

SENATE FINANCE COMMITTEE

April 6, 2011

9:05 a.m.

9:05:20 AM

CALL TO ORDER

Co-Chair Stedman called the Senate Finance Committee meeting to order at 9:05 a.m.

MEMBERS PRESENT

Senator Lyman Hoffman, Co-Chair  
Senator Bert Stedman, Co-Chair  
Senator Lesil McGuire, Vice-Chair  
Senator Johnny Ellis  
Senator Dennis Egan  
Senator Donny Olson  
Senator Joe Thomas

MEMBERS ABSENT

None

ALSO PRESENT

Darwin Peterson, Staff, Senator Stedman; Laury Scandling, Assistant Superintendant, Juneau School District; Anne Kurland, Juneau; Ellen Pavitt, Juneau; Corey Pavitt, Juneau; Mary Halcala, Juneau; Shelley Wright, Executive Director, Southeast Conference; Andi Story, Vice-President Juneau School Board; Glenn Gelbrich, Superintendent, Juneau School District; Carl Rose, Executive Director, Association of Alaska School Boards; John Alcantra, Juneau; Bruce Johnson; Elizabeth Nudelman, Director, School Finance, Department of Education; Senator Kevin Meyer; Annie Carpeneti, Department of Law; Christine Marasigan, Staff, Senator Meyer; Doug Wooliver, Administrative Attorney, Alaska Court System; Dana Owen, Staff, Senator Egan; Max Mertz, //;

PRESENT VIA TELECONFERENCE

Steve Bradshaw, Sitka School District; Bridget Kauffman, Sitka; Karen Martinsen, Sitka; Jim Nygaard, Superintendent

of Schools, Cordova; Pete Hoepfner, School Board, Cordova; Pete Lewis, Superintendent, Fairbanks North Star Borough School District; Sue Hull, North Star Borough School District, Fairbanks; Babes Hudson, North Pole; Bill Bjork, Education Association, Fairbanks; Dave Jones, Assistant Superintendent, Kenai Peninsula Borough School District, Soldotna; LaDawn Druce, President, Kenai Peninsula Education Association, Soldotna; Sammy Crawford, Kenai Peninsula Borough School Board; Bill McLeod, Dillingham School District, Dillingham; Sergio Acuna, Construction Industry, Anchorage; Pat Falor, Local 341, Anchorage; Stacy Allen, Local 341, Anchorage; Kelly Nash, Kodiak; Luke Fulp, Kodiak; Bill Watkins, Kodiak; Stuart McDonald, Kodiak; Ian Dutton, Alaska Sea Life Center; Fred Parady, North Slope School District; Lon Garrison, Sitka; Russell Nelson, Dillingham School District, Dillingham; Pearl Strub, Bristol Bay Economic Development Corporation, Dillingham; Nicole Strub, University of Alaska Fairbanks, Bristol Bay Campus, Dillingham

SUMMARY

SB 15 SEX OFFENDER/UNDERAGE ALCOHOL OFFENSE

SB 15 was HEARD and HELD in Committee for further consideration.

SB 58 INCREASING NUMBER OF SUPERIOR CT JUDGES

SB 58 was REPORTED out of committee with individual recommendations accompanying new and previously published fiscal notes.

SB 84 VOC ED FUNDING/BASE STUDENT ALLOCATION

CSSB 84 (FIN) was REPORTED out of committee with a "do pass" recommendation and with accompanying fiscal notes.

SB 90 BOARD OF PUBLIC ACCOUNTANCY SECRETARY

SB 90 was REPORTED out of committee with individual recommendations and accompanying fiscal notes.

#sb84

SENATE BILL NO. 84

"An Act relating to funding for high school vocational education as a component of funding for public schools; increasing the base student allocation used in the public school funding formula; and providing for an effective date."

9:06:30 AM

Co-Chair Hoffman MOVED to ADOPT proposed CSSB 84(FIN), work draft 27-LS0465\T.

Co-Chair Stedman OBJECTED for purpose of discussion. DARWIN PETERSON, STAFF, SENATOR STEDMAN, explained the committee substitute. He stated that sections 1 through 3, which pertained to the vocational education factor of 1.01, remained the same as the previous version as did section 4; the base student allocation of \$110 increase in FY 12. The \$115 base student allocation for FY 13 and \$120 increase in FY 14 had been removed. He continued that sections 5 through 11 added a new entity that would be eligible to receive cash contributions that corporations could write off. These entities included any learning center under the Coastal America Partnership. He stated that the tax that the credit could be applied towards already existed in statute. He stated that sections 12 and 13 were new sections that referred to the tax credits. The additional Coastal American Partnership learning center that was being added would be repealed in 2021. Section 13 extended the sunset date for the changes made to the education tax credits in SB 236, an Omnibus Education Tax Credit Bill, to 2021. Section 14 was the effective date of July 1, 2011.

9:09:08 AM

Co-Chair Stedman WITHDREW his OBJECTION. There being no further OBJECTION CSSB 84(FIN), work draft 27-LS0465\T was ADOPTED.

Senator Thomas pointed out to the committee that the bill would provide one year of stable school funding so that districts could concentrate on educational outcomes rather than cutting budgets and laying off faculty. He noted the dedicated funding stream for vocational/technical education written into the bill, which had been lacking support in previous years. He urged support for the passage of the legislation.

9:11:02 AM

Co-Chair Stedman noted the two new SFIN fiscal notes, one for the Department of Education and Early Development, one for the K-12 Foundation Program, one for the Alaska Challenge Youth Academy. He stated that updated fiscal notes to replace the SFIN notes would be required by the committee.

Co-Chair Stedman OPENED public testimony.

STEVE BRADSHAW, SITKA SCHOOL DISTRICT (via teleconference), spoke in support of SB 84.

BRIDGET KAUFFMAN, SITKA (via teleconference), spoke in support of SB 84. She expressed concern for rising parent fees for school language and athletic programs. She worried that parents were struggling financially in order to give their children the opportunity to participate in extracurricular activities.

KAREN MARTINSEN, SITKA (via teleconference), testified in support of SB 84. She hoped that the passage of the bill would enhance training in career and technical education. She revealed that within the last 3 years she had personally spent \$1,600 in vocational program fees for her child. She feared that other children in the community were not able to afford such fees.

JIM NYGAARD, SUPERINTENDENT OF SCHOOLS, CORDOVA (via teleconference), spoke in support of SB 84. He added that the district needed more funding in order to retain programs and staff.

[9:17:50 AM](#)

PETE HOEPFNER, SCHOOL BOARD, CORDOVA (via teleconference), testified in support of SB 84. He stated that Cordova was being forced to decrease staff, while at the same time class sizes were increasing.

[9:18:57 AM](#)

PETE LEWIS, SUPERINDENDENT, FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT (via teleconference), spoke in support of SB 84. He explained the district was short on funding despite the various attempts that had been made to spend responsibly.

SUE HULL, NORTH STAR BOROUGH SCHOOL DISTRICT, FAIRBANKS (via teleconference), testified in support of SB 84.

[9:20:06 AM](#)

BABES HUDSON, NORTH POLE (via teleconference), testified in support of SB 84. She stated that the bill would help special needs children who might not go to a traditional college, but would benefit from vocational training.

[9:21:46 AM](#)

BILL BJORK, EDUCATION ASSOCIATION, FAIRBANKS (via teleconference), spoke in support of SB 84. He felt that the number one resource development issue in the state should be the development of our children. He felt that this could not be done without quality schools.

[9:23:12 AM](#)

DAVE JONES, ASSISTANT SUPERINTENDENT, KENAI PENINSULA BOROUGH SCHOOL DISTRICT, SOLDOTNA (via teleconference), testified in support of SB 84. He relayed that the base student allocation increase was necessary in order for the continuation of programmatic staffing. He stated that the vocation courses in schools within the district were perpetually full which resulted in children being turned away from programs.

[9:24:47 AM](#)

LADAWN DRUCE, PRESIDENT, KENAI PENINSULA EDUCATION ASSOCIATION, SOLDOTNA (via teleconference), spoke in support of SB 84. She stressed education accountability, and accountability of teachers. She shared that there was a pilot teacher evaluation program beginning her area. She stressed that standardized testing should not be the statewide indicator successful schools.

[9:26:24 AM](#)

SAMMY CRAWFORD, KENAI PENINSULA BOROUGH SCHOOL BOARD (via teleconference), testified in support of SB 84. She stated that her district had not added any new programs, but had are still suffered from budget cuts. She said that the borough had worked to become more cost effective by cutting energy costs and rebidding copy contracts and bus routes, but cost continued to rise.

[9:28:02 AM](#)

BILL MCLEOD, DILLINGHAM SCHOOL DISTRICT, DILLINGHAM (via teleconference), spoke in support of SB 84. He stressed the importance of career and technical education programs in improving graduation rates. He remarked that the passing of the bill would allow for a reading specialist, which was of great need in the community.

[9:31:19 AM](#)

SERGIO ACUNA, CONSTRUCTION INDUSTRY, ANCHORAGE (via teleconference), spoke in support of SB 84. He stressed the importance of vocational training.

[9:32:24 AM](#)

PAT FALOR, LOCAL 341, ANCHORAGE (via teleconference), testified in support of SB 84. He highlighted the importance that other avenues were available to students that were not going to a traditional college.

[9:32:56 AM](#)

STACY ALLEN, LOCAL 341, ANCHORAGE (via teleconference), spoke in support of SB 84.

[9:33:43 AM](#)

KELLY NASH, KODIAK (via teleconference), testified in support of SB 84.

[9:34:28 AM](#)

LUKE FULP, KODIAK (via teleconference), spoke in support of SB 84. As the Director of Finance for the Kodiak Island Borough School District he believed that without an increase in the base student allocation Kodiak could be facing a budget shortfall of approximately \$2 million in FY12.

[9:35:12 AM](#)

BILL WATKINS, KODIAK (via teleconference), testified in support of SB 84. He relayed that the dropout rates for high school students in Kodiak were very high. He pointed out to the committee that any student that had a departure from school after their freshman year was determined a drop

out, even if that student returned to finish at a later date. The graduation rate Representative Salmon based on a student finishing in four years. He believed that learning was the constant and time was the variable. He argued that there were numerous variable not associated with education that could cause a student to drop out of school on a temporary basis. Most school districts had alternative programs in place to assist the students. He noted that because the student would not graduate in four years they would be counted as dropouts or non-graduates. He felt that without SB 84 the graduation rates would decrease and dropout rates would increase.

[9:37:20 AM](#)

STUART MCDONALD, KODIAK (via teleconference), testified in support of SB 84. He expressed concern for academic opportunities for students in logging camps and other small pockets communities throughout the state. He stated that SB 84 would help to keep education relevant in rural Alaska.

[9:40:08 AM](#)

IAN DUTTON, ALASKA SEA LIFE CENTER (via teleconference), spoke in support of SB 84.

[9:40:53 AM](#)

FRED PARADY, NORTH SLOPE SCHOOL DISTRICT (via teleconference), testified in support of SB 84. He stated that his district cut 17 jobs in 2010, and without the increase would be forced to do the same this year.

[9:42:18 AM](#)

LON GARRISON, SITKA (via teleconference), spoke in support of SB 84. He shared that the Sitka School Board had unanimously passed a resolution to support the legislation.

[9:43:13 AM](#)

RUSSELL NELSON, DILLINGHAM SCHOOL DISTRICT, DILLINGHAM (via teleconference), testified in support of SB 84.

[9:43:46 AM](#)

PEARL STRUB, BRISTOL BAY ECONOMIC DEVELOPMENT CORPORATION, DILLINGHAM (via teleconference), spoke in support of SB 84.

She believed that vocational and technical offerings in rural high schools should be strengthened.

[9:45:06 AM](#)

NICOLE STRUB, UNIVERSITY OF ALASKA FAIRBANKS, BRISTOL BAY CAMPUS, DILLINGHAM (via teleconference), testified in support of SB 84.

[9:46:49 AM](#)

LAURY SCANDLING, ASSISTANT SUPERINTENDANT, JUNEAU SCHOOL DISTRICT, spoke in support of SB 84. She shared that the district took seriously the issue of accountability and that improvements had been made in achievement and graduation rates. She relayed that the district was reconfiguring resources to reflect an investment in career and technical education. She opined that layoffs were still expected even with the base student allocation increase.

[9:49:07 AM](#)

ANNE KURLAND, JUNEAU, testified in support of SB 84. She said that the district had already cut \$4 million from the budget and without the allocation increase an additional \$1 million would need to be cut.

[9:50:20 AM](#)

ELLEN PAVITT, JUNEAU, spoke in strong support of SB 84.

[9:50:59 AM](#)

COREY PAVITT, JUNEAU, testified in support of SB 84.

[9:51:43 AM](#)

MARY HALCALA, JUNEAU, referred to a letter in the packet from the Juneau Economic Council. She spoke in support of SB 84.

SHELLEY WRIGHT, EXECUTIVE DIRECTOR, SOUTHEAST CONFERENCE, referred to a letter from the Southeast Conference expressing support of SB 84. She personally spoke in support of SB 84.

[9:55:13 AM](#)

ANDI STORY, VICE-PRESIDENT JUNEAU SCHOOL BOARD, testified in support of SB 84. She referred to a letter of support from the Juneau Board of Education.

[9:56:17 AM](#)

GLENN GELBRICH, SUPERINTENDENT, JUNEAU SCHOOL DISTRICT, spoke in support of SB 84.

[9:57:19 AM](#)

CARL ROSE, EXECUTIVE DIRECTOR, ASSOCIATION OF ALASKA SCHOOL BOARDS, testified in support of SB 84.

JOHN ALCANTRA, JUNEAU, spoke in support of SB 84. He stated that the National Education Association supported the legislation.

[9:59:06 AM](#)

BRUCE JOHNSON, JUNEAU, testified in support of SB 84.

[9:59:32 AM](#)

ELIZABETH NUDELMAN, DIRECTOR, SCHOOL FINANCE, DEPARTMENT OF EDUCATION, addressed the department's position of the legislation.

[10:01:15 AM](#)

Co-Chair Hoffman MOVED to report CSSB 84 (FIN) out of committee with individual recommendations and the accompanying new fiscal note(s). There being NO OBJECTION, it was so ordered.

CSSB 84 (FIN) was REPORTED out of committee with a "do pass" recommendation and with accompanying fiscal notes.

[10:01:54 AM](#)

AT EASE

[10:04:01 AM](#)

RECONVENED

#sb15

SENATE BILL NO. 15

"An Act relating to penalties for certain alcohol offenses involving persons under 21 years of age committed by a sex offender or child kidnapper."

10:04:10 AM

SENATOR KEVIN MEYER explained that SB 15 would raise the penalty of contributing to the delinquency of a minor for registered sex offenders.

10:05:41 AM

Co-Chair Stedman looked at the two fiscal notes in the packet. He stated that it was the intention of the committee upon the next reading of the bill to replace the Department of Corrections fiscal note with an indeterminate Senate Finance Committee fiscal note.

10:06:14 AM

Senator Thomas wondered if the developmentally disabled were currently protected under statute from exploitation due to the distribution of alcohol.

Senator Meyer replied that the developmentally disabled had not been considered during the crafting of the legislation.

10:07:18 AM

ANNIE CARPENETI, DEPARTMENT OF LAW, CRIMINAL DIVISION, clarified that the substantive laws currently covered people who were unable to protect themselves, such as the developmentally disabled. She added that there were aggravating factors during sentencing for those found guilty of committing sexual acts on people who were particularly vulnerable.

10:08:10 AM

Senator Olson wondered whether studies had shown that the increased penalties had cut down on the instances of assaults.

Ms. Carpeneti replied that the theory was that children who consumed alcohol were more vulnerable to sexual attacks and that sex offenders had already displayed predatory conduct.

10:09:26 AM

Senator Olson probed what was ultimately expected to be accomplished through the legislation.

Senator Meyer replied that there were no documented studies that showed that passing legislation of this kind lowered the instances of registered offenders deploying alcohol to exploit minors. He said that the bill was intended to remove sex offenders who tempted minors with alcohol from the streets and place them in rehabilitation.

10:11:27 AM

Senator McGuire commented that as the committee discussed fixing societal wrongs it was important to take the weaknesses in the corrections system into consideration. She asked about family members who were registered sex offenders buying for minor family members, and wondered how many felons would be created as a result of the legislation.

Senator Meyer understood that if it was proven in court that a family member on the sex offender registry bought alcohol for a minor family member - the legislation would apply.

CHRISTINE MARASIGAN, STAFF, SENATOR MEYER, responded that according to the Anchorage Police Department in 2006-2007 there were 701 reported sexual assaults. Of all of the reported cases, 30 percent of the assaults involved victims 19 years old and younger. She relayed that for all of the reported assaults, more than half involved alcohol. According to national statistics people who used alcohol who were between the ages of 12 and 20 were not purchasing the alcohol themselves. She concluded that the intention of the legislation was to keep minors from obtaining alcohol from predatory people who used alcohol as a grooming tool in order to entice young people into sexual situations.

SB 15 was HEARD and HELD in Committee for further consideration.

#sb58

SENATE BILL NO. 58

"An Act increasing the number of superior court judges designated for the third judicial district; and providing for an effective date."

[10:15:54 AM](#)

DOUG WOOLIVER, ADMINISTRATIVE ATTORNEY, ALASKA COURT SYSTEM, explained the bill. He stated that the legislation would add two new superior court judges to the Anchorage bench who would be assigned to civil cases. He stated that litigants in family law areas arriving to court without representation were increasing. He stated that the overall caseload in Anchorage was significantly higher in Anchorage than in any other city in the state.

Co-Chair Stedman discussed the eight fiscal notes.

[10:18:38 AM](#)

Co-Chair Hoffman MOVED to report SB 58 out of committee with individual recommendations and the accompanying new fiscal note(s): COR, SFIN/DPS and previously published fiscal impact notes: #1 CRT, #2 CRT, #3 ADM, #4 ADM, #7 LAW, #8.

There being NO OBJECTION, it was so ordered.

SB 58 was REPORTED out of committee with individual recommendations accompanying new and previously published fiscal notes.

#sb90

SENATE BILL NO. 90

"An Act classifying and setting a monthly salary for the executive secretary of the Board of Public Accountancy."

[10:19:32 AM](#)

Senator Egan referred stated that the bill would reclassify a position according to legislation passed in 2010.

[10:20:02 AM](#)

DANA OWEN, STAFF, SENATOR EGAN, explained that during the 26th legislature the committee had authorized a position

for the Board of Accountancy and had included in the budget funds to pay for a range 23. The Department of Administration had insisted on a classification study before the law could be implemented. The study determined that the range should be a 19 and not a 23. The legislation argues that a range 19 was inappropriate to the position; the position required a more highly skilled and trained individual than would normally be found at a range 19. He pointed out to the committee that the money for the position was drawn entirely from fees, which resulted in a zero fiscal note.

[10:21:23 AM](#)

Senator Olson asked if an attempt had been made to fill the position at a range 19.

Mr. Owen replied no.

Senator Olson understood that the position was for a secretary.

Mr. Owen replied that the position had been retitled: Administrative Director.

[10:22:25 AM](#)

MAX MERTZ, CERTIFIED PUBLIC ACCOUNTANTS, BOARD OF PUBLIC ACCOUNTANCY, stated that an investigation into the position had revealed the details of the position for other boards of accountancy around the country and had compared the general market for the CPA community in Alaska. From that investigation a salary range had been determined that would be necessary in order to hire a person who met the position requirements.

[10:23:17 AM](#)

Senator Olson highlighted that there had been no effort to hire for the position at a range 19. He said that a study had been done that indicated that the position was appropriate at a 19 pay range.

Mr. Mertz explained that the Department of Administration's study, which compared the statutory requirement of the position with the statutory requirements of nurses and

medical administrators, had not evaluated the position against the market or positions that were similar.

Senator Olson wondered if there was a requirement for the position to be filled by a licenses CPA.

Mr. Mertz replied that it was not a requirement.

[10:24:47 AM](#)

Co-Chair Hoffman MOVED to report SB 90 out of committee with individual recommendations and the accompanying fiscal note(s).

There being NO OBJECTION it was so ordered.

SB 90 was REPORTED out of committee with individual recommendations and accompanying fiscal notes.

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[10:25:24 AM](#)

ADJOURNMENT

The meeting was adjourned at 10:25 AM.