

Representative Joule asked for a translation of an animal mentioned. Ms. Kinneeveauk replied that it was caribou.

Ms. Kinneeveauk addressed district performance on slide 13:

What grade would you give your school district (A-F)?

- C
- We believe our district is proficient with a commitment to excellence

What are you proposing to do differently to improve student performance?

- Our goal is: All students will reach their intellectual potential and achieve academic success.
 - o Individual Learning Plans
 - o Developing Relevant Curriculum

Ms. Sage elaborated that it had been difficult to answer the question related to the grade the district would give itself because in their culture boasting or bragging was not done; however, they needed to stand up for their school district. She furthered that past students were attending Ivy League schools and there was amazing student achievement discussed each month in the school board report. She stated that there was a lot of room for improvement and relayed that the district had lost a talented and inspirational student in a small village the prior year; the impact had been very hard on other students. She explained that there had only been a part-time counselor in the village, which had also been very difficult. She furthered that there was one teacher teaching three grade levels who was trying as hard as possible; it would be helpful to have another teacher. Additionally, the district was facing a \$2.8 million budget gap. She moved to slide 14 "Curriculum Alignment Integration and Mapping":

- Alaska leader in place based, culturally appropriate education.

- Confluence of the Inupiaq Learning Framework (ILF) and Understanding by Design (UbD)
- NSBSD has initiated and sustained a five year phased curriculum alignment integration and mapping effort (CAIM)

Ms. Sage pointed to slide 15 titled "Inupiaq learning frame work and understanding by design." She addressed a picture on the slide and explained that cultural learning was one of the district's strategic plan goals. The district was known statewide as a leader in place-based culturally appropriate education. She shared a story about her 6 year-old daughter and the picture and word matching game illustrated on the slide; she was looking forward to seeing her children receive homework that was relevant to the district's surroundings. She shared that the joint legislative task-force on theme-based education had visited Barrow because it believed the district was the model for rural education for the state. She thanked committee members who had made the visit. She added that the commissioner of DEED had used a Barrow classroom instruction example when explaining new state standards in a recent speech.

Ms. Kinneeveauk directed attention to slide 16 titled "DEED Curriculum Support:"

Is the state providing the kind of planning and curriculum support that is helpful to your school district?

Yes, the department has sponsored curriculum alignment and other conferences and has provided technical assistance.

Ms. Sage turned to slide 17 titled "Help Other Than Money":

How can the DEED, the Board of Education or other state agencies help you achieve better results, other than just providing you with more money?

New teacher mentoring, technical assistance expertise, less reporting requirements, have true local control

[9:32:12 AM](#)

Co-Chair Thomas believed the state provided funds for new teacher mentoring. He wondered whether the district was currently receiving funds for the program and if so, whether increased funds were needed. Ms. Cowan replied that the district currently had teacher mentoring focused on content areas; however, funding had been cut back from all first-year and second-year teachers to first-year teachers only. The program had been very successful and provided neutral support for teachers, which helped principals tasked with the job of evaluation, mentoring, and support. She added that it had contributed to the decrease in teacher turnover.

Co-Chair Thomas asked whether the University of Alaska Southeast (UAS) prepared future teachers for teaching in different rural areas with cultural differences throughout Alaska. Ms. Cowan responded in the affirmative. She explained the UAS [Masters in Teaching] program had a rural practicum that involved students spending one week in a village somewhere in Alaska in order to prepare them for potential future transitions into a rural community. The North Slope district hosted UAS students in its villages and worked with the other university campuses as well.

[9:35:13 AM](#)

Representative Joule asked whether the district was working on its own to implement its theme-based curriculum. He believed there was a core group that worked around the district helping to involve an increasing amount of the workforce in the place-based education curriculum concept. Ms. Cowan replied that the place-based curriculum was the focus of the district's work. She explained that the school system shared the in-service days allowed by the state between site-based and district-based. She furthered that in the current year every teacher had received multiple days of training related to the development of rigorous, culturally appropriate academic units. There were approximately 50 teachers district-wide (at least one language arts, one math, and one science teacher from each school) who were on the core team that was conducting the development work. She detailed that most of the work was done in the summer and the district never had a district-wide in-service in one location due to the high travel cost.

Representative Gara wondered how the \$2.8 million budget gap would impact services the school system was able to provide compared to the prior year. Additionally, he asked how much the BSA would need to be increased in order for the district to be held even to the prior year's services.

Ms. Cowan responded that the \$2.8 million was the equivalent of 23 teaching positions, but funds would not only be taken from that area. She relayed that the board would wait until the end of the legislative budget process to make a final determination on what items would be cut. She expounded that the district's priorities on curriculum work and other would continue. Over \$1 million of the gap was due to increased insurance costs and other parts of the total were a result of inflation costs.

Representative Gara asked how much the BSA would need to be increased. Ms. Cowan responded that the BSA would need to be increased by \$538 per student.

Representative Gara surmised that a \$538 increase per student would mean a \$100 million increase, which he did not believe was possible. He wondered whether a BSA increase that was commensurate with inflation would help. Ms. Cowan answered that the district was supportive of a BSA increase and was looking to combine it with other funding sources; however, some cutbacks would need to be made. The school system was planning to continue providing its current program as long as some funding could be gained.

[9:40:26 AM](#)

Representative Gara wondered what it would cost to improve the broadband internet access in the North Slope district in order to allow the school to offer advanced placement and other internet courses. He wanted to see the improvement for rural districts statewide. Ms. Cowan replied that the improvement would involve infrastructure and internet advancements in the district. Improvements did need to be made and the district was working on grants to allow it to utilize things like the Alaska Learning Network in order for students to have courses that were necessary for the Alaska Performance Scholarship and success. She would get back to the committee on the question.

Co-Chair Thomas shared that Gustavus had requested \$250,000 for a broadband tower the prior year in its capital request.

Representative Wilson queried what "true local control" meant (slide 17). Ms. Sage discussed the district's belief that local control was eroded when bills and regulations were passed providing mandates to districts.

Representative Wilson asked the school district to follow up with specifics that would enable local control to increase and reporting requirements to decrease.

Representative Joule opined that part of the answer to Representative Wilson's question about local control was related to the work the district had done on theme-based education.

Representative Edgmon asked for an explanation of the difference in insurance requirements for the North Slope compared to a district like Juneau. Ms. Cowan responded that some of the risk management and property insurance costs were higher (the districts both went out to bid for the services). Health insurance had gone up 5 percent in the past several years and was the key element responsible for the cost increase. Additionally, transportation costs for medical services only available outside the North Slope were also expensive compared to those of urban districts.

[9:46:05 AM](#)

Ms. Kinneveauk drew attention to slide 18 titled "ARRA Funds and Investments":

How much ARRA funding did you receive over the past few years?

\$895,000

How did you invest any ARRA funds you received?

One time expenditures on unmet needs such as a van to assist with transfer of students with disabilities, sewer and plumbing repairs and other maintenance needs

Ms. Kinneeveauk elaborated that the district spent the ARRA funding in the first two years of the program; therefore, it was not contributing to the district's current budget issues.

Representative Joule pointed to slide 15 and asked for detail on the significance of the pairs of people (faded and dark) surrounding the center images. Ms. Sage replied that the faded characters represented Inupiaq ancestors and the traditional knowledge they had carried for 10,000 years. The pairs of people represented the present and the future.

Representative Joule asked for detail on how the image related to North Slope students. Ms. Sage replied that the district had developed the image with the help of community members based on what they believed a graduate should look like. Part of the image represented passing down traditional knowledge and teaching customs that had been taught for over 10,000 years including traditions, customs, values, history, language, and family. The image recognized the importance of involving elders in the education of youths.

Co-Chair Stoltze thanked the district for the hospitality on his recent visit to the village. Ms. Sage thanked committee members for visiting and invited them to visit any of the North Slope villages.

Co-Chair Thomas thanked the district for visiting. Ms. Kinneeveauk invited the committee to visit during whaling season.

Ms. Cowan concluded with a story about whaling.

[9:49:54 AM](#)

KODIAK

MELISSA BORTON, PRESIDENT, KODIAK ISLAND BOROUGH SCHOOL DISTRICT SCHOOL BOARD, (via teleconference), thanked the committee for its time. She addressed a questionnaire provided by the committee (copy on file).

Co-Chair Stoltze acknowledged the presence of Representative Alan Austerman and his advocacy for education.

Ms. Borton pointed to the first question:

What is your FY 13 total school district budget?

Ms. Borton shared that the district's FY 13 budget was slightly over \$41 million. The school system was anticipating a deficit of approximately \$3.5 million. She continued with the questions on page 1 of the handout:

What percentage goes to personnel?

81.53%

Provide a graph that shows your total school district budget from FY 09-FY 13 (5 years), broken down by funding source (state/local/fed/mix)

Attachment A [copy on file]

Did you fund to the total allowable local contribution in FY 12? In FY 13?

The Kodiak Island Borough (KIB) did not fund to the cap in FY12 and doesn't anticipate funding to the cap in FY13.

Ms. Borton elaborated that the borough's budget would not be set until May 2012; therefore, its final contribution would not be known until that time.

If not, how much below were you? Why?

In FY12, KIB funded the Kodiak Island Borough School District (KIBSD) \$847,930 below the maximum allowable. Based on an early estimate from KIB, the District will be funded \$1,433,702 below the maximum allowable in FY13. I can't tell you why, that would be a question for our Borough.

Ms. Borton expounded that reasons for funding under the maximum allowable contribution cited by the borough included revenue and the debt bond reimbursement for the district's high school that was currently under construction. She believed the question was up to the borough to answer.

9:54:55 AM

Ms. Borton moved to the next question on page 1:

How much has the state contributed to the PERS/TRS unfunded liability on behalf of your school district in FY 12?

\$5,586,280

How much is the state scheduled to contribute for PERS/TRS unfunded liability costs on behalf of your district in FY 13?

\$7,356,688

When was your most recently ratified teacher contract put into place? What were the terms? (salary and benefits increases/decreases per year, in percentages {or dollars, if appropriate})

Ms. Borton relayed that the district had ratified its most recent teacher contract at its March 2012 school board meeting; there were three remaining union groups to negotiate with during the upcoming year. The board was pleased to have good negotiations with the certificated teacher union; a one-year rollover contract with no cost of living increase had been negotiated. She noted that there had been no salary growth and only regular movements in the upcoming contract (a "soft rollover").

Co-Chair Stoltze asked what regular movements meant. [Ms. Borton did not hear the question. The question was answered by Mr. Norm Wooten later in the meeting.]

Ms. Borton continued on page 2:

What is your average teacher salary?

\$69,778 (the figure)

What is your starting teacher salary?

\$43,763

Ms. Borton detailed that with the inclusion of benefits the average and starting teacher salaries increased to \$98,000 and \$72,000 respectively. She moved on to the next question:

Did you negotiate significant salary increases in you labor contracts for FY 2013?

Ms. Borton reiterated earlier remarks that the district had completed negotiations with one of four teacher groups at present. In a mutual agreement with the certificated teaching group no salary increases had been negotiated. She addressed budget cost drivers in the next question. She relayed that the primary cost drivers in the budget were energy, health insurance, personnel, and transportation; most of the costs were due to inflation. Over the past four years the district had reduced its budget by 34 teaching positions and without additional funding it was looking at the elimination of approximately 40 positions in the next year's budget.

[9:56:54 AM](#)

Ms. Borton looked at energy costs on page 2:

How much were your energy costs in FY 11?

\$1,972,908

How much do you project them to be in FY 13?

\$2,327,728

Ms. Borton elaborated that the energy cost in FY 13 represented an 18 percent increase from FY 12. She moved to the next question on page 1:

Do you have a system in place to make budget adjustments when enrollment drops-how do you approach this?

Ms. Borton replied in the affirmative. She communicated that the district had a detailed staffing formula that was scalable based on the student population versus the number of teaching positions. The school system's enrollment had only decreased slightly over the years. Additionally, the school board was very active in reviewing and monitoring

the district's budget. Revenues and expenditures were reviewed and approved on a monthly basis; there were also three budget revisions that occurred annually.

Ms. Borton addressed significant instructional challenges on page 3. She explained that one of the biggest challenges was providing quality and equitable education to the island's small remote schools; school numbers in the rural sites continued to decline. Likewise, providing quality instruction for English language learners, special education, and gifted and talented students was a challenge. She discussed that many students struggled in traditional classrooms; therefore, Kodiak had elected to invest heavily in vocational education; the programs were vital, but very expensive. The school district had invested in technology to meet challenges and to prepare students for success in the world and to work towards a quality education across the district. She added that increased budget costs were always a challenge.

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Ms. Borton addressed the second question on page 3:

What grade would you give your school district (A-F)?

Ms. Borton gave the Kodiak school district a B+. She believed the district was doing extremely well in some areas and other areas needed improvement. She shared that Kodiak was doing very well in vocational education; students at the sophomore level were able to obtain multiple industry certifications in welding and were job ready when they graduated; however, most of the students chose to get additional vocational education before entering the workforce. The school system was also doing well its music and arts programs. The district was in its third year of providing music instruction through video teleconferencing to all of its rural sites, which had been successful.

Ms. Borton gave the district a C in other areas such as the English language learners program; there were 14 different languages spoken throughout the school district. She stated that the issue was challenging, but the district strived to provide the same education to all of its 411 students. She shared that providing an equitable quality education to Kodiak's rural sites remained an obstacle, but efforts

towards improvement were part of the district's daily focus.

Ms. Borton moved to page 4:

What are you proposing to do differently to improve student performance?

Ms. Borton shared that efforts were ongoing. The school district, board, administration, teachers, and community engaged in an intensive strategic planning effort and goal setting process annually. The process helped to enable all stakeholders to have a voice in the district's educational programming, policies, and philosophy. Several new improvement initiatives had been implemented and the district planned to give each change ample time to become effective. She looked at the second question on page 2:

Is the state providing the kind of planning and curriculum support that is helpful to your school district?

Ms. Borton discussed that the Kodiak school system had a very positive working relationship with the State Board of Education and the Department of Education and Early Development. The district believed that the entities were responsive to concerns in the district and provided sufficient opportunities to give input on necessary actions and responses. Many state committees had been formed that allowed the Kodiak school district to participate. She pointed to the next question:

How can the DEED, the Board of Education or other state agencies help you achieve better results, other than just providing you with more money?

Ms. Borton shared the opinion of the prior testifiers that the teacher mentoring program needed to continue. The district had an excellent relationship with DEED in providing the mentoring project and hoped the project would continue. The school system encouraged the department to continue providing existing services.

Ms. Borton addressed how much ARRA funding the district had received over the past few years. She relayed that the school system had received just under \$2.5 million in FY 10 and \$366,000 in FY 11. Funds had been used to conduct an

overhaul on the district's technology infrastructure and on technology in the classroom. Laptops and iPads had been purchased for every school on the island; the devices were one-to-one in rural schools and two-to-one in Kodiak classrooms. Additionally, some of the software programs had been upgraded and intense professional development had been provided as well.

Representative Wilson wondered whether the school district would use the university system mentoring program in the upcoming year in place of the one offered by DEED or if it would use both programs.

[10:03:50 AM](#)

MARILYN DAVIDSON, ASSISTANT SUPERINTENDENT, KODIAK ISLAND BOROUGH SCHOOL DISTRICT SCHOOL BOARD replied that the district used the state mentoring program and believed it was run through the university. She added that the program was supplemented with local efforts in teacher mentorship, given the importance of teacher retention.

Representative Wilson understood that DEED would continue its mentorship program and that the university would conduct a program with urban schools including Kenai, Mat-Su, Anchorage, and Fairbanks. Ms. Davidson responded that Kodiak would not fall under the urban areas.

Representative Doogan asked whether 23 positions would be eliminated under the proposed budget. Ms. Borton did not have that data.

Representative Doogan asked how many teaching positions the district had and how the current budget would impact them. Ms. Borton responded that with a \$3.5 million deficit the school district was looking at a 40 position reduction (32.5 classroom staff, 6 classified staff, and 2 administrative staff).

Co-Chair Thomas discussed that the legislature had forward funded one year of education funding. He asked whether the district was aware of the funds. Ms. Borton responded in the affirmative and expressed appreciation for the funds.

Co-Chair Thomas thought people should know that the funding had been put aside in a fund. The legislature had been told by some that just because the money was in a fund did not

mean it was forward funding. He noted that the fund included \$1.2 billion. He stated that there was no BSA included in the funds; the idea of forward funding was to provide school districts with stability and assurance of funding availability. He recalled that grants had been given each school year for the same reason.

Co-Chair Stoltze interjected that the grants were called learning opportunity grants.

Co-Chair Thomas continued that the grants had been used to help districts offset their needs. He estimated that since 2008 the BSA increase was approximately \$700.

10:07:52 AM

NORM WOOTEN, SCHOOL BOARD MEMBER, KODIAK ISLAND BOROUGH SCHOOL DISTRICT SCHOOL BOARD, in response to an earlier question by Co-Chair Stoltze, answered that there were three ways that teachers could possibly get an increase on the salary schedule. One of which was a cost of living increase through negotiated agreement; the particular increase would not happen for the upcoming year. The other two ways fell under the steps and columns category and were available to teachers for the upcoming year (an increase in salary could be received based on a teacher's time with the district or through the acquisition of district improved course work for increased education).

Co-Chair Stoltze remarked that increases based on steps and columns were essentially salary increases; however, they were frequently not represented that way. Mr. Wooten expressed his desire to be clear on the issue to make certain the committee understood.

Co-Chair Thomas asked where the responsibility resided for ensuring that teachers performed highly (i.e. state or school boards). Ms. Borton replied that both the state and school boards were responsible. She opined that having local control for school boards and teachers that were responsive to all community needs was important, but state involvement was also important. She referred to the adage "it takes a village to raise a child." She stressed that the communities and state should work together to provide excellent education to its kids.

Co-Chair Thomas wondered what the district did to ensure that it had quality teachers. He wondered whether a tenured teacher had ever been laid off.

[10:10:58 AM](#)

Ms. Borton responded that the district had a review process that was currently under assessment. She deferred the question to Ms. Davidson. Ms. Davidson did not have additional information to add.

Representative Gara discussed that without a BSA increase the forward funding available was the same amount as the prior year. He wondered what BSA increase the district would need to be held harmless from the prior year's levels and to prevent cutting 40 positions. Ms. Borton replied that the district would need a BSA increase of \$320 in addition to the maximum allowable contribution from the borough and full funding for pupil transportation included in SB 182.

Representative Gara wondered whether the district would prefer the governor's one-time funding proposal of \$10 million above the prior year funds or BSA increases equaling inflation.

Ms. Borton replied that the district preferred the BSA increase. She explained that the increase would provide the district with a better ability to plan ahead. One-time funding would not prevent the district from going through the budget reduction process. She reiterated her earlier testimony that the district had reduced its budget by 34 positions over the past four years. She emphasized that there were no other areas to reduce without significantly impacting educational programming.

[10:14:02 AM](#)

Representative Neuman discussed remote schools and the Average Daily Membership (ADM) of 10. He asked what the district's position was on increasing the ADM minimum for school size. He understood that striving for highly qualified teachers in core subjects as required by No Child Left Behind was very expensive; costs for personnel were 75 percent to 80 percent in many districts.

Ms. Borton replied that she would not be agreeable to an increase to the minimum school size. She believed that schools in rural villages were the hub of the community and were often the largest employer and a safe place for kids to go. She relayed that Kodiak struggled with the 10 minimum and if it increased the district would need to close schools. Kodiak had taken steps in the past few years to provide more rigorous content to rural schools through video teleconferencing, which had proven to be a good step; however, there was more work to be done. The district was taking steps to ensure that rural students received an equitable education to the students in hub communities.

Representative Neuman understood that the discussion [related to the ADM minimum] was difficult, but believed that it needed to be part of the discussion on cost.

Co-Chair Stoltze remarked that there had been statements made that Kodiak was a fishing economy and it did not depend on oil production. He wondered whether Kodiak was aware of the importance of oil to the state's economy.

AARON GRIFFIN, BOARD MEMBER, KODIAK ISLAND BOROUGH SCHOOL DISTRICT SCHOOL BOARD, stated that Kodiak fully recognized that oil funded Alaska. The district had looked at oil projections in order to understand the position the legislature was taking on funding. The community hoped that a plan could be found (involving other state industries) to address budget needs if oil ran out in the future. Kodiak understood that the community did have fishing revenue and hoped that the state could move to a place where it did not only depend on oil, but on the result of educating its children in other possible industries.

[10:19:27 AM](#)

WRANGELL

SUSAN EAGLE, PRESIDENT, WRANGELL SCHOOL BOARD, (via teleconference), addressed the questionnaire provided by the committee (copy on file):

What is your FY 13 total school district budget?

\$6,751,735.00

What percentage goes to personnel?

76% for salary and benefits

Ms. Eagle pointed to a graph on page 1 that showed the Wrangell school district budget from FY 09 to FY 13 broken down by funding source (state/local/federal/mix). She noted that the federal funds had been rolled into local funds as of FY 10. She moved on to the next questions:

Did you fund to the total allowable local contribution in FY 12?

No

In FY 13?

No

If not, how much below were you?

- FY2012 \$157,696.00
- FY2013 \$217,704.00

Why?

The Borough and City of Wrangell increased its contribution by \$200,000 July 1, 2012. The borough just finished a bond for a new playground and currently carries two additional bonds for the school. The city conducts project manager services for work the school district does and currently has two roads on both sides of the elementary school that are scheduled for paving.

How much has the state contributed to the PERS/TRS unfunded liability on behalf of your school district in FY 12?

In FY2012, the State is scheduled to give 32.99% of the TRS cost and 11.49% of the PERS cost in "on behalf of payment." The budgeted amount for these items is \$613,276.00 (TRS) and \$87,992.00 (PERS). The actual amounts will be determined by final salaries and wage costs.

How much is the state scheduled to contribute for PERS/TRS unfunded liability costs on behalf of your district in FY 13?

The State is scheduled to contribute 40.11 % of the TRS cost and 1.84% of the PERS cost in "on behalf of payments." The budgeted amounts are \$782,862.00 (TRS) and \$110,537 (PERS). The actual amounts will be determined by final salaries and wage costs.

When was your most recently ratified teacher contract put into place?

Ms. Eagle answered that the district's most recent agreement was for the period of July 1, 2012 ending June 30, 2013; it was set to go into negotiations in the fall for the following contract. She addressed additional questions on page 2:

What were the terms? (salary and benefits increases/decreases per year, in percentages {or dollars, if appropriate})

The annual salary increase for each teacher is \$1,981.00 for each of the three years. The teachers and board will split the health care premium increases beginning in FY2012. The teachers will contribute to health care costs in FY12 and FY13 up to a maximum of \$200 per teacher each month.

Ms. Eagle elaborated that due to major cost increases in employee benefits, the district had decided to share some of the increases with employees.

[10:24:06 AM](#)

Ms. Eagle continued on page 2:

What is your average teacher salary?

\$66,781 .00

What is your starting teacher salary?

\$39,622.00

Ms. Eagle added that the district had a staff with significant longevity; therefore, the average salary had been increased. She relayed that the district had not negotiated significant salary increases, given that there had been a two-year contract prior to the upcoming year. The school system currently had 22 full-time teachers; their combined salary increase would be \$43,582 due to step and column increases.

Ms. Eagle communicated that the major cost drivers in the budget were annual salary and benefit increases, health insurance costs, and the cost of oil and electricity to heat the buildings. Energy costs in FY 11 were \$188,481 for electric and diesel and projected costs for FY 13 were \$228,000. She shared that the district had installed electric boilers at the high school in January 2011; it was looking to install boilers in the elementary school as well; however, due to oil that was still being used the district expected costs to increase.

Ms. Eagle addressed the district's system to make budget adjustments when enrollment dropped. She shared that the school system had budget reviews three times per year and tried to budget a few students less than it anticipated in order to provide flexibility. She furthered that enrollment had been stable for the last three years and the district hoped not to see any further declines; there had been significant declines approximately 10 years earlier.

Ms. Eagle discussed that one of the district's most significant instructional challenges was meeting 100 percent of the No Child Left Behind compliance in 2014. The Wrangell graduation rate was high, but the district was working to increase it to 100 percent. Other challenges included cutting staff due to budget decreases and the possibility of losing second language, art, and vocational education courses.

[10:27:15 AM](#)

Ms. Eagle explained that the district would give itself a B+ grade; it looked at itself very critically and wanted to provide even more for its students. She shared that the district was proud that its elementary school was a Blue Ribbon School. She communicated that the district would like to see improvements and was working to improve the

science curriculum and technology integration. She relayed that AYP had been achieved each year.

Ms. Eagle pointed to the second question on page 3:

What are you proposing to do differently to improve student performance?

Ms. Eagle answered that the district had enrolled in DEED's Alaska STEPP program [Alaska Steps Toward Educational Progress and Partnership]; the program was not required, but the school system felt that it would be helpful. Additionally, the district was applying to the AASB QS2 program in hopes of receiving funding to increase community involvement in Wrangell's schools. She added that both programs would help the schools maintain their high student achievement levels. She directed attention to the next questions:

Is the state providing the kind of planning and curriculum support that is helpful to your school district?

The Department of Education's Alaska STEPP program is the key tool to help us provide evidence based performance outcomes for student achievement. Additional funding for program support at DEED is necessary. Some people feel that the continued cuts and reductions to EED is cancerous and does not provide the high quality support staff (Experienced Alaska Educators) the ability to provide school support in our schools.

How can the DEED, the Board of Education or other state agencies help you achieve better results, other than just providing you with more money?

Ms. Eagle stressed that DEED, the Board of Education, and other state agencies needed to work together. She highlighted that the state mentoring program was very important to Wrangell's teachers and administrative staff. She addressed the final question on page 3:

How much ARRA funding did you receive over the past few years?

\$461,642.00

Ms. Eagle specified that the funds had enabled the district to keep its teaching staff and to add a high school counseling position, which had been cut several years earlier. The district would maintain the counseling position due to available funds that had resulted from the retirement of two teachers.

Representative Gara asked what BSA increase the district would need to maintain the current level of curriculum staffing from the prior year. Ms. Eagle replied that the district did not currently have a deficit, in part because of retiring teachers that were high on the pay scale. She added that the district was able to continue current funding but did not have any reserves.

Representative Doogan asked what the STEPP acronym stood for. Ms. Eagle replied that the STEPP abbreviation was a DEED term and she did not know what the term stood for [Alaska Steps Toward Educational Progress and Partnership].

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ADJOURNMENT

[10:32:19 AM](#)

The meeting was adjourned at 10:32 a.m.