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**Commission on Privatization
Department of Education and Early Development**

**Minority Report to Certain Recommendations - November 24, 1999
Submitted by subcommittee members Rich Kronberg and Jeff Walters**

This minority report responds to our concerns about five specific recommendations being presented to the full Commission. The recommendations address three general areas: federal involvement in public education, school vouchers and the role of Alyeska Central School. This report lists each recommendation followed by the minority report.

Vouchers

General Recommendations: Recommendation #6 - That the legislature consider some form or variation of a voucher system that is useable in both the public and private school system and put the issue before voters of Alaska.

Minority Report

Our current expenditures exceed current revenues by a huge amount. Depending upon the price of oil, this deficit will be between \$500,000,000 and \$800,000,000. Schools in each community find it more and more difficult each year to fund computers for children, provide innovations in instruction, challenging curriculum, reduce overcrowded classrooms, hire qualified licensed teachers, and prepare students to pass the 2002 exit examinations.

A proposal to offer funding to every child in Alaska who attends a private, home or parochial school is too costly. Offering public funds to private schools will not only weaken public schools but also weaken private schools as well. Private schools have historically been exempt from the intrusive effective of government regulation and oversight; however, when private schools begin to receive public dollars, demands for accountability and responsibility will follow. If allowed, the millions of dollars to be spent in private, home and parochial schools will not be spent without strings attached and oversight.

A program allowing private, home and parochial children to be funded at the state's expense will easily cost over \$45 million if approximately 12,000 children are provided the Base Student

Allocation, let alone the millions of dollars in add-ons required in Alaska statute. Where will Alaska get the money to fund vouchers?

School funding will be wrecked.

Alaska values education. The Education Clause of the Alaska Constitution guarantees all children a right to a public education. Judge John Reece in *Kasayulie vs. Alaska* said, "Education is not a benefit, it is a constitutional right." Universality of educational opportunity is the single most important right offered all people.

The principal of universality will be cheapened.

Vouchers are argued because parents need more choice. We agree that opportunities for choice within public schools should be expanded. That would create a win/win situation for parents and for the public. Parents would have more choices for their children's' education and the public would retain oversight and accountability over public dollars. One way to promote increased choice for many families is to subsidize the cost of transportation for students to attend schools outside their home attendance area, something that is not currently being done.

We must remind the Commission that many students and families in urban communities already have numerous choices. In rural homes, villages and communities choice is limited. Furthermore in these same homes, villages and communities a voucher is worthless when compared to urban communities.

Equal opportunities are best achieved for all in Alaska through adequately funded public schools.

The mission of the Privatization Commission was to identify those areas of government where equivalent services could be provided by the private sector in order to generate savings. This voucher proposal flies in the face of that mission for several reasons: (1) vouchers have never been shown to produce superior education for students once other factors have been accounted for, and (2) providing public funding for students to attend private and religious schools would add a significant cost burden to the taxpayers of this state.

**Commission on Privatization
Department of Education and Early Development**

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Federal Role in Education

Division of Early Development: Recommendation #3 - When federal funding for a federally mandated program established in the State of Alaska falls below the 50% funding, the service shall be considered unessential at the state level and passed on to the option of local governments for funding.

Executive Administration: Recommendation #4 - The federal government should get out of K-12 education.

Minority Report

In 1996-97, Alaska's schools received \$1.2 million in revenue for public elementary and secondary schools. Of that total, 11.8% came from the federal government. Nationally, total revenues were \$305 billion with 6.6% coming from federal sources. It is clear that Alaska receives a greater share of federal funding than most other states for extra support for students with special needs, such as disability or limited proficiency in English.

Recently the federal government provided needed funding to hire more teachers to reduce class size. From school meal programs to the Individuals with Disabilities Education Act to funding professional development opportunities, Alaska must not weaken its position when taking full advantage of federal funding opportunities.

New educational initiatives in Alaska mirror initiatives on the national level, so receipt of federal funding enhances Alaska's efforts to accomplish our own initiatives. We must remind the Commission, Alaska's efforts to reform schools originated in our legislature and with our Governor. The reforms are far reaching. School employees know that unfunded state mandates create a greater burden on education and weaken the financial position of schools.

Adoption of a proposal stating that "when the funding for a federally mandated program established in the State of Alaska falls below the 50% funding, the service shall be considered unessential at the state level and passed on to the option of local governments for funding," seems misdirected. The greatest causes of unfunded mandates come from the legislature and the Governor. Where can

public schools expect the Governor and the legislature to show fiscal responsibility by requiring 100% funding of state mandates and expectations?

We are compelled to remind the Commission that the federal government provides needed essential funding to Alaska's schools. We agree that the level of support from the federal government for mandated programs must be increased. We have testified to that effect numerous times.

Nonetheless, telling the federal government to get out of K-12 education makes as much sense as telling Alaska politicians to get out of K-12 education. It will not happen and in our case where funding has been weakened by Alaska's structural deficit, it makes no sense.

**Commission on Privatization
Department of Education and Early Development**

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Alyeska Central School

Executive Administration: Recommendation #1 - Privatize services provided by Alyeska Central School.

Alyeska Central School: Recommendation #1 - It is recommended that Alyeska Central School be closed, with the responsibility for providing correspondence study transferred to those school districts which have a correspondence program.

Minority Report

Alyeska Central School (ACS) is an accredited school with over 60 years of experience in correspondence and distance education in Alaska. It provides an important choice for parents and students in our state.

Why should the state support efforts to privatize ACS when most private services are out of state? Private services providing correspondence courses are primarily out-of-state schools such as North Dakota, the University of Nebraska, the American School, Calvert School and many private and/or religious based programs.

Of the Alaska school districts offering correspondence services, some allow statewide enrollment, while some do not. Many only purchase courses from one of the out-of-state schools. Some purchase teaching services, some, like Galena's IDEA program, generally do not even have teaching services. It is up to parents to request help from a teacher. The responsibility is on the to evaluate the child's work and give "grades." The only accountability seems to be statewide test scores. No Alaska school district, at this point, is required to offer services to students residing outside their district.

We must remind the Commission that the ACS curriculum has not "fallen into the category of remedial study." ACS is trying to provide options on both ends of the spectrum to help students pass the high school qualifying examination. The ACS summer program has emphasized that focus.

We are mindful that public schools in Alaska, through the provisions of the Quality School's Initiative embodied in Senate Bill 36 and through regulation of the Department of Education, are implementing educational standards and accountability measures. Alyeska Central School is necessary to the successful delivery of curriculum to students who for one reason or another do not attend public schools.

Alyeska Correspondence is expected to meet and exceed the state's standards through curriculum offered to students enrolled in the correspondence program. ACS does not duplicate the services offered by school districts. ACS staff develop their own courses and in doing so achieve an economy of scale not attained on the school district level. ACS is not exempt from program certification regulations of the Department of Education and Early Development. ACS is required to comply with the same requirements as school districts, including the requirement to serve special education needs.

Courses are offered students in grades K-12. Courses are written and taught by certified teachers. Parents have access to ACS teachers for help and assistance at all grade levels and subject areas. The school addresses individual student needs and provides academically challenging college-preparation courses as well as courses for remediation oriented to the high school qualifying examination.

While there are a number of school districts that offer correspondence programs, the type of program offered varies. Some programs are only available to students who live within that school district. Some programs make it difficult for students and parents to take advantage of their services.

We remind the Commission that during testimony on the issue of closure, it was acknowledged that closing Alyeska would not result in any savings to the State of Alaska. One quality correspondence program is more efficient than 20 to 30 separate correspondence programs. Administrative and operational expenses can be kept to a minimum through a single system, than through several systems duplicating expenditures and personnel.

For the reasons above, we argue that Alyeska should remain open and serve the needs of the children and families of Alaska as they have for 60 years.



COMMISSION ON PRIVATIZATION

Department of Education Subcommittee

Subcommittee Minutes
July 30, 1999

Introduction of Chairman: Jim Hickel, Chairman of the Education Subcommittee, called the meeting to order at 12:05 p.m.

Appointment of Secretary: Hickel asked Rynnieva Moss if she would serve as secretary of the subcommittee. She agreed.

Roll Call:

Members present: Jim Hickel, Tuckerman Babcock, Sam Gaston, JoAnn Henderson, Rynnieva Moss, Tom Murphy, Jeff Walters, Bonnie Williams, Representative John Coghill, William Prosser, and Bob Coghill.

Members Absent: Tom Cobaugh, Don Evans, Paul Fischer, Marvin Owen, Senator Adams, and Dale Brock.

Also present in Fairbanks was Joe Hayes, legislative aide for Rep. Tom Brice, and Nancy Allen, a teacher with the Fairbanks North Star Borough School District. Karen Rehfeld, resource person for DOE participated by teleconference from Juneau.

Introduction of members:

Chairman Hickel asked everyone present to introduce him or herself and give a brief history of their background.

Jim Hickel said he is a former contractor who has spent the last 13 years starting and operating a private school, the Holy Rosary Academy.

Tuckerman Babcock came to Alaska in 1966 and is currently manager of the Government Strategic Planning Department of Matanuska Electric Association. His father is a retired teacher and he has had a lot of involvement in education. His children have attended public school, private school, and have been home schooled.

Bob Coghill is executive director of the non-profit Breast Detection Center in Fairbanks. He has served on the Fairbanks North Star Borough Assembly and currently serves on the FNSB School Board. Phone number: (907) 479-3909; Fax: (907) 479-2215; e-mail address: rcoghill@mosquitonet.com.

John Coghill has been a history teacher a private religious school for eight years and is Co-Chair of the House Health, Education and Social Services Committee of the Alaska State Legislature. Mailing address: 119 N. Cushman St., Suite 211, Fairbanks, AK 99701; Phone: (907)-456-5081; fax: (907)-456-8245; e-mail: Representative_John_Coghill@LEGIS.state.ak.us.

Sam Gaston has a master's degree in education and was a teacher at Mt. Edgecombe School. He is currently a contractor.

Jo Ann Henderson is executive director of the South East Regional Resource Center. The Resource Center is a private, nonprofit corporation in operation since 1976. Funded solely through grants and contracts, a characteristic marking its growth is the ability to respond to the changing needs of education and government in Alaska. Headquartered in Juneau, Alaska's capital city, the Resource Center was formed to assist rural school districts in Southeast Alaska. Today it provides support to a much broader community and REAA's. The Center's Board of Directors is comprised of the 18 school district superintendents in SE Alaska. JoAnn's contacts 210 Ferry Way, Suite 200, Juneau AK 99801; Phone number: (907) 586-6806; Fax: (907) 463-3811; e-mail address: serrc@ptialaska.net.

Rynnieva Moss is a legislative aide for Representative John Coghill, has worked for the legislature for five years. She has two children attending public schools in North Pole children and has home schooled her daughter.

Tom Murphy is a retired teacher and is currently executive director of Kodiak Education Association. He received a bachelor degree from Alaska Methodist University. His children graduated from public schools in Kenai and both graduated from the University of Alaska, one from UAA and one from UAF. Phone: 582-9093; Fax: 562-9023; e-mail: kef@alaska.net

Bill Prosser is a member of the Privatization Commission. He was born in Anchorage and is Chairman of the Board of Cook Inlet Region, Inc. He received a bachelor from University of California at Berkley and a master in economics from the University of Washington. He has worked in construction and fisheries industry. He has two sons attending Anchorage Schools. (907) 274-8638 Fax: (907) 263-5182; e-mail: poneill@ciri.com

Jeff Walters came to Alaska in 1982. Since 1992 he has been a teacher in Fairbanks. He taught in Kotzebue for seven years and one year in Southeast Alaska. He is currently president of Fairbanks Education Association. Mailing address: P.O. Box 82708, Fairbanks, AK 99708-2708; phone: 907-456-4435; e-mail: fea@alaska.net

Bonnie Williams is retired from the University of Alaska. She currently has served two years on the FNSB School District Budget Review Commission. In 1997, she was the finance committee aide for Representative Pete Kelly and was responsible for the Education and DNR budget work. Mailing address: P.O. Box 82812, Fairbanks, AK 99708-2812; phone and fax: 907-455-6652; e-mail: bonniewillms@mosquitonet.com

Karen Rehfeld is Director of Education Support Services for the Alaska Department of Education & Early Development has worked for DOE for six years. She said she is here to provide the subcommittee materials and get answers for their questions. Karen has three school aged children. 465-8650-work phone; 465-6452 fax; e-mail: karen_rehfeld@eed.state.ak.us

Opening Comments by Cowdery's Office:

Marco Pignalberi, Chief of Staff for Representative Cowdery, said this subcommittee was a diverse and interesting group to study education and see which functions might be privatized, transformed, transfers, or eliminated. Another consideration would be whether a physical asset should be kept or sold when outsourcing services.

He discussed the web site for the commission at <http://privatizealaska.org/> and suggested that members review the site for new releases and hot links to publications and resource material. Marco explained that the duties of the commission to come up with a privatization report would be carried out by the subcommittees. He said there is too much work to do in too little time for the commission to achieve all their goals and objectives without the "nuts and bolts" such as cost benefit analysis and suggestions being provided by the subcommittees.

Marco said the commission is charged with finding out what is going on in other states and Marco's duty is to facilitate the commission. Rynnieva asked where the commission was with finding out what other states are doing. Marco said they have obtained a report 1997 or 1998 report from National Conference of State Legislatures (NCSL) which provides a summary of activities in other states. They are also trying to find the web source of researching what the federal government is doing in the field of privatization. Marco said an example is that if the Corps of Engineers wants to build a bridge, they must now isolate themselves from the administrative functions of the agency and bid on the project along with private contractors.

Hickel said the NCSL report would be provided to everyone on the subcommittee. He said Rynnieva would fax or e-mail committee minutes to everyone and that he would like to see a phone tree formed. One person from Fairbanks call people in Fairbanks, someone from Anchorage would call all members in Anchorage, and one more person would call everyone else. This would save on long-distance calls. It was suggested that everyone give Rynnieva his or her e-mail for e-mail notification. It was agreed everyone would e-mail Rynnieva their e-mail address and she would notify them a day before the meeting. The phone tree issue for phone calls the day before was not finalized.

Future meetings scheduled:

Bonnie Williams said she would like to have the next meeting scheduled. Hickel said he would like to keep the meetings at one a week and is looking to the committee for organization of the meetings. He said he would like to limit them to two hours. It was decided that Mondays at Noon would work best for everyone. The next meeting was scheduled for August 9th at Noon. Further scheduled meetings are August 16th, August 23rd, August 30th, September 13th, September 20th, and September 27th. The subcommittee will evaluate at the September 27th meeting what is needed in October. The subcommittee has until the end of October to complete their recommendations if needed.

Overview of DOE:

Karen Rehfeld gave an overview of by Budget Request Unit (BRU) using the Component Summary from Legislative Finance as suggested by Representative Coghill. She said that DOE has a FY'00 budget of \$979,578,900. This includes 472 full-time positions and 108 part-time positions.

Rehfeld explained that the Component Summary will be revised because the legislature passed **HB 40** which consolidated the programs of Community & Regional Affairs into Department of Labor, DOE, and the newly establish Dept. of Community and Economic Development. The Vocational Rehabilitation Division of DOE (Adult Education) was transferred to Department of Labor. The \$23,657,200 appropriated to this division in the Conference Committee budget will be transferred to DOL, as well as, the 122 full-time positions and one part-time position.

She also explained that Head Start, Day Care Assistance, and Child Care has been moved from CR&A to DOE to the nearly created **Division of Early Development**. She remarked that DOE is excited about the transfer and will result in the addition of 16 full-time positions for that division.

K - 12 Support:

Rehfeld said that **lines 1-10 are K-12 Support**. The \$762,280,800 appropriation for this division consists of no personnel services or state positions, but is a pass through of formula programs from federal grants.

School Reimbursement:

Line 11 is School Reimbursement, which is a payback from the State at a rate of 70% for school bonds issued by school districts for school improvements and construction. Rehfeld said this is direct support that involves no personnel service and state positions and was funded at \$71,923,300 for FY'00.

Teacher and Learning Support:

Line 12 through 16 is Teacher and Learning Support. This serves as a pass through for federal grants. This division handles direct support with a large support of federal funds. This category covers Title **142** Migrant students, teacher certification, licensing, drug education, and child nutrition administration. This division has 67 full-time positions and is budgeted for \$83,039,800 in FY'00.

Executive Administration:

State Board of Education-Line 17: Under the current conference committee version of the operating budget there is no longer General Fund (GF) funding for the Board of Education. The appropriation is \$93,400 and is funded by other division funds to fund one secretary and travel for commission meetings.

Commissioner's Office-Lines 18 and Line 19: is for the Commissioner's Office, which was, appropriated \$450,700 in FY'00. The Commissioner's Office has four full-time employees and one part-time employee.

Lines 20 through 25 are for **Administrative Services** for a total appropriation of \$3,944,400. This includes evaluating school district requests for information services, district support services, educational facilities support, and donated commodities. There are 24 full-time positions for construction-related services; 7 positions for information services, payroll, and receivable and payable; and two positions for donated commodities, which consist of USDA food commodities. Rehfeld said there was a total of 51 full-time positions and 1 part-time positions.

Alyeska Central School:

Line 26 is for **Alyeska Central School**, which is the State of Alaska correspondence school, program. Curriculum focuses on a remedial program and the high school exit program. The FY'00 appropriation is \$5,810,400. The school has 22 full-time and 25 part-time positions.

Commissions and Boards:

Line 27 is for the **Professional Teaching Practice Commission** and is funded through receipts from teacher certification fees. The commission consists of seven members and is appropriated \$187,400 and has 2 full-time position.

Line 28 is for the **Alaska State Council on the Arts**. This is an eleven member advisory board, which determines the distribution of the 1-% arts funding. The Council has a budget of \$1,107,900, four full-time positions and one part-time position.

Kotzebue Technical Center:

Line 29 was for **Kotzebue Technical Center Operations**. It was funded at \$634,000 in FY'99 but was zeroed out of the DOE budget and funded at \$609,000 appropriation in the operating budget (not the capital budget) in section 36, page 11, line 31 of House Bill 50.

Alaska Vocational Technical Center:

Line 30 funds AVTEC operations at Seward for a cost of \$5,368,100 for FY'00. The center has 21 full-time positions and 49 part-time positions.

Mt. Edgecumbe Boarding School:

Line 31 funds Mt. Edgecumbe Boarding School. Mt. Edgecumbe has nine full-time positions and 25 part-time positions. It was appropriated \$1,496,100 in FY'00.

State Facilities Maintenance:

Line 32 is a new line item in the DOE budget, because the legislature now requires department to separate out maintenance costs. Maintenance of DOE facilities totals \$1,496,100 and there are 11 maintenance positions. (5 positions at AVTEC and 6 positions at Mt. Edgecumbe)

Vocational Rehabilitation:

Lines 33 through 40 will be zeroed out in the authorized budget for DOE because the funding was transferred to Department of Labor with the passage of HB 40.

Alaska Library and Museums:

Line 41 is for **library operations** at the State library in Juneau with a \$4,635,800 budget. The state library has 38 full-time and 4 part-time positions.

Line 42 is for the **archives** with an appropriation of \$689,400. There are 9 full-time positions in archives. Temporary storage of records is contracted out to private contractors for records in Juneau and Anchorage. Permanent records are archived.

Line 43 is for **museum operations** for the State Museum in Juneau and the Sheldon Jackson Museum in Sitka. The FY'00 appropriation is \$1,423,400 and there are 16 full-time positions and 4 part-time positions in the museums.

Alaska Postsecondary Education Commission:

Lines 45 through 49 constitute the funding of the Alaska Postsecondary Education Commission. The FY'00 budget of \$9,100,400 is funded through student loan program receipts. There are 98 full-time positions for the student loan operations which accounts for \$6,530,000 of the budget. **WICHE and WWAMI** are financed through corporate funds.

Rynnieva Moss asked Ms. Rehfeld to clarify that there are 98 full-time positions for the student loan program. Ms. Rehfeld said that was correct.

Daycare, Child Care, & Head Start:

These three programs have been transferred to DOE with the passage of HB 40. The day care program subsidizes low-income parents who are transforming from welfare to work. All GF funding of ChildCare has been replaced with federal funds. A portion of Head Start GF has been replaced with federal funds.

Bonnie Williams asked Karen Rehfeld if day care funds were not, in fact, pass through grants to municipalities and non-profits from the federal government with local governments supplying the administrative support. Rehfeld said that the division writes approximately \$30 million in checks to municipalities and non-profit entities and has 17 to 20 positions.

General Discussion After Overview:

Jim Hickel asked Karen Rehfeld to provide Rynnieva with a list of activities within DOE that are already privatized. Ms. Rehfeld said Mt. Edgecumbe has already privatized its food and dormitory services. She said she would obtain information for any other privatized services.

Tuckerman Babcock suggested that if subcommittee members have any questions for DOE, they should be run through the chairman. He said this would prevent the same question or request being made three or four times.

Karen Rehfeld said that would be helpful. She also suggested that the committee should outline items to be covered prior to the next meeting so she can provide the proper DOE staff to address the subjects.

Jim Hickel said it was his understanding that the numbered line items could be looked at in more detail. Ms. Rehfeld said the Conference Committee Report from Legislative Finance is on-line and is a helpful, detailed document. She recommended the committee members check out the information available on line then the committee needs a person who works in the program on a day-to-day basis to explain the services and identify the areas that could be privatized.

Marco cautioned the committee not to look only at the budget. He said the committee, by focusing only on the budget, would be recreating a process already done by ninety-eight other people. The committee will have to look at the operations of each division and try to understand what activities the BRU people do.

Karen Rehfeld commented that the Postsecondary Commission has studied privatization.

Bonnie Williams asked Karen Rehfeld to supply a list of the full-time and part-time positions in DOE. Ms. Rehfeld said she can provide a list of the PCN's budgeted.

Chairman Hickel said the thrust of the committee is trying to look at ways by which the state can save some money. He suggested maybe the committee split into groups to study each division, but said that he will be leaning on the committee to make a decision how the task of coming to a point of making recommendations can best be met.

Tuckerman Babcock suggested that the committee eliminate the **K-12 Support and School Debt Reimbursement components** because these are pass through. This would allow the committee to focus on the remaining seven divisions. The committee could review one or two divisions a week with the administration, allowing the full committee to know each department.

Bonnie Williams asked members to go to page three of SB 33. She said the committee is tasked with five things:

- Review other states' privatization activities;
- Review Alaska's contracting and bidding procedures;
- Identify existing state functions that could be contracted out, transferred to other levels of government, or eliminated;
- Solicit public comment; and
- Submit findings and recommendations to the governor and legislature by January 1, 2000.

She said taking those factors into consideration, Tuckerman's approach would work.

Tom Murphy said he liked Tuckerman's approach.

Bonnie Williams asked that as the committee proceeds, they are provided with a giant grid to mark up.

Jim Hickel said that he would like to take Teacher's Support the committee could get an expert overview of each line item such as Line 12 or Line 14. That would be accomplished with Tuckerman's suggestion. Hickel asked Karen Rehfeld how reasonable that approach would be.

Karen Rehfeld said she thought it would be reasonable. She said she would hesitate to volunteer to create a different way to look at things. With that approach the committee can review the department by BRU's and that would hopefully get to the issue.

Hickel said he would like to know f, for example, under Line 12 of Teaching and Learning Support, what that line item does including a description of the services provided. He said some services will jump out at us as the entire committee reviews the BRU's. Then the committee can break up into subcommittees after the overview process is complete. He said the committee will get an overview of Teaching and Learning Supports AND Executive Administration at the August 9th meeting. He asked if that would be okay with Karen Rehfeld.

Karen Rehfeld said she doesn't know the travel schedule of the division directors, but will try to have them at the meeting.

Bonnie Williams said she would like to see this broken into four sessions.:

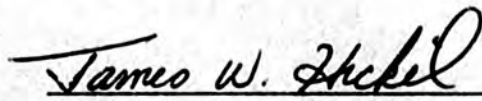
August 9 th	Teaching and Learning Supports Executive Administration
Aug. 16 th	Alyeska Central School Commissions and Boards Alaska Vocational Technical Center Mt. Edgecumbe Boarding School
Aug. 23 rd	State Facilities Maintenance Alaska Library and Museums
Aug. 30 th	Postsecondary Education Early Development

Marco said that everyone should look at the DOE website on the State of Alaska Homepage and become familiar with the departments divisions and their functions. **Karen** said there is a lot of material on the site and it would be helpful.

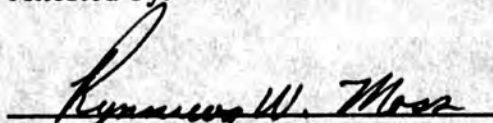
Rynniva Moss suggested that any materials the chairman needed to send to members in Anchorage could be pouched to her through the LIO in Anchorage, because there are regular pouches between the two LIO's.

Jim Hickel thanked everyone for getting involved and adjourned the meeting at 1:37 p.m.

The minutes of the Department of Education Subcommittee of the Privatization Commission held on July 30th, 1999 are hereby approved this 9th day of August, 1999.


Jim Hickel, Chairman

Attested by:


Rynniva Moss, Secretary



COMMISSION ON PRIVATIZATION

Department of Education Subcommittee

Subcommittee Minutes August 9, 1999

Chairman Hickel called the meeting to order and conducted the roll call.

Members Present: Tuckerman Babcock, Bob Coghill, John Coghill, Don Evans, Sam Gaston, JoAnn Henderson, Jim Hickel, Doug Johnson, Rich Kronberg, Rynnieva Moss, Tom Murphy, William Prosser, Jeff Walters, and Bonnie Williams.

Members Absent: Tom Cobaugh, Paul Fischer, Marvin Owen, Senator Adams, and Dale Brock.

Support staff from Department of Education Present: Karen Rehfeld and Barbara Thompson.

Marco Pignalberi brought to the attention of the subcommittee a report provided to the committee that lists checks issued from DOE for more than \$250 from FY'94 through Fy'99.

The minutes from the July 30, 1999 meetings were introduced for approval. Bonnie Williams moved for approval of the minutes and Bob Coghill seconded the motion. The minutes from the July 30, 1999 meeting of the Privatization Sub-Committee on the Department of Education were approved unanimously.

Jim Hickel explained the process of reviewing the DOE. Because the K-12 Support funding and the School Debt Retirement funding was pass through money that did not require positions or direct expenditures of DOE, these categories would not be reviewed by the sub-committee. He said that today the committee will get an overview of Teaching & Learning Support and Executive Administration. He said that as the subcommittee gets an overview of the divisions of DOE he will ask for volunteers to go over each division in the next couple of weeks.

Barbara Thompson, Deputy Director of Teaching & Learning Support, presented an overview of that division. She explained that 94% of the funding is from federal funding.

- The **special and supplemental** goes to the schools for Title I programs such as even-start & migrant students, as well as, bilingual programs. It also comes from Title IV grants for school programs addressing drugs & violence. These are mostly pass through programs.
- The **Quality Schools** component of the DOE budget is distributed mostly by competitive grants. They include funding for Title VI funding such as welfare-to-work programs and charter schools. This category also includes formula grants such as the Title II Eisenhower money.

Bonnie Williams asked what the 32 positions in Quality Schools did. Barbara Thompson said they provided technical assistance to schools. Williams asked if they do training or arrange training. Thompson said they did both.

Williams asked about the one staff position for Charter Schools. Thompson said that position provides grant money and technical assistance for implementation plans for charter schools.

Jeff Walters asked that since 94% of this division is federally funded is this division out of the purview of the subcommittee. Karen Rehner said that the 6% state funding of this division is associated with statewide assessment certification, state match for federal funding, and vocational rehabilitation grants.

- **Special Projects** are endowments such as teen parents, the Alaska Minerals and Energy Education Program, Byrd Scholarship, Senate Youth School Program, and McCullough Grant.
- **Teacher Certification** is the process whereby qualified applicants become certified to teach in the State of Alaska. Karen Rehfeld said this division is funded through the applicant fees.

Tuckerman Babcock asked if there is any excess in fees after paying for services. She said that at this time there is no surplus of funded versus expenditures in the division but it pays for itself. She explained that certification provides for cyclical receipts that have to be carried over from the end of a fiscal year to the next fiscal year. The program has been self-supporting for two years.

- **Child Nutrition** is the USDA school lunch program, the school breakfast program, and the summer food program. This division also funds food subsidies for childcare and homeless meals.

Bonnie Williams asked for a breakdown of the revenue sources for each component of DOE's budget. Barbara Thompson said she would provide that breakdown.

Since the State of Alaska is the recipient of most of the federal program money, the question was asked would the state still be in control of the funding if some services were privatized. Karen Rehfeld said she would check into that one.

Jim Hickel asked for volunteers to form a subcommittee for Teaching and Learning Support. He said the primary focus is looking at the performance in delivering services. Members to serve on the subcommittee are: JoAnn Henderson, Representative Coghill, and Jeff Walters.

Karen Rehfeld gave an overview of Executive Administration. The Governor appoints the State Board of Education in Alaska. The nine-member board includes a military advisory member and a student advisory member. The Board meet four times a year and will meet next on September 23rd. When a special issue requires board actions before the next scheduled quarterly meeting, the Board meets by teleconference. There is an Executive Secretary to the Board. There is a part-time position for a legislative liaison during the legislative session.

She said **Administrative Services** includes payroll, drawing down federal revenues, and developing budgets. **Information Services** manages the Department of Education website, does local area networking, and manages the connection to the state mainframe. **District Support Services** has a grant administrator who is familiar with federal regulations and provides technical assistance to school districts.

Donated commodities consist of USDA food commodities used in the Child Nutrition program.

There was considerable discussion by several members of the committee about organizational charts for Teaching and Learning Support, as well as, Executive Administration. Information requested by the committee included the number of people in each BRU, their positions and their salaries; the amount of travel and contractual services in each component of a BRU; and what programs each employee works on.

Jim Hickel said he would like the same type of information for the subsequent overviews of other BRU's. Rehfeld said a line item report to be provided to the committee would make the committee's understanding of the DOE much better.

Rynniva Moss asked why there had been an almost \$200,000 increase in the Child Nutrition budget under Teaching and Learning Support since FY98 Actual. Rehfeld said she would check into that.

Jim Hickel asked for volunteers to form a subcommittee on Executive Administration. Don Evans and Rynniva Moss volunteered.

Barbara Thompson is the DOE contact person for Teaching and Learning Support.

Karen Rehfeld is the contact person for Executive Administration.

Rynniva Moss asked how the child nutrition program was operated. The program provides prepared breakfasts and lunches to schools, licensed day care facilities, and youth centers. Some meals are provided at a reduced rate to parents, others are provided free of charge. There is a summer lunch program provided for youths. It was not for certain but Thompson thought the child nutrition funding was provided directly to each school district.

Karen Rehfeld said she thought it would be better if the overview of State Facilities Maintenance was done at the same time as AVTC and Mt. Edgecumbe. The schedule for overviews was changed as follows:

August 16 th	State Facilities Maintenance Alaska Vocational Technical Center Mt. Edgecumbe Boarding School
August 23 rd	Commissions and Boards Alyeska Central School Alaska Library and Museum
August 30 th	Postsecondary Education Early Development

Jim Hickel asked for volunteers for the remaining BRU's. Hickel said he will appoint people who did not volunteer to subcommittees as needed.

Subcommittees are as follows to date:

Alaska Vocational Technical Center

Sam Gaston
Doug Johnson
Tom Murphy

Mt. Edgecumbe Boarding School

Sam Gaston
Doug Johnson
Tom Murphy

State Facilities Maintenance

Sam Gaston
Doug Johnson
Tom Murphy

Alyeska Central School

Bonnie Williams

Commissions and Boards

Richard Kronberg

Teaching & Learning Support

JoAnn Henderson
Representative Coghill
Jeff Walters

Executive Administration

Don Evans
Rynniva Moss

Alaska Library & Museums

Bob Coghill

Postsecondary Education

Bob Coghill
Bonnie Williams

Early Development

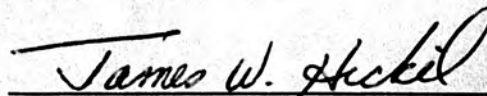
Doug Johnson
Rynniva Moss

JoAnn Henderson asked for a Timeline for the subcommittee reports. A schedule was prepared for subcommittees to present their final report as follows:

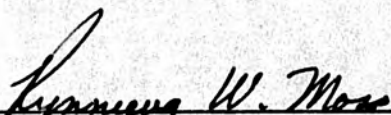
Teaching & Learning Support Subcommittee	September 13 th
Executive Administration Subcommittee	September 13 th
State Facilities Maintenance Subcommittee	September 20 th
Alaska Vocational Technical Center Subcommittee	September 20 th
Mt. Edgecumbe Boarding School Subcommittee	September 20 th
Alaska Library and Museum Subcommittee	September 20 th
Commissions and Boards Subcommittee	September 27 th
Alyeska Central School Subcommittee	September 27 th
Postsecondary Education Subcommittee	September 27 th
Early Development Subcommittee	September 27 th

The meeting was adjourned.

The minutes of the Department of Education Subcommittee of the Privatization Commission held on August 9th, 1999 are hereby approved this 16th day of August, 1999 as amended.



Jim Hickel, Chairman

Attested: 
Rynnieva Moss, Secretary



COMMISSION ON PRIVATIZATION

Department of Education Subcommittee

Draft Subcommittee Minutes August 16th, 1999

Chairman Hickel called the meeting to order and conducted the roll call.

Members Present: Tuckerman Babcock, Bob Coghill, John Coghill, Don Evans, Sam Gaston, Jim Hickel, Doug Johnson, Ed McLean, Rynnieva Moss, Jeff Walters, Bonnie Williams. Also was Tammy Troyer, legislative aide for Representative Sharon Cissna, and Doug Bartco, an interested citizen.

Members Absent: Senator Adams, Dale Brock, Tom Cobaugh, Paul Fischer, JoAnn Henderson, Rich Kronberg, Tom Murphy, Marvin Owen, and William Prosser.

Support staff from Department of Education Present: Karen Rehfeld, Director of Education Support Services, Hal Spackman, Director of Mt. Edgecumbe, and Dick Harrell, Director of AVTEC

The minutes from the August 9, 1999 meeting were discussed and amended. Karen Rehfeld addressed the subcommittees for AVTEC, Mt. Edgecumbe, and Facilities maintenance. She said that those three divisions should be reviewed as a package by a subcommittee. Chairman Hickel made the revision to reflect this. Chairman Hickel moved for approval of the minutes and hearing no objections approved the minutes as amended.

Hal Spackman, Director of Mt. Edgecumbe, gave an overview of Mt. Edgecumbe Boarding School. He said Mt. Edgecumbe provides an alternative secondary education in a residential setting to approximately 310 students who do not have the educational opportunity in their village or who need a boarding school environment. Approximately 80% of the student body are Alaska Native. He said the school encourages innovative practices that hold students to high expectations and prepare them for post-secondary education and productive vocational lives. The school has 60 to 70 graduates a year and that high percentage of Mt. Edgecumbe students attend college and become leaders in their communities. Students who live in this boarding school develop independence, problem solving abilities, and coping skills to a high degree.

All the students are Alaska residents. There are conditions of preference formulated by a selection committee. Preference is given to students who have no or limited access to secondary education in their local communities or who would benefit from placement in a residential setting. Many of these student are in state custody and would be placed in a foster home if not placed in the residential setting of Mt. Edgecumbe.

Spackman said the annual budget of Mt. Edgecumbe is \$4 million and there are 307 students housed there.

Sam Gaston asked about the privatized services, how contracts were solicited, and who had the existing contracts. The school follows the state procurement codes in soliciting contracts. The current contracts are as follows:

Food Services-Food Management Corporation which is based in Seattle but has established an Alaskan office and is increasing its presence in Alaska.

Custodial Services-Superior Custodial (Dale Williams) obtained the contract over FMC this year in competitive bidding.

Boarding School Services-Alice Cooper and Christine Sommerville.

Gaston requested copies of the Request for Proposals for the dormitory services, food services, and custodial services. Karen Rehner said this will most likely be quite a bit of paper so she will mail directly to Rynnieva and Rynnieva can distribute copies to can get copies to the interested members.

Representative Coghill asked who the land and buildings belong to. Spackman said that the Department of Natural Resources had just transferred title to the Department of Education.

Rynnieva Moss asked how much of Mt. Edgecumbe's budgets was received from Health and Social Services considering there were students in state custody. Spackman said maybe \$50,000. Mt. Edgecumbe is located near the SERC medical facility.

Doug Bartco asked Spackman's personal opinion on privatizing other aspects of Mt. Edgecumbe. Spackman said that was difficult to do considering the long history Mt. Edgecumbe and the State of Alaska have had together. He said the goal is to manage the school in a manner that best delivers services for the students and the state.

Don Evans asked if the \$4 million included maintenance. Spackman replied yes.

Bonnie Williams asked is there was a per student formula for budgeting. Spackman said there is the average daily membership count and an additional boarding school allocation.

Dick Harrell, Director of AVTEC, said that AVTEC has been providing occupational training since 1969. His direct line is 224-4162. He said they have approximately 1700 students a year and are certified by the Council on Occupational Education. There are 75 positions authorized and 61 positions occupied for AVTEC. The facility has eight buildings in Seward and one in Anchorage.

Harrell said that enrollment was down to approximately 1600 students in FY'98. This was a combination enrollment in 21 full-time programs that are six to thirty weeks long and 90 short-term programs that can be as little as one day of training. He said there is a graduation rate of ____ and the average age of students is 36-years-old.

Harrell said they offer vocational training for Information Technology complete with a computer for about \$8,000. This same training would cost about \$20,000 at a professional computer school.

The AVTEC budget is about \$5.3 million. That includes room and board and placement services.

Hickel asked if the tuitions pay for operations. Harrell said no. AVTEC has grants, general fund monies, and federal receipts. \$3.3 million of the budget is general fund appropriations and \$1.2 million comes from tuition.

Karen Rehner explained that Facilities Maintenance had been separated out in the budget due to the passage of HB 315 in 1998. The two schools now separate out their maintenance costs in preparing their budgets. She said that while the maintenance portion of the budget comes from a different account, the cost of maintenance is represented in the schools overall funding for the fiscal year. She reiterated that Mt. Edgecumbe's \$4 million budget includes facilities maintenance.

Doug Johnson asked Karen to explain the two figures used for estimating maintenance costs. Karen said that DOE is trying to show what a nationally recognized formula estimates should be required for maintenance and what the actual appropriation is for maintenance.

Doug Johnson asked for a detailed budget for AVTEC and Mt. Edgecumbe. Karen said she would provide the same detailed budget that is providing to the legislature during the budgeting process. She said because of the size of the document, she would mail it directly to Rynnieva for distribution.

At Bonnie Williams' request Mr. Harrell will be working on a report to respond to her question about the number of teaching days at AVTEC.

Bonnie Williams asked if HB 315 was specific to state facilities. Rehner said yes it is specific to state facilities as maintained by different departments. She said ATVEC and Mt. Edgecumbe are the only DOE facilities because the library and museums are maintained by the State Office Building.

Doug Johnson asked for a detailed budget for AVTEC and Mt. Edgecumbe. Karen said she would provide the same detailed budget that is providing to the legislature during the budgeting process. She said that because of the size of the document, she would mail it directly to Rynniewa for distribution.

Tom Murphy asked Harrell if students received hands on training by providing some of the maintenance services. Harrell said AVTEC does use the students to performance maintenance duties and the students also do some unscheduled maintenance projects on the facilities. Harrell said there are only two maintenance positions in AVTEC.

Hickel announced that next week the overviews will be on Commissions & Boards, Alyeska Central School, and Alaska Library & Museums.

Karen Rehner said that Karen Crane, Director of Alaska State Libraries, Archives, and Museums and Michael Opp, Director of the Alyeska Central School will teleconference from Rehner's office. She said that Sanna Green, Executive Director of the Professional Teaching Practices Commission and Helen Howarth, Executive Director of the Alaska State Council on will participate at the Anchorage LIO.

Jim Hickel said that he will be talking to members of the committee who have not yet been appointed to subcommittees to make appointments this week. He will contact Rynniewa with the appointments.

Subcommittees are as follows to date:

Alaska Vocational Technical Center

Sam Gaston
Doug Johnson
Tom Murphy

Mt. Edgecumbe Boarding School

Sam Gaston
Doug Johnson
Tom Murphy

State Facilities Maintenance

Sam Gaston
Doug Johnson
Tom Murphy

Alyeska Central School

Bonnie Williams

Commissions and Boards

Richard Kronberg

Teaching & Learning Support

JoAnn Henderson
Representative Coghill
Jeff Walters

Executive Administration

Don Evans
Rynniewa Moss

Alaska Library & Museums

Bob Coghill

Postsecondary Education

Bob Coghill
Bonnie Williams

Early Development

Doug Johnson
Rynniewa Moss

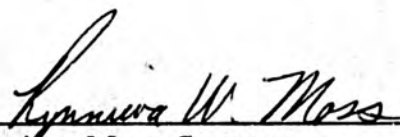
Chairman Hickel reviewed the timeline for final report subcommittee reports:

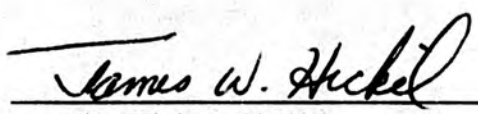
Teaching & Learning Support Subcommittee	September 13th
Executive Administration Subcommittee	September 13th
State Facilities Maintenance Subcommittee	September 20th
Alaska Vocational Technical Center Subcommittee	September 20th
Mt. Edgecumbe Boarding School Subcommittee	September 20th
Alaska Library and Museum Subcommittee	September 20th
Commissions and Boards Subcommittee	September 27th
Alyeska Central School Subcommittee	September 27th
Postsecondary Education Subcommittee	September 27th
Early Development Subcommittee	September 27th

The meeting was adjourned at 1:05 p.m.

The minutes of the Department of Education Subcommittee of the Privatization Commission held on August 16th, 1999 are hereby approved this 23rd day of August, 1999 as amended

Attested:


Rynnieva Moss, Secretary


Jim Hickel, Chairman



COMMISSION ON PRIVATIZATION

Department of Education and Early Development Subcommittee

Subcommittee Minutes
August 23, 1999

Chairman Hickel called the meeting to order and conducted the roll call.

Members Present: Bob Coghill, John Coghill, Don Evans, Sam Gaston, Jim Hickel, Doug Johnson, Rich Kronberg, Rynnieva Moss, Jeff Walters, Bonnie Williams. Also was Tammy Troyer, legislative aide for Representative Sharon Cissna, and Doug Bartko, an interested citizen.

Members Absent: Senator Adams, Tuckerman Babcock, Dale Brock, Tom Cobaugh, Paul Fischer, JoAnn Henderson, Tom Murphy, Marvin Owen, and William Prosser.

Support staff from Department of Education Present: Karen Rehfeld, Director of Education Support Services; Michael Opp, Interim Director of Alyeska Central School; Karen Crane, Director of Alaska State Library; Helen Howarth, Executive Director of Alaska State Council on the Arts; and Sanna Green, Director of Professional Teaching Practices.

Chairman Hickel asked for an overview of Commissions and Boards. **Sanna Green** gave an overview of the Professional Teaching Practices Commission (PTPC). The Commission reviews applications for teaching certificates and conducts background checks on applicants. She said the commission investigates complaints against licensed educators and when probable cause is established, conducts hearings on the complaint. The Commission also imposes discipline on teachers who have been found to violate ethical standards by a preponderance of the evidence. This includes teachers licensed in the State of Alaska but residing in another state. The Commission also makes recommendations for changes in certification, publishes a semi-annual newsletter distributed to educators.

Bonnie Williams asked if the PTPC was 100% funded by program receipts. Sanna replied yes.

Helen Howarth presented the overview for Alaska State Council on the Arts. The eleven member Council is a volunteer body appointed by the Governor to oversee all arts functions in the state. Council members set policy and serve on panels, which review grants to arts programs. The Council's professional staff provides technical assistance and services to artists, arts organizations and arts supporters in Alaska.

She said the Council seeks to advocate arts in education and arts programs that reflect and sustain the cultural identities of the people of Alaska. The Council sees art as a means to increase interest in cultural tourism that could stimulate economic development in rural Alaska.

When asked about the relationship of the Council with the 1% arts, Helen said that the Council is funded with a 50-50 match between the National Endowment of the Arts and the State of Alaska. She said that she had already contacted the NEA to find out the effect of privatization of the Council and was told privatization could hinder their NEA funding. She said the Council provides coordination and support for the State's Percent for Art Program but DOTPF has a selection process by committee to fund arts for public buildings. She said the Council is currently assisting the Anchorage Airport in coordinating their Percent for Arts Program. She said the Council in the current year is spending money as follows:

Arts Education	\$67,000
Apprenticeships for native cultural artists	30,000
Cultural & Community Development	20,000
Operating Support Grants	200,000
Local Arts Councils	50,000

The Council does contract their Arts Education Program out to an arts education company which operates on a contract put to competitive bid every three years. Sanna said NEA has no problem with the arrangement because the State of Alaska still maintains oversight through public panels and the Council.

Karen Rehfeld said she could provide a list of grants to the committee.

Michael Opp said Alyeska Central provides K-12 education programs year-round to children located in isolated areas and home school teachers. Bonnie Williams asked about school districts providing home school programs. Opp said that four or five school district provide home school programs and purchase books from either Alyeska Central or outside textbook companies.

Bonnie Williams asked about the budget doubling from the last fiscal year. Opp said that DOE expanded the summer school programs to accommodate students requiring remedial help to students meet benchmarks and pass exits exams. The budget is formulated by the prior year's student's count and Opp expects the budget to go back down next year. There was quite a bit of discuss of the fluctuation of the budget numbers.

Because of the passage of SB 36, Alyeska will receive 80% of full funding versus 60% for operations. In the past, Alyeska got 60% to provide correspondence while school districts were receiving 100% of funding for correspondence students. Bonnie Williams asked if Alyeska provided computers. Opp said that they supply refurbished state computers as loaners.

Opp said that the correspondence programs that compete with Alyeska are out-of-state companies. He said that there are no private correspondence companies in Alaska. Bonnie Williams asked for the names of the out-of-state companies. She also asked if the State of Alaska backed the diplomas issued by those companies. Opp said that in order for the State of Alaska to back a diploma from an out-of-state school, the school would have to be certified by the State of Alaska.

Opp said the school is open year-round. The school is estimated to have 1,700 to 1,800 students in FY'00 and had 3,400 students in FY'99. Again the reason for this fluctuation was the expansion of remedial courses for summer school with 1,600 students signing up for summer school in 1999. Funding was based on 2,500 fte students.

Bonnie Williams remarked that there had been a change in the funding but not in the staffing. She asked how high enrollment would have to get before Alyeska would hire more staff. Opps said there are 25 certified teachers, four support staff, and one clerical position. After further questioning by Williams and Sam Gaston Opps said that if the fte reached 3,400 students he would have to hire 15 more teachers, but he said initially it would be a temporary hire.

Doug Johnson asked Opps what he saw as the future of Alyeska with the new Internet delivery of correspondence schooling. Opps said that he believes there has to be a balance between printed resources and the Internet. Gaston asked what other correspondence sources are available in Alaska. Opps said there is the Delta Cyber School, the Parent Partnership School, and similar programs in Copper River, Nenana, and Galena. Gaston asked if Alyeska was being allowed to proliferate across the state when other sources are available. Opps said other correspondence sources such as cyber schools and school district correspondence courses don't require students to turn in work on a scheduled basis to be reviewed by a certified teacher.

Don Evans asked for more information on student enrollment. Opps said there will be 1,700 students enrolled in FY'00 with a 1,200 fte enrollment. He said 90% of the full-time students at Alyeska go on to college. In FY'99 there were 1,000 students with dual enrollment. It is estimated that there will be 100 dual students in FY'00.

Gaston asked for a breakdown of the student numbers by grade at Alyeska. Opps said there are 350 K-5 students and 850 6-12 students. He also said that Alyeska partnered with the University of Alaska for dual credits in three classes. Bartco asked the cost of the dual credit courses. Opps said it was between \$250 and \$600 per course.

Don Evans said he thought it would be helpful to have representatives from the other schools providing correspondence schooling meet with the Subcommittee on Education. Richard Kronberg wondered if it were the job of the committee to review pass through funds from DOE.

Marco Pignalberi said that pass through funding is already privatization and that the committee should just make note of the pass through. Gaston said there are 1,700 students or more enrolled at Galena and he wants to know what those 1,700 students are getting for the funding the state provides. He wanted to know if the State is getting a bang for their buck. Marco said that the DOE must have some type of compliance or assessment attached to DOE's funding for these other correspondence schools. Marco said if there isn't that should be noted in the privatization report. Opps said that DOE has to approve the benchmarks and the exit exams.

Rynniva Moss suggested that the sub-committee on Alyeska Central make the call on whether or not input is needed from other providers. Jim Hickel said he thought that was an appropriate course of action.

Karen Crane gave a brief history of the library and museum system in Alaska. She said an executive order signed in 1988 transferred the functions of the library and museums from the Department of Administration to the Department of Education. She said services include historical collections, a depository of documents copied and provided to Anchorage and Fairbanks libraries, library development providing technical assistance to other libraries statewide, and the Talking Book Center, located in Anchorage, which loans equipment, talking books, cassettes, large print, and Braille. The Braille section is contracted with Utah.

Karen said of the 90 libraries in the state, 54 serve less than 1,000 people.

Archives and Records Management provide services to all branches of state government. The Records Management Section establishes records retention schedules, offers off-site storage and retrieval of inactive records, provides training in current files management, and sets statewide standards for the management of public records. The Archives Section identifies, preserves and makes available for research the public records of the state. This includes microfilming and microfiche. In 1997, the state began contracting for record storage.

The two museums collect, preserve, interpret, and display the human and natural history of Alaska. Rynniva Moss if there was any duplication in this divisions services and those of the University of Alaska Libraries and Museums, the Fish & Game, legislative research, and the Law Library. Karen said there may be some duplication but in general the Division coordinates the Alaska Library Network (ALN), which provides interlibrary loans, cooperative collection development, and resource sharing among libraries.

Subcommittees are as follows to date:

Alaska Vocational Technical Center

Sam Gaston
Doug Johnson
Tom Murphy

Mt. Edgecumbe Boarding School

Sam Gaston
Doug Johnson
Tom Murphy

State Facilities Maintenance

Sam Gaston
Doug Johnson
Tom Murphy

Commissions and Boards

Richard Kronberg
Doug Bartko

Executive Administration

Don Evans
Rynnieva Moss

Postsecondary Education

Bob Coghill
Bonnie Williams
Doug Bartko

Alveska Central School

Representative Cissna
Bonnie Williams

Teaching & Learning Support

Representative Cissna
Representative Coghill
JoAnn Henderson
Jeff Walters
Rynnieva Moss
Denny DeWitt

Alaska Library & Museums

Representative Cissna
Bob Coghill

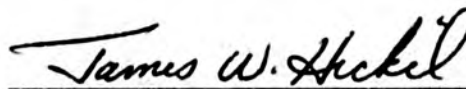
Early Development

Doug Johnson
Rynnieva Moss

The minutes from the August 16, 1999 meeting were discussed. Bonnie Williams moved to approve the minutes. Sam Gaston seconded the motion and the minutes for August 16, 1999 were approved unanimously.

The meeting was adjourned at 1:10 p.m.

The minutes of the Department of Education Subcommittee of the Privatization Commission held on August 23, 1999 are hereby approved this 13th day of September, 1999.



Jim Hickel, Chairman

Attested:


Rynnieva Moss, Secretary



COMMISSION ON PRIVATIZATION

Department of Education and Early Development Subcommittee

Subcommittee Minutes August 30, 1999

Chairman Hickel called the meeting to order and conducted the roll call.

Members Present: Doug Bartko, Bob Boko, Bob Coghill, John Coghill, JoAnn Henderson, Jim Hickel, Rich Kronberg, Rynnieva Moss, Tom Murphy, Jeff Walters, Bonnie Williams. Also present was Tammy Troyer, legislative aide for Representative Sharon Cissna..

Members Absent: Senator Adams, Tuckerman Babcock, Dale Brock, Tom Cobaugh, Don Evans, Paul Fischer, Sam Gaston, Doug Johnson, Marvin Owen, and William Prosser.

Support staff from Department of Education Present: Karen Rehfeld, Director of Education Support Services; Yvonne Chase, Director of Early Development; and Diane Barrans, Director of Postsecondary Education.

Chairman Hickel asked for an overview of Postsecondary Education. **Diane Barrans** said the mission of the Alaska Postsecondary Education Commission is to support citizen and workforce development and consumer protection by providing financial aid, authorizing postsecondary institutions to operate and regulating postsecondary institutions in Alaska.

She said the State of Alaska began offering student financial aid in 1968 as a function of the Department of education. "In 1974, the legislature established the Commission to coordinate and provide comprehensive planning for postsecondary education, encompassing public, private, and proprietary postsecondary education in the state. Administering the state loan program was a function also assigned to the Commission. At that time the program was issuing less than \$3 million annually. By 1985, annual lending had grown to \$75 million per year. Through 1987, the Commission and its programs were funded by General Fund dollars. In 1987, as part of statewide budget cutting activity, the policy and planning staff were eliminated by the legislature.

In 1987, the legislature created the Alaska Student Loan Corporation whose mission is to administer the Alaska Student Loan Fund. The Corporation is the bonding entity through which tax-exempt revenue bonds are sold to provide low-interest loans to Alaskans.

In 1987, when the Corporation was created, the State contributed capital in the form of outstanding loans valued at \$306 million. By 1997, that equity was reduced by cumulative losses (from forgiveness payments and losses due to death, disability, and bankruptcy of borrower) of \$50 million. Due to a number of loan and servicing charges, the program is now self-sustaining, paying for itself and producing a modest net income that is slowly reducing the deficit."

Doug Bartko asked about the corporation's bottom line. Diane said the net income for last year was \$300,000 and she estimates that will increase to \$3 million for FY'99 but the audit is approximately a month away so the estimate is purely speculation at this point.

Diane said the corporation's gross loans receivable is \$579 million (as of Dec. 31, 1998). Since the inception of the corporation, approximately \$600 million in bonds have been issued. Current outstanding principal bond debt is approximately \$425 million with the final maturity date of 2016. The Commission annually issues \$60 to \$65 million in loans to students and their families. Commission staff currently services 150,000 loans internally with a principal balance of \$515 million.

The Commission also contracts with three private third- party collection agencies which are servicing 29,000 loans with a balance of \$96 million. Two agencies are in Alaska and the third is base in the lower forty-eight. The privatized collections are on defaulted loans and the borrower has to pay up to 22% more on the loan to cover the collection fees charged by the private agency. The private collectors do not collect any fees unless they collect payments for defaulted loans.

Bonnie Williams asked if the commission had looked at letting the program out to competitive bid with Alaskan banks.

Diane Barrans said that there had been some discussion about that in 1984 and she believed that discussion resulted in turning defaulted loans over to private collectors. She also said there was a former legislator who was researching the privatization of the commission in 1994 through legislative research. She said in 1994, the commission was losing \$4 to \$7 million dollars a year, so it was not feasible to put the program out to bid to a company that operated for a profit.

Williams asked about the rate a loan. Barrans said the current rate is based on 8.3% of the cost of the funds plus up to 3% for the cost of operations. If a student borrowed during the freshman year and completed four to six years of schooling, the rate could be as low as 6%. Federal student loan rates are based on floating T-bill rates. On subsidized federal loans, students pay interest during the school year at about a 6% rate. Unsubsidized loans have a slightly higher interest rate. Federal loan have a repayment length of ten years, while state loans are repaid on a fifteen year rate. Students can borrow up to \$8,500 if post graduate students or \$9,500 is graduate students.

Services provided by the Commission are Alaska Student Loans for full-time and half-time study, teacher scholarship loans, the Winn Brindle Memorial Scholarship loan program, WICHE Professional Student Exchange loans, and WWAMI Medical Education Program loans. The Commission also is responsible for the licensing and regulation of 50 to 60 post-secondary institutions in Alaska, and administering program participation agreements with over 1,000 institutions in and outside of Alaska.

The Corporation contracts with the Commission to administer various programs and service the loans. The employees of the commission also serve as staff to the corporation. Internally generated corporation receipts pay all costs of operation.

General Funds are appropriated to pay the costs of WWAMI Medical Education which is a grant that becomes a loan if the participating Alaskans fail to return to the state and meet their medical service obligation.

The commission develops and disseminates information statewide through the high school system. This includes print and web-based information. Web information includes links to occupation and career planning sites.

Program applications are also disseminated to secondary and postsecondary schools as well as directly to Alaskans. Staff functions include community and customer outreach; postsecondary institution staff training and orientation; loan application processing; loan disbursement tracking; in-school account maintenance; deferment processing, loan repayment servicing, hardship and alternative repayment processing, forgiveness processing, bankruptcy and credit reporting, due diligence and collections, occupational and professional licensing leverage, permanent fund dividend garnishment, institutional compliance monitoring for both, authorization requirements and ASL participation requirements.

Bonnie Williams asked Diane if it is true that WAMI is funded through general funds and all other funding is self-supporting. Barrans said that the Brindle Scholarship Loan is funded through donated funds from fisheries. Of the 12.7 million for budgeted for WAMI only \$1.435 million is from the general fund.

Bonnie Williams asked Barrans to discuss if there is a trend on default rates and schools. Barrans said there is. She said that default on short-term training programs is 17%, default on open enrollment institutions is 14%, and the default rate for selected institutions is 10 to 11%.

JoAnn Henderson asked about loan forgiveness. Barrans said there were forgiveness clauses for Alaska student loans in the 1970's, however, now there are only forgiveness clauses for the WAMI program and the Teacher Scholarship Loans. Teaching scholarship amount to about \$1.5 million and if a teacher works in Alaska for five years the loan can be fully forgiven. Barrans said that forgiveness for the old programs will phase out in about 4 to five more years.

Bonnie Williams asked Barrans what rate the corporation pays for the bonds. Barrans said by maturity, they pay 4.5% on the lower end and 5.3 to 5.4% on the upper end.

Doug Bartko asked if there was a way to loan money to students who want to take less than 12 hours. Barrans said that a half-time loan program was made available a couple of years ago requiring the student take six hours. She said that the philosophy of the commission is that it is ill advised to incur a debt when most students enrolling in one class could afford to pay the tuition out of pocket.

Bartko asked about privatizing the loan program. Barrans said the benefit the Corporation had over private enterprise was the Corporations ability to issue bonds.

Rynniva Moss asked about the interim interest rate. Rynniva had a statement from a constituent of Representative Coghill's showing an interim rate of 2.223% for a \$8,450 loan. Barrans said that this is information required by federal laws dealing with truth in lending and disclosure to borrowers about certain rates that may not be obvious to the borrower. The federal government is exempt from providing the same disclosure. While there is no interest being charged while the student is attending school, there is interest accrued during the grace period between completing school and acquiring a job. This grace period can run from 6 months to a year. An overall calculation of the interest rate for that grace period is the interim interest rate. Subcommittees are as follows to date:

Williams asked about the commission's oversight of various postsecondary and vocational education institutes and whether or not there was a pattern on default rates specific to schools. Barrans said the legislature passed legislation two years ago that raised the threshold on bonding and certification requirements. The institutions are now required to comply with a program participation agreement, provide financial information and be able to demonstrate a suitable administrative capacity. In the late 1980's there were 120 institutions, now there are 60.

Yvonne Chase gave an overview of the Early Development Division. She pointed out that the Headstart and ChildCare Assistance Programs were transferred from Community & Regional Affairs to Department of Education as a result of HB 40 passed by the legislature this year.

Head Start is an early intervention program now 30 years old. Head Start enriches the lives of low-income children and their families with a comprehensive program of developmentally and culturally appropriate education, health, nutrition and social services, parent involvement and career development. The program strives to improve children's health, their emotional, social, intellectual and physical development, and support families in becoming self-reliant.

Funds are provided to agencies to operate programs according to federal Head Start guidelines. Covered costs can include staff wages and training, medical/dental services, program supplies and equipment, program enhancement and expansion. Alaska guidelines have been developed.

Thirteen grantee agencies receive federal funds directly from the U.S. Department of Health and Human Services and the state provides funded for the local match.

The Alaska Head Start program is administered from Juneau. Administrative costs for the program are about \$200,000 which covers office expenses and salaries for three staff members. The remaining funds go directly to the Headstart centers in 95 communities

statewide. The funding level is at \$6 million. In FY'99 3,351 children were enrolled in Headstart at a cost of approximately \$1,600 per child. Headstart currently serves 23% of the children in Alaska qualified for Headstart services.

The second program in Early Development is Child Care which includes child care grants and child care subsidies.

The Child Care Grant program provides a small business subsidy for child care centers and licensed homes. Grantees must use the money for the long-term benefit of the child care facility and the children in care.

Most child care facilities use these funds for staff salaries and benefits, goods relating to health, safety, and nutrition, and age appropriate equipment, supplies, and activities for the children.

Applicants must have a current child care license, business license, and must be willing to care for children in the Child Care Subsidy Program for whom payment is made only for the time in care. This increases child care choices for parents receiving subsidy because caregivers have an incentive to accept these children.

The program receives an annual appropriation from the Legislature. Annual funding is approximately \$1.725 million.

Over 500 centers and homes participate in the program statewide.

Applications for the grant are available at any time. Payments are made monthly, based on the total number of children attending the facility.

Alaska Vocational Technical Center

Sam Gaston
Doug Johnson
Tom Murphy

State Facilities Maintenance

Sam Gaston
Doug Johnson
Tom Murphy

Commissions and Boards

Richard Kronberg
Doug Bartko
Bob Boko

Mt. Edgecumbe Boarding School

Sam Gaston
Doug Johnson
Tom Murphy

Alyeska Central School

Representative Cissna
Bonnie Williams

Teaching & Learning Support

Representative Cissna
Representative Coghill
JoAnn Henderson
Jeff Walters
Rynniva Moss
Denny DeWitt

Executive Administration

Don Evans
Rynnieva Moss
Bob Boko

Alaska Library & Museums

Representative Cissna
Bob Coghill

Postsecondary Education

Bob Coghill
Bonnie Williams
Doug Bartko

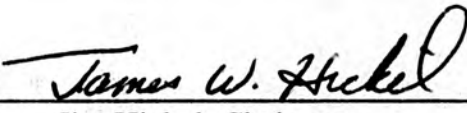
Early Development

Doug Johnson
Rynnieva Moss

The minutes from the August 23, 1999 meeting were discussed. Chairman Hickel said that because he had not have time to review the minutes, he would like to approve the minutes for both the Aug. 23rd and the Aug.30th meetings at the September 13th meeting.

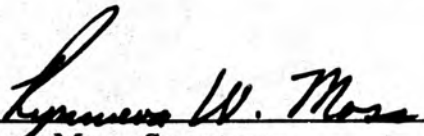
The meeting was adjourned at 1:10 p.m.

The minutes of the Department of Education Subcommittee of the Privatization Commission held on August 23, 1999 are hereby approved this 13th day of September, 1999.



Jim Hickel, Chairman

Attested:



Rynnieva Moss, Secretary



COMMISSION ON PRIVATIZATION

Department of Education Subcommittee

Subcommittee Minutes
September 13th, 1999

Chairman Hickel called the meeting to order and conducted the roll call.

Members Present: Representative Cissna, Representative John Coghill, Sam Gaston, Jim Hickel, Doug Johnson, Rich Kronberg, Rynniva Moss, Tom Murphy, William Prosser, Jeff Walters, and Bonnie Williams.

Members Absent: Tuckerman Babcock, Bob Coghill, Tom Cobaugh, Don Evans, Paul Fischer, JoAnn Henderson, Marvin Owen, Senator Adams, and Dale Brock.

Support staff from Department of Education Present: Karen Rehfeld and Barbara Thompson.

The minutes from the August 23, 1999 meeting were introduced for approval. Tom Murphy moved for approval of the minutes and Bonnie Williams seconded the motion. The minutes from the August 23, 1999 meeting of the Privatization Sub-Committee on the Department of Education were approved unanimously.

The minutes from the August 30, 1999 meeting were introduced for approval. Representative Coghill moved for approval of the minutes and Bonnie Williams seconded the motion. The minutes from the August 30, 1999 meeting of the Privatization Sub-Committee on the Department of Education were approved unanimously.

Representative Coghill was elected as chairman of the Teaching & Learning Support subcommittee chairman and gave the report.

There was quite a bit of discussion on ***Recommendation #1: Teacher Certification and the Professional Practices Commission be consolidated into the Division of Occupational Licensing.***

The main point of contention was whether such a move would result in policing the teaching profession by removing it from the jurisdiction of the Department of Education where the education and teacher specialists are located.

Representative Cissna asked if the Division of Occupational Licensing had been consulted. She said she doesn't want the committee to recommend something that doesn't hold water because the committee isn't doing its homework.

Representative Coghill said that these recommendations are being made on policy calls. After reviewing the goals of the commission as outlined in SB 33, Chairman Hickel agreed that the subcommittee of the subcommittee was Step One of the process and there is not going to be enough time to check the recommendations with every department.

Bonnie Williams said she had served on professional boards and was familiar with the Division of Occupational Licensing. She said that right now teachers are the only profession not being licensed by the Division of Occupational Licensing in the State of Alaska. She said doctors, lawyers, engineers, cosmetologists, CPAs, pharmacists, surveyors, veterinarians, and on all are licensed and have oversight by the Division of Occupational Licensing and a board of their peers. She said each individual occupation develops its own standards.

Recommendation #1 was tabled until the full committee received a report from the subcommittee on Boards & Commissions submitted its report.

Recommendation #2: When goals and objectives of separate BRU's are similar, the department should be vigilant in making sure that the functions of goals and objectives are not duplicated in separate BRU's.

Recommendation #2 was ratified by the Committee for the Department of Education and Early Development.

Recommendation #3: The Development of Benchmarks and exit exams is reasonably expected to be more expensive than the updating of that material. The subcommittee recommends the adoption of a process to update the material in a manner consistent with that expectation.

Recommendation #3 was ratified by the Committee for the Department of Education and Early Development.

Recommendation #4: The administrative cost of each component should be reviewed further.

Bonnie Williams said she felt that administrative costs for all departments should be reviewed. She felt this recommendation could apply to the administrative branch at all levels.

Recommendation # 4 was ratified by the Committee for the Department of Education and Early Development.

Recommendation #5: All elements of a single program should be in the same location within the budget.

Recommendation #5 was ratified by the Committee for the Department of Education and Early Development.

Recommendation #6: The Child Nutrition Administration Component and Donated Commodities component should be consolidated in an existing division.

Karen Rehfeld said that the Department and been planning to consolidate these components into the Early Development Division in July of 2000. Doug Bartko said he would like to have a comparative study of how private schools handle child nutrition vs. how public schools handle child nutrition.

Recommendation #6 was ratified by the Committee for the Department of Education and Early Development.

Recommendation #7: The Quality Schools function is being performed well by the Department of Education and Early Development and should remain a function of the Department.

Representative Coghill said because of time restraints the subcommittee did not vote Recommendation #7 on.

Recommendation #7 was tabled until the beginning of the next meeting.

Chairman Hickel instructed Rynnieva Moss to notify subcommittees of a change in the schedule for subcommittees to present their final report as follows:

Teaching & Learning Support Subcommittee	September 13 th
Executive Administration Subcommittee	September 20 th
State Facilities Maintenance Subcommittee	September 27 th
Alaska Vocational Technical Center Subcommittee	September 27 th
Mt. Edgecumbe Boarding School Subcommittee	September 27 th
Alaska Library and Museum Subcommittee	September 27 th
Commissions and Boards Subcommittee	October 4 th
Alyeska Central School Subcommittee	October 4 th
Postsecondary Education Subcommittee	October 4 th
Early Development Subcommittee	October 4 th

He also directed Rynnieva to contact all committee members informing that if they have not selected one or two subcommittees, they need to do so might the next meeting.

The meeting was adjourned.

The minutes of the Department of Education Subcommittee of the Privatization Commission held on August 23rd 1999 and August 30th are hereby approved this 13th day of September 1999.

James W. Hickel
Jim Hickel, Chairman

Attested: Rynnieva W. Moss
Rynnieva Moss, Secretary



COMMISSION ON PRIVATIZATION

Department of Education Subcommittee

Subcommittee Minutes
September 20th, 1999

Chairman Hickel called the meeting to order and conducted the roll call.

Members Present: Representative Jeff Bartko, John Coghill, JoAnn Henderson, Jim Hickel, Rynnieva Moss, Tom Murphy, Jeff Walters, and Bonnie Williams.

Members Absent: Senator Adams, Representative Cissna, Bob Coghill, Don Evans, Sam Gaston, Doug Johnson, Rich Kronberg, and William Prosser,.

Support staff from Department of Education Present: Karen Rehfeld and Helen Howarth

The minutes from the September 13th, 1999 meeting were introduced for approval. Bonnie Williams moved for approval of the minutes and Tom Murphy seconded the motion. The minutes were amended to reflect that Barbara Thompson was not present at the meeting. The minutes from the September 13, 1999 meeting of the Privatization Sub-Committee on the Department of Education as amended were approved unanimously.

The committee took up Recommendation #7 of the Subcommittee on Teaching & Learning Support. Because of time constraints the recommendation was not taken up on September 13th.

Recommendation #7: The Quality Schools function is being performed well by the Department of Education and Early Development and should remain a function of the Department.

Bonnie Williams moved the recommendation. Tom Murphy seconded.

Recommendation #7 was ratified by the committee without objection.

Rynnieva Moss presented the report from the Subcommittee on Executive Administration. She said it has become apparent that the main function of the subcommittee is to take a close look at its particular Budget Request Unit (BRU) and present a layout of that BRU that the Education Subcommittee can further scrutinize and make recommendations to the full Privatization Commission.

She said there are areas of general concern that the subcommittee believes the Privatization Commission should apply to all departments in general. Consolidation of contracts and scrutiny of interagency receipts may reveal that the State is expending a lot of man hours accounting for these interagency transfers and a close review of the contract rates may very well reveal a need for privatization of those services. She said a recent example was the Department of Public Safety in Fairbanks paying DOTPF \$80.00 for an oil change when they could go across the street and have it done for \$30.00.

Recommendation #1:

Privatize services provided by Alyeska Central School.

Those supporting the recommendation said that there are several private sources already available and several school districts offer home school curriculum. Bob Boko said ACS it seems redundant for the state to be providing services already available in the private sector. He said there are as many as 30 providers in both the public and private sector.

Jeff Walters felt Alaskans who live in remote areas needed Alyeska Central School and was not sure the existing private sources and school districts operating home school programs had proven successful.

Bonnie Williams said the Fairbanks program has been around a long time. She said that of the 52 or 53 school districts in Alaska, 15 have a home school program. If someone's own school district doesn't offer correspondence then there are fifteen other public programs to choose from. She said that she is on the subcommittee reviewing ACS and she sees them recommending that the state transfers ACS functions to the local level.

Representative Coghill said he must point out the ACS curriculum has fallen into the category of remedial study and the elimination of ACS will require remedial study at the local level.

Bonnie Williams moved the recommendation. Representative Coghill seconded the motion.

Recommendation # 1 passed by a vote of 7 to 1.

Recommendation #2:

All the elements of a single program should be in the same location within the budget.

Rynniva Moss said area that keeps coming to the surface is the nutrition program. There are components of that single function of state government in Executive Administration, Teaching & Learning Support, and K-12.

Other areas of mention in several BRU's are exit and benchmark exams, teacher certification and licensing, and supplying information, technical services to school districts, and arts related components.

Representative Coghill moved Recommendation #2. Bonnie Williams seconded the motion.

Recommendation #2 passed unanimously.

Recommendation #3:

Repeal AS 35.27 Art Works in Public Buildings and Facilities.

Passed by a vote of 3 to 0.

There was a lot of discussion on this recommendation. Helen Howarth from the Alaska State Council on the Arts said that the money being funneled to arts is not very much. She said probably a couple hundred thousand a year. She also gave a brief history of AS 35.27 and that DOTPF no longer handles all the construction projects in Alaska because of some revisions in the law. She said that DOTPF, the Court System, UofA, and local school districts are the four groups that utilize the formula in AS 35.27.

When this legislation was passed most public facilities went through DOTPF. In 1988 the legislature made revisions to the procurement statute and as a result of those revisions University of Alaska and Court System construction projects no longer are handled through DOTPF. However, each of these departments have set up a system of carrying out the 1% arts even though there is no statutory provision for them to do so. Many school districts also appoint committees to select artwork as provided for in AS 35.27.

Rynnieva Moss asked Helen by what statutory authority did these other entities use this formula. Helen said that was a matter of discussion in a Legislative Audit released on January 1, 1999 (Audit # 25456949)

From FY'93 through FY '98, 1% arts projects for DOTPF totaled \$483,950, the total for the University of Alaska is \$693,766, and total for the Alaska Court System was \$328,013. The grand total is \$1,505,729.00. Figures for school funding of the arts was unavailable.

Rynnieva Moss moved the recommendation. Bob Boko seconded the motion. After more debate, Bonnie Williams moved to table the motion. Jeff Walters seconded the motion.

On a roll call vote, the motion to table passed by a vote of 4 to 3.

Chairman Hickel asked if there was anything else the subcommittee had to report. Rynnieva Moss said she wanted to cover the statutory authority for providing education. She mentioned that the word education or public schools is not mentioned in the U.S. Constitution. Therefore Tenth Amendment would delegate that authority to the states, even though the federal government in the education business and is passing federal mandates for the states' to comply with. She said the federal government does not have constitutional authority to regulate education. Because there is no explicit mention of education, the states have the powers over public education. Federal mandates have increasingly diminished the states' abilities to provide adequate education to their citizens.

Bonnie Williams said she wanted to recommend that the federal government get out of the K-12 education. It was asked whether this meant eliminating the U.S. Department of Education. Williams said yes it does.

Recommendation #4:

The federal government should get out of K-12 education.

Williams moved the recommendation. Rynnieva Moss seconded the motion.

Passed by a 6-1 vote.

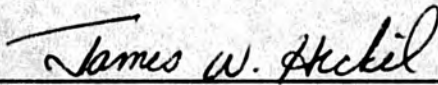
Chairman Hickel said we had two more weeks of reports from subcommittees and that he would like a final report in mid-November. The remaining overviews are:

State Facilities Maintenance Subcommittee	September 27th
Alaska Vocational Technical Center Subcommittee	September 27th
Mt. Edgecumbe Boarding School Subcommittee	September 27th
Alaska Library and Museum Subcommittee	September 27th
Commissions and Boards Subcommittee	October 4th
Alyeska Central School Subcommittee	October 4th
Postsecondary Education Subcommittee	October 4th
Early Development Subcommittee	October 4 th

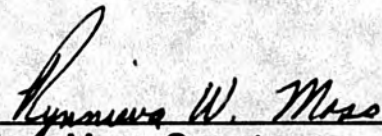
He said he would like to find alternative ways to provide education that will do a good or better job at a savings. He wants to look at parental choice, tax incentives, tuition, and vouchers that other states have implemented. He is looking at having general recommendations on October 11th.

The meeting was adjourned.

The minutes of the Department of Education Subcommittee of the Privatization Commission held on September 20th are hereby approved this 27th day of September 1999.



Jim Hickel, Chairman

Attested: 

Rynnieva Moss, Secretary



COMMISSION ON PRIVATIZATION

Department of Education and Early Development Subcommittee

Subcommittee Minutes September 27, 1999

Chairman Hickel called the meeting to order and conducted the roll call.

Members Present: Doug Bartko, Bob Coghill, Paul Fischer, Jim Hickel, Rich Kronberg, Rynnieva Moss, Tom Murphy, Jeff Walters, Bonnie Williams

Members Absent: Senator Adams, Tuckerman Babcock, Bob Boko, Tom Cobaugh, Representative Sharon Cissna, Representative John Coghill, Don Evans, Sam Gaston, JoAnn Henderson, and Marvin Owen.

Support staff from Department of Education Present: Karen Rehfeld and Karen Crane with State Libraries and Museums.

The minutes for the subcommittee meeting of September 20th were reviewed. Bonnie Williams moved to approve the minutes. Jeff Walters seconded. The minutes were approved unanimously.

Chairman Hickel said that he wanted to take up Recommendation #3 from the executive Administration report, which was tabled at the September 20th meeting. This recommends the legislature repeal AS 35.27 Art Works in Public Buildings and Facilities and was passed out of the subcommittee of the subcommittee by a vote of 3 to 0.

Bonnie Williams said she had four arguments for not repealing the 1-% arts. (1) There would be no savings realized. (2) If the 1% were eliminated, the cost of building would not go down it would go up. There would be greater square footage therefore greater maintenance costs. (3) Arts create humanity. (4) There is an assumption that 1% is 101%.

Rynnieva Moss said repealing this statute is not anti-arts. It is a statutory quota that is only afforded to the arts and is tying the hands of project managers when weighing necessities against wants.

Bob Coghill said if this funding is eliminated, schools will be like a cinderblock for kids. He said the students are involved in selecting the arts for the school before the facility is ever opened so they have something to relate to when they get to the new school.

Paul Fisher said that the state should set footage limit on a facility ahead of time. Bob Coghill said that there are already limits on square footage and that bonding for two school projects in the Fairbanks North Star Borough are being held up for that reason.

Karen Rehfeld said that she would find out what the square footage limits are for school buildings. Fisher said each construction project should be planned at the project level. It could be conceivable that one project manager may spend 2% on arts but it should be a decision of the people in charge of the construction project.

Fisher said the beauty of art is in the eye of the beholder. He mentioned the Nimbus, which was purchased in Juneau that "a pigeon wouldn't land on." He said eliminating this statute is one of a philosophical decision on what government should be paying for and if government should be telling people they must spend a certain amount for art. He said public schools had art before AS 35.27. The art was purchased with money from fund raising events put on by the students, parents and faculties.

Rich Kronberg said that some school districts have fewer dollars to buy art with. If AS 35.27 disappears, the rural school districts will suffer the hardest.

Bob Coghill said that in the last 20 years, most of the arts funding came from school construction projects that were partially bonded by the local school districts. Smaller schools would not have art.

A roll call vote was taken. The recommendation failed by a vote of 4 to 5. Yeas: Fisher, Bartko, Hickel and Moss. Nays: Coghill, Kronberg, Murphy, Walters, and Williams.

Jim Hickel said that the committees that were to report today had not met and that Tom Murphy had been left without any help. Hickel asked for volunteers to form a new subcommittee on State Facilities, AVEC, and Mt. Edgecumbe. Paul Fisher and Rynnieva Moss agreed to meet with Tom Murphy as a subcommittee. Hickel said the committee will make its recommendations on October 11th. Rynnieva Moss asked Fred Espazito and Hal Spackman if they would be available for a subcommittee meeting. They both agreed to meet with committee members.

Bob Coghill said he had not met with Representative Cissna to make a report on State Libraries and Museums. He said he had a recommendation but was reluctant to make the recommendation without going over it with Representative Cissna. Bonnie Williams asked Coghill what the recommendation was. Coghill said the museum really only serves one region of the state and he would like to see the Sitka Museum maintained and operated by the University of Alaska or Sheldon Jackson University.

Karen Crane said Sheldon Jackson sold the museum to the State of Alaska for approximately \$2 million in the 1980's because Sheldon Jackson could no longer afford to maintain the museum. Sheldon Jackson officials were going to sell off the artifacts and art, splitting up the collection to pay for operating costs.

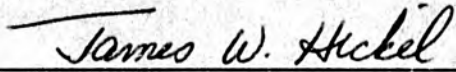
Rynnieva Moss asked Karen to compare the cost of maintenance when Sheldon Jackson was doing it as compared to what the state is paying for maintenance. Karen said she would look into it.

Rich Kronberg said he was curious if the constitutionality of the U.S. Department of Education had been tested. Williams said that DOE was established under Carter in the mid-1970s. Kronberg said that before that the federal government had the Department of Health, Education and Social Services.

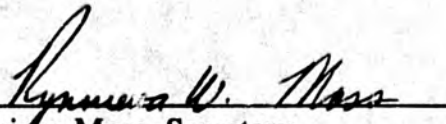
Jim Hickel said that general recommendations will discussed be scheduled for October 25th because October 18th is a holiday.

The meeting was adjourned at 12:54 p.m.

The minutes of the Department of Education Subcommittee of the Privatization Commission held on September 27th, 1999 are hereby approved this 4th day of October 1999.



Jim Hickel, Chairman

Attested: 

Rynnieva Moss, Secretary



COMMISSION ON PRIVATIZATION

Department of Education Subcommittee

Subcommittee Minutes
October 4, 1999

Chairman Hickel called the meeting to order and conducted the roll call.

Members Present: Representative John Coghill, Jim Hickel, Doug Johnson, Rich Kronberg, Rynnieva Moss, Tom Murphy, and Jeff Walters.

Members Absent: Tuckerman Babcock. Representative Cissna, Bob Coghill, Tom Cobaugh, Don Evans, Paul Fischer, JoAnn Henderson, Marvin Owen, Senator Adams, Sam Gaston, Bonnie Williams and Dale Brock.

Support staff from Department of Education Present: Karen Rehfeld and Sheila King from Postsecondary Education.

The minutes from the September 27th, 1999 meeting were introduced for approval. Rynnieva Moss made an amendment to the minutes to reflect that Paul Fisher, not Jim Hickel, made a statement. Richard Kronberg moved for approval of the minutes and Bob Bokos seconded the motion. The minutes from the September 27th meeting of the Privatization Sub-Committee on the Department of Education were approved unanimously.

The Early Childhood Development Subcommittee report was delayed because Yvonne Chase, the division director, was unable to attend the meeting.

There was discussion of a subcommittee report for the Commissions and Boards Subcommittee.

Richard Kronberg said that the committee met but he had some concerns about an alternative certification program being made available. Karen Rehfeld said that there was an alternative process available in the past but due to the lack of use of the alternative process and the expense of having the process available, it was eliminated. Bob Bokos said there is a Type A certification for a teaching certificate, a Type B certification for administrators, and Type C is for vocational training teachers.

Richard Kronberg explained that alternative certification was still handled through the State of Alaska but provided for a teaching certificate without the institutional endorsement. Kronberg said that three people had gone through the alternative certification process. One got a license, worked for a year and quit.

There was no recommendation given on an alternative certification process.

There were no members of the subcommittee on Alyeska Central but the committee submitted a recommendation:

Recommendation #1: It is recommended that Alyeska Central School be closed, with the responsibility for providing correspondence study transferred to those school districts which have a correspondence program.

RATIONALE: With at least 15 of 53 school districts providing some form of correspondence study, there are enough programs available for a broad choice for Alaskans. Continuing Alyeska Central School is merely an expensive duplication and unnecessary competition.

It has been noted that ACS advertises in newspapers around the state, seeking students. This is an expensive marketing effort more appropriate to private enterprise.

The State should limit its involvement in correspondence study to assure the quality is provided – primarily through exit exams during graduation – and through providing a complete listing of available programs, to any inquiring citizen.

SAVINGS: There will be minor dollar savings, on the State level, and a real increase in the economy of scale for the participating school districts as a consequence of increased enrollment in individual district programs.

Chairman Hickie said he would postpone the vote on recommendation # 1 until October 11th.

The Subcommittee on Alyeska Central consisted of Bob Coghill, Bonnie Williams, and Doug Bartko. There were no members present from the subcommittee on postsecondary education, but written recommendations had been submitted.

Recommendation #1: It is recommended that the student loan program be privatized by being contracted out to a private lending service.

RATIONALE: The premier example of successful and cost-efficient government guaranteed loan programs is the VA mortgage-lending program. Supported by government guarantees and operating within government regulations and parameters, banks and mortgage loan companies provide the actual loans and handle all collection operations.

Recommendation #2: It is recommended that all loan programs of the State be submitted to review with one of two conclusions being sought: (1) consolidation within a single department of state government, such as Revenue, where staffing is trained in accounting and fund management; or (2) provision to management by banks through an RFP process.

RATIONALE: The State of Alaska operates a number of loan programs. In each case, the program resides within a division and department associated with the activity/purpose of the loan (i.e. student loans in DOE, farm loans in DNR). The expertise of staff lies with the activity or purpose rather than with banking/mortgage/accounting professions, and as a consequence, the loan programs are poorly run, have excessive late payment, poor collection follow ups and high rates of delinquencies. Firms who loan money and collect on loans are far more efficient at this specialized field. At a minimum, consolidating all programs within Revenue would at least lend the efficiency of economy scale, and allow for staffing with more specialized, trained personnel.

Known loan programs include the Agricultural Revolving Loan Fund (ARLF), within DNR, and one or two (uncertain) commercial fishing loan programs, in addition to the Student Loan Program.

ARLF started with \$95,000,000 in principle available for loans. Through the course of inexpert loan management and poor administrative and legislative decisions, the principle is down to below \$5,000,000.

Sheila King from Postsecondary said that the advantage to the State of Alaska administering student loans is that the State has been able to acquire tax-exempt bonding to supplement income from repayment of loans to fund the operation of Postsecondary. She said the division currently has \$460 million in bonds and in FY'99 the division received \$81,000,000 in cash receipts. She also said the division wrote off \$5 million in bad loans because the borrower was disabled, had died or had defaulted on the loan for five years.

She said Postsecondary does pursue collections under bankruptcy. She said that starting in FY'00 the division will be garnishing wages and currently garnishes the Permanent Fund Dividend payments.

Chairman Hickie asked what the qualifications were for the loan. Ms. King said the applicant must be an Alaska resident, survive a credit check (if the applicant has an extremely bad credit there would have to be a cosigner), and have a realistic budget for attending school. She said the current interest rate is 8.3%.

When asked why Ms. King attributed high default rates and low interest rates as the reason for the division to float bonds every year since 1988. The division has to float bonds to make up for deficient funds to operate the student loan program. Ms. King questioned the privatization of student loans because the goal of private lending institutions in lending money is to make a profit. She said the Alaska student loan program is unique because there is no interest charged as long as the student is attending school and there is low-interest on the loan after the student leaves school.

When asked about the forgiveness program, Ms. King said that the two forgiveness are the Teacher Scholarship Program to encourage teachers graduating in Alaska to work in rural Alaska and the WAMI program for graduates of medical programs. Both forgiveness programs give a portion of forgiveness of the loan for each year the borrower stays in Alaska up to the five years that would forgive the complete loan. The WAMI program gives a forgiveness at the rate of 20% per year. The Teacher's forgiveness is at a staggered rate depending on how long they stay in Alaska and teach.

Hickle said he would postpone the vote on recommendation # 1 until October 11th.

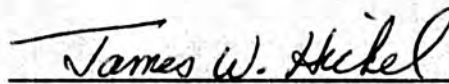
Hickle said that next week will be a full slate. He said the committee will briefly discuss the recommendations presented for Boards & Commissions, Postsecondary Education and Alyeska Central School. Other reports on the schedule include:

Early Development Subcommittee	October 11 th
State Facilities Maintenance Subcommittee	October 11 th
Alaska Vocational Technical Center Subcommittee	October 11 th
Mt. Edgecumbe Boarding School Subcommittee	October 11 th

Chairman Hickle said that general discussion will be held at the October 25th meeting.

The meeting was adjourned.

The minutes of the Department of Education Subcommittee of the Privatization Commission held on October 4th are hereby approved this 11th day of October 1999.



Jim Hickle, Chairman

Attested: 

Rynnieva Moss, Secretary



COMMISSION ON PRIVATIZATION

Department of Education Subcommittee

Subcommittee Minutes
October 11th, 1999

Chairman Hickel called the meeting to order and conducted the roll call.

Members Present: Doug Bartko, Bob Boko, Don Evans, Jim Hickel, Doug Johnson, Rich Kronberg, Rynniva Moss, Tom Murphy, Jeff Walters, Bonnie Williams.

Members Absent: Tuckerman Babcock. Representative Cissna, Representative John Coghill, Tom Cobaugh, Paul Fischer, JoAnn Henderson, Marvin Owen, Senator Adams, Sam Gaston, and Dale Brock.

Support staff from Department of Education Present: Karen Rehfeld, DOEED contact, Michael Opp and Mary McKinnon from Alyeska Central, Diane Barrans and Sheila King from Postsecondary Education, and Hal Spackman from Mt. Edgecumbe.

The minutes from the October 4th, 1999 meeting were introduced for approval. Rynniva Moss made an amendment to the minutes as requested by Richard Kronberg and Sheila King. Bob Boko moved for approval of the minutes and Bonnie Williams seconded the motion. The minutes from the October 4th meeting of the Privatization Sub-Committee on the Department of Education and Early Development were approved unanimously.

The Subcommittee of Subcommittee Report for Alyeska Central School was presented:

Recommendation #1: It is recommended that Alyeska Central School be closed, with the responsibility for providing correspondence study transferred to those school districts which have a correspondence program.

The recommendation passed by a vote of 6 to 5.

Yea: Hickel, Boko, Moss, Williams, Bartko, and Bob Coghill.

Nay: Cissna, Evans, Kronberg, Murphy, Walters.

RATIONALE: *With at least 15 of 53 school districts providing some form of correspondence study, there are enough programs available for a broad choice for Alaskans. Continuing Alyeska Central School is merely an expensive duplication and unnecessary competition.*

It has been noted that ACS advertises in newspapers around the state, seeking students. This is an expensive marketing effort more appropriate to private enterprise.

The State should limit its involvement in correspondence study to assure the quality is provided – primarily through exit exams during graduation – and through providing a complete listing of available programs, to any inquiring citizen.

SAVINGS: *There will be minor dollar savings, on the State level, and a real increase in the economy of scale for the participating school districts as a consequence of increased enrollment in individual district programs.*

Debate:

Mary McKinnon said that the school offers a special, unique educational opportunity for Alaskan children and their parents. She said there was a move in the early 1970's to eliminate Alyeska but it was decided to keep the school. She said Alyeska offers many courses they have written themselves. McKinnon added that Alyeska assists local school districts in writing their correspondence curriculum.

Bonnie Williams said that closing Alyeska will bring correspondence closer to students and parents and that students might be able to participate in public schools courses and activities. She said the accreditation is equal to that of Alyeska. Michael Opp said all correspondence programs will be certified but not necessarily accredited by Northwest.

Bob Boko read from a newsletter from the Board of Education that regulation changes will require all correspondence schools in Alaska to apply for a certification from DOEED to allow them to provide correspondence services. Alyeska would be exempt. He was concerned that between the aggressive advertising by Alyeska with public funds and trying to regulate more requirements on other correspondence sources, the State is not playing it straight when competing with other public and private sources.

Bob Boko asked for the full-time student enrollment of ACS. He was told 1,300 students.

Representative Cissna said that her stepson was in the ACS program some years ago. She knows it works and it is high quality.

Tom Murphy asked who would pick up the slack for school districts without correspondence programs. Bonnie Williams said that the other fifteen school districts in the state that provide correspondence would pick up the slack. She said that dividing the 1,300 students among those 15 school districts would improve of scale.

Richard Kronberg said that Alyeska has a track record. Bob Coghill said that the Delta and Galena programs are gaining a track record and the Fairbanks North Star Borough School District is working with these two programs to consolidate all the school districts program with them.

Bonnie Williams said that SAT and ACT scores for several years have shown that homeschool students do better than public school children. She said she draws the conclusion that homeschooling is an intense and focused program for students that enable them to perform better.

The Subcommittee of Subcommittee Report for Postsecondary Education was presented:

Recommendation #1: It is recommended that the student loan program be privatized by being contracted out to a private lending service.

The recommendation passed by a vote of 6 to 3.

Yea: Hickel, Boko, Moss, Williams, Bartko, and Bob Coghill.

Nay: Cissna, Kronberg, and Walters.

RATIONALE: The premier example of successful and cost-efficient government guaranteed loan programs is the VA mortgage-lending program. Supported by government guarantees and operating within government regulations and parameters, banks and mortgage loan companies provide the actual loans and handle all collection operations.

Debate:

Bonnie Williams said students loans could be privatized in the same manner as the veteran's loans. The government contracts with banks to manage the loans, the government guarantees the loans and determines the eligibility.

Doug Bartko said her thought this concept could create a great potential for competition.

Richard Kronberg was concerned the it would no longer be possible to fund the loans with tax-exempt bonds. Rynnieva Moss was concerned that the State is responsible for \$430 million in bonds for a program that has been losing money since 1988.

Williams said that the program should not be looked at as a case of improving competition with private banks, the focus should be on privatizing student loans.

Recommendation #2: It is recommended that all loan programs of the State be submitted to review with one of two conclusions being sought: (1) consolidation within a single department of state government, such as Revenue, where staffing is trained in accounting and fund management; or (2) provision to management by banks through an RFP process.

The recommendation passed by a vote of 7 to 0, with two abstaining.

Yea: Hickel, Boko, Moss, Williams, Bartko, Walters, and Bob Coghill.

Abstaining: Cissna and Kronberg.

RATIONALE: The State of Alaska operates a number of loan programs. In each case, the program resides within a division and department associated with the activity/purpose of the loan (i.e. student loans in DOE, farm loans in DNR). The expertise of staff lies with the activity or purpose rather than with banking/mortgage/accounting professions, and as a consequence, the loan programs are poorly run, have excessive late payment, poor collection follow ups and high rates of delinquencies. Firms who loan money and collect on loans are far more efficient at this specialized field. At a minimum, consolidating all programs within Revenue would at least lend the efficiency of economy scale, and allow for staffing with more specialized, trained personnel.

Known loan programs include the Agricultural Revolving Loan Fund (ARLF), within DNR, and one or two (uncertain) commercial fishing loan programs, in addition to the Student Loan Program.

ARLF started with \$95,000,000 in principle available for loans. Through the course of inexpert loan management and poor administrative and legislative decisions, the principle is down to below \$5,000,000.

Debate: There was no real debate or contention on the recommendation. Those abstaining felt they did not have enough information to make a recommendation. Those supporting the recommendation felt that a general direction of consolidation and elimination of duplicative administrative functions warranted a recommendation for the review of the Privatization Commission.

The Subcommittee of Subcommittee Report for Alaska Vocational Technical Center was presented:

Recommendation #1:

Encourage the legislature to pass HB 142, "An Act relating to the education credit for the fisheries business tax and the fisheries landing tax", which would result in AVTEC being a qualifying recipient of cash contributions provided for in AS 43.77.

Passed by a unanimous vote.

RATIONALE: Last year, AVTEC returned \$140,000 in cash contributions to fisheries businesses that had made the contributions to the vocational institute because state law did not include the facility as a qualified recipient.

Under current law some fisheries businesses can receive a tax credit by making cash contributions to educational institutions. Donors benefit because they can choose to contribute to the institutions that are vital to their operations. The contributions are applied as a credit against the tax due.

Under Alaska statutes only regionally accredited, two-year or four-year, public or private, institutions can receive these cash contributions. HB 142 extends the ability to receive donations to nationally or regionally accredited vocational institutions such as AVTEC.

Recommendation #2:

The Department of Education should hire a grant writer in the Division of Teaching and Learning Services that will focus on locating and obtaining funding sources other than state funds for Mt. Edgecumbe and AVTEC.

Passed by a unanimous vote.

RATIONALE: Both of these schools are unique in nature and should qualify for unique federal funding and non-conventional private foundation funds. The National Institute for Fund Raising Executives estimates that in the first year of funding a grant writing position, the grant writer will obtain funding that equals 1½ times the grant writer's salary. After this first year the ration continues to increase. This would result in less state dollars being needed for the facilities and a negative fiscal note for such added position.

Recommendation #3:

Give AVTEC the flexibility to determine leasing and maintenance provisions for its motor pool fleet.

Passed by a unanimous vote.

RATIONALE: The AVTEC vehicles are maintained by AVTEC. This vocational school has students learning the trade of vehicle maintenance that receive hands-on vocational training from maintaining the vehicles while reducing the cost of maintaining the AVTEC vehicles.

Most of the vehicles utilized by AVTEC are surplus and have no lease value. The fleet has five vehicles that would normally in the private sector be replaced under a five-year lease replenishment program.

The subcommittee also discussed the possibility of reducing maintenance of all state vehicles in the Seward area by AVTEC faculty and students. There was concern about the state (AVTEC) providing a service that could be provided at an equal or lower cost by local private automotive repair businesses in the Seward area. This discussion resulted in Recommendation #4.

Recommendation #4:

Maintenance for state motor pool vehicles should be contracted out by competitive bid. If a state agency has the capability of providing those services, that agency shall submit a competitive bid for the services to be contracted, but shall do so apart and separate from the agency soliciting the bid.

Passed by a unanimous vote.

RATIONALE: The U.S. Corps of Engineers has instituted a competitive bid process for what used to be automatic in-house projects. The project is let for competitive bid and if the Corps gets the contract, it is because the Corps is low bidder. The administrative section of the Corps has created a "china wall" between itself and the construction section that places the competitive bid.

Such a provision would allow AVTEC to bid on maintenance of motor pools of DOTPF and Spring Creek Corrections Facility.

Recommendation #5:

AVTEC should explore the possibility of obtaining funding from the Alaska Housing Finance Corporation to expand family housing facilities.

Passed by a unanimous vote.

RATIONALE: AVTEC is gaining a good reputation statewide and has been forced to turn students away because they have inadequate family housing facilities. They estimate that they lost fifty families last year in which one or both of the parents were wanting vocational training but could not get housing at AVTEC and could not afford private housing. When the dormitories are full of single students, AVTEC has contracted with local hotels for housing.

Recommendation #6: Privatize the food services of AVTEC.

Passed by a vote of 6 to 2 to 1.

Yeas: Bartko, Coghill, Boko, Moss, Murphy, and Williams,

Nays: Kronberg and Walters.

Abstain: Cissna

RATIONALE: AVTEC has been utilizing the food services students to provide food services but have recently changed the format of their food services training program. They currently have one cook and two food service workers employed. The change in the program would require AVTEC to hire additional food services employee next year and they are exploring the possibility of privatizing those services. We support their effort and recommend that the services be privatized.

The Subcommittee of Subcommittee Report for Mt. Edgecumbe was presented:

Recommendation #1: We recommend that Mt. Edgecumbe reduce its maintenance staff from five positions to four, utilizing the freed up money for contracted deferred maintenance work and routine repairs.

RATIONALE: With the estimated \$50,000 savings from this alteration in staff, Mt. Edgecumbe could begin to address its deferred maintenance problems which arise from a number of old buildings on the campus.

Debate:

Karen Rehfeld said that Mt. Edgecumbe does not participate in the DOE Capital Budget process. Bob Coghill said that the school privatization process won't benefit Mt. Edgecumbe because there is funding for that process.

The majority of the subcommittee felt that this recommendation was micromanagement.

Recommendation #2: We recommend that Mt. Edgecumbe should increase its enrollment capabilities by remodeling existing structures to increase residential capacity.

RATIONALE: The subcommittee of the subcommittee recognized the importance of rural schools but also recognized there are two factors that have placed an increasing demand on Mt. Edgecumbe's services. First, with the passage of SB 36, rural schools with student attendance less than ten students are closing and second, some families in rural Alaska want their children to go to Mt. Edgecumbe to become prepared for a postsecondary education.

Mt. Edgecumbe currently turns down at least one student for every student it accepts because the dormitory capacity is limited. The school currently has students from 107 existing school districts whose parents want an alternative. The school currently is the home of 327 students of which 90% will go on to postsecondary schools.

Debate: This recommendation was also viewed as micromanagement and the subcommittee requested Hal Spackman to come back with better language.

Bob Boko moved to table Recommendations #1 and #2 from the subcommittee of the subcommittee on Mt. Edgecumbe.

Recommendations # 1 and #2 were tabled without objection.

The next item of business was the report from the Subcommittee of the Subcommittee on Boards & Commissions.

Recommendation #1: It is recommended that Professional Teaching Practices Commission budget be cut by one-third.

Recommendation #1 failed by a vote of 1 to 8.

Yeas: Bartko.

Nays: Boko, Cissna, Coghill, Hickie, Kronberg, Moss, Walters, and Williams.

RATIONALE: *With increasing costs in legal services and hearing officers, there is a point where problems of codes of ethics are better solved outside the legal system. PTPC might be over utilizing the Alaska State Troopers. It is more cost effective for the Troopers to deal with the truly criminal elements of our society, not ethical problems of educators. All state agencies should try to decrease travel expenses. Perhaps several of PTPC's yearly meetings could be conducted via video and telecommunications.*

Debate:

Sanna Green said she thought the recommendation had been made because of a misunderstanding of the utilization of the Alaska State Troopers. There is little utilization of the troopers other than information in their records. She said the commission receives approximately 70 complaints a year. The investigation is completely confidential and is conducted by commission staff, not the troopers. Once the investigation is completed, it is submitted to the Attorney General's Office for review. The AG's office has to concur that there is a case before an accusation is issued. Once that accusation is issued, the case becomes public information.

Recommendation # 2: It is recommended that the privacy for educators be respected when ethics problems or professional standards are being considered by PTPC and the threshold for press releases be kept high.

Recommendation #2 was withdrawn because it is already covered in regulation.

Sanna said the investigation is completely confidential and is conducted by commission staff. If the AG's office concurs that there is a case, an accusation is issued. Once that accusation is issued, the case becomes public information. She said that the threshold for privacy is already set high in regulations.

Recommendation # 3: It is recommended that the State of Alaska keep alternate teaching certification available for interested residents of Alaska.

RATIONALE: *It is difficult for Alaska students to travel outside for education; especially students from our native population. It might be helpful for the State of Alaska to keep Alternative Certification available for interested residents of Alaska.*

There was an alternative process available in the past but due to the lack of use of the alternative process and the expense of having the process available, it was eliminated.

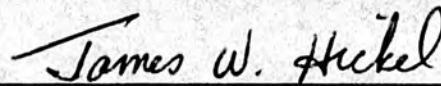
Debate:

It was explained again by the department that the alternative certification program was eliminated because of the cost of issuing alternative certification to a very limited number of applicants.

Bartko said the option should be left open.

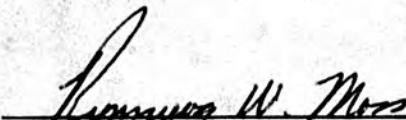
Recommendation #3 was amended (in what form, I have no idea!)

The minutes of the Department of Education Subcommittee of the Privatization Commission held on October 11th are hereby approved this 25th day of October 1999.



Jim Hickel, Chairman

Attested:



Rynneva Moss, Secretary



COMMISSION ON PRIVATIZATION

Department of Education Subcommittee

Subcommittee Minutes
October 25th, 1999

Chairman Hickel called the meeting to order and conducted the roll call.

Members Present: Doug Bartko, Bob Boko, Representative John Coghill, Don Evans, Jim Hickel, Rich Kronberg, Rynnieva Moss, Tom Murphy, Jeff Walters, Bonnie Williams.

Members Absent: Tuckerman Babcock. Representative Cissna, Representative John Coghill, Tom Cobaugh, Paul Fischer, JoAnn Henderson, Marvin Owen, Senator Adams, Sam Gaston, and Dale Brock.

Support staff from Department of Education Present: Karen Rehfeld, DOEED contact, and Yvonne Chase, Director of the Division of Early Development.

- The minutes from the October 11th, 1999 meeting were introduced for approval. Rynnieva Moss said she was unsure what the proper recommendation was for Recommendation #3 on page 8. Jim Hickel asked for a motion to approve the minutes of the October 11th meeting with the exception of Recommendation #3 on Page 8. Bonnie Williams made the motion and Jeff Walters seconded. The minutes from the October 11th meeting of the Privatization Sub-Committee on the Department of Education and Early Development with the exception of Recommendation #3 on Page 8 were approved unanimously.
- Rynnieva Moss presented the subcommittee on subcommittee report on Early Childhood Development.

Recommendation #1: Eliminate the Division of Early Development.

Bonnie Williams moved an amended Recommendation #1 and Rynnieva Moss seconded.

Amended Recommendation #1: Eliminate the Division of Early Development from DOE, consolidating it within the Department of Health and Social Services and its existing programs.

The amended version was adopted unanimously.

RATIONALE: Overlapping in state services is very evident in the Early Development Division of the Department of Education (DOE). The constitutional and statutory purpose of DOE is to provide education to K-12 students in Alaska. Early Development is an area of services that does not belong in the public sector, let alone the Department of Education.

Child Care and Head Start is inconsistent with the constitutional and statutory provisions of education because the recipients are not K-12 students receiving education. In the case where a high school student is receiving childcare or Head Start services, there is an overlap with welfare programs provided under the Alaska Temporary Assistance Program (ATAP).

Recommendation #2:

Transfer the Children's Trust Grant Program to the Office of the Governor, Division of Boards and Commissions.

The recommendation passed unanimously.

A seven-member board for the Children's Trust Program was established under AS 37.14.200. The Governor appoints four public members. These members have experience and expertise in children's or prevention programs, or private sector finance. The Governor or his designee, the commissioner or her designees of the Dept. of Health and Social Services, the commissioner or his designee of the Dept. of Education are also members.

It is the function of this board to "award grants from the net income of the trust to community-based programs and projects that the board find will aid in the prevention of child abuse and neglect; monitor approved programs and projects for compliance with AS 37.14.200-37.14.270; before providing assistance to a program or project, approve written findings on the program or project that include a consideration of the means of measuring the effectiveness of the program or project; apply for, and use net income from the trust to obtain, private and federal grants for the prevention of child abuse and neglect; solicit contributions, gifts, and bequests to the trust."¹

During the overview of this Division, there was no mention of the Children's Trust being a component of this division, but the Division's website does include the Children's Trust as a component.

The focus of the Trust is child abuse and neglect, not education. Other boards and Commissions are situated in the Governor's Office as the Governor makes most of the appointments to these boards and commissions.

The goals of the Children's Trust are social goals that are inconsistent with the goals of DOE and there is no good reason for the board to be isolated from Boards & Commissions.

¹ <http://www.gov.state.ak.us/boards/factsheet/children.htm>

Recommendation #3:

When federal funding for a federally mandated program established in the State of Alaska falls below the 75% funding, the service shall be considered unessential at the state level and passed on to the option of local governments for funding.

After much debate over the recommendation, Rynnieva Moss moved to amend Recommendation #3 as follows:

Amended Recommendation #3: When federal funding for a federally mandated program established in the State of Alaska falls below the 50% funding, the service shall be considered unessential at the state level and passed on to the option of local governments for funding.

Recommendation #3 passed by a vote of 5 to 4.

Yeas: Bob Boko, John Coghill, Jim Hickel, Rynnieva Moss, & Bonnie Williams.

Nays: Don Evans, Rich Kronberg, Tom Murphy and Jeff Walters.

RATIONALE IN SUPPORT OF RECOMMENDATION: The Alaska State Legislature continues to grab the dangling carrot only to find itself funding the major portion of these programs after the federal government has created them and funded them for several years. When the federal funding diminishes, the state is left holding the bag to fund the program. If the federal government wants to impose mandates, they should be willing to at least be partners with the state in funding those programs. If the federal government is unwilling to fund the programs, then the federal government should not mandate programs and services and states and local governments should make the decision on the future of those programs. It was pointed out that the federal government provides only 9% of the funded needed annually for special education programs.

RATIONALE OPPOSING RECOMMENDATION #3: Some members felt nervous establishing a rate of funding for federal mandates, pointing out that the state has had its share of mandates on local governments. Some people see a need for federal mandates to make sure states provide certain needed services.

Recommendation #4: Federal pass through funding should be administered only once.

The division reports that \$6 million in grants from the federal government were funded directly to local recipients for Head Start. This must mean that inter-agency receipts have been transferred from another state agency (probably DCRA) that received federal funding to the Division of Early Development. Even if this is the result of HB 40, the source of funding, if it is federal, should be reflected as federal, not inter/agency receipts.

The division said that the handling of federal funds as inter/agency funds was a one-time deal because of HB 40 and federal funds will be shown as federal funds, not inter/agency receipts in future budgets.

Because of this the sponsor said the recommendation is not needed.

Chairman Hickel asked that the record reflect Recommendation #4 failed.

Recommendation #5: The Alaska State Legislature should treat all state receipts as general fund money unless the receipts are the result of inter/agency receipts.

Recommendation #5 passed unanimously.

RATIONALE: SB 55 was the latest in a series of legislative revisions that moved several programs off budget and moved them in the budgeting process from the general fund to other funds. The legislature passed SB 55 despite strong objections from both legislative finance and legislative budget and audit.

During a Senate Labor & Commerce Committee meeting on February 4, 1997, Annalee McConnell, Director of the Office of Management and Budget, said SB 55 was introduced at the request of the Governor intended to deal with an accounting catch 22. She said that some items in their budget expenditures could grow and actually are in the economic development area and are seen as a real positive. There was concern, however, that "the increase in the expenditures counts as an increase in the total budget."

SB 55 reclassified "designated programs" and "restricted fees" in the budget process so that they are no longer treated them as part of the unrestricted general funds category but set them into a different category funding column, "Other Funds".

Ms. McConnell said OMB would continue to show these in the budget as "Other Funds" so everyone was well aware of them. ***"The key point in all of this is that you can have an increase in these arenas, mostly economic development, without increasing the fiscal gap."***

Later is that same committee meeting Senator Tim Kelly asked how this affects the fiscal gap. Ms. McConnell explained that ***"as expenditures go up revenues increase by the same amount. Therefore, there is no increase in the fiscal gap."*** This statement is in direct contradiction to Ms. McConnell's key point for enacting SB 55.

Senator Kelly asked if they would increase the program receipts and take them off budget. Ms. McConnell said they wouldn't be off budget; they would still be appropriated by the legislature. Instead of being in the column along with unrestricted general funds, there is a separate category "Other Funds" for designated program receipts.

SB 55 also contains some clean-up items that weren't in last year's bill. It codifies

corporate receipts and clarified that the Children's Trust and the Public School Fund are not part of the unrestricted general funds.

Senator Kelly asked if the legislature approves SB 55 what is the difference between the amount from the general fund and the new program receipts? Ms. McConnell replied that between '97 and '98 it's about a \$3 million increase. She said there is a small increase in the category of restricted fees; much of it is in the economic development area.

On April 7, 1997, the Senate Finance Committee heard SB 55. Concerns were voiced about proper supervision by the legislature over program receipts set by the pioneer homes and Alaska Housing Finance Corporation.

Senator Pearce said that what happens when program receipts are put off of the budget the Legislature tends to not look as closely at the program during the budget process. Senator Drue Pearce stated at that committee meeting that Mike Greany, Director, Legislative Finance and Randy Welker, Legislative Auditor had real concerns about pushing too many program receipts off budget. She said they would prefer program receipts be brought back in as straight general fund receipts and not try to account for them separately.

The Senate Finance Committee heard SB 55 again on April 16, 1997. They adopted a committee substitute that added the children's trust, commercial fisheries test fishing operations, and the public utilities commission to the list of fund receipts.

"Mike Greany, Director, Legislative Finance Division, described the bill and the columns of appropriations. He informed the committee that SB 55 would move some of the general fund appropriations to the other funds column and they would no longer be counted as general fund. It would move about \$55 million of designated receipts from the general fund and move them off budget. He expressed concerns about moving closer to a form of dedication and away from the notion that the majority of receipts the state takes in were not dedicated were available to the legislature for appropriation."

The actual impact of SB 55 to moving general fund money on the FY '00 budget is close to \$59 million:

1005 GF/Prgm	49,933,800
1098 ChildTrErn	379,700
1109 Test Fish	3,970,500
1110 APUC Rcpts	4,699,200
	58,983,200

What has been the impact of creative accounting to the Parks & Recreation operations of the State? I have put together a comparison of the FY'84 and FY'00 Budgets for the division by funding source.

Total expenditures in FY'84 were \$6,371,100. The two basic funding sources were the general fund at \$5.2 million and inter/agency receipts at \$1.1 million. There was no federal funding.

In FY'00, the revenues totaled \$9,302,800. That is an increase in spending by almost \$3 million or 50% in sixteen years. Personal services accounts for \$2.5 million of the increased spending. The main funding sources have increased from two sources to seven sources in sixteen years. Inter/agency receipts have increased only \$61,900 in 16 years. . One added revenues source is federal receipts, which amounted to \$955,000 in FY'00. With that in mind, one would conclude that general fund spending has increased by approximately \$2 million dollars over the same 16-year period. In actuality, because the four new remaining funding sources result from an expansion in the "Other Funds" column, general fund spending has decreased by \$1.8 million.

FY'00 BUDGET	1002 Fed Rcpts	1003 G/F Match	1004 Gen Fund	1005 GF/Prgm	1007 I/A Rcpts	1061 CIP Rcpts	1106 Stat Desig	REVENUES
State Historic Preservation	332,300	285,500			224,000	414,600		1,256,400
Parks Management			3,464,500	1,947,300	74,300		56,700	5,542,800
Parks Access	622,700				871,900	1,009,000		2,503,600
TOTALS	955,000	285,500	3,464,500	1,947,300	1,170,200	1,423,600	56,700	9,302,800

FY'84 BUDGET	1002 Fed Rcpts	1003 G/F Match	1004 Gen Fund	1005 GF/Prgm	1007 I/A Rcpts	1028 Pre90PRGM	1106 Stat Desig	TOTAL REVENUES
Historic Resource Mgmt.			153,100					153,100
Park Design/Development			311,000					311,000
Park Maintenance & Oper			3,914,500			20,000		3,934,500
Parks Administration			464,100					464,100
Direct Charge CIP					954,900			954,900
Overhead CIP					153,400			153,400
Youth Employment Program			400,000					400,000
			5,242,700		1,108,300	20,000		6,371,000

The State of Alaska should have two funds for income from state sources; the General Fund and Inter/Agency Receipts. The budget for state spending need not be complex and should be understandable for all Alaskans. Truth of income for the State of Alaska should be mandatory.

- Next the subcommittee took up recommendations for Mt. Edgecumbe. The subcommittee submitted two recommendations at the October 11th meeting. The two recommendations were tabled because they were viewed as micromanagement of Mt. Edgecumbe and Hal Spackman, Director of Mt. Edgecumbe was asked to provide better language for the recommendations. It was submitted as Recommendation #3:

Recommendation #3: Because Mt. Edgecumbe High School has significant facilities and maintenance issues due mostly to the age of the campus, and because the potential exists that Mt. Edgecumbe may be asked to expand its enrollment to serve Alaska's immediate and/or future educational needs, this sub-committee recommends that the legislature provide funds to meet the deferred maintenance needs of Mt. Edgecumbe High School.

Recommendation #3 passed unanimously.

RATIONALE: The subcommittee of the subcommittee recognized the importance of rural schools but also recognized there are two factors that have placed an increasing demand on Mt. Edgecumbe's services. First, with the passage of SB 36, rural schools with student attendance less than ten students are closing and second, some families in rural Alaska want their children to go to Mt. Edgecumbe to become prepared for a postsecondary education.

Mt. Edgecumbe currently turns down at least one student for every student it accepts because the dormitory capacity is limited. The school currently has students from 107 existing school districts whose parents want an alternative. The school currently is the home of 327 students of which 90% will go on to postsecondary schools.

- The subcommittee then heard a from the Committee on State Libraries and Museums.

Recommendation #1: The executive branch libraries should be managed by the State Library and further that no executive branch library should be established or ended without State Library oversight.

Recommendation #1 passed unanimously.

RATIONALE: Currently there is a library at Fish and Game. Other divisions have reference collections. What happens is that libraries are among the first to go in budget cuts. DEC eliminated its library two years ago and it cost the State Library a considerable amount of money. They had to go through the collection to decide what to keep, what to send to other libraries and what to trash. That was a considerable amount of staff time. Then the DEC holdings were taken off the online catalog and the WLN database.

This year in the move of Community & Regional Affairs they are giving their research collections away. Part of the collection was going to a federal library consortium that called Karen Crane and wanted the State to pay for cataloging. She did manage to stop that but more of this is going to happen.

The Fish and Game Library is the strongest one in the agencies. If the State Library managed it, they could save money with subscriptions, cataloging, etc. Centralizing library services for state agencies would save money and provide better service.

This recommendation does not include the Court System since they are a different branch of government.

- During the October 11th meeting, Bonnie Williams mentioned that she was working on a third recommendation for Postsecondary education, but had not come up with the suitable wording yet. She moved Recommendation #3 and Rynnieva Moss seconded for the purposes of discussion.

Recommendation #3: Eligibility for a student loan should be limited to attendance and pursuit of programs offered within the State of Alaska through the University of Alaska system, Sheldon Jackson, Alaska Pacific University, vocation technical Alaskan institutions and proprietary, accredited Alaskan institutions, and to accredited approved institutions outside of Alaska offering programs not available in Alaska.

Recommendation #3 failed by a vote of 4 to 5.

Yeas: Don Evans, Jim Hickel, Rynniva Moss, and Bonnie Williams.

Nays: Doug Bartko, Bob Boko, Rich Kronberg, Tom Murphy and Jeff Walters.

RATIONALE FOR: Loan proceeds will remain in the state and will result in increased attendance in Alaskan schools. It would also mean better retention in Alaska of skilled workforce. Trend show that when students go outside of the state for postsecondary education, they are more inclined to remain out of state after completing their education. The student loan program was put in place when most Alaskan students could not qualify for federal student loans because of the high cost of living in Alaska and income ineligibility. Now Alaska's cost of living is more in line with the rest of the nation and those students choosing to attend school outside could qualify for federal student loans and Pell grants.

RATIONALE AGAINST: Those opposed to the recommendation felt there would be a brain drain if students were punished for wanting to go outside of the State of Alaska to enroll in institutions that are highly regarded in their field. Many said they would prefer to see the legislature enact incentives that would give forgiveness to all Alaskan students who return to Alaska after receiving their postsecondary education and enter the Alaskan workforce.

- Recommendation #3 on Page 8 was discussed. It was determined that the October 11th minutes correctly reflect the recommendation. Bonnie Williams moved to approve Recommendation #3 on Page 8 for the October 11th minutes. Bartko seconded the motion and it was passed unanimously.
- Chairman Hickel said the final meeting would be next Monday. He said he will be attended the meeting from Fairbanks so as to prepare the final report for presentation to the full Privatization Commission on November 24th at 9:00 a.m.

He said the he would like some idea of subjects the subcommittee members would like to submit as recommendations at the final meeting.

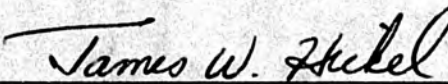
Bonnie Williams said she would like to see unincorporated school districts be consolidated reducing the cost of administration in those areas. She said she might also look at a recommendation to eliminate the state student loan program.

Rynniva Moss said she would like to see recommendations to strengthen the charter school system.

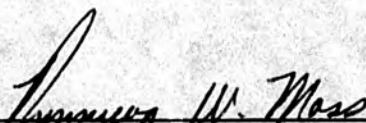
Doug Bartko said he would like look at the Alaska Constitution and how it relates to Public Education, as well as, discuss pilot programs related to a check off system for the permanent fund dividend.

Jim Hickel wants to address the voucher system work that Representative Kohring began work on last session.

The minutes of the Department of Education Subcommittee of the Privatization Commission held on October 25th are hereby approved this 1st day of November 1999.



Jim Hickel, Chairman

Attested: 

Rynnieva Moss, Secretary



COMMISSION ON PRIVATIZATION

Department of Education Subcommittee

Subcommittee Minutes
November 1, 1999

Chairman Hickel called the meeting to order and conducted the roll call.

Members Present: Bob Boko, Don Evans, Jim Hickel, Rich Kronberg, Rynnieva Moss, Jeff Walters, and Bonnie Williams.

Members Absent: Representative Cissna, Representative Coghill, Bob Coghill, Paul Fischer, JoAnn Henderson, Marvin Owen, Senator Adams, Sam Gaston and Dale Brock.

Support staff from Department of Education Present: Karen Rehfeld.

The minutes from the October 25th, 1999 meeting were introduced for approval. Bonnie Williams moved for approval of the minutes; Bob Boko seconded the motion. The minutes from the October 25th meeting of the Privatization Sub-Committee on the Department of Education were approved unanimously.

Chairman Hickel said this was the final meeting of the subcommittee and the agenda would include the discussion of general recommendations submitted by committee members.

General Recommendation #1 was moved by Rynnieva Moss and seconded by Bonnie Williams.

General Recommendation #1: Recognizing that charter schools are public schools that are effective tools in improving educational choice, we recommend that the legislature enact revised charter school laws that provide for educational choice by: (1) doubling the number of charter schools allowed in Alaska; (2) extending the contract period from five to ten years; and (3) require school districts to give a full accounting of money they received for each charter school.

General Recommendation #1 passed unanimously.

RATIONALE: Education should be our number one priority. Parents and educators both have come to recognize that charter schools are one of the tools available for educational reform. Educational reform is sweeping most of the nation and Alaska is lagging behind. Three key factors in educational reform are parental involvement, educational choice, and measuring student performance.

Alaska adopted a charter school law in 1995. Unfortunately the law is deficient in many areas and few charter schools have been started. After meeting with many charter school groups and parents and educators interested in started charter schools, I think there are legitimate ways the legislature can improve our charter school system.

Currently the number of charter schools allowed in Alaska is limited to 30. That number should be doubled to allow for expansion of the number of charter schools in Alaska. The contract period for a charter school with the state needs to also be doubled. Currently charter schools get a five-year contract. It is very difficult to find housing for a charter school with a five-year lease period. The legislature should double the contract period to ten years. Finally, school districts received funding for charter schools and are allowed to charge certain administrative fees. Charter school wants to be able to get an accurate accounting of how their money is spent. The legislature needs to implement a requirement for school districts to provide a separate accounting for each charter school.

General Recommendation #2 was moved by Bonnie Williams and seconded by Bob Boko.

General Recommendation #2: That the legislature review the school districts of the unincorporated areas with a view to consolidate the business functions of the districts.

General Recommendation # 2 passed unanimously.

RATIONALE: The purpose would be to reduce the expenses of multiple superintendents while retaining the authorities and structures of individual school boards. While some subcommittee members doubted a savings, Bonnie Williams pointed out that the University of Alaska saved \$13 million in 1986 and 1987 by consolidating the chancellors of the University. Jim Hickel said that many school districts in unincorporated areas have superintendents that supervise one to three schools. Don Evans said that the Aleutian Gateway School District, Dillingham City School District, and Southwest Regional School District have recently consolidated their administrative functions.

General Recommendation #3 was moved by Doug Bartko and seconded for the purposes of discussion by Bob Boko.

General Recommendation #3:

Amend Article VII of the Constitution to read "Section 1. Education: Primary and Secondary Education shall be private and open to all children of the state. These private schools shall be funded in part by the Alaska Education Permanent Fund. The Legislature may help fund the Alaska Education Permanent Fund System.

In clarifying the intent of the first half of the recommendation, Bartko said the intent is to privatize public schools.

Bonnie Williams moved to split the recommendation, Moss seconded.

Amended General Recommendation #3:

Amend Article VII of the Constitution to read "Section 1. Education: Primary and Secondary Education shall be private and open to all children of the state."

The Recommendation was defeated 7 to 1.

RATIONALE FOR: The purpose of the recommendation is to get the State out of the education business. This would have to be accomplished with a constitutional amendment.

RATIONAL AGAINST: The quality of life in the United states versus the quality of life in Third World Countries can directly be attributed to public education.

There was discussion of the Alaska Education Permanent Fund in the split recommendation but it was determined that with the defeat of the first half of the recommendation there was no need to vote on the second half. Both Williams and Moss did point out that taking money from the permanent fund dividend is not an option, especially in light of the recent special election asking voters to change the formula for distributing the permanent fund dividend and allowing a portion of their checks to be used to fund government.

General Recommendation #4: A state lottery shall be established to help fund the Alaska Education Permanent Fund.

The recommendation failed 7 to 1.

RATIONALE: This is a new revenue source that could be used to fund education.

RATIONALE AGAINST: Rich Kronberg pointed out that similar lotteries in other states are failing to do what they anticipated. Rynnieva Moss said she will not support lotteries because she does not feel we should fund government on the backs of families who have members with bad habits. Bonnie Williams concurred that gambling is an unacceptable revenue source.

General Recommendation #5: Recommend that the issue of parental choice become a ballot initiative in order to allow the citizens of Alaska to decide whether or not they want their tax dollars to fund their school of choice.

Recommendation failed by a voice vote.

RATIONALE: This issue should concentrate not so much on the difference between public and private education as on the issue of more parental choice in education vs. bureaucratic mandate. To purpose is to bring on true competition in the education field.

RATIONALE AGAINST: State law now provides a school funding formula that would prevent having a set amount for educating a child. The number changes as the geographic area of the school changes. Schools in remote areas could not withstand competition with private sources and would be forced to close.

Rich Kronberg brought up the accountability issue in reference to private schools. He said they are not regulated the same as public schools.

Rynniva Moss said that she would support the idea of a voucher system or credit program that would allow property owners who choose to pay for private school to receive a credit on their taxes collected for public education.

Bonnie Williams suggested new language.

General Recommendation #6: That the legislature consider some form or variation of a voucher system that is useable in both the public and private school system and put the issue before voters of Alaska.

The recommendation passed on a vote of 5 to 3.

RATIONALE: There has been an increased interest in parental choice in education that needs to be seriously considered by the legislature.

Rich Kronberg moved General Recommendation #7 with a friendly amendment; Rynniva Moss seconded the motion.

General Recommendation #7: *The state will enact legislation requiring the evaluation of its paperwork requirements for teachers and school districts. Unnecessary and/or redundant paperwork should be eliminated. This will allow teachers and other staff more time for preparation and for actual instruction.*

The recommendation passed unanimously.

The rationale is in the recommendation.

Rich Kronberg moved General Recommendation #8; Bonnie Williams seconded the motion.

General Recommendation #8: *The state will explore incentives to private businesses to provide computer and other interactive technology to school districts.*

The recommendation passed unanimously.

RATIONALE: There are several reasons to support this proposal. It is a mechanism to enhance the use computers, particularly in rural schools. Our students will need this in order to compete successfully in the next century. Computer technology can also become an economic engine for rural Alaska, an area that has had a historic problem with building an economic base.

Denny DeWitt from Representative Mulder's office pointed out that the bottom line of this recommendation could be tax incentives that cost the state revenues. This resulted in the friendly amendment that eliminated language recommending the legislature explore "providing" incentives.

Rich Kronberg moved General Recommendation #9; Bonnie Williams seconded with a friendly amendment.

Recommendation #9: All students should be required to meet the same performance standards in reading, writing, and mathematics. All schools, and educational settings, should be accountable for meeting minimum standards.

The recommendation passed unanimously.

Rich Kronberg moved General Recommendation # 10. Several members of the committee voiced concern about being able to support the first half of the recommendation , but not the second. Bonnie Williams moved to split the recommendation and Kronberg seconded. There being no objection the recommendation was split into general recommendations 10 & 11.

General Recommendation #10: The legislature should fund school first by having a separate education budget or providing forward funding.

The recommendation passed unanimously.

RATIONALE: The political pressure on educational funding in the operating budget results in school districts not knowing their funding level for the next fiscal year, which begins in July, until May. A separate budget or forward funding would facilitate the planning process for schools and school districts if funding levels were known earlier in the legislative session.

General Recommendation #11: School funding should be inflation proofed.

Recommendation failed by a 4 to 4 vote.

RATIONALE: By inflation-proofing education funding, the legislature would be preventing the erosion of the ability of our schools to meet the needs of all of our students. Nothing weakens the efficiency of public schools more than cuts in essential programs due to inflation.

RATIONAL AGAINST: People in the private sector have to balance their checkbook even though their income is not inflation-proofed. If government entities were more diligent in cutting waste maybe the inflation wouldn't be there. Rynnieva Moss said that while serving on several privatization subcommittees, she has seen this waste and feels it is a cause of inflation.

The next recommendation addressing school maintenance was withdrawn when Denny DeWitt brought up the fact that the legislature has a handle on deferred maintenance and has completed a 1 ½ inch report on the subject. He also pointed out the Mt. Edgecumbe is not part of the Capital Budget.

Rich Kronberg moved Recommendation #12; Bonnie Williams seconded for the purposes of discussion.

Recommendation #12: The legislature should fully fund mandated programs.

The recommendation failed with a vote of 4 to 4.

RATIONALE FOR: The legislature has mandated the Alaska Quality Schools Program. The amount provided to school districts to fully implement these programs is woefully inadequate. At the same time that we are raising the bar for students, we are lowering their ability to get over the bar.

RATIONAL AGAINST: The money is there in the school districts but is not properly being funneled to the greatest needs. Rynnieva Moss said she again has seen a number of areas where the state and schools waste public funds for questionable programs while not funding other important areas. One example was a food service employee for the Fairbanks North Star Borough saying that 80% of the food in the hot lunch program ended up in the garbage can.

Rich Kronberg moved Recommendation #13; Jim Hickel seconded the motion.

Recommendation #13: The state should enter into discussions with NEA-Alaska to explore privatizing the certification of teachers.

RATIONALE: The current process has created problems for staff due to the very long time required for the state to process applicants. By having the profession itself serve as the gatekeeper in this state, we would be ensuring that only the best get to teach in our state.

RATIONAL AGAINST: There is a conflict of interest is allowing teachers to certify teachers. If NEA has concerns about the certification process, they could commission a consultant to address the issue. Also not all teachers are members of the NEA. All other professional licensing is handled through the Department of Revenue Division of Occupational Licensing.

Kronberg withdrew the recommendation. An alternative recommendation was offered at the invitation of the maker. Bonnie Williams moved Recommendation #14; Bob Boko seconded.

General Recommendation #14: Move the teacher certification program to the Division of Occupational Licensing.

This recommendation passed 6 to 2.

RATIONALE: The Division does just this type of licensing. It would create a oversight Board of Licensing that would regulate the certification process. This could include reciprocal provisions for teachers from other participating states. Alaska is one of the few states that have no reciprocal provisions. This has been a major cause of the workload for certification.

Bonnie Williams moved General Recommendation #15; Rynnieva Moss seconded the motion.

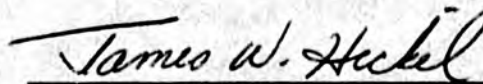
General Recommendation #15: Recommend that part of the school safety legislation should be to encourage gun safety education.

The recommendation passed 7 to 1.

RATIONALE: The mention of guns in schools in recent years has brought concern for safety. The purpose of this recommendation is to bring out that there is a place for guns in schools. That place is with school safety and teaching gun safety to schoolchildren.

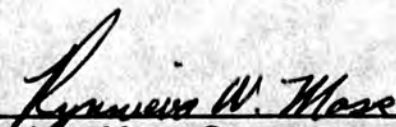
Jim Hickel reminded subcommittee members that this meeting will be the last meeting of the subcommittee unless there is interest for another. He also reminded members that the full committee report will be submitted to the Privatization Commission at 9:00 a.m. on Wednesday, November 24th. All members are welcome to attend.

The minutes of the Department of Education Subcommittee of the Privatization Commission held on November 1st are hereby approved this 1st day of November 1999.



Jim Hickel, Chairman

Attested:


Rynnieva Moss, Secretary



F A X
Transmittal



Alaska State Council on the Arts
411 West 4th Avenue, Suite 1 E, Anchorage, Alaska 99501-2343
(907) 269-6610 Fax: (907) 269-6601 Toll Free: 1-888-ARTS GCI email: info@aksca.org

To: John Cowdery
Fax #: 269-0223
From: Pat Oldenburg for Helen Howarth
Re: Commission on Privatization
Date: 9/22/99
Pages: 16 Pages (including cover sheet)

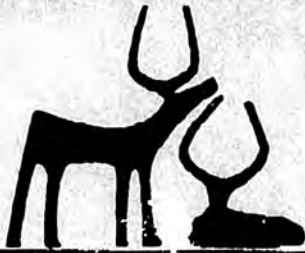
The Alaska State Council on the Arts (ASCA) offers grants and services to advance the practice and appreciation of the arts in Alaska.

ASCA grants address a wide range of needs, interests and activities:

- Local Arts Council Grants* - Arts development for communities
- Season Support Grants* - Artistic and administrative support for arts organizations
- Project Grants* - Assisting organizations with specific arts projects and programs
- Workshop Grants* - Short-term workshops using artists and professionals as instructors
- Career Opportunity Grants* - Career advancement grants for individual artists
- Master Artist & Apprentice Grants* - Perpetuating the traditional arts of Alaska's Native people
- Community Arts Development Grants* - To stimulate grassroots activity and public participation in the arts
- Artists in Schools Grants* - Supporting artists' residencies in schools across Alaska
- Arts Education Incentive Grants* - To promote and improve teaching of the arts

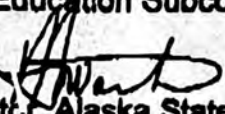
The Council develops arts policies, programs and proposals in cooperation with artists and arts organizations, state agencies, the Legislature, donors, and the public. ASCA receives major support from

*Alaska Airlines, AT&T Wireless Services,
Association of Village Council Presidents, BP Exploration,
Bernholz and Graham, Calista Corporation, GCI, Goldbelt, Inc., KLEF Radio, National Bank of Alaska,
Time Frame, Trust Consultants, Yute Air*



DATE: September 21, 1999

TO: Commission on Privatization
Department of Education Subcommittee

FROM: Helen Howarth 
Executive Director, Alaska State Council on the Arts

There was considerable discussion at the 9/20/99 committee meeting about the recommendation made by the DOE subcommittee on Executive Administration to repeal AS 35.27 Art Work in Public Places. A vote on the recommendation was tabled until the next meeting.

Per the request of the subcommittee, I am sending the findings and recommendations of the January 4, 1999 Legislative Audit of the Art in Public Places Program (AS 35.27). The complete report can be accessed at the Legislative Audit website legaudit@legis.state.ak.us. Reference audit control number 25-4564-99.

I hope this information will assist you in your evaluation of the program. I am available to answer any questions you may have about the program or the audit. Please do not hesitate to call me at 269-6607 or e-mail me at helen@aksca.org.

BACKGROUND:

The Art in Public Places program was established in 1975. It is managed by DOTPF with input from the Alaska State Council on the Arts. The statute requires a portion of appropriations for capital expenditures be set aside for the acquisition of works of art to be used for public facilities. Those facilities are defined as schools, office buildings, court buildings; other buildings the commissioner of DOTPF determines are designed for substantial public use; boats and vessels of the marine highway system; and transportation facilities which accommodate traveling passengers.

The 1988 rewrite of state procurement statute (AS 36.30) substantially narrowed the applicability of the Art in Public Places statute. State entities with the authority to plan and construct their own facilities, as well as state entities excluded from procurement code are excluded from the AIPP requirements since DOTPF does not manage the construction projects.

The 1% allocation is based ONLY on the actual cost of construction. This excludes planning, architectural work, land acquisition, administrative costs, equipment purchases and other costs not specifically incurred within the construction contract.

Alaska State Council on the Arts

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Further, the program is self-regulating: funds are only expended when there are eligible capital projects. According to the audit, during the five year period 1993-1998, a total of \$1,441,978 was spent on artwork purchased for buildings and public facilities. The list of purchases and impacted facilities is attached for your reference.

COMMENTS AND RESPONSES

Listed below are clarifying responses to some of the comments made during the discussion at the 9/20/99 meeting.

Comment: No entity should be forced to allocate a set sum for any line item.

Response: While the 1% set aside may seem unusual, the concept of requiring a project to adhere to public interest concerns is not. There are local, state and federal laws mandating compliance with handicap accessibility laws; requiring a certain number of bathroom stalls or mandating such things as landscaping. These requirements have an associated cost that, while not set by state statute, is required. Project managers must allocate and expend the necessary resources to comply.

AS 35.27 identifies a public interest/policy concern and addresses the importance of including art in public facilities. The statute does not mandate the type of art or location of art in a public facility but it does dictate a public selection process and caps the amount to be spent at 1%, or in the case of rural schools, at ½ of 1%. The cap clearly identifies the public burden of the statute, ensuring in the process that something, rather than nothing or too much, is spent on public art.

Comment: The state will save money by eliminating the program.

Response: It is highly unlikely future capital construction budgets will demonstrate a 1% reduction in cost due to elimination of the public art program. The amount spent on public art is not determined until after the construction costs have been finalized, usually after most of the project has been completed. Most construction projects have contingency budgets of 15% and higher and the 1% for Art allocation is often viewed as part of the contingency budget. Any savings on public art will be spent in other areas of the construction budget.

Comment: The public doesn't get to select the art for public facilities.

Response: Public involvement is the most important part of the public art process. Public users of the facility as well as the project manager, architects, and others are part of a panel that determines the artwork selected. Unsuccessful art projects have usually not adhered to the public process clearly outlined in AS 35.27.

Some examples of state-funded public art projects in various communities:

Nesbett Courthouse/Anchorage
Anchorage International Airport
Fairbanks Airport
Juneau Pioneer Home

Totem poles by Lee Wallace
Native Art collection
Gateway "Solar Borealis"
collection of art

FINDINGS AND RECOMMENDATIONS

Recommendation No. 1

The legislature should consider amending AS 35.27 to restructure the administrative operations and funding mechanism of the Art in Public Places (AIPP) program. In addition, the legislature should repeal AS 44.27.060, the public art fund.

As discussed in the report conclusion section of this report, the current AIPP program is not functioning as envisioned by the 1975 legislature. Due to a variety of factors, the program has been diminished. Specifically, these factors which have served to lessen the AIPP program are as follows:

1. The 1988 rewrite of the state procurement code (AS 36.30).

Several state entities receiving capital appropriations for building construction projects are excluded from the statute's mandate due to the 1988 revision of the State's procurement code. As part of the 1988 procurement code revision, the State quasi-corporations, the University of Alaska (UA), and the Alaska Court System (ACS) were excluded from the executive branch procurement requirements. Each entity was to develop its own procurement procedures that were substantially equivalent to AS 36.30. As a result of this legislation, the statutory AIPP program no longer applies these entities.

Meanwhile, UA has implemented a Board of Regent's (BOR) policy supporting the AIPP concepts and the governing statutes for ACS which require the supreme court to construct buildings using DOTPF's statutory requirements. ACS has determined this language to include the AIPP program. All remaining state entities are not subject to the statutory requirements of AIPP.

2. Many construction projects are funded by non-state sources that involve funding restrictions.

Alaska Statute 35.27 requires at least 1% of actual construction costs be set aside for artwork. Oftentimes, building or facility construction projects can be funded by a combination of state general fund dollars, federal funds, or other restricted sources. With the exception of the state general funds, often these funding sources prohibit the purchase of artwork or the deposit to the public art fund. In such cases, the Department of Law (DOLaw) and Legislative Legal Services (LLS) attorneys have advised the 1% of actual construction costs must be paid from state resources.

State financial resources are not always available to purchase works of art. In recent years, many new building construction appropriations were primarily funded by sources other than the General Fund. For example, funding for the new Alaska Marine Highway System's (AMHS) vessel, the Kennicott, was primarily received from the Federal Highway Administration (FHWA). The Department of Transportation and Public Facilities (DOTPF)

did not have State general funds available to fully comply with the 1% artwork requirement and the FHWA funding prohibits the purchase of artwork. Another example is the construction of armories for the Department of Military and Veterans' Affairs (DMVA). Construction costs are almost always 100% funded by federal funds. The federal granting agency prohibits the purchase of artwork, and DMVA does not receive a general fund appropriation to purchase artwork. These types of funding situations prevent the compliance with AS 35.27 and AS 44.27.060.

3. Unclear statutory definition of remodel and renovation projects.

Alaska statute 35.27 also requires 1% of actual construction costs be set aside for the purchase of works of art when state buildings are remodeled or renovated after June 30, 1975. LLS attorneys have advised, a reasonable interpretation of remodel and renovation needs to be applied to the individual building construction project for the applicability of AS 35.27. DOTPF relies on the project manager to interpret the applicability of AS 35.27 to the building construction project when remodeling or renovation occurs. In most cases, these projects have been excluded from AIPP due to the project manager's interpretation.

4. Application of statutes by DOTPF has diminished the public art fund activities.

Alaska Statute 35.27 and AS 44.27.060 conflict for projects with estimated construction costs of less than \$250,000. Currently, AS 35.27 mandates at least 1% of actual construction costs be set aside for the purchase of works of art, if the construction costs exceed \$250,000 and the building or facility is designed for substantial public use. The statute also permits the commissioner of DOTPF to authorize the acquisition of works of art if the construction costs are less than \$250,000. Alaska Statute 44.27.060 requires 1% be deposited into the fund for projects exempt from AS 35.27 if the actual construction costs are less than \$250,000 or the building or facility is not designed for substantial public use.

As discussed in our Report Conclusion section of this report, DOTPF staff have indicated that the requesting state agency has always received the approval from the commissioner to purchase artwork from an art gallery for building construction projects with estimated costs of less than \$250,000.

5. Lack of a specific defined role for the Alaska State Council on the Arts (ASCA) in administering the AIPP program.

Alaska Statute 35.27 only requires DOTPF to consult with ASCA regarding the desirability of inclusion of works of art in buildings and facilities. However, the AIPP program assists ASCA with its statutory mandate to promote works of art in the State. As discussed in our Report Conclusion section of this report, the two agencies have different levels of priority regarding the AIPP program due to each agency's statutory responsibilities.

We believe the responsibilities of the AIPP program is a natural extension of ASCA's goals, and therefore, should be part of its normal operations. Incorporating the AIPP program

within ASCA's existing operations will assist in achieving a works of art program originally envisioned by the 1975 legislature. In addition, if the program's administration was organizationally located in ASCA, other program enhancements such as a statewide inventory of artwork and guidance on performing required maintenance on artwork could occur. (See Recommendation No. 3.)

We recommend the legislature amend AS 35.27 by restructuring the AIPP program. In order to have a functioning AIPP program as envisioned by the 1975 legislative policy, the legislature should address the following:

- Evaluate if the extent of the application of the AIPP program is in accordance with the intended public policy. If not, revise AS 35.27 to specifically identify the entities to which the AIPP should be applicable.
- Designate the responsibilities of the AIPP program to ASCA.
- Revise the AIPP program's funding mechanism. The funding revision could include a direct capital appropriation to ASCA based upon a predetermined percentage of the total capital budget for construction based on funding sources. The capital appropriation should be based on the amount of artwork the legislature desires to purchase for related construction projects. This may include setting a budget for artwork based on: (1) a sliding scale of the total capital appropriation, (2) an allocation commensurate with all building related appropriations authorized, and (3) an arbitrary amount set aside to achieve the original purpose of the public art fund. Changing the funding mechanism will assist all agencies involved and ensure the intent of the original legislation is met. If the legislature does revise the funding mechanism for this program, we believe the artwork selection committee process should remain the same including members from the user agency, DOTPF's architect, one ASCA member, and others as deemed necessary.
- If the funding mechanism is revised, the legislature should repeal the public art fund statute, as these expenses will now be part of the capital appropriation authorized to ASCA.

In the event the Alaska State Legislature chooses to not revise the AIPP program as prescribed in Recommendation No. 1, Recommendation Nos. 2 through 8 should be implemented.

Recommendation No. 2

The legislature should consider amending AS 35.27 and AS 44.27.060 clarifying the applicability to state entities and statutory inconsistencies. DOTPF and other state agencies should develop guidelines for remodel and renovation construction projects.

The AIPP program was intended to further a state policy "that a portion of appropriations for capital expenditures be set aside for the acquisition of works of art to be used for state buildings and other public facilities." This policy, underlying the program, has not changed

since the program was first established in 1975. At the time this program was created, DOTPF (then Department of Public Works) was responsible for all building construction projects so all capital appropriations were made to DOTPF.

The capital appropriation budget process has been revised since the inception of AS 35.27. Each state agency desiring a capital appropriation for new building construction submits the request through the annual budget process. If authorized by the legislature, state agencies enter into a reimbursable service agreement (RSA) with DOTPF to manage a construction project as required by the state procurement code, AS 36.30. (An exception to this requirement is the Department of Education's (DOE) school construction projects.)

Legislative Legal Services has advised that the statute limits the requirements mandated by AS 35.27 to construction projects DOTPF has the ability to control. These construction projects are mostly limited to state executive branch agencies constructing new buildings for their use as required by AS 36.30.005 (b). The 1988 revision to the procurement code also delegated the procurement of building and facility construction directly to state quasi-corporations,¹⁵ the University of Alaska, and the Alaska Court System. This delegation to these state entities other than ACS effectively exempts them from the requirements of AS 35.27.

Some state executive branch agencies' construction projects are exempt from AS 35.27 because DOTPF does not have the ability to control construction. One example is the DOI school construction¹⁶ grants program. The school board or superintendent manages construction, with DOE providing some financial assistance to the school district. In this case, since DOTPF does not control the construction, schools are exempt from the statutory requirements of AIPP.

However, AS 35.27.020 (c) includes schools within the definition of public buildings or facilities subject to the art requirements. DOE requires school districts receiving grant funds to purchase artwork. DOE staff has interpreted AS 35.27 to require works of art because of the statutory reference to schools as well as the ½% requirement in cases of rural school facilities. DOE's interpretation does not consider LLS' position on limiting the requirements of AIPP to those construction projects DOTPF has the ability to control and manage. We believe limiting the applicability of AIPP to building construction projects controlled by DOTPF does not meet the original intent of the state policy "*that a portion of capital appropriations be set aside for the purchase of works of art.*" The current implementation of the statute does not include all capital appropriations authorized by the legislature. Alaska Statute 35.27 has not been revised even though organizational and statutory changes have occurred since the original legislation was enacted. Further, many of these entities that have been exempted from the AIPP program have the opportunity to

¹⁵ State quasi-corporations include: Alaska Housing Finance Corporation, Alaska Industrial Development and Export Authority, Alaska Seafood Marketing Institute, the Division of Energy (formerly Alaska Energy Authority), Alaska Railroad Corporation, Alaska Aerospace Development Corporation, Alaska Student Loan Corporation, Alaska Permanent Fund Corporation, and the Alaska Science and Technology Foundation.

¹⁶ Prior to 1983, DOTPF controlled the school construction projects.

participate¹⁷ in the Alaska Contemporary Art bank (ACAB), even though they do not contribute to the public art fund.

The requirements of AS 35.27 conflict with AS 44.27.060

The AIPP program's statute (AS 35.27) permits DOTPF to authorize artwork for buildings or facilities with estimated construction costs of less than \$250,000. Alaska Statute 44.27.060 requires the 1% be deposited into the public art fund if the construction project is less than \$250,000 or not designed for substantial public use. Currently, state agencies request the commissioner to authorize the purchase of artwork rather than being required to transfer 1% to the public art fund to be used by the council. DOTPF staff reported to us that the authorization is always granted for the state agencies. This statutory language prevents the public art fund from receiving funds to be used for the purpose set out in AS 44.27.060 (c).

Therefore, we recommend the legislature consider revising AS 35.27 to clarify which state entities are subject to AIPP requirements and clarify the incongruity between AS 35.27 and AS 44.27.060(b). Clarifying the statute will assist all state agencies with the implementation of the original state policy and underlying statutes. Additionally, we believe the legislature should revise the requirements for construction projects with estimated costs of less than \$250,000 that are not designed for substantial public use. Given the nature of the existing program operations, neither statutory requirement is being met for projects with construction costs of less than \$250,000.

Remodel and Renovation projects are not clearly defined in statute

Alaska Statute 35.27 also requires that 1% of the actual construction costs for works of art purchases be set aside for remodel and renovation projects of existing state buildings and facilities. However, no clear statutory definition is provided for remodeling and renovation projects. As a result, these projects are subject to differing interpretations which differ among project managers. To provide some guidance, DOLaw attorneys advised:

"...Items like maintenance, repairs, [building] code upgrade, and heating system renovation projects are not within the intent of the statute when it uses the words remodeled or renovated."

Recently, many building construction projects were performed on state-owned buildings to comply with the requirements of the Americans with Disabilities Act (ADA). These projects were classified as building code upgrades exempting the construction from the requirements of AS 35.27 as well as the deposit requirements under AS 44.27.060. It is notable that some of these building code upgrade projects resulted in additional office space for the state entity. An increase in office space square footage could also be defined as a remodel or renovation project, in which case, AS 35.27 would apply.

¹⁷ Any State entity may request a piece of artwork through the ACAB program. Participation or contributions to the fund are not required.

We recommend DOTPF and other state agencies, with the concurrence of DOLaw attorneys, establish applicable AIPP guidelines for remodel and renovation construction projects. Construction projects meeting the predetermined guidelines should either (1) deposit the 1% into the public art fund or (2) request the commissioner of DOTPF to approve the purchase of works of art for the project. In addition, we recommend DOTPF and other state agencies establish guidelines for which types of remodel and renovation projects are applicable. We believe this requirement could be accomplished by providing a dollar floor or an increase in space construction for remodel and renovation projects.

Recommendation No. 3

The executive director of ASCA and the DOTPF director of the Division of Design and Engineering Services need to revise the AIPP procedures to efficiently purchase works of art for state buildings and facilities.

The process to implement the AIPP program is cumbersome. Some of the inefficiencies are due to the conflicting and unclear statutory language, and the funding mechanism addressed in Recommendation No. 2 and the Report Conclusions section of this report.

ASCA desires to commission artwork in order to fulfill the agency's mandate of "encouraging and assisting freedom of artistic expression essential for the well being of the arts" as well as to enhance and promote artists and their craftsmanship. Whereas, DOTPF will comply with the AIPP mandate by delegating the selection of the artwork with limited participation and oversight. In addition, ASCA and DOTPF prefer different selection processes in acquiring artwork which create administrative inefficiencies.

Commissioning artwork is a multi-step approach involving the DOTPF project manager, architect, an ASCA representative, and representation from the agency which will occupy the building. Ultimately, the committee selects various works of art for the building. However, the commission process increases the project's administrative costs.

Administrative costs involved with the selection of artwork include (1) the costs associated with developing requests for artists' proposals, (2) the actual selection process which may require small payments to the artists for the construction of the artists' models, and (3) the personal service time of DOTPF, ASCA, and the agency employees occupying the building. These costs are not considered in the overall 1% set-aside requirement. Instead, the costs are absorbed through the DOTPF administrative budget for construction project or other state operating appropriations. In many instances, the budget is not available to absorb these costs or staff time is limited, preventing the participation in the committees.

Therefore, we recommend that ASCA and DOTPF review and revise the AIPP procedures and encourage a more mutually cooperative relationship between all parties so that inefficiencies can be reduced or eliminated.

Recommendation No. 4

The commissioner of DOTPF needs to revise its current AIPP policy to comply with the statutory mandates for artwork purchases.

DOTPF's existing policy prevents compliance with the statutory mandates of AS 35.27 and AS 44.27.060. DOTPF's internal policy relating to artwork for public buildings and facilities states: "*Participatory construction funding by a Federal Agency or by the Division of Risk Management¹⁸ is not included in such cost as used within this procedure.*" DOTPF interprets this policy to exclude the federal funding portion when calculating the 1% set aside.

Alaska Statute 35.27 mandates that 1% of actual construction costs be set aside for the purchase of works of art in a school, office building, court building, vessel of the marine highway system or other building or facility which is subject to substantial public use. The statute does not limit the 1% to state financial resources as implemented by DOTPF.

DOLaw and Legislative Legal Services attorneys have advised:

"1% of actual construction costs needs to be set aside for construction projects qualifying under AS 35.27 but if money from other sources which can not be expended on works of art is used to pay a part of that cost, the expenditure on works of art should come from the state appropriation of money."

DOTPF has constructed several buildings in which the statutory requirements of AIPP or the required 1% deposit into the public art fund were not met due to the internal policy. The majority of these projects occurred with the AMHS passenger terminals and the airport's search and rescue buildings. Funding for these projects were obtained from federal sources. We believe the AMHS passenger terminals qualify under the AIPP program due to the substantial public use requirement, where as the airport search and rescue buildings should have made the appropriate deposit to the public art fund. Due to the internal policy, DOTPF did not comply with either requirement.

Therefore, we recommend DOTPF revise its existing internal policy relating to how the 1% set aside requirement is calculated. The policy revision should be consistent with the statutory intent of AS 35.27 which is 1% of actual construction cost irrelevant to the funding sources received for the project. The required 1% deposit to the public art fund by the commissioner of DOTPF should also be made for construction projects exempt from the requirements of AS 35.27.

As discussed in the Report Conclusions section of this report, DOTPF has not fully complied with the statutory mandates of AS 35.27 and AS 44.27.060 due to this policy. Therefore, we recommend the commissioner of DOTPF seek advice from the attorney general regarding the noncompliance of the statutory mandates as noted, and take whatever legal action necessary.

¹⁸ We agree with the exclusion of risk management funds from AIPP requirements.

Recommendation No. 5

The DOTPF regional directors and the director of administrative services needs to encourage the proper use of the state accounting system to demonstrate compliance with AS 35.27.

The DOTPF accounting staff does not use the State's accounting system as designed to capture the artwork costs. We requested DOTPF to provide us with a listing of building and facility construction projects for the period of July 1, 1992 through June 30, 1998. Part of our request also included; the cost, the description, and the artist of all artwork purchased for the building or facility construction project. DOTPF was unable to use the State's accounting system to prepare this listing. Instead, a haphazard approach was used to accomplish our request. If the accounting staff had used the AKSAS program codes when paying for artwork purchases, the State's accounting system could have been used to provide this listing.

DOTPF expenditures processing procedures require the use of an AKSAS program code to classify the various types of costs incurred on capital appropriations. Including the appropriate program code during the expenditure input process assists the agency with capturing and classifying the types of costs associated with the project. If necessary, data can be retrieved from the State's accounting system by using program codes. In regards to AIPP, DOTPF could have used the accounting system to provide the listing of construction projects, the artist, and the cost of the artwork purchased.

To assist DOTPF in demonstrating compliance with AS 35.27 and AS 44.27.06(), we recommend the directors of DOTPF's regions and administrative services encourage the accounting staff to use the existing accounting structure to assist the department with demonstrating compliance. Using the accounting system as designed, DOTPF would be able to determine the actual construction costs, and the related artwork expenditures. Comparisons of the actual construction cost to the artwork purchased would assist DOTPF in demonstrating compliance with the AIPP program.

Recommendation No. 6

A statewide inventory of artwork needs to be established to account for and monitor existing works of art. In addition, related preservation activities needs to be assigned to a central agency to ensure the proper care of the artwork an agency possesses.

Prior to our review, the State did not have a statewide inventory of artwork. This is due to one central agency not having the responsibility to ensure all artwork is controlled. In addition, procedures are not in place to ensure preservation activities relating to the artwork are being performed. Commonly, the lack of preservation efforts were due to staff employed in the various buildings not having the knowledge on how to properly maintain the artwork.

Artwork is an asset of the State that should be controlled and monitored to avoid theft and destruction, as well as to ensure necessary maintenance is being performed. The value of the

artwork often appreciates as the artist's notoriety increases. Without a statewide inventory of artwork, the State does not have a mechanism to account for the variety of individual artwork pieces as well as to know the value of its investment. In addition, the responsibility to ensure necessary preservation activities are performed on the artwork is not assigned to a single state agency.

The purchasing agency is assigned the responsibility for recording property on the State's inventory system. DOTPF believes this is the responsibility of the agency occupying the constructed building. However, since the occupying agency's accounting records do not include the initial purchase of the artwork, it does not have the necessary information to enter the artwork on the State's property system.

The UA has a limited inventory of artwork. UA's property inventory procedures only require moveable artwork with a purchase price exceeding \$2,500 to be recorded. We believe that to accomplish a complete statewide inventory of artwork, UA should be included in ASCA's inventory process.

ASCA has recognized the value of having a statewide inventory of the artwork collection as well as the required preservation activities. During the course of our review, ASCA was in the process of creating a statewide artwork inventory. This listing will be used to control and monitor artwork as well as provide guidance to state agencies on maintenance requirements. We commend ASCA on its efforts and encourage DOTPF and other state agencies to provide ASCA with the necessary information. The inventory of artwork and entries could be easily maintained if the procedures to implement AIPP are streamlined. (See Recommendation No. 1.) All artwork would be purchased through ASCA's accounting records. This information could then be used to update the artwork inventory. We also recommend ASCA receive formal delegated responsibility for the control and monitoring of the State's artwork collection. We believe ASCA is the state agency that is most knowledgeable in the areas of artwork appreciation and proper maintenance activities.

Recommendation No. 7

The DOE director of administrative services and the executive director of ASCA, in conjunction with the Department of Administration, Division of Finance (DOF), needs to establish internal controls and accounting procedures for the public art fund.

ASCA and DOE administrative services do not have the internal controls and accounting procedures in place to identify revenue sources received. Specific identification needs to occur to ensure the funds are spent appropriately. In addition, ASCA and DOF need to develop procedures on how the public art funds can be spent through the State's accounting system.

DOE's current accounting procedures record financial activity for the AIPP program (AS 35.27) and the required deposits (AS 44.27.060) into the public art fund. DOTPF may transfer AIPP money (through the reimbursable service agreement process) to the public art

fund, which is statutorily mandated to be spent on a specific building construction project. Meanwhile, under the requirements of AS 44.27.060(b) deposits are also made to the public art fund that may be spent on either (1) additional artwork for the ACAB program or (2) additional costs incurred for AIPP construction projects. Due to the different statutory mandates on how these funds are spent, DOE needs to have accounting procedures in place to specifically identify the dollar amounts received from each program.

Additionally, funds obtained through the deposit requirements have not been spent due to a misunderstanding of their availability and related budget procedures. As of June 30, 1998, the public art fund's cash balance was \$105,000. Related reimbursable service agreements are approximately \$30,000. ASCA currently plans on spending the \$30,000 for ACAB additions, the amount of authorization available through the RSAs. ASCA is unaware of how it can spend the remaining balance of the fund, without additional authorization. DOF has indicated to us that money within the public art fund does not require a legislative appropriation.

Developing internal controls and accounting procedures to specifically identify the various revenue sources will assist ASCA in complying with AS 35.27 and assist with the financial management of the public art fund. Currently, ASCA has no method of identifying the different sources of funding. ASCA can not determine if the funds were received for a specific building or for the deposit requirements which may be spent on any art project.

To ensure compliance with the different statutory mandates we recommend DOE and ASCA develop internal accounting controls that specifically identifies the source of the revenues received. ASCA, in conjunction with DOF, needs to jointly establish accounting and budgeting procedures to spend the public art funds.

Recommendation No. 8

The commissioner of DOE needs to seek legal guidance on the applicability of AIPP for school construction grants.

DOE has interpreted AS 35.27 to include school construction grants. However, Legislative Legal Services has advised that AS 35.27 applies only to construction projects DOTPF has the ability to control and manage. DOTPF does not manage school construction projects. The local government's school board or superintendent manages new school construction. DOE provides the management services commonly performed by DOTPF on state buildings and facilities. We questioned if DOE has the authority to require works of art being purchased under the requirements of AS 35.27 given the LLS legal interpretation.

We recommend the commissioner of DOE, seek legal guidance on requiring local school districts to purchase works of art, under AS 35.27. Once the legal guidance has been received, DOE should adjust its requirements, if necessary, regarding school construction projects.

APPENDIX C

**Schedule of Artwork Purchased
for Building and Public Facilities Projects
Fiscal Years 1993 through 1998
(Unaudited)**

Building or Public Facility	Construction Costs	Description of Artwork	Cost
Department of Transportation and Public Facility managed projects			
McLaughlin Youth Correctional Facility	\$8,141,277	Stained glass window	\$5,000
		Ribbon ties	1,800
		Concrete/gravel, trees	30,000
		Black ink tiles	1,800
		Stained glass windows	3,600
		Visual wall/stained glass	40,000
		Hand dried silks	20,000
		Miscellaneous pictures	1,225
		College	5,000
		Wall hanging	5,000
		Total	\$113,425
Motor Vessel - Kennicott	\$77,444,901	8 Acrylic paintings	\$7,400
		4 Sandblasted glass panels	3,240
		Relief carving of three bears	1,600
		Hat	5,000
		Halibut hooks	925
		Clam gathering basket	950
		Carving of four orcas	1,600
		Model of sailing ship	2,850
		Mask and 3 Paddles	1,900
		4 watercolor paintings	
		"Terns in Flight"	3,115
		2 watercolor paintings of coastal glaciers	3,200
		Acrylic painting of porpoise & fishing boat	3,600
		10 quilted panels	4,750
		The Flower Series 7 pieces	1,400
		Tide Pool - ceramic piece	5,000
		Sea Life - mural	13,500
		Life Cycle of Salmon	11,144
		Going to the Potlatch - curved mural	9,500
		3 Schooling Salmon - collage	1,500
		3 Watercolors on navigational charts	1,500
		2 watercolor paintings	2,400
		Sponser's gift acrylic on fiberboard	2,200
		Total	\$88,274

APPENDIX C

**Schedule of Artwork Purchased
for Building and Public Facilities Projects
Fiscal Years 1993 through 1998
(Unaudited)**

Building or Public Facility	Construction Costs	Description of Artwork	Cost
Anchorage International Airport Concourse "C" Terminal Addition	\$8,145,300	Native artwork collection ¹⁹	
"N" Terminal Baggage Claim	\$268,000	And display case	\$178,000
Lobby Improvements	\$5,000,000		
Department of Fish and Game Fairbanks Office Addition	\$3,456,902	Mural	\$20,000
		Museum quality caribou (2)	13,000
		Fish tank	<u>6,500</u>
		Total	39,500
* All DOTPF managed projects			<u>\$ 419,199</u>
University of Alaska projects U A - Fairbanks			
Butrovich Building	\$18,319,955	Red cedar wall carving	\$ 6,000
		Carved wooden floats	15,000
		Erector sculpture	10,150
		Large painting	21,500
		Black & white photos	3,500
		Large mural	24,350
		14 wooden carved benches	13,050
		Black & white photos	5,000
		2 carved wall relief	30,000
		Large mural	24,900
		Tile "Fractured Sun"	13,500
		Paintings	<u>7,000</u>
		Total	\$173,950
Yupik Museum	\$4,139,000	Untitled - 2 glass	
		Mosaic tile panels	\$22,000
		Untitled - aluminum	
		Mask and geese	<u>22,000</u>
		Total	\$44,000
Natural Sciences Facility	\$23,346,500	Suspended metal sculpture	\$140,000
		Untitled - ceramic works	23,000
		Artwork - historical acrylic	56,500
		mural	
		Untitled - ceramic wall thrust	<u>2,500</u>
		Total	\$222,000
Moore-Bartlett-Skarland Residence Complex	\$2,637,040	Untitled - stained glass	
		window	\$24,000

¹⁹ The Native artwork collection consists of 158 individual pieces purchased from various artists with values ranging from less than \$50 to over \$5,000.

SCHEDULE C

**Schedule of Artwork Purchased
for Building and Public Facilities Projects
Fiscal Years 1993 through 1998
(Unaudited)**

Building or Public Facility	Construction Costs	Description of Artwork	Cost
Rasmuson Library	\$2,100,000	Open Volume -- beaded chrome lightwell fixture	\$20,000
Total U A - Fairbanks			<u>\$483,950</u>
U A - Anchorage			
Matanuska-Susitna Collego classroom addition	\$5,500,000	Cradle of Storms Locked case for artwork Total	\$ 22,500 <u>2,755</u> \$25,255
Mining and Petroleum Technology Services	\$1,017,637	Sitting Eagle	\$16,500
UAA Business Education Building	\$16,248,000	Malrushka Figurative pieces Total	10,400 <u>121,161</u> \$131,561
Aviation Technology Center Addition	\$1,988,600	Five paintings display case	18,500
Total U A - Anchorage			<u>\$191,816</u>
U A - Southeast			
Banfield Hall	\$3,209,000	Title unknown - stained glass	<u>18,000</u>
* Total University of Alaska			<u>\$693,766</u>
Alaska Court System			
Anchorage Nesbett Courthouse	\$38,228,765	Granite exterior clock Wallace totem poles McConnell stained glass Interior clocks (7) Hanging piece Display cabinets Repair/relocate ceramic tile Total	\$ 45,000 55,389 54,500 34,000 110,000 3,421 <u>2,000</u> \$304,310
Snowden Administrative Offices	\$3,077,721	Myron Wright 3 Kolstad paintings Springsted art panels Total	6,710 2,430 <u>15,563</u> \$ 24,703
* Total Alaska Court System			<u>\$329,013</u>

TO: Kenai L.I.O.

Please FAX the letter below to Virgil Norton and the DEC subcommittee of the Commission on Privatization of government services in Alaska. Also, you might give a copy of it to anyone who comes to the teleconference of this subcommittee this afternoon. Thanks!

Virgil:

Lest you get the idea that I've lost interest, I wanted to let you know that I wasn't able to attend the meeting week before last because of the previously scheduled CIRCAC* Safety of Navigation conference in Homer 9/9 & 9/10; last week, wasn't able to make it because of a previously scheduled 1:00 PM meeting of the PWS RCAC OSPR** committee, but Rory Dabney of CIRCAC did attend the teleconference here, and took some notes for me and I discussed it with her; she or another CIRCAC staff person will try and make the teleconference this afternoon. I will be unable to attend the meeting this afternoon, because the PWS RCAC quarterly board meeting is being held in Kodiak 9/23 & 9/24, and I've got to attend a committee chairman's meeting the evening before that; they've got me scheduled for a flight to Kodiak that leaves Anchorage at 1:30 this afternoon. Unfortunately, I've never been able to be in two places at the same time, so will have missed three meetings in a row, but should be able to attend any meetings held after this week.

Rory told me that you've asked for some specific members' recommendations. I'll sit down and put some thoughts on paper after I get back from Kodiak. I'll talk to some folks from both RCACs and get their thoughts to incorporate in my recommendations also.

Have a good meeting, and don't do anything I wouldn't do!


Jerry Brookman

*Cook Inlet Regional Citizens Advisory Council

** Prince William Sound Regional Citizens Advisory Council Oil Spill Prevention & Response

P.S.: I'm sending an article from the PENINSULA CLARION, for the benefit of anyone who might be interested and hasn't already seen it.

Dec Subcommittee Meeting
Commission on Privatization
Meeting Date: 9/22
Meeting Time: 1:30p
Number of Pages: 2

THE PENINSULA CLARION - Kenai, Alaska - August 23, 1999

Task force draws crowd

Privatization plan attracts volunteers

By CAREY NESTINO
Peninsula Clarion

Hundreds of Alaskans have volunteered to look at privatizing state-run services.

According to Privatization Task Force co-chair Rep. John Cowdery, R-Anchorage, more than 300 people have signed up for the 19 subcommittees looking at different parts of state government.

Cowdery said he is surprised by the level of public interest and said he will be suggesting to the Legislature that the task force be extended beyond its present six-month deadline and continue working on the issue for two to three years.

The task force was created by a bill sponsored by Sen. Jerry Ward, R-Anchorage, and intends to look at various areas of state government for places where the private sector might be more efficient.

Ward said Alaska was behind other states in looking at privatization of services. Some state services already have been moved to the private sector in Alaska, such as the Alaska Department of Transportation. The subcommittees received

instruction from the task force commissioners on how to proceed with their investigations. Cowdery said they used examples set by other states to help guide the subcommittees through the tremendous amount of information they would have to examine.

While some of the task force subcommittees only had a few members attending last week's meetings, others, such as the group looking at the Department of Transportation, had 25 members.

"I don't know how many people I expected, but it certainly wasn't 300," Cowdery said.

In addition to looking at the bottom-line finances of state government services, Cowdery said some of the state-run programs provide a service to the public that must be considered by the subcommittees.

"We tried to make them understand that it was not entirely money but also what serves the public best," Cowdery said.

The subcommittees are being encouraged to focus on a few areas instead of trying to take on examining the entire state budget at once, he said.

But the co-chair said he wanted to have the subcommittees come up with their suggestions independently.

"We are not trying to influence them in any way," he said.

While the subcommittees will present their official reports to the commission in late October, some ideas already have surfaced from the first few meetings.

Cowdery said one idea the subcommittee is looking at the Department of Transportation has discussed is requiring DOT services to operate at costs competitive with the private sector. Another idea that surfaced was to limit state agencies from bringing in more revenue than they required to operate. Cowdery said.

For example, the Division of Motor Vehicles earned \$34 million in registration and other fees last year, but only needed \$9 million to operate. Some people in the subcommittee said the fees on vehicle registration should be lowered so they just cover the cost of operation, Cowdery said.

Cowdery said once the subcommittees report to the commission, it may modify the reports before presenting a plan to the Legislature in January. For more information on the Privatization Task Force, go to the task force's Web site at <http://www.privatizealaska.org>.

ALASKA STATE LEGISLATURE

CO-CHAIR
COMMUNITY AND REGIONAL AFFAIRS

VICE-CHAIR
LABOR AND COMMERCE
TRANSPORTATION

SPECIAL COMMITTEE
ECONOMIC DEVELOPMENT AND TOURISM



REPRESENTATIVE ANDREW HALCRO

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September 1, 1999

The Honorable John Cowdery
Co-Chair
Commission on Privatization
716 W 4th Avenue
Anchorage, Alaska 99501

Dear Representative ~~Cowdery~~ ^{John}:

Recently, it was brought to my attention that payments to the Alaska Student Loan Program are processed in Seattle, Washington. I sent a letter to the Alaska Commission on Post Secondary Education requesting an explanation of this situation.

Apparently, the contractor, Key Bank, recently shifted its processing of student loan payments to Seattle as part of a reorganization of its facilities. While I firmly believe that the state of Alaska should aggressively pursue privatization of these types of government services, I also believe the state should attempt to ensure that these contracts go to Alaska based businesses who will hire Alaskans to do the work in Alaska.

I have enclosed a copy of the response I received from Diane Barrans, the Executive Director of the Alaska Commission on Postsecondary Education, for your review and thought you might want to share it with other members of the Commission as you work to make your recommendations.

Sincerely yours,

A handwritten signature in cursive script that reads "Andrew".

Andrew Halcro

Enclosure

cc: Diane Barrans

STATE OF ALASKA STATE OF ALASKA

ALASKA COMMISSION ON POSTSECONDARY EDUCATION

3030 VINTAGE BLVD.
JUNEAU, ALASKA 99801-7109

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(907) 465-2962 In Juneau
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(907) 465-5316 FAX

August 25, 1999

The Honorable Andrew Halcro
Alaska State House of Representatives
716 West 4th, Suite 620
Anchorage, Alaska 99501

Dear Representative Halcro:

Thank you for your letter of August 17, 1999, regarding the recent change in the Alaska Student Loan payment processing center address.

As recipients of state loans, the Commission customers benefit from certain reduced servicing costs through outsourcing under a statewide service contract. The lockbox payment processing service was recently solicited. There was one responsive bidder, and that was the current lockbox contractor, Key Bank, an Alaska business. However, Key Bank recently made internal operational changes that resulted in the shift of this service to a Seattle site. While the agency could have continued using the Anchorage address and forwarded payments to the processing center, program managers determined that it was in our customers' best interest to mail directly to the Seattle site. There would have been additional expenses of courier service, and possible delays in posting payments.

Given that Key Bank was the single responsive bidder, I hope you will concur that the efficiencies of outsourcing the process at a reduced cost to our customers is the right business decision for the loan program. As you know, the Alaska Student Loan Program receives no annual General Fund support. It is the Commission's goal to keep administrative costs as low as possible. While, as Alaskans, we prefer to service our loans as completely as possible within the state, that is not always possible or economical.

I hope that this information is helpful in addressing your concerns. Thank you for your interest in the Alaska Student Loan Program.

Sincerely,



Diane Barrans
Executive Director



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Ins and Outs of Privatization

While many institutions are outsourcing non-educational services to save money and improve operations, others find the practice to be unnecessary.

By Kathy Daneman

Schools and universities turn to privatization for a variety of reasons—but primarily to save money or improve operations. However, various factors, including such things as district size and in-house capabilities, should be carefully weighed before services are farmed out to independent contractors.

The Wooster City School District, Ohio, started contracting out services in 1986 because capital expenditures were not being maintained as well as they should have been. Currently, Wooster is outsourcing food services, grounds maintenance and custodial operations to two separate firms, according to William Sturgeon, director of support/fiscal services.

Daniel Rodriguez, superintendent, Old Bridge Township Public Schools, N.J., says that schools in his area use privatized services in a number of areas, including transportation, custodial, maintenance, food service and security. The district has been contracting out services for 15 years.

Rodriguez says the typical reason districts turn to contract services is financial. Districts can save a significant amount of money because the contractor pays the associated payroll costs that the schools typically would pay. For example, in Old Bridge, contracting custodial services saves about \$1 million a year and the change to food-service vendors saved about \$300,000.

In Old Bridge, the savings resulting from outsourcing services are returned to the classroom. Consequently, Rodriguez says, the attractive feature of contracting services is that the district can take non-classroom expenditures and direct them into the classroom. "That really is the essence of what we do," says Rodriguez, "and we're constantly trying to find ways to increase the money put into the classroom."

Keeping it in-house

According to *American School & University's* 5th annual privatization/contract services survey (September 1997), 10 percent of school districts surveyed found using privatized services unnecessary because the district could do the job just as well.

The Newton School District, Kan., continues to be a part of this trend. Gary Jantz, director of business operations, says that the only contracted services the district uses are repair services. The district has looked at other services to outsource, but for reasons such as cost and convenience have decided not to use them. After looking at the quality of contract services at other schools, the district found that it could perform these services at a comparable cost and quality.

School districts often do not make use of privatized services because they would threaten the jobs of loyal employees. Sometimes, union contracts prevent outsourcing from being worthwhile. Some districts find privatization to be too expensive, while others believe that if a contractor can turn a profit, so can the district.

The South Portland School District, Maine, also has found that outsourcing certain services, such as transportation, maintenance and cafeteria services, is not a valid option. Lee Averley, assistant superintendent, says, "We really haven't, to this

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option. Lee Averley, assistant superintendent, says, "We really haven't, to this point, felt that it [contract services] was beneficial to us."

Because the South Portland schools are located within a relatively small area, transportation costs are not exorbitant. In addition, the district has experienced much success in terms of maintenance and building concerns. In the cafeteria, the district is not to the point where it thinks there would be significant savings to justify using privatized services.

In general, teachers' associations and various negotiator units for district-run operations are against the move to privatization because typically jobs are lost, says Old Bridge's Rodriguez. He suggests two ways of mitigating tension. The district can either require that the new specifications guarantee that current employees will have the first opportunity for the new jobs, or the district gradually can transition from district-owned to contractor-owned services, so as not to affect all employees at once.

What to look for

When considering outsourcing, schools should look at the quality of service a company offers and any available references. When the Wooster City School District began looking at contracted services, administrators talked to other superintendents, treasurers and business managers. Then the district requested proposals from each one of the vendors. From these proposals, the district chose the best applicants, made site visits, and then made a decision.

When investigating contractors, Rodriguez suggests speaking to districts where the firm under consideration has worked. This way the district can see how employees are treated and ascertain the degree of savings achieved.

Wooster chose its grounds and maintenance services based on a reference, which Sturgeon says the district followed up with some investigation. It found that work under the firm's leadership had been outstanding in other districts, and performance expectations had been met or exceeded.

An outside food-service contractor presently manages the cafeteria employees. Wooster has been using this contractor, which it found through references and a request for proposals, for six years.

Some contractors, like those used by Wooster, train and manage district employees. They also may have made national purchasing agreements, which Sturgeon says can save an enormous amount of money during the life of a contract.

Take two aspirin

Health care is at the front of minds across the United States; and college students are no different. While foodservice, bookstore operations and vending are among the top services outsourced by colleges and universities, some are turning the school's healthcare over to an outside firm.

Wanting to keep healthcare costs down and improve the quality of care, Radford University, Virginia, turned to an outside healthcare management firm—Collegiate Health Care.

"We were looking to stay within a fixed budget, but that was completely incompatible with the improvements we knew we had to make," says David Hill, assistant vice president for student life. "The key to staying within our budget and yet improve the quality of health services for students, we realized, was to move away from being physician centered and toward a student centered model that allowed other kinds of health-care professionals into the mix.

"It was scary. Privatizing health services was new, but the handwriting was on the wall. Change was coming and we had to act if we were going to be in control of that change."

The student health center was renovated to include student-centered accessories, including skateboard racks, computer access during waiting times, a self-help center and televisions in the waiting area. A 24-hour-a-day nurse line was made available to students, as well as wellness and preventive-care programs.

"While tuition and fee increases have exceeded the inflation rate at almost every college and university, we have not raised student health fees in more than three years," says Paul Harris, vice president for student affairs. "Our fear was that with someone else doing the hiring, we'd lose control. But the results were excellent and instantaneous; we got immediate feedback from day one that we had turned around our health center."

September 1997- Fifth Annual Privatization/Contract Services Survey

Changing of the Guard

More schools and universities are privatizing non-educational services in an attempt to save money and improve operations.

by Joe Agron

School districts have reversed a trend this year by increasing their use of privatized non-educational services, while colleges and universities continue to embrace the practice, according to *American School & University's* 5th annual privatization/contract services survey.

Prior to this year's survey, school districts reported that they were steadily turning away from privatization. However, largely due to increasing costs and more specialized operations, more districts are investigating—and eventually hiring—outside contractors to provide non-educational services. For the purpose of this survey, privatized non-educational services refer to those operations separate from the academic mission of the institution that are turned over to an outside company.

Still a highly charged issue that can create emotional and political chaos, the use of private contractors to provide a variety of non-educational services is becoming more of a common practice. Educational institutions are finding that it often is more practical to privatize certain services—especially those requiring specialized expertise or that are cost prohibitive—so that the primary responsibility of educating children can be better accomplished.

Methodology and highlights

Surveys were sent in April to a representative sample of 500 public school districts and 500 colleges. Usable responses were received from 11.4% of school districts and 19.6% of colleges. Of the school-district respondents, 60% represent institutions enrolling between 1,000 and 4,999 students. College respondents (61%) have enrollments between 1,000 and 9,999.

In addition to the findings that both schools and universities are increasing their use of privatized services, a number of additional developments surfaced this year. For example, the number of school districts that outsource one to four services grew to 82.5% this year from 74.2% last year. Fewer institutions, however, contract out five or

more services, down to 5.2% this year from 6.2% last year.

The college picture is quite different. Whereas fewer higher-education institutions are outsourcing one to four services (59.8% compared to 62.4% last year), more are contracting out five or more services (35.1% this year compared to 31.7% last year).

A number of services are more likely to be outsourced by both schools and universities. For schools, transportation (40.4%), food service (21.1%), HVAC maintenance (19.3%), computer servicing (19.3%) and printing (15.8%) continue to be the areas most often privatized. **Table 1** identifies the percentage of school districts that contract out these and other services.

The services most often privatized by colleges and universities include food service (66.0%), vending (57.7%), bookstore operations (39.2%), custodial work of academic buildings (22.7%) and laundry (22.7%) (see **Table 2**).

A number of areas showed significant increases or decreases in the percentage of institutions that contracted out particular services. For example, a greater number of school districts are outsourcing transportation (40.4% vs. 30.9% last year) and computer servicing (19.3% vs. 8.2% last year). Other services being privatized by school districts more this year than last include food service, grounds maintenance, HVAC maintenance, payroll preparation and security. Fewer institutions are contracting out their custodial and maintenance functions (3.5% vs. 8.2% last year and 1.8% vs. 3.1% last year, respectively).

At colleges, increases were posted over last year in the number of institutions that outsourced bookstore operations, HVAC maintenance, instructional-equipment repair, laundry, payroll preparation, printing, security of academic and residential buildings, and transportation. Much like their school district counterparts, fewer colleges contracted out custodial and maintenance services of both academic and residential buildings.

The key players

When it comes to privatized non-educational services, two titles at both the school-district and higher-education levels were most often reported as being responsible for overseeing the majority of contract-service operations--the chief business official and the director of physical plant.

At school districts, the chief business official was referenced as being the most likely person to oversee contractors for computer servicing and instructional equipment repair (along with the director of technology, if the district has one), food service, maintenance operations, payroll preparation, printing, security (along with the director of security at larger school districts), transportation and vending (along with the in-house director of food service). The director of physical plant was reported as being the primary person responsible for privatized custodial services, grounds maintenance, HVAC maintenance and laundry operations.

At colleges, the chief business official is the title most often

mentioned as overseeing private contractors for bookstore operations, facility management, food service and vending (along with the director of auxiliary services and, if part of residence-hall operations, the director of housing) and payroll preparation. The director of physical plant was most referenced as being responsible for privatized custodial work of academic and residential buildings, grounds maintenance, HVAC maintenance, laundry (along with the director of housing), maintenance of academic and (along with the director of housing) residential buildings, and security of academic and residential buildings.

What the future holds

Both school districts and colleges expect to further increase their use of privatized services over the next few years, and for a number of reasons. More than 42% of school districts report they will turn to outsourcing select non-educational services (compared to 31% last year); approximately 54% of colleges expect their use of contract services to increase in the near future (compared to 52.5% last year).

The primary reasons why educational institutions expect to increase the use of privatized services over the next few years are fairly similar at both the school and university level—except for the most important reason. School districts will primarily turn to privatized services to save dollars, followed by an attempt to improve operations. Colleges, on the other hand, will turn to outside contractors to improve operations, followed by the quest to save dollars.

Other reasons institutions are investigating privatization of non-educational services include (in order of importance) a contractor's ability to do a better job, save management time, provide greater accountability and the ability of a contractor to provide professional management.

School districts, more than colleges, are turning to contract services in an attempt to balance shrinking operating budgets and burgeoning enrollments, searching for alternative ways to provide necessary services. Colleges are seeing an increase in specialized services and equipment as the driving force behind their desire to outsource. At both levels, institutions comment that privatization on non-educational services allows them to focus more on their core mission—to educate students.

The principal reason school districts and colleges reject contract services is because it would threaten the jobs of loyal employees; another is because it costs too much. Just as many institutions turn to privatization in an attempt to save money, a number have discovered that it often proves to be more expensive. Other reasons educational institutions reject contract services include the problems that are created with union contracts and quality of service issues.

CHARTS/TABLES

- Percent of institutions that expect their use of contract services to increase over the next few years.
- Most-common contract services-Schools
- Most-common contract services-Colleges
- Number of contract services now used by schools

- Number of contract services used by colleges
- Top 5 reasons school districts turn to privatized services
- Top 5 reasons why school districts do not use privatized services
- Percentage of school districts using selected contract services, 1997
- Percentage of colleges using selected contract services, 1997

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EXCLUSIVE M&O COST STUDY

A Budget Deferred

Maintenance and operations continues to receive a smaller percentage of a school district's net expenditures.

by Joe Agron

1999 Tables/Charts

Growing demands placed on school districts continue to stretch thin available dollars, and maintenance and operations (M&O) budgets remain a prime target for cuts. But this should be of no surprise; M&O traditionally has been shortchanged, resulting in some school facilities that have a deferred maintenance backlog dating back 10 years or more-and deficiencies that are growing exponentially.

Nationwide, school districts allocated just more than nine percent of their net current expenditures (NCE) to M&O in the 1998-99 school year, according to American School & University's 28th annual Maintenance and Operations Cost Study. This represents the second year in a row that schools are using a smaller percentage of their budgets to preserve and run their facilities, which amounts to much less than the 13 percent of NCE earmarked a little more than a decade ago.

Survey methodology

To arrive at the results for the most recent M&O Cost Study, an in-depth survey was mailed to approximately 6,000 chief business officials at public school districts with enrollment of more than 600 students. Administrators were asked to document various M&O costs, including salary/payroll, energy, outside contract labor, maintenance equipment and supplies, and utilities.

Surveys were analyzed, and the median number for each category (i.e., payroll, outside contract labor, gas, electricity, equipment and supplies, etc.) was identified on a national and regional level. In no case were regional medians added or averaged to arrive at the national figures. National medians were calculated by analyzing every survey in each category and identifying the median number. Be aware that the number of responses received from each region will directly affect final figures reported from year to year.

Data reported identify budgeted expenditures for M&O per student and per square foot for the 1998-99 school year. Following are the categories used on the survey questionnaire:

-Budgeted: Amounts for the 1998-99 school year, reported as of the November 1998 survey deadline.

-Per student: Based on enrollment (average daily attendance as of October 1998).

-Per square foot: Based on total gross area of all district buildings maintained, including corridors, common space and offices.

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including corridors, common space and offices.

-NCE (net current expenditure): Total district expenditures, including teacher salaries, minus the cost of capital outlay, debt service and transportation.

-Total maintenance and operations expenditures: Including salaries, fringes, overhead, energy, utilities, outside contracts, equipment and supplies, etc., for maintenance, custodial and grounds.

-Custodial: Those individuals responsible for building upkeep and cleaning.

-Maintenance: Those individuals who perform skilled jobs, such as HVAC, plumbing or electrical repair.

-Grounds: Those individuals responsible for landscape upkeep and maintenance.

-Payroll: Including fringes.

-Average salary: Annualized, excluding fringes.

-Outside contract labor: Those hired for specialized jobs to maintain or repair building systems or equipment, such as HVAC maintenance or repair.

-Other fuel: Including oil and coal.

-Other utilities: Including water, telephone, etc.

-Other: Most often identified as clerical costs, equipment repair and rental, trash removal, travel expenses and insurance.

When comparing your district's M&O expenditures with the regional and national medians reported, keep in mind that all costs are greatly affected by the age and overall condition of buildings, the labor market in your area, climate, as well as other factors over which school officials have limited control. Also, because medians are used and the majority of the nation's school districts-and respondents to the survey-are small- to medium-size (median student enrollment of 2,192), costs at large school systems may vary significantly.

Facts and figures

In addition to the detailed charts and graphs that follow, the survey found that, at the national level, the median public school district has 16 full-time custodial, four full-time maintenance and two full-time grounds personnel. The amount of square feet maintained per custodian has increased from what was reported in last year's survey (21,429 square feet compared to 20,612 square feet last year). Acreage maintained per grounds worker also increased to 40 from 33 last year. A new breakout-square feet maintained per maintenance worker-is in response to numerous requests. However, use caution when comparing this figure (93,255 square feet) because job responsibilities for maintenance professionals vary significantly from district to district.

The national median salary for custodial personnel is \$20,538 (down 3 percent), \$27,938 for maintenance personnel (up 5 percent) and \$24,002 for grounds personnel (up 5 percent). In addition, 16 percent of school districts report that they contract out M&O services to a private firm, while 18 percent use privatized grounds services.

Transportation costs make up a smaller percentage of total district expenditures for the 1998-99 school year. The median district spends 3.8 percent of its total budget on transportation (\$261.62 per pupil).

Regional breakdowns

More than one-third of the highest costs in per-student and per-square-foot categories are reported in Region 2. Consisting of just two states, New Jersey and New York, the region leads the pack in per-student expenditures for custodial and grounds payroll, grounds equipment and supplies, total M&O, total NCE and transportation. It had the highest per-square-foot costs for custodial payroll, gas and grounds equipment and supplies. The highest salaries for custodial, maintenance and grounds personnel can be found here, as well.

Region 9 logged in the highest per-student cost for maintenance payroll; and per-square-foot costs for maintenance and grounds payroll, other utilities, total M&O and total NCE.

Among other regions reporting the highest expenditures per category include Region 4 (acres maintained per grounds worker, per-square-foot costs for electricity and other, and per-student cost for other), Region 8 (per-student costs for other fuel, maintenance equipment and supplies, M&O as % NCE, and tied for per-square-foot cost for other fuel), Region 5 (per-student costs for outside contract labor, and per-square-foot costs for outside contract labor and maintenance equipment and supplies), Region 1 (square feet maintained per maintenance worker, and tied for per-square-foot costs for other fuel), Region 6 (per-student costs for electricity and other utilities), Region 7 (square feet maintained per custodian and per-student cost for gas) and Region 3 (transportation costs as a percentage of total district expenditures).

Some of the lowest expenditures per category were reported by Regions 8 and 9. Region 8 posted the lowest per-student costs for grounds payroll and total NCE, and per-square-foot costs for grounds payroll, electricity, other, total NCE, and tied for grounds equipment and supplies. Region 9 had the lowest per-student costs for electricity, total M&O and transportation, and tied for transportation as a percentage of total district expenditures. It also reported the lowest square feet maintained per custodian and maintenance worker, and acres maintained per grounds worker.

Region 1 reported the lowest expenditures in a number of categories, including per-student costs for maintenance payroll, gas and other utilities, and per-square-foot costs for gas, maintenance payroll (tied) and other utilities (tied). Region 4 had the lowest per-student costs for custodial payroll and maintenance equipment and supplies, as well as per-square-foot costs for maintenance equipment and supplies, grounds equipment and supplies (tied), and other fuel (tied).

Region 6 had the lowest salaries for custodial, maintenance and grounds workers, transportation costs as a percentage of total district expenditures, and custodial payroll per square foot. Region 7 reported lows in per-student costs for outside contract labor and other, and per-square-foot costs for total M&O, outside contract labor and maintenance payroll (tied).

Other lows are reported in Region 3 (per-student costs for grounds equipment and supplies, and tied for per-square-foot costs for other utilities, and grounds equipment and supplies), Region 5 (per-student costs for other fuel and tied for per-square-foot costs for grounds equipment and supplies, and other fuel), and Region 2 (M&O as % NCE).

Repeat offender

A majority of the nation's school facilities are in a crisis situation. Millions of children are being forced to attend school in poor and often dangerous buildings. The problem is well-known and well-documented-as are the causes, of which deferred maintenance is one. However, school districts will be unable to adequately address appropriate maintenance and operations of facilities until more resources and funding are made available.

A number of state and local governments, as well as national lawmakers are proposing measures to attack poor and unsafe school building conditions. It is a massive problem that will require monumental assistance.

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August 13, 1999

James W. Hickel, Chairman
Education Subcommittee
Commission on Privatization
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Education
Aug 23
Wasilla 12:00
FBKS
Juneau

Dear Mr. Hickel:

The following is provided in response to the questions posed in your August 10 letter concerning various aspects of the Department of Education and Early Development. I have restated your question and provided a response in italics.

1. Organizational charts and number of personnel in each component in each BRU.
The nine-page FY2000 Authorized report that was provided to the committee identifies the

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The following is provided in response to the questions posed in your August 10 letter concerning various aspects of the Department of Education and Early Development. I have restated your question and provided a response in italics.

1. Organizational charts and number of personnel in each component in each BRU. *The nine-page FY2000 Authorized report that was provided to the committee identifies the number of positions by component. The department is in the processing of restructuring as a result of HB40 and will update organization charts that identify positions and reporting structures following the FY2000 budget reconciliation. I will provide the updated organization charts as soon as possible.*
2. A Departmental position paper on the pros and cons of a voucher system. *The department does not have a position paper on the pros and cons of a voucher system. However, there are a number of articles on this topic. The enclosed current topics checklist provided by the Alaska State Library lists some of the information that is available. Also enclosed is an updated checklist on privatization articles and materials.*
3. For pass-through grant programs like the ones for Kotzebue School, Alyeska Central, Mt. Edgecumbe and Avtec, what are the student numbers and costs associated with each one. How much goes for admin costs as opposed to classroom costs. How does DOE monitor compliance. How does the cost allocation ratio compare to other Alaskan school districts. *The Kotzebue Technical Center operating grant is a pass-through grant that goes to the Northwest Arctic Borough School District to support the operation of the Alaska Technical Center in Kotzebue. The Alyeska Central School, Mt. Edgecumbe High School and Alaska Vocational Technical Center (AVTEC) are state run schools that will be presented to the education subcommittee of the privatization task force. I have forwarded, in email to Rynniva, the budget narrative for AVTEC and Mt. Edgecumbe High School that is on the schedule for our*



August 16 meeting, and the Alyeska Central School is scheduled for August 23. The department monitors compliance through the requirement that all school districts are audited on an annual basis and the state run schools are included in the department's annual audit conducted by the legislature.

4. How old is the Department of Education. What did we do before we had it. Can it be dismantled and the responsibilities eliminated or transferred to local school districts. Does every state have a DOE.

The Department of Education was established in 1917 when Congress gave the territory of Alaska the responsibility for its own schools. Article VII, Section 1 of the Constitution of the State of Alaska establishes the responsibility of the state to provide a system of public schools open to all children of the state. Eliminating or transferring these responsibilities would require significant policy decisions, statutory and regulatory changes. Every state has a department of education.

5. Can local school districts apply for federal funds without going through DOE. There are some federal funds that districts may apply for directly and others go through the state education agency which is the Alaska Department of Education and Early Development.

6. How many students K-12 in Alaska. How much funding from all sources do we spend on educating them. Is this information broken down by school district. How do these costs compare with other school districts around the country.

In school year 98/99 there were approximately 132,000 public school students in Alaska. Enclosed is a two-page spreadsheet that lists the projected FY2000 funding by school district and the projected number of students for the K-12 formula and school debt reimbursement programs. I do not have any information of how these costs compare with other school districts around the country. The National Center on Education Statistics may have some data comparing funding at the state level. Their web page may be of interest to the committee at www.nces.ed.gov.

7. What is the average size school district in the U.S. and in cities with similar-sized population.

The department does not have data to respond to this question. The National Center on Education Statistics may be able to provide this information.

8. What does the DOE do to help bring efficiency to local school districts. For example, could Anchorage residents save money if ASD was eliminated and five independent school districts were established.

The department, through statute and regulation, can provide guidelines to school districts to improve efficiencies. Local school boards establish the policies and procedures for the individual school districts within these guidelines. There is no information available to answer your question regarding savings to Anchorage residents if five independent school districts were established.

Mr. Hickel
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August 13, 1999

9. In large part, teachers' and administrators' duties are segregated. Why can't teachers take on part of the administration responsibilities concurrent with teaching responsibilities.

Without adding additional teachers or extending the workday, any administrative responsibilities assigned to teachers would take away from instructional time.

I hope this information is helpful to you and the members of the committee.

Sincerely,



Karen Rehfeld
Director

Enclosures:
Voucher Checklist
Privatization Checklist
FY2000 Public School Funding Program

Current Topics . . .

A Checklist

EDUCATIONAL VOUCHERS (UPDATE)

No. 78

3/99

Copies of the following titles may be requested from the State Library by placing a check mark next to the title(s) needed and returning the list to the Library, MS 0571. In compiling this list, our research staff has collected other materials and bibliographies which you may also find useful. Every effort has been made to select current, pertinent articles on the subject. If you wish to locate additional materials or need research assistance, please contact LuAnn Fisher at 465-2944, FAX 465-2665 or email <asl@educ.state.ak.us>

1. ___ Epple, Dennis and Richard E Romano. **Competition between private and public school, vouchers, and peer-group effects.** *American Economic Review*, v. 88, no. 1, p. 33, March 1998.

"A theoretical and computational model with tax-financed, tuition-free public schools and competitive, tuition-financed private schools is developed. Students differ by ability and income. Achievement depends on own ability and on peers' abilities."

2. ___ Rouse, Cecilia Elena. **Private school vouchers and student achievement: an evaluation of the Milwaukee Parental Choice Program.** *Quarterly Journal of Economics*, v. 113, no. 2, p. 553, May 1998.

"In 1990 Wisconsin became the first state in the country to implement a school choice program that provides vouchers to low-income students to attend nonsectarian private schools." This study compares the test scores of participating students to non-participating students.

3. ___ Rouse, Cecilia Elena. **Schools and student achievement: more evidence from the Milwaukee parental choice program.** *Federal Reserve Bank of New York Economic Policy Review*, v. 4, no. 1, p. 61, March 1998.

The author conducts an additional study of the Milwaukee program comparing the reading and math scores of students in the choice schools to students in three different types of public schools in Milwaukee and the state of Wisconsin.

4. ___ Bhatti, Jabeen. **Religion and School Choice / Wisconsin stirs debate on voucher plans.** *Newsday*, p. A6, July 20, 1998.

"In 1995, the state expanded Milwaukee's school-choice program to religious schools—90 of the city's 122 private schools are parochial—a move that would allow 13,500 additional children to choose from 81 more mostly Catholic and Lutheran private schools."

5. ___ Carnoy, Martin. **Do vouchers improve education? (Chile's educational vouchers).** Special Issue: The Great Schools Debate. *Dollars & Sense*, p. 24, March 13, 1998.

"Vouchers in Chile have not produced the educational results proponents claim or that the poor might have expected. Pupils in private subsidized voucher schools do not outperform public school pupils. Instead, vouchers redistribute pupils with better-educated parents from public to private schools."

6. ___ Baker, Bruce D. and Craig E. Richards. **Equity through vouchers: the special case of gifted children.** *Educational Policy*, v. 12, no. 4, p. 363, July 1998.

"The objective of this study was to determine the extent to which policy makers have shifted the burden of educating gifted children from public schools to families. A second objective was to determine the result of this externalization on different socioeconomic segments of the population and to explore policy options for equalizing opportunities where discrepancies exist."

7. ___ Fox, Jonathan. **Sending public school students to private schools: the untold story of special education.** *Policy Review*, no. 93, p. 25, January/February 1999.

"For years, many students with the worst disabilities have attended private schools at partial or even full public expense. Far from abandoning the needs of special education students, the private sector is supplying what the public school system has failed to provide."

8. ___ Carter, Samuel Casey. **A question of capacity: how many children can vouchers really help?** *Policy Review*, no. 93, p. 43, January/February 1999.

"What remains to be seen is how many children vouchers can ultimately help. There is some hidden capacity available at the moment. When that runs out—will we have fixed the system in time?"

9. ___ Ramirez, Al. **Voucher and voodoo economics.** *Educational Leadership*, v. 56, no. 2, p. 36, October 1998.

"The magic of the marketplace is not sufficient to guarantee the success of a school voucher program. Educators and policymakers must first address the down-to-earth issues of capacity and accountability."

10. __ Cuban, Larry. **Vouchers mask hard-core problems of public schools.** *The Los Angeles Times*, p. 2 Home Edition, December 6, 1998.

"Competition prods innovation in the marketplace, but the school and teacher, with their social and civic purposes, are not mere commodities subject to variations in supply and demand."

11. __ Simpson, Jeff. **Flawed concept: forcing public schools to 'compete'.** *Christian Science Monitor*, v. 90, no. 244, p. 11, November 12, 1998.

"Private schools can exclude children who don't measure up to their academic or behavioral standards—they decide who they'll teach. The same can't be said of public schools which must accept anyone, no matter how disruptive or poorly prepared."

12. __ Loconte, Joe. **Schools learn that vouchers can have a hidden cost.** *Wall Street Journal*, p. A18, January 26, 1999.

"If voucher programs expose these classrooms to new layers of government oversight—such as rules affecting curricula or hiring decisions—the choice movement will lose many potential allies."

13. __ Doerr, Edd. **The empty promise of school vouchers.** *USA Today Magazine*, v. 125, March 1, 1997.

"Nonpublic education, on the other hand, may be described fairly as special-interest education. It is not under meaningful public control; does not have to play by the same rules as public education; may discriminate in admissions, faculty hiring, and curriculum selection and design in ways that would be considered intolerable in public education; and for the most part, is sectarian."

14. __ Goldhaber, Dan D. **School choice as education reform.** *Phi Delta Kappan*, v. 79, no. 2, p. 143, October 1997.

"The evidence indicates, Mr. Goldhaber points out, that school choice is unlikely to be the panacea that many claim it to be, given that the arguments for choice rest on the unproven notion that private schools are far more efficient than public schools."

15. __ Miner, Barbara. **Why I don't vouch for vouchers.** *Educational Leadership*, v. 56, no. 2, p. 40, October 1998.

"Supporters tout vouchers as the solution to school accountability problems. Yet voucher proposals raise disturbing questions about public information, equity, segregation, and the separation of church and state."

16. __ Latham, Andrew S. **School vouchers: much debate, little research.** *Educational Leadership*, v. 56, no. 2, p. 82, October 1998.

"Given that relatively few voucher systems have been enacted, the student achievement data on the effects of vouchers are not yet conclusive."

17. __ Heim, David. **Vouch for it?** *The Christian Century*, v. 115, no. 21, p. 707, July 29, 1998.

"Vouchers may give some kids a shot at better schooling—which is not to be sneezed at. And they may stimulate public schools to perform better. But they may also serve to skim from the public system the most talented kids and those whose parents are most involved in their education—the kinds of kids who would probably do well at any school."

18. __ Finn, Chester E., Jr. and Rebecca L. Gau. **New ways of education.** *Public Interest*, no. 130, p. 79, Winter 1998.

"It's no flood, but it's more than a trickle. Besides, the eventual point of the new choices may not be that they replace the old system. The point may simply be that once it's clear that people can no longer be confined against their will to old-style public (and private) schools that do not work for them, system-wide reform will be unavoidable."

19. __ Saks, Judith Brody. **The voucher debate: should public money follow kids to private schools?** *The American School Board Journal*, v. 184, no. 3, p. 24, March 1997.

"A key public policy issue is at stake: Who will have the right to spend the huge sums of money involved—those who provide public education, or the students who 'consume' it?"

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Current

Topics . . . A List

STATE AND MUNICIPAL PRIVATIZATION (UPDATE)

No. 86
8/99

1. — **Privatizing Government Services.** *CQ Researcher*, v. 6, no. 30, August 9, 1996.

This 23-page report contains several articles addressing privatizing government services, including background information, the current situation and outlook. One article offers a "yes"/"no" look at privatizing the nation's highways.

2. — Chi, Keon S., et al. **Privatization in State Government.** *Public Administration Review*, v. 58, no. 4, p. 374, July / August 1998.

A brief look at three reports on privatization: *Private practices: a review of privatization in state government*; *Privatization: lessons learned by state and local governments*; and *Competition and privatization options: enhancing efficiency and effectiveness in state government*.

3. — Chi, Keon S. **Privatization Activities in State Governments.** *Spectrum: the Journal of State Government*, v. 71, no. 3, Summer 1998.

"A new CSG report [Private practices: a review of privatization in state government] finds that privatization in state governments will accelerate in the future."

4. — Chi, Keon S. and Cindy Jasper. **Private practices: a review of privatization in state government. Executive Summary.** The Council of State Governments, 1997. 14p.

In 1997, the Council of State Governments' Center for State Trends and Innovations conducted a survey of privatization in state governments. "The trends identified by the national survey are illustrated in this executive summary."

5. — Gilmour, Robert S. and Laura S. Jensen. **Reinventing government accountability: public functions, privatization, and the meaning of "state action".** *Public Administration Review*, v. 58, no. 3, p. 247, May / June 1998.

"Privatization is, for many, the contemporary answer to inefficient government administration. But when public functions are relegated to the nongovernmental sector, more is altered than mere organizational arrangements to promote governmental economy."

6. __ Elam, L. B. **Reinventing government privatization-style—avoiding the legal pitfalls of replacing civil servants with contract providers.** *Public Personnel Management*, v. 26, no. 1, p. 15, Spring 1997.

"The legality of contracting is not inextricably linked to the existence of adverse impact on existing personnel. However, threats to the job security or earning potential of organized public employees create a greater likelihood that the power of the agency to contract and sufficiency of the process by which it does so will be challenged in court."

7. __ Wallin, Bruce A. **The Need for a privatization process: lessons from development and implementation.** *Public Administration Review*, v. 57, no. 1, p. 11, January/February 1997.

Using the privatization process underway in Massachusetts, the author illustrates the need for an established or well thought out procedure and an independent review of the decision making process.

8. __ Stuart, Elaine. **Staffing states.** *State Government News*, v. 40, no. 8, p. 22, October 1997.

A brief description of several trends in state government employment, including downsizing, pay for performance, and privatization.

9. __ Hornestay, David. **Perils of Privatization.** *Government Executive*, v. 30, no. 12, p. 33, December 1998.

A panel of experts (Ray Woolner, PMA; Allan V Burman, Jefferson Solutions; Alotta Taylor, NASA) responds to a scenario in which an agency contracts out a minor function and experiences financial loss.

10. __ McGillicuddy, John. **A Blueprint for privatization and competition.** *Public Management*, v. 78, no. 11, p. 8, November 1996.

"Using input from county commissioners, citizens, and employees, the county [Mecklenburg County, NC] has unveiled a set of specific guidelines with which to chart its privatization course."

11. __ McWilliams, Gary. **Connecticut stops talking with EDS about privatizing key state services.** *Wall Street Journal*, Vol. 233, no. 126, p. B12, June 30, 1999.

"Deals with the decision of the state of Connecticut to stop talks with Electronic Data Systems Corp. on a proposal that would have put the company in charge of key state administrative services."

12. ___Jasper, Cindy. **Competition by the book.** *State Government News.* v. 41, no. 24, January/February 1998.

"Presents the results of a survey on privatization of state government services, conducted by the Council of State Governments"

13. ___Giglio, Joseph M., Jr. **Private roads and public benefits.** *World & I.* v. 12, no. 9, p. 304, September 1997.

"Looks into the issue of privatizing the management of public roads in the United States. Knee-jerk assumption concerning roads and other public goods; Concept of privatization; Ideas on how to pay for the nation's roads; Smart management as an important key to efficient service delivery; Recommendations to make privatization really work."

14. ___Ward, Janet. **The pros and cons of long-term privatization.** *American City & County.* v. 113, no. 5, p. 54, May 1998.

"Presents information on long-term privatization in the United States. Background information on privatization; who opened the door to long-term privatization."

15. ___Geis, Gilbert & others. **Private prisons, criminological research, and conflict of interest: a case study.** *Crime & Delinquency.* v. 45, no. 3, p. 372, July 1999.

"Presents information on a case study about conflict of interest in regard to the privatization of prisons."

16. ___Moore, Adrian & Wade Hudson. **Look to states, cities for privatization lessons.** *Federal Times.* v. 35, no. 21, p. 15, June 28, 1999.

"Governments at all levels face essentially the same challenges when using privatization, and any lessons learned are invaluable – nothing is more wasteful than reinventing the wheel."

17. ___Rabinovitz, Jonathan. **In Connecticut, a privately run welfare program sinks into chaos.** *New York Times.* p. B1, November 24, 1997.

Reviews the problems Connecticut had with contracting to Maximus Inc., its program of child care benefits for families on welfare and working poor.

18. ___Millard, Pete. **State government considers more private contracting.** *Business Journal Serving Greater Milwaukee.* v. 15, no. 7, p. 5, November 14, 1997.

"Reports on the factors considered by the state government of Wisconsin in contracting out public services."

19. ___Chi, Keon S. **Prison privatization.** *State Government News.* v. 41, no. 2, p. 38, March 1998.

Focuses on the trend towards prison privatization in several states. Includes models for prison privatization activities and factors for consideration when assessing the effectiveness of privatization.

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Alaska State Library
Government Services Section
P.O. Box 110571
Juneau, Alaska 99811-0571
asl@ed.state.ak.us.

December 15, 1998

Governor's FY2000 Budget Request

Department of Education

Projected FY2000 State Program Allocations by School District

Projected allocations are subject to adjustment based on individual program requirements.

	Projected ADM	Total Foundation	Tuition	Boarding Home	Youth in Detention	Schools for the Handicapped	Pupil Trans.	Community Schools	Debt Retirement	Projected FY2000 TOTALS
Alaska Gateway	513.00	\$5,169,037					\$494,592	\$4,138		\$5,667,767
Aleutian Region	85.00	1,220,186						1,576		1,221,762
Aleutians East	317.00	3,183,589					63,394	2,945	167,647	3,417,575
Anchorage	48,796.25	201,020,436	1,137,693		360,000	1,101,400	12,805,867	145,354	21,271,466	237,842,216
Annette Islands	355.23	938,731					24,097	1,576		964,404
Bering Strait	1,866.00	15,356,754					41,254	13,528		15,411,536
Bristol Bay	295.65	1,642,166					240,581	1,576	361,373	2,245,696
Chatham	278.00	2,413,629					10,854	2,115		2,426,598
Chugach	154.00	1,792,425						1,576		1,794,001
Copper River	703.25	5,535,996					606,360	4,726		6,147,082
Cordova	485.00	2,677,358	1,459				54,330	2,141		2,735,289
Craig	450.00	2,648,840	6,357				18,891	1,869		2,675,956
Delta/Greely	1,391.00	6,869,689					948,187	3,690		7,821,566
Denali	341.00	2,890,406					296,642	2,311		3,189,359
Dillingham	563.00	3,647,608	28,519				361,713	2,949		4,040,788
Fairbanks	16,100.50	68,768,245	211,087		140,000		6,058,653	52,500	10,446,149	85,676,635
Galena	3,234.00	14,649,743	40,811				41,457	1,576		14,733,587
Haines	449.00	1,782,528	7,594				182,436	1,724		1,974,282
Hoonah	222.35	1,640,307	32,771				43,234	1,607	164,666	1,882,585
Hydaburg	110.00	1,111,787					1,627	1,576		1,114,990
Iditarod	552.00	4,991,780		22,500			47,529	4,160		5,065,969
Juneau	5,734.00	20,993,473	158,466		190,000		1,495,700	16,336	2,906,832	25,760,807
Kake	183.00	1,339,700					29,227	1,576		1,370,503
Kashunamlut	298.00	2,180,803					3,102	1,672		2,185,577
Kenai	10,077.00	43,642,278	254,429	36,000			3,695,362	35,284	9,085,954	56,749,307
Ketchikan	2,720.00	10,385,665	45,316				996,058	7,440	1,374,320	12,808,799
Klawock	202.00	1,469,181					11,305	1,576		1,482,062
Kodiak	2,815.35	13,649,347	33,257	21,400			790,466	10,468	1,647,962	16,152,901
Kuspuk	517.00	4,749,867					148,998	4,396		4,903,261
Lake And Peninsula	553.45	7,075,839					105,852	5,343	457,326	7,644,360
Lower Kuskokwim	3,799.00	40,089,516			55,000		295,997	31,209		40,471,722
Lower Yukon	1,875.00	14,788,676						11,805		14,800,481
Mal-Su	12,363.00	58,183,947	42,724				7,065,911	45,723	10,496,589	75,834,894
Nenana	403.00	2,599,816					96,405	1,576		2,697,797
Nome	764.00	5,055,749	12,992		55,000		232,567	3,907		5,360,215

December 15, 1998
 Governor's FY2000 Budget Request
 Department of Education
 Projected FY2000 State Program Allocations by School District
 Projected allocations are subject to adjustment based on individual program requirements.

	Projected ADM	Total Foundation	Tuition	Boarding Home	Youth In Detention	Schools for the Handicapped	Pupil Trans.	Community Schools	Debt Retirement	Projected FY2000 TOTALS
North Slope	2,383.00	11,090,185					400,438	9,420	7,991,381	19,491,424
Northwest Arctic	2,100.00	20,264,910		18,200				14,266		20,297,376
Pelican	35.00	592,435						1,576		594,011
Petersburg	926.00	3,314,727	13,632				133,779	2,573	223,128	3,687,839
Pribilof	156.00	1,170,502		24,800				1,607		1,196,909
Sitka	1,642.00	6,766,386	17,904				419,197	4,959	866,809	8,075,255
Skagway	129.00	876,645					5,496	1,576		883,717
Southeast	291.00	3,267,255					193,975			3,461,230
Southwest	813.00	6,749,618		41,100			113,635	5,864		6,910,217
St. Mary's	212.38	2,056,752						1,576		2,058,328
Tanana	106.00	1,357,399	20,119				23,766	1,576		1,402,860
Unalaska	380.00	2,055,419					186,944	1,576	1,225,825	3,469,764
Valdez	873.00	3,738,243					342,988	2,690	1,598,983	5,682,904
Wrangell	530.00	2,698,180	2,254				178,093	1,939	979,421	3,859,886
Yakutat	160.00	1,261,702					61,905	1,576	102,295	1,427,478
Yukon Flats	408.00	5,319,382					108,640	5,028		5,433,050
Yukon/Koyukuk	536.00	6,547,993		21,900			97,596	5,301		6,672,790
Yupik	416.00	4,163,279						3,373		4,166,652
Alyeska Corres.	3,000.00	8,307,600								8,307,600
Mt. Edgecumbe	307.00	1,810,543								1,810,543
Other		26,096,071	157,617			2,739,100	200,000		420,000	29,612,788
		11	12			13	14		15	
Totals	134,968.41	\$695,660,321	\$2,225,000	\$185,900	\$800,000	\$3,840,500	\$39,775,100	\$500,000	\$71,788,126	\$814,774,947

- 11 Other includes contractual obligations and other adjustments.
 12 Other includes contracts for Hyder students attending school in Canada \$157,617.
 13 Other includes allocations to (SESA) and (AYI).
 14 Other includes bus inspections and driver training programs.
 15 Other includes estimated debt reimbursement program overhead.
Italicized school districts are REAAs.

As of June 23, 1999

<u>YEAR RELEASED</u>	<u>DEPARTMENT</u>	<u>NAME OF AUDIT</u>	<u>CONTROL NUMBER</u>
1987	Corrections/Transportation	Spring Creek Correctional Center, May 8, 1987	25-4289-87-S
1978	Education	Public School Foundation Program, For FYE June 30, 1977	
1978	Education	Public School Foundation Program, For FYE June 30, 1977 - Follow-up Review	
1978	Education	Reg'l Education Attendance Areas, Foundation Prog. & Local Formula Appropriation	
1979	Education	Alaska Commission on Postsecondary Education, Memorial Scholarship RLF, FYE 6/78	
1979	Education	Alaska Commission on Postsecondary Education, Scholarship RLF, For FYE June 1978	
1979	Education	Department of Education, For FYE June 30, 1978	
1979	Education	Division of Student Financial Aid, For FYE June 30, 1978	
1980	Education	Community Schools Program, July 1, 1978 - June 30, 1979	
1980	Education	Public School Foundation Program, For FYs 1978 and 1979	
1981	Education	1981-1986 Railbelt School District Pupil Transportation Contract Award, 6/22/81	05-101-1041-S
1981	Education	Alaska Commission on Postsecondary Education, Memorial Scholarship RLF, FYE 6/80	05-101-1039-R
1981	Education	Alaska Commission on Postsecondary Education, Memorial Scholarship RLF, FYE 6/80	05-101-1039-R
1981	Education	Alaska Commission on Postsecondary Education, Scholarship RLF, FYE 6/80	05-101-1040-R
1981	Education	Alaska Public Broadcasting Commission, June 16, 1981	05-081-1031-S
1981	Education	Alaska Public Broadcasting Commission, March 2, 1981	05-051-1023-S
1981	Education	Department of Education, July 1, 1979 - June 30, 1980	05-101-1044-R
1981	Education	Lower Kuskokwim REAA, Contract Dispute, May 11, 1981	05-051-1022-S
1981	Education	Rural Education Attendance Areas, July 1, 1978 - December 31, 1980	05-051-1021-S
1981	Education	Youth Employment/Alaska Tourism & Youth Employment Services - Anch Contracts	05-071-1025-S
1982	Education	Adventure-Based Education Bering Strait REAA, 1979-81 School Year	05-012-0004-S
1982	Education	Alaska Historical Commission, June 30, 1982	05-112-0078-S
1982	Education	Northwest Arctic REAA, - Letter Report For FYE 81	05-012-0005-S
1982	Education	Postsecondary Education Comm., Student Loan Disbursement, - Letter Report FYE 82	05-072-0059-S
1982	Education	Postsecondary Education Commission, Division of Student Financial Aid, 1/1/82	05-042-0035-R
1982	Education	Southcentral Regional Resource Center, For FYE 82	05-042-0041-S
1982	Education	Vocational Rehabilitation Blind Vendor's Program, July 1, 1981 - June 29, 1982	05-112-0080-S
1983	Education	Alaska Commission on Postsecondary Education, Memorial Scholarship RLF, FYE 6/82	05-1095-B-83-R
1983	Education	Alaska Commission on Postsecondary Education, Scholarship RLF, For FYE 6/30/82	05-1095-A-83-R
1983	Education	Alaska Commission on Postsecondary Education, SPECIAL REPORT August 23, 1983	05-4173-83-S
1983	Education	Alaska State Museum, For FYE June 30, 1982	05-4144-83-S
1983	Education	Bering Strait School District, July 1, 198 - December 31, 1982	05-4159-83-S

As of June 23, 1999

<u>YEAR RELEASED</u>	<u>DEPARTMENT</u>	<u>NAME OF AUDIT</u>	<u>CONTROL NUMBER</u>
1983	Education	Department of Education, July 1, 1981 - June 30, 1982.....	05-1110-83-R
1983	Education	Lower Kuskokwim School District, August 15, 1983.....	05-4174-83-S
1983	Education	Public School Foundation Program, For FYE June 30, 1981	05-1060-83-R
1984	Education	Alaska Commission on Postsecondary Education, General Fund, For FYE June 30, '83.....	05-1157-84-R
1984	Education	Alaska Commission on Postsecondary Education, Memorial Scholarship RLF, FYE 6/83	05-1148-B-84-R
1984	Education	Alaska Commission on Postsecondary Education, Scholarship RLF, FYE 6/83	05-1148-A-84-R
1984	Education	Anchorage School District Gruening Junior High School, April 4, 1984	05-4195-84-S
1984	Education	Department of Education, July 1, 1982 - June 30, 1983.....	05-1146-84-R
1984	Education	Division of Vocational Rehabilitation & Access AK Inc., A Non-Profit Corp, 1/84	05-4185-84-S
1984	Education	Division of Vocational Rehabilitation, Evaluation Unit, April 27, 1984.....	05-4197-84-S
1984	Education	Southwest Region School District & Lake and Peninsula School District, 11/15/83.....	05-4179-84-S
1985	Education	Alaska Commission on Postsecondary Education, Memorial Scholarship RLF, FYE 6/84	05-1198-B-85-R
1985	Education	Alaska Commission on Postsecondary Education, Scholarship RLF, For FYE June 1984	05-1198-A-85-R
1985	Education	Barrier Free Recreation, Inc., Grant # LIA 83-3, Div. of Voc. Rehab., Oct. 8, '84	05-4206-85-S
1985	Education	Department of Education, For FYE June 30, 1984	05-1192-85-R
1985	Education	Lower Yukon School District, Contracting Practices, January 15, 1985.....	05-4213-85-S
1985	Education	Public School Foundation Program, For FYE June 30, 1984	05-1158-85-R
1986	Education	Alaska Commission on Postsecondary Education, Memorial Scholarship RLF, FYE 6/85	05-1237-B-86-R
1986	Education	Alaska Commission on Postsecondary Education, Scholarship RLF, For FYE June 1985	05-1237-A-86-R
1986	Education	Department of Education, For FYE June 30, 1985	05-1231-86-R
1986	Education	Governor's Committee on Employment of the Handicapped, June 20, 1986	05-4253-86-S
1987	Education	Alaska Comm. on Postsec. Ed, Scholarship/Teacher/Memorial RLFs, FYE June 30, 1986	05-1284-87-R
1987	Education	Alaska Commission on Postsecondary Education, January 15, 1987.....	05-4259-87-S
1987	Education	Alaska Historical Commission, - Letter Report December 16, 1986.....	05-4257-87-S
1987	Education	Alaska School Activities Association, January 23, 1987	05-4258-87-S
1987	Education	Alaska State Council on the Arts, February 18, 1987	05-4256-87-S
1987	Education	Department of Education, For FYE June 30, 1986	05-1281-87-R
1987	Education	Fairbanks North Star Borough School District, Pupil Transp. Contract, 5/15/87.....	05-4286-87-S
1987	Education	Museum of Alaska Transportation and Industry, April 24, 1987.....	05-4290-87-S
1987	Education	Professional Teaching Practices Commission, January 20, 1987	05-4255-87-S
1987	Education	Special Education Services Agency, March 25, 1987.....	05-1298-87-R
1988	Education	Alaska Comm. on Postsec. Ed, Collection of Defaulted Student Loans, 8/15/88	05-4315-88-S

As of June 23, 1999

<u>YEAR RELEASED</u>	<u>DEPARTMENT</u>	<u>NAME OF AUDIT</u>	<u>CONTROL NUMBER</u>
1988	Education	Department of Education, For FYE June 30, 1987	05-1309-88-R
1989	Education	Funding for Schools on Military Installations, March 31, 1989.....	05-4334-89-S
1989	Education	Governor's Council on Vocational and Career Education, May 15, 1989	05-4337-89-S
1989	Education	Special Education Services Agency, July 1, 1987 to June 30, 1988.....	05-1345-89-R
1990	Education	Alaska School Districts, Selected Expenditures 1988-89, January 26, 1990.....	05-4376-90-S
1990	Education	Delta/Greely School District, Pupil Transportation Issues Within, 4/3/90	05-4377-90-S
1990	Education	Department of Education, For FYE June 30, 1988	05-1363-90-R
1991	Education	Alaska Comm. on Postsec. Ed, Loan Repymt Scheduling & Forgiveness App., 3/7/91	05-4391-91
1991	Education	Kashunamiut School District, Superintendent's Compensation, 12/10/90.....	05-4389-91
1991	Education	Pupil Transportation Program, January 3, 1991	05-4396-91-S
1991	Education	Vocational Technical Centers Funded by Department of Education, 1/15/91.....	05-4381-91-S
1992	Education	Division of Vocational Rehabilitation, Disability Determination Unit, July 30, 1992.....	05-4443-92
1992	Education	Impact of the Public Employment Relations Act on Local School Districts, 11/8/91	05-4419-92
1992	Education	Potential Savings from School District Consolidation, May 11, 1992.....	05-4409-92
1992	Education	Special Education Services Agency, November 13, 1991	05-1397-92
1994	Education	ACPE, Organizational and Operational Efficiency and Alternatives, October 28, 1993.....	05-4466-94
1994	Education	Alaska 2000 and Selected Reorganization Issues, September 15, 1994	05-4458-94
1994	Education	Division of Vocational Rehabilitation, Program Eligibility Procedures, August 8, 1994	05-4482-94
1994	Education	Performance and Operations of Regional Resource Centers, November 21, 1993.....	05-4474-94
1994	Education	School District Financial Operations, February 18, 1994.....	05-4473-94
1995	Education	Alaska Student Loan Corporation, Financial Self-Sufficiency, December 12, 1994	05-4490-95
1995	Education	Division of Vocational Rehabilitation, Business Enterprise Fund, March 24, 1995	05-4501-95
1995	Education	Federal Program Administrative Costs, November 17, 1994.....	05-4509-95
1995	Education	Special Education Service Agency, November 28, 1994.....	05-1424-95
1998	Education	Division of Vocational Rehabilitation Selected Issues, March 23, 1998.....	05-4563-98
1998	Education	Implementation of the Individuals With Disabilities Act, March 9, 1998	05-4550-98
1998	Education	Pupil Transportation Program Review of Costs and Procedures, January 20, 1998	05-4553-98
1998	Education	Review of Management Practices Student Financial Aid Division, September 11, 1998.....	05-4583-98
1999	Education	Lower Yukon School District, Selected Issues Regarding Federal and State Grants, February 12, 1999	05-4579-99
1995	Education/Commerce/Revenue	Govmnt'l Corporation's Board of Directors & Exec. Director Travel Expenses, November 16, 1994.....	04-4503-95
1978	Education/Transportation	Purchase of the Brown's Court School, 1962 - 1977	
1982	Education/Transportation	Yukon Flats School District, August 12, 1982	05-112-0075-S

Department of Education Subcommittee Membership							
Hickel	Jim	441-3999/276-5822	258-1055				
Adams	Al	465-3707	465-4821	Alaska State Legislature - Senate	Senator_Al_Adams@legis.state.ak.us		
Babcock	Tuckerman	761-8263	761-8368	Matanuska Electrical Assn.			Mat-Su
Cobaugh	Tom	337-9575	338-3903	Anchorage Christian Schools, Secondary Principal			
Coghill	Bob	479-3909	479-2215	Fairbanks Schoolboard Member	rcoghill@mosquitonet.com		Fairbanks
Coghill	John	456-5081	456-8245	Alaska State Legislature - House	Representative_John_Coghill@legis.state.ak.us		Fairbanks
Evans	Don	245-3144		Educational Resources, Inc.			
Fisher	Paul	283-5811	262-4902	Kenai Assembly			
Gaston	Sam	344-1717	349-8691				
Henderson	JoAnn	907-586-6806	907-463-3811	South East Regional Resource Ctr.	Joannh@akrac.k12.ak.us		
Kronberg	Rich	374-0536/229-7661	274-0551	President, Anchorage Education Assn.	Rkronberg@aol.com or kronberg@gci.net	344-9264	Anchorage
Moss	Rynnieva	456-5081	456-8245	Rep. Coghill's Staff			Fairbanks
Murphy	Tom	562-9093	562-9023	Koniag Education Department, Exec Director	kef@alaska.net		Anchorage
Owen	Marvin	279-8481	279-6315	Pastor, First Baptist Church, Anchorage	mowen@alaska.net		
Prosser	William	274-8638	263-5182	Cook Inlet Region, Inc.	poneill@ciri.com		
Rehfeld	Karen	465-8650	465-3452	Dept of Education - Dept Contact			Juneau
Walters	Jeff	456-4435	456-2159	School teacher for public school system	fea@alaska.net	457-3876	Fairbanks
Williams	Bonnie	455-6652	455-6652				Fairbanks
Cissna	Sharon	269-0190	269-0193	Alaska State Legislature - House	Representative_Sharon_Cissna@legis.state.ak.us		
Johnson	Doug	276-4414	276-4419	Waldorf Education Assoc.	ddjataska@aol.com		

Rynnieva -

I am not sure who is doing the calling/faxing for meetings, but there are a couple new names on the list that probably need to be informed.

Doug Johnson
Sharon Cissna

Annette

Monday meeting

Subject: Monday meeting**Date: Thu, 12 Aug 1999 15:25:19 -0800****From: Karen Rehfeld <Karen_Rehfeld@eed.state.ak.us>****To: Rynnieva_Moss@legis.state.ak.us**

Hi Rynnieva! I was wondering if you were able to set up phone numbers for our folks to call in and present to the education subcommittee on Monday August 16. Also, I received a faxed letter from Chairman Hickel that I will try to respond to and fax to you so that you can get all the material out to the subcommittee members. Anyway, please let me know about Monday so I can make sure the following folks are available for the subcommittee. Thanks! KJR

1. Dick Harrell, Instructional Administrator - AVTEC - phone number (907) 224-4162 in Seward;
 2. Hal Spackman, Director - Mt. Edgecumbe High School - phone number (907) 966-3201 in Sitka; and
 3. Karen Rehfeld - phone number (907) 465-8650 in Juneau. - OK
- OK

Thanks for your help! KJR

Karen J. Rehfeld, Director
Education Support Services
Alaska Department of Education & Early Development

ph# (907) 465-8650

fax# (907) 465-3452

Annette,

Can you set this up?

Thanks,
Rynnieva

Department of Education Subcommittee

Agenda

Place: Legislative Information Office
716 West 4th Ave., Suite 202
Anchorage, AK

Date: Friday, July 30, 1999

Time: 12:00 PM

1. Roll Call
2. Appointment of Secretary for committee (*Rynniera Moss*)
3. Membership Introductions
4. Opening comments by representative John Cowdery
5. The role of this commission (Marco)
6. Department of Education Briefing (Ed Genes)
7. Questions by committee members
8. Subcommittee assignments and tasks
9. Closing comments
11. Adjourn
12. *Phone tree*

Agency Totals - FY00 Operating Budget

Agency: Department of Education

	FY98 Act	FY99 CC	FY99Auth	Gov Amd	House	Senate	ConfComm	FY99Auth to ConfComm	
Totals for Agency	904,978.1	928,038.0	986,876.1	991,338.3	984,799.1	979,535.5	979,578.9	12,702.8	1.3%

Objects of Expenditure:

Personal Services	29,974.9	31,310.9	31,556.1	32,731.3	32,371.9	32,231.4	32,231.4	675.3	2.1%
Travel	1,577.7	1,847.7	1,837.7	1,896.5	1,882.0	1,770.9	1,764.3	-73.4	-4.0%
Contractual	16,696.8	21,303.5	23,171.5	31,000.3	28,695.3	28,520.3	28,670.3	5,498.8	23.7%
Commodities	2,071.3	2,121.8	2,111.8	3,379.0	3,065.2	3,065.2	3,065.2	953.4	45.1%
Equipment	806.5	446.2	446.2	994.2	494.2	494.2	494.2	48.0	10.8%
Lands/Buildings	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	%
Grants, Claims	853,850.9	871,225.2	907,752.8	921,337.0	918,500.0	913,794.1	913,694.1	5,941.3	0.7%
Miscellaneous	0.0	-217.3	0.0	0.0	-209.5	-340.6	-340.6	-340.6	%

Funding Sources:

1002 Fed Rcpts	96,735.0	118,543.3	118,583.1	121,485.1	121,485.1	121,485.1	121,485.1	2,902.0	2.4%
1003 G/F Match	2,868.8	2,884.6	2,890.5	2,890.5	2,890.5	2,840.5	2,840.5	-50.0	-1.7%
1004 Gen Fund	687,004.6	697,452.5	703,415.4	722,179.0	735,997.1	730,683.0	730,726.4	27,311.0	3.9%
1005 GF/Prgm	1,912.3	2,375.9	2,380.2	2,380.2	1,472.8	1,387.8	1,387.8	-992.4	-41.7%
1007 I/A Rcpts	11,778.8	8,977.9	8,985.7	15,707.9	12,766.8	12,881.8	12,881.8	3,896.1	43.4%
1014 Donat Comm	171.7	358.9	359.4	250.0	250.0	250.0	250.0	-109.4	-30.4%
1030 School Fnd	2,608.4	34,000.0	49,329.5	45,529.5	45,664.7	45,664.7	45,664.7	-3,664.8	-7.4%
1037 GF/MH	454.6	110.0	110.1	110.1	110.1	110.1	110.1	0.0	0.0%
1043 P/L 81-874	22,623.7	20,791.0	20,791.3	20,791.3	20,791.3	20,791.3	20,791.3	0.0	0.0%
1044 Debt Ret	62,059.7	26,804.1	26,804.1	26,258.6	26,258.6	26,258.6	26,258.6	-545.5	-2.0%
1053 Invt Loss	86.4		18.0	0.0	0.0	-0.0	-0.0	-18.0	-100.0%
1061 CIP Rcpts	57.1	178.8	179.3	179.3	179.3	179.3	179.3	-0.0	-0.0%
1066 Pub School	9,222.1	7,118.7	7,118.7	7,612.8	7,612.8	7,612.8	7,612.8	494.1	6.9%
1103 AHFC Rcpts			17,444.0	17,444.0	0.0	0.0	0.0	-17,444.0	-100.0%
1106 P-Sec Rcpt	7,004.5	7,395.7	7,419.9	7,485.1	7,485.1	7,485.1	7,485.1	65.2	0.9%
1108 Stat Desig	390.4	1,046.6	1,046.9	819.9	1,619.9	1,690.4	1,690.4	643.5	61.5%
1117 VocSmBus				215.0	215.0	215.0	215.0	215.0	%

Positions:

Perm Full Time	465.0	461.0	465.0	479.0	473.0	472.0	472.0	7.0	1.5%
Perm Part Time	110.0	104.0	104.0	108.0	108.0	108.0	108.0	4.0	3.8%
Non-Perm	3.0	5.0	6.0	11.0	7.0	7.0	7.0	1.0	16.7%

Component Summary - FY00 Operating Budget

Agency: Department of Education

Page	Budget Component	FY98 Act	FY99 CC	FY99Auth	Gov Amd	House	Senate	ConfComm	FY99Auth to ConfComm	
K-12 Support										
1	Foundation Program	652,353.8	660,931.3	680,728.2	695,660.3	692,990.0	689,054.3	689,054.3	8,326.1	1.2%
2	Additional District Support	3,445.9							0.0	0.0%
3	Cigarette Tax Distribution	2,608.4							0.0	0.0%
4	Tuition Students	2,213.9	1,921.2	1,921.2	2,225.0	2,225.0	2,225.0	2,225.0	303.8	15.8%
5	Boarding Home Grants	161.7	185.9	185.9	185.9	185.9	185.9	185.9	0.0	0.0%
6	Youth in Detention	557.5	800.0	800.0	800.0	800.0	800.0	800.0	0.0	0.0%
7	Schools for the Handicapped	3,734.9	3,801.7	3,801.7	3,840.5	3,840.5	3,840.5	3,840.5	38.8	1.0%
8	Pupil Transportation	35,195.2	36,620.6	38,082.1	39,775.1	39,775.1	39,775.1	39,775.1	1,693.0	4.4%
9	Child Nutrition	23,115.9	26,000.0	26,000.0	26,000.0	26,000.0	26,000.0	26,000.0	0.0	0.0%
10	Community Schools	499.3	500.0	500.0	500.0	400.0	500.0	400.0	-100.0	-20.0%
	* BRU Total	723,886.5	730,760.7	752,019.1	768,986.8	766,216.5	762,380.8	762,280.8	10,261.7	1.4%
School Debt Reimbursement										
11	School Debt Reimbursement	62,059.7	60,804.1	76,133.6	71,788.1	71,923.3	71,923.3	71,923.3	-4,210.3	-5.5%
	* BRU Total	62,059.7	60,804.1	76,133.6	71,788.1	71,923.3	71,923.3	71,923.3	-4,210.3	-5.5%
Teaching and Learning Support										
12	Special & Supplemental Service	45,723.2	50,339.8	50,345.6	50,345.6	50,345.6	50,345.6	50,345.6	0.0	0.0%
13	Quality Schools	19,059.7	27,736.4	29,638.0	31,138.0	30,700.8	30,670.8	30,670.8	1,032.8	3.5%
14	Education Special Projects	655.8	849.4	849.9	849.9	602.9	602.9	602.9	-247.0	-29.1%
15	Teacher Certification	526.6	690.8	692.8	692.8	692.8	692.8	692.8	0.0	0.0%
16	Child Nutrition Administration	545.4	726.1	727.7	727.7	727.7	727.7	727.7	0.0	0.0%
	* BRU Total	66,510.7	80,342.5	82,254.0	83,754.0	83,069.8	83,039.8	83,039.8	785.8	1.0%
Executive Administration										
17	State Board of Education	93.1	93.1	93.4	93.4	93.4	93.4	93.4	0.0	0.0%
18	Commissioner's Office	622.4			470.7	470.7	450.7	450.7	450.7	%
19	Office of the Commissioner		469.5	470.7	0.0	-0.0	0.0	0.0	-470.7	-100.0%
20	Administrative Services	1,363.5	1,379.2	1,385.5	1,385.5	1,365.3	1,365.3	1,365.3	-20.2	-1.5%
21	Unallocated Reduction						-208.2	-208.2	-208.2	0.0%
22	Information Services	627.1	795.8	797.8	797.8	797.8	747.8	747.8	-50.0	-6.3%
23	District Support Services	687.2	720.6	876.2	1,126.2	1,078.9	1,078.9	1,078.9	202.7	23.1%
24	Educational Facilities Support	531.5	608.1	685.6	685.6	685.6	685.6	685.6	0.0	0.0%
25	Donated Commodities	171.7	358.9	359.4	275.0	275.0	275.0	275.0	-84.4	-23.5%
	* BRU Total	4,096.5	4,425.2	4,668.6	4,834.2	4,766.7	4,488.5	4,488.5	-180.1	-3.9%
Alyeska Central School										
26	Alyeska Central School	4,047.1	4,116.1	4,119.6	8,505.7	5,835.4	5,810.4	5,810.4	1,690.8	41.0%

Component Summary - FY00 Operating Budget

Agency: Department of Education

Page	Budget Component	FY98 Act	FY99 CC	FY99Auth	Gov Amd	House	Senate	ConfComm	FY99Auth to ConfComm	
	Alyeska Central School									
	* BRU Total	4,047.1	4,116.1	4,119.6	8,505.7	5,835.4	5,810.4	5,810.4	1,690.8	41.0%
	Commissions and Boards									
27	Professional Teaching Practice	185.1	186.9	187.4	187.4	187.4	187.4	187.4	0.0	0.0%
28	Ak State Council on the Arts	939.9	1,156.7	1,157.9	1,107.9	1,107.9	1,107.9	1,107.9	-50.0	-4.3%
	* BRU Total	1,125.0	1,343.6	1,345.3	1,295.3	1,295.3	1,295.3	1,295.3	-50.0	-3.7%
	Kotzebue Technical Center									
29	Kotzebue Tech Operations	634.0	634.0	634.0	634.0	609.0	0.0	0.0	-634.0	-100.0%
	Grant									
	* BRU Total	634.0	634.0	634.0	634.0	609.0	0.0	0.0	-634.0	-100.0%
	Alaska Vocational Technical Center									
30	AVTEC Operations	5,167.6	4,952.1	4,956.5	5,405.1	5,368.1	5,368.1	5,368.1	411.6	8.3%
	* BRU Total	5,167.6	4,952.1	4,956.5	5,405.1	5,368.1	5,368.1	5,368.1	411.6	8.3%
	Mt. Edgecumbe Boarding School									
31	Mt. Edgecumbe Boarding	4,471.6	4,162.3	4,159.4	4,400.8	4,370.4	4,370.4	4,370.4	211.0	5.1%
	School									
	* BRU Total	4,471.6	4,162.3	4,159.4	4,400.8	4,370.4	4,370.4	4,370.4	211.0	5.1%
	State Facilities Maintenance									
32	State Facilities Maintenance				1,496.1	1,496.1	1,496.1	1,496.1	1,496.1	%
	* BRU Total	0.0	0.0	0.0	1,496.1	1,496.1	1,496.1	1,496.1	1,496.1	%
	Vocational Rehabilitation									
33	Client Services	9,719.8	11,539.0	11,562.0	13,677.5	13,629.5	13,415.0	13,408.4	1,846.4	16.0%
34	Federal Training Grant	31.1	56.3	56.3	56.3	56.3	56.3	56.3	0.0	0.0%
35	Voc Rehab Administration	958.6	1,121.6	1,124.0	1,383.0	1,383.0	1,383.0	1,383.0	259.0	23.0%
36	Independent Living Rehabilitat	1,146.4	1,273.2	1,273.5	1,348.5	1,348.5	1,348.5	1,348.5	75.0	5.9%
37	Disability Determination	4,212.2	4,198.5	4,205.0	4,955.0	4,955.0	4,955.0	4,955.0	750.0	17.8%
38	Special Projects	1,092.8	1,514.3	1,514.8	1,772.3	1,472.3	1,472.3	1,472.3	-42.5	-2.8%
39	Assistive Technology	580.1	980.1	980.7	843.7	843.7	843.7	843.7	-137.0	-14.0%
40	Americans With Disabilities	104.1	114.7	115.0	190.0	190.0	190.0	190.0	75.0	65.2%
	* BRU Total	17,845.1	20,797.7	20,831.3	24,226.3	23,878.3	23,663.8	23,657.2	2,825.9	13.6%
	Alaska Library and Museums									
41	Library Operations	4,341.2	4,594.4	4,607.0	4,757.0	4,757.0	4,635.8	4,635.8	28.8	0.6%
42	Archives	687.3	646.1	649.4	689.4	689.4	689.4	689.4	40.0	6.2%

Component Summary - FY00 Operating Budget

Agency: Department of Education

Page	Budget Component	FY98 Act	FY99 CC	FY99Auth	Gov Amd	House	Senate	ConfComm	FY99Auth to ConfComm	
Alaska Library and Museums										
43	Museum Operations	1,330.7	1,418.8	1,423.4	1,423.4	1,423.4	1,423.4	1,423.4	0.0	0.0%
44	Specific Cultural Programs	41.7	41.7	41.7	41.7	0.0	0.0	0.0	-41.7	-100.0%
	* BRU Total	6,400.9	6,701.0	6,721.5	6,911.5	6,869.8	6,748.6	6,748.6	27.1	0.4%
Alaska Postsecondary Education Commission										
45	Program Administration	871.9	988.2	991.6	1,050.3	1,050.3	1,050.3	1,050.3	58.7	5.9%
46	Student Loan Operations	6,185.1	6,492.5	6,523.6	6,530.1	6,530.1	6,530.1	6,530.1	6.5	0.1%
47	WICHE Student Exchange Program	82.2	83.0	83.0	85.0	85.0	85.0	85.0	2.0	2.4%
48	VWAMI Medical Education	1,350.4	1,355.0	1,355.0	1,435.0	1,435.0	1,285.0	1,435.0	80.0	5.9%
49	Federal Student Aid	243.8	80.0	80.0	0.0	0.0	0.0	0.0	-80.0	-100.0%
	* BRU Total	8,733.4	8,998.7	9,033.2	9,100.4	9,100.4	8,950.4	9,100.4	67.2	0.7%
*** Total Agency Expenditure :		904,978.1	928,038.0	966,876.1	991,338.3	984,799.1	979,535.5	979,578.9	12,702.8	1.3%
Federal Funds		119,358.7	139,334.3	139,374.4	142,276.4	142,276.4	142,276.4	142,276.4	2,902.0	2.1%
General Funds		692,240.3	702,823.0	708,796.2	727,559.8	740,470.5	735,021.4	735,064.8	26,268.6	3.7%
Other Funds		93,379.1	85,880.7	118,705.5	121,502.1	102,052.2	102,237.7	102,237.7	-16,467.8	-13.9%


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*              TRANSACTION REPORT                                *
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July 28, 1999

Attention: Paul Fisher 262-4902

Dear Committee Member,

As you know we will be meeting this Friday, July 30, 1999 at 12:00pm. Please find the following attachments for your review before the meeting:

1. The Agenda for the meeting (one page)
2. A roster of members (one page)
3. A copy of Senate Bill No. 33 (four pages)
4. Agency Totals - FY00 Operating Budget (four pages)

Representative John Cowdrey will explain to us at this first meeting what our purpose and objectives are as committee members. Please be punctual since we would like to begin on time in order to get as much accomplished as possible by 1:30pm.

legislative fiscal analyst overview of the governor's request

DEPARTMENT OF EDUCATION

The Department of Education is responsible for funding and regulating the state's K-12 schools. The department also administers debt reimbursement and grants for school construction. In addition, the department administers adult and vocational education programs, the Alaska Vocational Technical Center (AVTEC) in Seward and the Kotzebue Technical Center, the Mt. Edgecumbe Boarding School, the Alyeska Central School, the Alaska State Libraries and Museums, and the Alaska State Council on the Arts. The Division of Vocational Rehabilitation and the Alaska Commission on Postsecondary Education are also within the Department of Education's budget.

SIGNIFICANT ISSUES

- In FY99, the Foundation Program utilized \$5,860,400 in general funds carried forward from FY98. That amount is included in the base for the FY00 budget. \$13,936,500 of AHFC receipts as funded in the FY99 budget (CH83 SLA98 - SB36) is also included to reach the FY99 authorized funding level. An additional \$14,438,000 in general funds and \$494,100 of Public School Funds (Other Funds) is requested for FY00. Enrollment increases from FY99 to FY00 are projected at 3.18%.

Legislative Fiscal Analyst comment: Of the total requested to fully fund the foundation formula, approximately \$9,909,000 is related to the remaining 40% of the FY99 funding increase for Districts that gained from the implementation of SB36.

- Other programs in K-12 Support add an additional \$2,035,600 to the general fund request including \$1,693,000 for increased pupil transportation costs, \$303,800 for increased enrollment for tuition students and \$38,800 for the Special Education Service Agency entitlement. The request also includes \$1,461,500 in AHFC receipts for pupil transportation as funded in the FY99 budget (CH83 SLA98 - SB36) to reach the FY99 funding level.
- Increments in Teaching and Learning Support, Quality Schools include general fund increases of \$1,000,000 for assessment and \$500,000 for the exit exam program. The request continues the use of \$1,892,000 in AHFC receipts as funded in the FY99 budget (CH83 SLA98 - SB36).
- Under School Finance, District Support Services increased general fund sources by \$250,000 for costs associated with District audits and monitoring District Cost Factors. The request continues the use of \$154,000 in AHFC receipts as funded in the FY99 budget (CH83 SLA98 - SB36).

Legislative Fiscal Analyst comment: The total dollar amount of AHFC receipts remaining in the department's request as continuations of FY99 appropriations is \$17,444,000.

- The Alyeska Central School budget included an I/A receipt (Other Funds) increase of \$4,386,100 for increased enrollment and funding changes. The funds will be used for curriculum, supplies, computer equipment and contract services.

Legislative Fiscal Analyst comment: The total dollar amount represents an increase of over 100% of FY99 authorized funding levels.

- The Vocational Rehabilitation budget requests an increase of general fund sources of \$190,000 to prevent the loss of federal funds due to maintenance of effort requirements. A fund source change of \$165,000 for the Business Enterprise Program replaces Statutory Designated Receipts with the Vocational Small Business fund source and requests an increase of \$50,000 from Vocational Small Business fund source.
- Other components within the department's budget requested general fund increases totaling \$332,000.
- The Debt Service budget includes a decrease of \$4,345,500 in the debt retirement fund. The debt retirement fund has been funded by general fund appropriations in prior years. The Governor's FY00 request utilizes a combination of general fund and AHFC receipts for this purpose. A funding source change of \$3,800,000 from the school fund to the debt retirement fund is made in anticipation of lower cigarette tax receipts.

legislative fiscal analyst overview of the governor's request

The following table summarizes the development of the Governor's request for School Debt:

	School Debt Fund	Retirement Fund	Total
FY99 Conference	34,000.0	26,804.1	60,804.1
Special Appropriation (CH139 Sec29 - SB231)	15,329.5	-	15,329.5
Reduced Cigarette Tax Receipts	(3,800.0)	3,800.0	-
Decrement for School Debt		(4,345.5)	(4,345.5)
FY00 Governors Request	45,529.5	26,258.6	71,788.1

The decrement adjusts authorization based on improved estimates of debt service for local bonding, authorized in FY99 by SB11.

ORGANIZATIONAL CHANGES

The Commissioner's Office moves into the Executive Administration component. Also the department created a new Facilities Maintenance BRU and component (Ch90 SLA98).

legislative fiscal analyst overview of the governor's request

DEPARTMENT OF EDUCATION FUNDING SUMMARY

	GF	Other	Federal	TOTAL
FY99 Conference Committee	702,823.0	85,880.7	139,334.3	928,038.0
Fiscal Notes	85.7	17,444.0		17,529.7
Special	5,860.4	15,329.5		21,189.9
FY98 COLA	27.1	51.3	40.1	118.5
FY99 Authorized	708,796.2	118,705.5	139,374.4	966,876.1
Specials		1,496.1		1,496.1
Fund Change	18.0	-18.0		0.0
Transfers In	238.8	333.1	292.0	863.9
Transfers Out	-238.8	-333.1	-292.0	-863.9
FY00 Adjusted Base	708,814.2	120,183.6	139,374.4	968,372.2
Increments	18,745.6	5,835.4	2,982.0	27,563.0
Decrements		-4,516.9	-80.0	-4,596.9
FY00 Governor Request	727,559.8	121,502.1	142,276.4	991,338.3

Position Summary	PFT	PPT	Tmp
FY99 Conference Committee	461.0	104.0	5.0
Fiscal Note	4.0	0.0	1.0
FY99 Authorized	465.0	104.0	6.0
Reconciliation RP position adjustments	1.0	-1.0	0.0
Position Adjustments	0.0	0.0	0.0
FY00 Adjusted	466.0	103.0	6.0
Increments	13.0	5.0	5.0
Decrements	0.0		0.0
FY00 Governor	479.0	108.0	11.0

legislative fiscal analyst overview of the governor's request

DEPARTMENT OF ENVIRONMENTAL CONSERVATION

The Department of Environmental Conservation is a technical assistance, regulatory and grant-in-aid agency responsible for protecting the environment and public health. The agency administers programs for prevention and response to air, land and water pollution; enforces basic standards of sanitation in public facilities; assures wholesome meat, fish and dairy products for consumers; and provides financial and technical assistance to municipalities and local communities for water, sewer and solid waste projects. It also has lead responsibility for oil spill management and oversees the disposition of the Oil and Hazardous Substance Release Response and Prevention Fund.

SIGNIFICANT ISSUES

- A new component, Food Safety and Sanitation, is funded by a transfer in of \$697,900 from Animal Industries; a transfer in of \$2,783,300 from Seafood and Sanitation Inspection; and increment amounts of \$180,000 general funds and \$150,000 GF/program receipts. Incremental funding provides for increased frequency of public health inspections at high risk facilities, and includes four permanent full-time positions. Also, a fund source change of \$175,000 from one-time use of the Commercial Fisheries Loan Fund back to general funds is included in the new component.
- The Drinking Water component includes an increment of \$50,000 GF/program receipts for compliance with new requirements of the Safe Drinking Water Act.
- The Water Quality component includes an increment of \$1,150,000 federal receipts, \$150,000 general fund match, and four permanent full-time positions for increased efforts for salmon habitat protection.
- Facility Construction and Operations includes an increment of \$240,800 from the Alaska Drinking Water Fund (ADWF) and \$9,000 Clean Water funds that replaces federal funds for loan program administration and contractual auditing and loan servicing. The component also requests an increment of \$352,100 CIP receipts and four permanent full-time positions for increased Village Safe Water project management. These funds are needed due to increased federal grant funds.
- The agency is adding a net of 15 permanent full-time positions to the FY99 authorized position count, including the positions noted above.

ORGANIZATIONAL CHANGES

- Food Safety and Sanitation is a new component under Environmental Health BRU/appropriation, and was formed from a consolidation of Animal Industries component and Seafood and Sanitation Inspection component.
- Solid Waste Management is a new component under Environmental Health BRU/appropriation, and was formed from a consolidation of Municipal Solid Waste and Industrial Solid Waste components.

Legislative Fiscal Analyst comment: The agency considers this to be an adjustment to rename Municipal Solid Waste to Solid Waste Management, however, funding and positions were technically transferred out of Municipal Solid Waste to form Solid Waste Management. Municipal Solid Waste and Industrial Solid Waste were components formed from the Solid Waste component by the Legislature for FY98.

- Exxon Restoration component has been moved to the Administration BRU/appropriation.
- Statewide Public Services remains the only BRU that is not also an appropriation. The Statewide Public Services component under this BRU is part of the Environmental Health appropriation in the Governor's operating budget bill.

legislative fiscal analyst overview of the governor's request

DEPARTMENT OF ENVIRONMENTAL CONSERVATION FUNDING SUMMARY

	GF	Other	Federal	Total
FY99 Conference Committee	12,703.7	20,644.3	13,430.7	46,778.7
FY98 COLA	31.1	73.3	32.1	136.5
FY99 Authorized	12,734.8	20,717.6	13,462.8	46,915.2
Fund Change	188.6	-188.6		0.0
Transfers In	4,175.3	240.4	597.3	5,013.0
Transfers Out	-4,175.3	-240.4	-597.3	-5,013.0
FY00 Adjusted Base	12,923.4	20,529.0	13,462.8	46,915.2
Increments	530.0	745.9	1,150.0	2,425.9
FY00 Governor Request	13,453.4	21,274.9	14,612.8	49,341.1

Position Summary	PFT	PPT	Tmp
FY99 Conference Committee	488	5	4
FY99 Authorized	488	5	4
FY00 Adjusted Increments	488 15	5	4
FY00 Governor	503	5	4

legislative fiscal analyst overview of the governor's request

DEPARTMENT OF EDUCATION

The Department of Education is responsible for funding and regulating the state's K-12 schools. The department also administers debt reimbursement and grants for school construction. In addition, the department administers adult and vocational education programs, the Alaska Vocational Technical Center (AVTEC) in Seward and the Kotzebue Technical Center, the Mt. Edgecumbe Boarding School, the Alyeska Central School, the Alaska State Libraries and Museums, and the Alaska State Council on the Arts. The Division of Vocational Rehabilitation and the Alaska Commission on Postsecondary Education are also within the Department of Education's budget.

SIGNIFICANT ISSUES

- In FY99, the Foundation Program utilized \$5,860,400 in general funds carried forward from FY98. That amount is included in the base for the FY00 budget. \$13,936,500 of AHFC receipts as funded in the FY99 budget (CH83 SLA98 - SB36) is also included to reach the FY99 authorized funding level. An additional \$14,438,000 in general funds and \$494,100 of Public School Funds (Other Funds) is requested for FY00. Enrollment increases from FY99 to FY00 are projected at 3.18%.

Legislative Fiscal Analyst comment: Of the total requested to fully fund the foundation formula, approximately \$9,909,000 is related to the remaining 40% of the FY99 funding increase for Districts that gained from the implementation of SB36.

- Other programs in K-12 Support add an additional \$2,035,600 to the general fund request including \$1,693,000 for increased pupil transportation costs, \$303,800 for increased enrollment for tuition students and \$38,800 for the Special Education Service Agency entitlement. The request also includes \$1,461,500 in AHFC receipts for pupil transportation as funded in the FY99 budget (CH83 SLA98 - SB36) to reach the FY99 funding level.
- Increments in Teaching and Learning Support, Quality Schools include general fund increases of \$1,000,000 for assessment and \$500,000 for the exit exam program. The request continues the use of \$1,892,000 in AHFC receipts as funded in the FY99 budget (CH83 SLA98 - SB36).
- Under School Finance, District Support Services increased general fund sources by \$250,000 for costs associated with District audits and monitoring District Cost Factors. The request continues the use of \$154,000 in AHFC receipts as funded in the FY99 budget (CH83 SLA98 - SB36).

Legislative Fiscal Analyst comment: The total dollar amount of AHFC receipts remaining in the department's request as continuations of FY99 appropriations is \$17,444,000.

- The Alyeska Central School budget included an I/A receipt (Other Funds) increase of \$4,386,100 for increased enrollment and funding changes. The funds will be used for curriculum, supplies, computer equipment and contract services.

Legislative Fiscal Analyst comment: The total dollar amount represents an increase of over 100% of FY99 authorized funding levels.

- The Vocational Rehabilitation budget requests an increase of general fund sources of \$190,000 to prevent the loss of federal funds due to maintenance of effort requirements. A fund source change of \$165,000 for the Business Enterprise Program replaces Statutory Designated Receipts with the Vocational Small Business fund source and requests an increase of \$50,000 from Vocational Small Business fund source.
- Other components within the department's budget requested general fund increases totaling \$332,000.
- The Debt Service budget includes a decrease of \$4,345,500 in the debt retirement fund. The debt retirement fund has been funded by general fund appropriations in prior years. The Governor's FY00 request utilizes a combination of general fund and AHFC receipts for this purpose. A funding source change of \$3,800,000 from the school fund to the debt retirement fund is made in anticipation of lower cigarette tax receipts.

legislative fiscal analyst overview of the governor's request

The following table summarizes the development of the Governor's request for School Debt:

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legislative fiscal analyst overview of the governor's request

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legislative fiscal analyst overview of the governor's request

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and Delivery of Government Services

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Senator Al Adams
Bill Allen
Representative Tom Brice
Tom Fink
William Prosser
Helvi Sandvik
Kathryn Thomas
Don Valesko
George Wuerch

August 10, 1999

Karen Rehfeld
Department of Education
Juneau, Alaska 99801

Dear Karen:

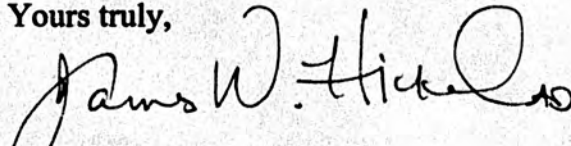
Here are some follow up questions that came up after our committee meeting. We plan to continue the briefings by different sections of the department but we want to prepare for questions that committee members already have on their mind. We'd appreciate it if you could help round up the information and answers.

- Organizational charts and number of personnel in each component in each BRU.
- A Departmental position paper on the pros and cons of a voucher system.
- For pass-through grant programs like the ones for Kotzebue School, Alyeska Central, Mt. Edgecumbe and Avtec, what are the student numbers and costs associated with each one. How much goes for admin costs as opposed to classroom costs. How does DOE monitor compliance. How does the cost allocation ratio compare to other Alaskan school districts.
- How old is the Department of Education. What did we do before we had it. Can it be dismantled and the responsibilities eliminated or transferred to local school districts. Does every state have a DOE.
- Can local school districts apply for federal funds without going through DOE.
- How many students K-12 in Alaska. How much funding from all sources do we spend on educating them. Is this information broken down by school district. How do these costs compare with other school districts around the country.
- What is the average size school district in the U.S. and in cities with similar-sized population.
- What does the DOE do to help bring efficiency to local school districts. For example, could Anchorage residents save money if ASD was eliminated and five independent school districts were established.

- In large part, teachers' and administrators' duties are segregated. Why can't teachers take on part of the administration responsibilities concurrent with teaching responsibilities.

Thanks for your help.

Yours truly,

A handwritten signature in dark ink, appearing to read "James W. Hickel". The signature is fluid and cursive, with a large initial "J" and a stylized "H".

James W. Hickel, Chairman
DOE Subcommittee
Privatization Commission

Subject: [Fwd: PTF Educ Subcommittee Meeting]
Date: Mon, 09 Aug 1999 14:49:19 -0800
From: Rynnieva Moss <Rynnieva_Moss@legis.state.ak.us>
Organization: Alaska State Legislature
To: Cec_Riordan@legis.state.ak.us

Thanks for distributing

Rynnieva

Subject: PTF Educ Subcommittee Meeting
Date: Sun, 08 Aug 1999 15:40:44 -0800
From: Karen Rehfeld <Karen_Rehfeld@eed.state.ak.us>
To: Rynnieva_Moss@legis.state.ak.us

Rynnieva: Attached are four documents for the Privatization Task Force Education Subcommittee meeting scheduled for Monday, August 9, from noon - 2:00 PM. I apologize for the delay in getting these materials to you. I am serving on grand jury and was called in for two days last week!
Attached are:

1. filename: contracted services.doc - a listing of programs that have been privatized, contracted or transferred
2. filename: TLS Summary PTF.doc - narrative from the FY2000 budget request for the Teaching and Learning Support Budget Request Unit (BRU) and each component within the BRU - describes the programs within each budget component.
3. filename: Exec Admin Summary PTF.doc - narrative from the FY2000 budget request for the Exec Admin BRU and School Finance BRU that were combined into a single BRU - describes the programs within each of those budget components.
4. filename - chli58state and municipal privatization.doc - a bibliography from the State Library - they are in the process of updating this information and are available to you for research or assistance.

I hope you are able to forward this on to the committee members prior to the meeting. I will call in the same bridge number as last time, 1-800-368-8772, at noon unless I hear from you. Barbara Thompson, Deputy Director of Teaching & Learning Support will be with me. Thanks! KJR

 <u>contracted services.doc</u>	Name: contracted services.doc Type: Winword File (application/msword) Encoding: base64 Download Status: Not downloaded with message
 <u>TLS Summary PTF.doc</u>	Name: TLS Summary PTF.doc Type: Winword File (application/msword) Encoding: base64 Download Status: Not downloaded with message

 <u>Exec Admin Summary PTF.doc</u>	Name: Exec Admin Summary PTF.doc Type: Winword File (application/msword) Encoding: base64 Download Status: Not downloaded with message
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 <u>chli58STATE AND MUNICIPAL PRIVATIZATION.doc</u>	Name: chli58STATE AND MUNICIPAL PRIVATIZATION.doc Type: Winword File (application/msword) Encoding: base64 Download Status: Not downloaded with message
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PLEASE NOTE! My email address will be changing on July 1, 1999 to
firstname_lastname@eed.state.ak.us and the website will now be
<http://www.eed.state.ak.us>.

*Karen J. Rehfeld, Director
Education Support Services
Alaska Department of Education & Early Development*

*ph# (907) 465-8650
fax# (907) 465-3452*

**Commission on Privatization & Delivery of Government Services
Education Subcommittee**

***Department of Education & Early Development
Contracted/Privatized/Transferred Services***

During the teleconference meeting on Friday, July 30, 1999, Jim Hickel, Chairman of the Education Subcommittee, asked for a listing of programs in the Department of Education and Early Development that have already been privatized. Following is a listing of programs by division

Mt. Edgecumbe High School

Dormitory Management – includes custodial services for residences and provides supervision and care in our dormitories for approximately 300 high school students during the school year - 24 hours/day - 7 days/week. Contractors work along side of State employees to make sure that students are safe, secure, and supported while attending MEHS. They employ approximately 15 employees to fulfill these duties.

Food Services - provides all meals for MEHS students during the school year (3 meals/day - 7 days/week). The contractor employs a staff of approximately six employees, plus support from the main office, which includes a registered nutrition specialist.

Custodial Services – performs janitorial services in the academic building, field house, and activities center at MEHS. The contractor employs approximately 2 or 3 employees to complete their duties.

Alaska Vocational Technical Center

Overflow student housing – utilizing local hotels

Libraries, Archives, and Museums

Records storage services – private contractor in Anchorage and Juneau

State Film Library - it was determined that it was no longer necessary to maintain a central film repository as schools and libraries develop their own collections. Alaskan films of historical significance were sent to the UAF Rasmusson Library. Educational films went to the Fairbanks North Star Borough School District which agreed to circulate them for a fee for as long as they were current. Some children's films were sent to public libraries.

Health Sciences Library - A fee structure was developed by working with an advisory group of health care providers, doctors, nurses, and hospitals. Once that program was in place, it was transferred to the University of Alaska library as it also supports the Health related curricula at the University. This is a good example of public/private cooperation. Alaska's health care community isn't large enough to support a good medical library, but combined with the University both private and academic needs are met.

Budget Request Unit: Teaching and Learning Support

Manager: Barbara Thompson, Deputy Director

Tel: (907) 465-8727 Fax: (907) 465-3396 E-mail: Barbara_Thompson@eed.state.ak.us

BRU Mission

The Division of Teaching and Learning Support has the primary responsibility for implementing educational goals related to teaching and learning in our K-12 public school system. Carrying out the state's Quality Schools Initiative is key to the work in this division (student standards and standards-based assessments, school standards, professional standards, and parent and family involvement in student learning).

This division provides professional development, resources for direct instruction, and assessment mechanisms for determining school accountability - all for the goal of increased student achievement. The division focus is on providing safe, healthy and high quality instruction for all students so they will be able to meet high academic standards that will prepare them for life-long learning and work.

The division continues to be primarily funded with federal funds (approximately 94%). Federal grant funds are leveraged to support state initiatives, but in some cases, this is not possible. State general funds are required by the federal government to match federal funds in several program areas. The loss of these matching funds and/or reductions in the state's maintenance of effort would result in the loss of significant federal receipts that currently provide direct instructional services to children, youth and adult learners across the state.

BRU Services Provided

The Division of Teaching and Learning Support provides the following services:

- Provides leadership and coordination in the development of student, school and professional standards and assessments
- Provides assistance to parents, families and schools to achieve greater involvement in students' education
- Administers statewide testing and assessment
- Provides ongoing and daily technical assistance to grantees related to increased student achievement and educational improvement
- Issues and administers grants, contracts and Reimbursable Services Agreements for the provision of direct student instruction and professional development
- Administers the Teacher Certification, Preschool Certification, Community Schools, Schools for the Handicapped, Alaska Career Information System, Kotzebue Technical Center Operations Grant, and Child Nutrition meal reimbursement programs.

BRU Goals and Strategies for FY2000

Develop, field test and finalize the High School Graduation Qualifying Exam and Benchmark Assessments to measure student achievement.

Provide professional development activities and technical assistance to all school districts.

Create a system of teacher licensure that results in an adequate supply of qualified educators for Alaska's Schools.

Develop a system of school accountability resulting in school performance designations.

Key BRU Issues for FY1999 – 2000

Completion of the High School Graduation Qualifying Exam, Benchmark Assessments in grades 3, 5, and 8, and the Developmental Profile, for incoming kindergarten or first grade students. Setting passing scores for these assessments will also need to occur during this period of time.

By fall of 1999, all schools will be using Developmental Profile materials to assess incoming students in the areas of: physical/health; language development; social/emotional; and thinking, which includes mathematical and problem solving.

By fall of 1999, the department will be reviewing the results of the pilot testing of the High School Graduation Qualifying Exam and Benchmark Assessments. These assessments will be finalized for use in spring of 2000.

In spring of 2000, the High School Graduation Qualifying Exam and the three Benchmark Assessments will be given for the first time. Tenth grade students will be given the Qualifying Exam and will know in what areas they are proficient or not.

The department will also work with school districts and the public in creating a system of school accountability, which will result in school performance designations in 2002.

During FY1999-2000, the department will provide professional development and technical assistance to school districts to help them better prepare students to meet state standards and pass the state assessments.

The department will work with the public to address a teacher licensure system, in which candidates demonstrate that they meet professional standards at increasingly higher levels.

The department will also need to address the increasing demand for qualified educators that has exceeded supply. As standards for educators are increasing, so are the shortages for qualified personnel.

Implementation of the federal Individuals with Disabilities Education Act (IDEA), related to special education, will be a key issue in FY1999-2000. Issues surrounding the IDEA legislation include, but are not limited to, the following: adequate funding to implement all provisions of the IDEA; new student discipline provisions; teacher training; and parent training.

Major BRU Accomplishments for FY1998

Began work on the development of the High School Graduation Qualifying Exam with CTB McGraw Hill. The test will be pilot tested in FY1999.

Began major development of standards in reading, writing and mathematics, through a statewide committee process. Standards were completed in FY1999.

Provided professional development to Alaska educators that was standards based.

Provided resources to school districts to assist in professional evaluation.

Component: Special and Supplemental Services

Component Mission

To provide resources to school districts to ensure that special populations of students meet the state's high educational standards.

Component Services Provided

Special Education - Maintain compliance with state and federal laws governing students with disabilities, through technical assistance to school districts, distribution of grant funding, development of pre-service and in-service training programs, complaint investigation, mediation, due process hearings, and compliance reviews. These activities are almost entirely federally funded and represent more than 95% of the salaries of 4 full-time positions in special education.

Preschool Handicapped - Provide funding to school districts for special education services to disabled preschool children ages 3 to 5 years.

Gifted and Talented - Provide statewide coordination and technical assistance for school district gifted and talented programs.

Title I, Part A Disadvantaged - Provide funding to school districts to implement supplemental assistance programs or school-wide reforms designed to improve student performance in schools with the highest concentrations of low income families; provide resources for improvement to schools failing to meet state standards and for rewarding schools that exceed those standards; provide resources for activities that will increase parent involvement and improve the quality of instruction.

Title I, Part B Even Start - Provide funding on a competitive basis for school districts to develop, in partnership with community-based organizations, family centered education programs that build on existing resources. These programs create a new range of services and assist low income children and adults achieve high standards.

Title I, Part C Migrant Education - Provide funding to school districts to implement supplemental assistance programs or school-wide reforms that will assist migratory children in meeting high standards; provide resources for coordination activities, parent involvement, staff development and support services to migrant children and families.

Title I, Part D Neglected/Delinquent/At-Risk - Provide funding to state-operated institutions to implement institution-wide services; improve the quality of instruction; provide coordination and transition services that will enable such children to succeed; provide funding to school districts with the highest local concentrations of delinquent youth to develop cooperative service agreements with correctional institutions and alternative program agencies for instructional improvement, coordination activities, drop-out prevention services, vocational education and support services.

Title 1, Part E Comprehensive School Reform Demonstration - Provide funding for research based educational strategies aimed at increasing students' achievement levels.

Adult Basic Education - Provide basic skills instruction, General Educational Development (GED) instruction and testing, English as a Second Language (ESL), life skills, and instruction related to securing and maintaining employment. These services are provided to adults, 16 years or older, who are not enrolled in a secondary school and who are most in need of services. Adult instruction improves students' basic skills, skills necessary for becoming employed, skills needed for further training or education, and skills for becoming productive and self-sufficient citizens.

Title VII, Bilingual - Provide technical assistance to school districts applying for, and receiving, Title VII federal funds.

Homeless Children and Youth - Provide technical assistance and grant funding to school districts and other educational service providers to better identify and serve homeless children and youth.

Title IV, Drug and Violence Prevention - Provide resources, technical assistance and grant assistance to school districts to develop comprehensive alcohol and drug abuse prevention and intervention programs.

Governor's Drug Prevention - Provide grants to local schools and communities for prevention programs.

Counseling - Provide funding for staff development, training and programmatic activities related to healthy life skills, suicide prevention, and at-risk students.

HIV Prevention - Provide technical and financial support for school districts to develop HIV/AIDS prevention curriculum, obtain classroom materials, receive teacher training, conduct assessments, and develop local policies and procedures related to HIV/AIDS Education.

Component Goals and Strategies for FY2000

* Provide resources for educational services for children and adults who are disadvantaged, from low income families, migratory, limited English proficient or who have English as their Second Language, neglected, delinquent, at-risk of dropping out, drop-outs, homeless, at-risk with health related issues, and bilingual to meet the same high educational standards established for all Alaskans.

* Provide resources for quality professional development and teacher training to approximately 2,000 teachers and administrators in the areas of Special Education, Even Start, Neglected & Delinquent, Preschool Handicapped, Title I, Migrant Education, Adult Basic Education, Bilingual, Homeless, Drug and Violence Prevention, Governor's Drug Prevention, Counseling, and HIV Prevention to help them assist their students in meeting the state's high academic standards.

* Monitor for compliance and ensure accountability, as required by state and federal law, and provide technical assistance to school district and other educational organizations' staff within each program area.

Key Component Issues for FY1999 – 2000

Providing professional development and technical assistance to school districts to help them better prepare students to meet state standards and pass the state assessments.

Implementing the federal Individuals with Disabilities Education Act (IDEA), requirements for special education.

Developing a unified plan of service for Adult Basic Education programs in conjunction with the Alaska Human Resources Investment Council.

Major Component Accomplishments for FY1998

* Provided resources for standards-based professional development for Alaska educators.

* Developed standards in the areas of reading, writing and mathematics, which will be assessed through the High School Graduation Qualifying Exam and the three Benchmark Assessments.

Statutory and Regulatory Authority

AS 14.30.400-410
AS 14.30.180-350
4 AAC 06.500-570
4 AAC 35.010-090
4 AAC Chapter 52
4 AAC 52.010-990

4 AAC Chapter 39
PL 91-230, as amended
PL 100-97
PL 105-17
4 AAC 06.500-570

Component: Quality Schools

Component Mission

To improve student achievement through standards and assessment, professional development, and school accountability.

Component Services Provided

The programs, projects and activities within this component are closely aligned with the four Alaska State Quality Schools Initiatives (QSI): High academic student standards and student assessment, quality professional standards, family involvement in student learning, and school excellence standards. Educational technology support is integrated throughout the QSI. The Quality Schools Component focuses on services and achievement for all students.

Vocational Education - provides resources to school districts to prepare students for employment through the development of occupational skills, integrating vocational and academic education, addressing the vocational educational needs of special populations, and providing education and training that allows students to compete in the world of work in a modern, technology based economy.

Title VI Innovative Programs - provides resources to school districts for school improvement and innovation.

School to Work - provides resources to school districts to develop a system that prepares students to make the transition from school to employment with the skills and attitudes necessary to succeed. This system is built through local/regional collaborative efforts involving school, community, and business partnerships.

Title III Technology - provides resources to school districts to update existing technology and integrate the use of technology in instruction.

Charter Schools - provides resources for the development of Charter Schools in Alaska.

Statewide Testing and Assessment - provides for statewide testing and assessment for students in all school districts, demonstrates accountability, and results in accurate measurements of student success.

Goals 2000 - provides resources for coordinated school improvement activities and staff training, which vary from district to district, based on a district-wide improvement plan.

Title II Eisenhower Professional Development - provides professional development, training, and/or re-training for district instructors and staff primarily in the areas of math and science.

Curriculum Frameworks Development - provides for the development of curriculum frameworks documents corresponding to the 10 content area standards. Frameworks documents are resources for teachers to use to help instruct students to achieve high standards in all 10 areas (math, science, English/language arts, geography, government and civics, skills for a healthy life, world languages, technology, history, and arts).

School Accreditation - assists schools with the school accreditation process, works closely with the Northwest Accreditation Association, and assists in developing school accreditation standards.

Component Goals and Strategies for FY2000

Develop and field test a statewide comprehensive student assessment system including: the High School Graduation qualifying Exam (HSGQE), three benchmark assessments at grades 3, 5 and 8, that are aligned to state performance standards to measure student achievement and the California Achievement Test-5th Edition (CAT5).

Provide technical assistance and professional development to all school districts on ways to implement the Alaska Quality Schools Initiatives, including ways for students to meet high academic standards through on-site visits, workshops and conference sessions.

Develop a system of school accountability resulting in school performance designations.

Key Component Issues for FY1999 – 2000

The development and completion of the High School Graduation Qualifying Exam, Benchmark Assessments in grades 3, 5, and 8, and the Developmental Profile, for incoming kindergarten or first grade students. Setting passing scores for these assessments will also need to occur during this period of time.

By fall of 1999, all schools will be using Developmental Profile materials to assess incoming students in the areas of: physical/health; language development; social/emotional; and thinking, which includes mathematical and problem solving. Providing professional development related to the Profile will need to occur.

By fall of 1999, the department will be reviewing the results of the pilot testing of the High School Graduation Qualifying Exam and Benchmark Assessments. These assessments will be finalized for use in spring of 2000.

In spring of 2000, the High School Graduation Qualifying Exam and the three Benchmark Assessments will be given for the first time. Tenth grade students will be given the Qualifying Exam and will know in what areas they are proficient or not.

The department will work with the school districts and the public in creating a system of school accountability, which will result in school performance designations in 2002.

During FY1999-2000, the department will provide professional development and technical assistance to school districts to help them better prepare students to meet state standards and pass the state assessments.

The department will implement new federal requirements for vocational education which focus on curriculum integration to increase all students' performance.

Major Component Accomplishments for FY1998

Began work on the development of the High School Graduation Qualifying Exam with CTB McGraw Hill. The test will be pilot tested in FY1999.

Began major development of standards in reading, writing and mathematics, through a statewide committee process. Standards were completed in FY1999.

Statutory and Regulatory Authority

4 AAC 51.100-390
PL 103-279
4 AAC 06.500-770
PL 101-589
AS 14.35.010-030
AS 14.30.360-370
4 AAC 32.010-030
PL 100-297
AS 14.07.020-170
4 AAC 06.075
4 AAC 06.075
34 CFR 208, 235, 298, 86
PL 101-392

4 AAC 60.010-180
4 AAC 05.080
44, 77
4 AAC Chapter 39
4 AAC 19.010-060
PL 102-325

Component: Education Special Projects

Component Mission

To provide resources for educational and support services to targeted students, teachers, and adults through specialized grant programs and activities.

Component Services Provided

- The Teen Parenting/High School Completion Program, funded with interagency receipts from the Department of Health and Social Services, Division of Public Assistance, consists of competitively awarded grants to school districts, for a three year period, and provides activities such as basic academic instruction, parenting, health and fitness, life skills, career assessment and employability plans.
- Alaska Minerals and Energy Resources Education Fund provides educational materials and training for teachers to use in their classrooms.
- Robert Byrd Student Scholarships provide funding for students to further their educational goals.
- Law Related Education provides materials for use in classrooms across the state.
- Senate Youth Scholarships - two students, who hold student government offices, are selected annually, through a competitive, statewide process, to receive a monetary scholarship and to participate in an on-site visit of the nation's capital.
- Christa McAuliffe teacher training grant program provides one award annually for a teacher to complete a special education-related project.

Component Goals and Strategies for FY2000

Provide educational and support services to school age parents to complete their high school education, gain positive parenting skills, employability and occupational skills training and health education (currently Mat-Su, Kenai, and Fairbanks).

Major Component Accomplishments for FY1998

Teen Parenting/High School Completion programs targeted pregnant and parenting teens, receiving public assistance, to stay in school and complete their high school education. These programs allowed nearly 200 students the opportunity to stay in school and work toward a high school diploma.

Statutory and Regulatory Authority

34 CFR Part 654
PL 101-517
PL 102-325

Component: Teacher Certification

Component Mission

1. To ensure that only qualified applicants are awarded credentials to teach in Alaska.
2. To ensure that teacher education programs in Alaska conform to nationally recognized standards.

Component Services Provided

Receive, review, analyze, and evaluate all applications for initial, renewal, addition and removal of credentials and endorsements for the teaching profession as required by regulation and AS.14.20.370. Issue, deny, and/or notify applicant of the determination regarding their credentials. Submit fingerprint cards to the Department of Public Safety and FBI for background checks on all initial applicants. Notify applicants and monitor any resubmitted fingerprint cards. Revoke/deny credentials for applicants that have a criminal disclosure. Exchange revocation information with the National Clearinghouse for teacher licensure records. Issue Alaska credentials to all eligible applicants for teacher, administrator, special service, and limited license specialty areas. Review and approve all Alaska teacher education training programs in institutions of higher education. Register K-12 private & religious schools that operate in Alaska. Monitor the status of obligors to Child Support Enforcement and Postsecondary Education.

Component Goals and Strategies for FY2000

1. Teacher Certification
 - a) Issue regular, provisional or temporary credentials or letters of academic eligibility within 90 days of receipt of application to all eligible applicants for teacher, administrator, special services and the limited certificates.
 - b) Administer the background check as set forth in AS 12.62.035(e) and identify applicants with criminal convictions which make applicants ineligible for Alaska licensure; deny or revoke licenses accordingly.
 - c) Identify and evaluate applicants that apply for but do not meet requirements for licensure; deny licenses accordingly.
 - d) Maintain records received from the national clearing house on revocations. Notify the clearing house of all revocations in Alaska.
 - e) Review and approve/disapprove non academic credit for renewal of teacher licenses.
2. Teacher Evaluation
 - a) Review and recommend to the State Board of Education approval of teacher and administrator education programs at institutions of higher education in Alaska.
 - b) Issue student teacher authorizations.

Key Component Issues for FY1999 – 2000

- * Creating a system of teacher licensure that results in an adequate supply of qualified educators.
- * Implementing testing requirements for applicants
- * Maintaining an adequate level of services to applicants within the limitations of the budget, which is based on being self-supporting from certification receipts.

Major Component Accomplishments for FY1998

- A fee increase was implemented, allowing the unit to become self supporting.
- Began work on teacher exam required by AS 14.20.020(i).
- Developed policy to accept endorsements for posted doctorate, master, major or minor in a content area.
- Coordinated with University of Alaska Endorsement Review Center to accept endorsements.
- Require clearance of security verification and fingerprint cards prior to issuance of certificate.

Statutory and Regulatory Authority

AS 12.62.035(e)
4 AAC 12.010 - .900
AS 14.20.010 - .040

Component: Child Nutrition Administration

Component Mission

To provide resources to support federal child nutrition program sponsors in Alaska.

Component Services Provided

The Child Nutrition Program administers the National School Lunch, School Breakfast, Special Milk, Summer Food, Child and Adult Care Food, and Nutrition Education and Training Programs in Alaska for USDA. The component distributes federal funds, training and resources to eligible schools, child care centers, licensed family day care homes, residential child care institutions, summer camps, homeless shelters, adult day care centers, and national youth sports programs that provide food for children in Alaska in accordance with AS 14.50.010. The federal funds for grant reimbursements administered by this component are included in the K-12 Support BRU, Child Nutrition Component.

Component Goals and Strategies for FY2000

To meet the federal requirement that 25% of the school programs and 33% of the child care sponsors be reviewed annually and to provide on-site technical assistance in specific targeted areas.

To implement training priorities for state agency staff and local sponsors to support program improvement; i.e., implementation of the dietary guidelines, expansion of nutrition education, promoting program visibility.

To increase by 5% the number of agencies participating in child nutrition programs with emphasis on increasing the school breakfast, special milk, and adult day care programs.

To increase by 5% the number of children receiving nutrition education.

To provide staff training to at least 50% of the program sponsors annually.

Key Component Issues for FY1999 – 2000

Recently re-authorized federal legislation now allows for the state to target and fund snacks for in-school/after-school youth programs. This program will be fully implemented in FY2000.

The new re-authorized federal legislation creates a new food program targeting homeless children. Guidance from the U. S. D. A. has not yet been provided. The department will be fully implemented in FY2000.

Major Component Accomplishments for FY1998

- * The Summer Food Program, targets low-income out of school youth, expanded to include more sponsors. Additionally, a higher Alaska reimbursement rate was secured for sponsors.
- * 47 school districts participated in school lunch programs serving 94,098 students on an average daily basis.
- * 27 school districts participating in school breakfast programs serving 16,374 students on an average daily basis.

Statutory and Regulatory Authority

AS 14.50.010

Budget Request Unit: Executive Administration

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BRU Mission

To lead and support the development of responsible, economically viable, lifelong learners and citizens.

BRU Services Provided

This BRU provides leadership and support to divisions and programs within the Department of Education.

BRU Goals and Strategies for FY2000

Goal 1: To have clear, rigorous, credible standards and assessments.

- School districts adopt reading, writing and math performance standards and align curriculum to ensure all students have the opportunity to learn the basics.
- Develop a standards-based comprehensive system of student assessments that generates useful data for educators to teach students to read, write and compute.
- Developmental profile for each child in kindergarten and first grade
- Alaska Benchmark Examinations in grades, 3, 6 and 8
- Alaska High School Graduation Qualifying Examination
- School districts identify students in jeopardy of not meeting reading, writing and math standards and provide appropriate student interventions.

Goal 2: To have a credible system of academic and fiscal accountability for students, professionals, schools and districts.

- Issue Quality Schools Grants so schools and communities can determine local solutions to student learning such as summer school, individual tutoring, lower class size, special classes, before and after school programs.
- Identify schools that are distinguished, successful, in decline or in crisis based on student performance and other measures.
- Provide distinguished educators and district support teams to those districts that are in decline or in crisis, when requested by the district.
- Recognize and celebrate distinguished schools.
- Schools in decline and in crisis develop a school improvement plan with community involvement using the Alaska Quality Schools Standards as the basis for the plan.
- Partner with the Northwest Association of Schools and Colleges to incorporate the Alaska Quality Schools Standards to accredit Alaska schools.
- Encourage local school boards to adopt culturally responsive school standards.

Goal 3: To have highly qualified school professionals who have met rigorous and credible standards and assessments.

- Provide rigorous educator standards by which school districts will evaluate professionals.
- Require school districts to develop individual professional development plans based on standards and best practices.
- Provide funding for national board certification leading to an Alaska advanced teacher certificate.
- Develop and administer a standards-based licensure system for educators.
- Develop a teacher approval process so that all teacher education programs meet high, rigorous standards.
- Encourage local school boards to adopt culturally responsive educator standards.

Goal 4: To have schools in which students, staff, families and communities are active partners in learning.

- In partnership with NEA, AASB, and PTA, promote research-based family involvement models and community orientations.

- Promote and support school-based Family Involvement Centers (1-877-FOR-KIDS).
- Launch a Statewide Reading Initiative focusing on K-3.
- Encourage and support business and school partnerships through the School-to-Work Initiative and Employability Standards.

Goal 5: To have an adequate and secure source of funding for schools.

- Secure adequate funding to develop and maintain an accountable system of high quality public schools.
- Secure adequate level of funding to meet school district's school construction and major maintenance needs.

Key BRU Issues for FY1999 – 2000

A key issue for the Department of Education will be to develop student intervention programs for students at risk of not meeting standards in reading, writing and mathematics. Student achievement needs to be measured against rigorous standards in reading, writing and mathematics at appropriate age levels. If a student is not making adequate progress, swift and intensive intervention is needed to get the student back on track.

As part of the Quality Schools Initiative, each school will be required to do a number of things aimed at increasing the quality of public education. Beginning in FY2000, each school will chart a developmental profile for each child upon entering kindergarten or first grade. The profile will identify a student's strengths and areas needing additional attention to help in designing an instructional program for each child.

Schools also need to adopt state-mandated academic standards in reading, writing and math. Schools will need to test each child early and often in these subjects throughout their school careers to make sure they are on target to meet the standards. Schools will be required to test students at the 3rd, 6th, and 8th grades. If they are falling behind, schools will have to provide special help to children so they can catch up. The final part of the comprehensive student assessment system is the High School Graduation Qualifying Examination. Today's ninth grade students will be required to pass this exam in order to receive a high school diploma.

This comprehensive student assessment system based on rigorous, academic standards will give the state and communities solid information to hold schools and communities accountable for the academic achievement of children. Each year, all schools will have to report certain information to their communities and state about their progress.

The Department of Education will use this information to build a system of accountability that will tell us whether each school is successful or unsuccessful. DOE will develop school based intervention plans to assist school in improving. The state will require low performing schools to work with their community to build a school improvement plan aimed at helping the school and the students reach the standards.

Major BRU Accomplishments for FY1998

- * Completed second phase of multi-year project to develop statewide assessment tools for measuring student performance against established state education standards. This phase will focus on developing performance-based assessment in reading and math, and the first statewide direct assessment of writing.
- * Developed regulations that establish accreditation standards for Alaska's schools based on research on successful schools and a field test in selected districts.
- * Developed regulations for a revised teacher administrator licensure system based upon national and state standards for educators.
- * Integrated the use of technology to facilitate delivery of services and education programs.

Component: State Board of Education

Component Mission

To provide leadership to ensure that all Alaska children will become successful adults and our democratic society will thrive and prosper.

Component Services Provided

This component provides the funding for transportation and meeting costs for the State Board of Education and a support position to coordinate board activities, meeting notices, and preparation for additional board meetings. The State Board provides policy direction to the department and is responsible for adopting regulations necessary to implement statutory requirements.

Component Goals and Strategies for FY2000

1. To provide a public forum to communicate and exchange information about education in the state.
2. To fulfill statutory requirements relating to board direction, policy, and action in support of:
 - * Clear, rigorous, credible standards and assessments.
 - * A credible system of academic and fiscal accountability for students, professionals, schools and districts.
 - * Highly qualified school professionals who have met rigorous and credible standards and assessments.
 - * Schools in which students, staff, families and communities are active partners in learning.

Key Component Issues for FY1999 – 2000

A key issue for the Department of Education will be to develop student intervention programs for students at risk of not meeting standards in reading, writing and mathematics. Student achievement needs to be measured against rigorous standards in reading, writing and mathematics at appropriate age levels. If a student is not making adequate progress, swift and intensive intervention is needed to get the student back on track.

As part of the Quality Schools Initiative, each school will be required to do a number of things aimed at increasing the quality of public education. Beginning in FY2000, each school will chart a developmental profile for each child upon entering kindergarten or first grade. The profile will identify a student's strengths and areas needing additional attention to help in designing an instructional program for each child.

Schools also need to adopt state-mandated academic standards in reading, writing and math. Schools will need to test each child early and often in these subjects throughout their school careers to make sure they are on target to meet the standards. Schools will be required to test students at the 3rd, 6th, and 8th grades. If they are falling behind, schools will have to provide special help to children so they can catch up. The final part of the comprehensive student assessment system is the High School Graduation Qualifying Examination. Today's ninth grade students will be required to pass this exam in order to receive a high school diploma.

This comprehensive student assessment system based on rigorous, academic standards will give the state and communities solid information to hold schools and communities accountable for the academic achievement of children. Each year, all schools will have to report certain information to their communities and state about their progress.

The Department of Education will use this information to build a system of accountability that will tell us whether each school is successful or unsuccessful. DOE will develop school based intervention plans to assist school in improving.

The state will require low performing schools to work with their community to build a school improvement plan aimed at helping the school and the students reach the standards.

Major Component Accomplishments for FY1998

- * Completed second phase of multi-year project to develop statewide assessment tools for measuring student performance against established state education standards. This phase will focus on developing performance-based assessment in reading and math, and the first statewide direct assessment of writing.
- * Developed regulations that establish accreditation standards for Alaska's schools based on research on successful schools and a field test in selected districts.
- * Developed regulations for a revised teacher administrator licensure system based upon national and state standards for educators.
- * Integrated the use of technology to facilitate delivery of services and education programs.

Statutory and Regulatory Authority

Article III Section 26 of the State Constitution
AS Title 14 Education
4 AAC

Component: Commissioner's Office

Component Mission

To lead and support the development of responsible, economically viable, lifelong learners and citizens.

Component Services Provided

The Commissioner provides leadership and support to all aspects of Alaska's education system by effectively and efficiently managing department programs to facilitate and enhance delivery of educational services. The Commissioner implements the policies and regulations adopted by the State Board of Education, and promotes collaboration among schools, students, families and communities to improve learning.

Component Goals and Strategies for FY2000

Goal 1: To have clear, rigorous, credible standards and assessments.

- School districts adopt reading, writing and math performance standards and align curriculum to ensure all students have the opportunity to learn the basics.
- Develop a standards-based comprehensive system of student assessments that generates useful data for educators to teach students to read, write and compute.
- Developmental profile for each child in kindergarten and first grade
- Alaska Benchmark Examinations in grades, 3, 6 and 8
- Alaska High School Graduation Qualifying Examination
- School districts identify students in jeopardy of not meeting reading, writing and math standards and provide appropriate student interventions.

Goal 2: To have a credible system of academic and fiscal accountability for students, professionals, schools and districts.

- Issue Quality Schools Grants so schools and communities can determine local solutions to student learning such as summer school, individual tutoring, lower class size, special classes, before and after school programs.
- Identify schools that are distinguished, successful, in decline or in crisis based on student performance and other measures.
- Provide distinguished educators and district support teams to those districts that are in decline or in crisis, when requested by the district.
- Recognize and celebrate distinguished schools.
- Schools in decline and in crisis develop a school improvement plan with community involvement using the Alaska Quality Schools Standards as the basis for the plan.
- Partner with the Northwest Association of Schools and Colleges to incorporate the Alaska Quality Schools Standards to accredit Alaska schools.
- Encourage local school boards to adopt culturally responsive school standards.

Goal 3: To have highly qualified school professionals who have met rigorous and credible standards and assessments.

- Provide rigorous educator standards by which school districts will evaluate professionals.
- Require school districts to develop individual professional development plans based on standards and best practices.
- Provide funding for national board certification leading to an Alaska advanced teacher certificate.
- Develop and administer a standards-based licensure system for educators.
- Develop a teacher approval process so that all teacher education programs meet high, rigorous standards.
- Encourage local school boards to adopt culturally responsive educator standards.

Goal 4: To have schools in which students, staff, families and communities are active partners in learning.

- In partnership with NEA, AASB, and PTA, promote research-based family involvement models and community orientations.
- Promote and support school-based Family Involvement Centers (1-877-FOR-KIDS).
- Launch a Statewide Reading Initiative focusing on K-3.
- Encourage and support business and school partnerships through the School-to-Work Initiative and Employability Standards.

Goal 5: To have an adequate and secure source of funding for schools.

- Secure adequate funding to develop and maintain an accountable system of high quality public schools.
- Secure adequate level of funding to meet school district's school construction and major maintenance needs.

Key Component Issues for FY1999 – 2000

A key issue for the Department of Education will be to develop student intervention programs for students at risk of not meeting standards in reading, writing and mathematics. Student achievement needs to be measured against rigorous standards in reading, writing and mathematics at appropriate age levels. If a student is not making adequate progress, swift and intensive intervention is needed to get the student back on track.

As part of the Quality Schools Initiative, each school will be required to do a number of things aimed at increasing the quality of public education. Beginning in FY2000, each school will chart a developmental profile for each child upon entering kindergarten or first grade. The profile will identify a student's strengths and areas needing additional attention to help in designing an instructional program for each child.

Schools also need to adopt state-mandated academic standards in reading, writing and math. Schools will need to test each child early and often in these subjects throughout their school careers to make sure they are on target to meet the standards. Schools will be required to test students at the 3rd, 6th, and 8th grades. If they are falling behind, schools will have to provide special help to children so they can catch up. The final part of the comprehensive student assessment system is the High School Graduation Qualifying Examination. Today's ninth grade students will be required to pass this exam in order to receive a high school diploma.

This comprehensive student assessment system based on rigorous, academic standards will give the state and communities solid information to hold schools and communities accountable for the academic achievement of children. Each year, all schools will have to report certain information to their communities and state about their progress.

The Department of Education will use this information to build a system of accountability that will tell us whether each school is successful or unsuccessful. DOE will develop school based intervention plans to assist school in improving. The state will require low performing schools to work with their community to build a school improvement plan aimed at helping the school and the students reach the standards.

Major Component Accomplishments for FY1998

- * Completed second phase of multi-year project to develop statewide assessment tools for measuring student performance against established state education standards. This phase will focus on developing performance-based assessment in reading and math, and the first statewide direct assessment of writing.
- * Developed regulations that establish accreditation standards for Alaska's schools based on research on successful schools and a field test in selected districts.
- * Developed regulations for a revised teacher administrator licensure system based upon national and state standards for educators.
- * Integrated the use of technology to facilitate delivery of services and education programs.

Statutory and Regulatory Authority

Article III Section 26 of the State Constitution
AS Title 14 - Education

Component: Administrative Services

Component Mission

To provide centralized management and financial support services.

Component Services Provided

This component provides services to the department in payroll, personnel, training, budget preparation and implementation, federal and state reporting, accounting, procurement and contracting services. The Finance and Accounting Unit processes budget transactions, revised programs, payments, grant awards, RSA's and certification of transactions input at the central or decentralized offices. The Supply and Procurement Unit processes mail, makes deliveries, processes delivery orders, provides bidding and procurement for supplies, professional services contracts and requests for quotations and proposals, reconciles invoices to deliverables prior to payment and is responsible for the department's inventory and lease contact. The Human Resources Unit provides support for all payroll and personnel activities for the department. This unit provides collective bargaining services, ADA guidance, and employee training.

Component Goals and Strategies for FY2000

1. Timely and accurate financial management services
 - * Budget preparation and implementation
 - * Revenue collection
 - * Federal and state reporting
 - * Process and certify payments
 - * Grant awards
 - * Reimbursable services agreements
2. Timely and accurate personnel/payroll services
 - * Payroll
 - * Recruitment
 - * Training
3. Purchasing and procurement services within state and federal requirements
 - * Purchasing of supplies
 - * Contracting for professional services
 - * Inventory and leasing
 - * Mail services

Key Component Issues for FY1999 – 2000

Continuing to improve service delivery in support of department programs.

Major Component Accomplishments for FY1998

- * Maintained timely and accurate financial management services
- * Conducted quarterly division staff/training meetings
- * Provided professional level procurement services
- * Maintained high level of timely and accurate payroll services
- * Provided training opportunities for managers, supervisors and employees
- * Developed performance standards and measures for employees

Statutory and Regulatory Authority

4 AAC 27	AS Title 39
AS Title 14	AS 28.05.104
AS Title 23	
AS Title 37	

Component: Information Services

Component Mission

To facilitate delivery of all departmental programs by providing information technology support services.

Component Services Provided

This component provides services to the department in data processing and state reporting. It provides overall support for the data processing functions on the department's AS/400, Local Area Network (LAN), and PC levels. The component has oversight responsibilities for education data collection and reporting. Existing education data criteria are maintained as well as new data requests developed and reviewed. Data requested from school districts are coordinated by this unit.

Component Goals and Strategies for FY2000

1. Reliable, efficient computing resources.
2. Computer literate workforce.
3. Improve electronic communications via E-mail and Internet access.
4. Streamline electronic data collection activities.

Key Component Issues for FY1999 – 2000

Key issues for this component include Y2K software and hardware inventory and replacement, and continuing to improve computing resources and computer literacy of workforce to enhance service delivery.

Major Component Accomplishments for FY1998

1. Provided high level data processing support including:
improved electronic communications via E-mail and Internet access
maintained department standard hardware and software.
2. Applied uniform departmental standards for the collection and analysis of data collected by the Department of Education.

Statutory and Regulatory Authority

AS 14.03.030	AS 14.45.100-200	34CFR 74-76, 78, 80, 85
AS 14.03.040	AS 14.07.010-030.170	34CFR 200-201
AS 14.03.120	4 AAC 06.160	
AS 14.30.350	4 AAC 06.700-770	

Budget Request Unit: School Finance

BRU Mission

To provide financial and technical support for the operation of Alaska's public schools.

BRU Services Provided

The School Finance BRU applies for and distributes state and federal funds to school districts in support of public education. The Foundation Program provides the primary financial support to the 53 school districts, Mt. Edgecumbe and Alyeska Central School for K-12 education. Supplementary program funds such as boarding home, tuition, and pupil transportation serve to provide student access to comparable educational opportunity.

Through the collection, analysis and compilation of timely, uniform educational program and finance data, the division monitors fiscal accountability of school districts in the utilization of local, state and federal resources. Fiscal and non-fiscal data collection and analysis support reporting requirements to the US Department of Education, its sub-contractors and other federal agencies in order to assure continued access to federal funds and compliance with program requirements. Audit coordination, review and monitoring provide further accountability of funds, standardization of financial reporting and assurances of compliance with grant objectives and direct pass through funds.

The BRU provides statewide oversight for educational facilities renovation and construction and evaluates and ranks bond reimbursement and capital project grant requests. The BRU also has the responsibility for administering the Donated Commodities program.

BRU Goals and Strategies for FY2000

- * To provide a credible system of fiscal accountability for schools.
- * To provide an adequate and secure source of funding for schools.
- * To provide an adequate level of funding to meet school district's school construction and major maintenance needs.
- * To provide timely and accurate payments to school districts.
- * To provide technical assistance to school districts.
- * To improve the quality and consistency of reported data.

Key BRU Issues for FY1999 – 2000

In 1998, legislation passed that significantly changed public education in Alaska. The new law requires that schools be held accountable for student performance through a comprehensive student assessment system. The law also changed the way the funding is allocated to public schools and provided additional resources to support school districts in implementing standards based curriculum and assessments.

The new school funding law changed the funding formula from an instructional unit basis to an adjusted student basis. The first year of funding, FY99, was a transitional year to the new formula. In FY2000, the requested funding level is based on the full funding estimate under the new formula. Additional resources are also included to implement the provisions if the law relating to fiscal accountability, monitoring and updating cost factors, and providing specific reports to the legislature.

Major BRU Accomplishments for FY1998

- * Updated regulations governing school district chart of accounts to improve the quality and consistency of reported data.
- * Updated regulations governing reimbursement of pupil transportation costs.
- * Began implementation of new school funding law.

Component: District Support Services

Component Mission

To provide efficient and effective distribution of, and accounting for, resources utilized in the operation of public schools throughout the state and to provide quality technical assistance and training to the 53 school districts, Mt. Edgecumbe Boarding School, and Alyeska Central School.

Component Services Provided

District Support Services manages the distribution of public school foundation, tuition, boarding home, youth in detention, pupil transportation, cigarette tax, USDA donated commodities, and impact aid program funds through the collection, analysis and aggregation of educational program support data. Staff provide technical assistance to the field level through telephone, on-site and scheduled group training and manage over \$700 million in state programs for less than one tenth of one percent. Staff comply with the federal Common Core of Data collection and reporting activities, which enables the state to participate in federal education funding programs. The audit section monitors grantees (sub-recipients) for compliance with federal and state laws regarding the use of public funds distributed by the department and requires corrective action when instances of noncompliance are identified. AS 28.05.104 provides for twice annual safety and mechanical inspections of all public school buses. AS 14.07.020 provides for pre-service training of public school bus drivers. AS 14.09.025 provides for development of an alcohol and drug testing program for public school transportation providers.

Component Goals and Strategies for FY2000

- * To provide management support for the formula programs under K-12 Support and Donated Commodities.
- * To provide technical assistance to school districts related to state statutes and regulations.
- * To provide for mechanical and safety inspections of approximately 1,000 school buses twice annually.
- * To provide for the safe transportation of students through school bus driver training and drug and alcohol testing for school bus drivers.
- * To provide timely and accurate payments to school districts.
- * To improve the quality and consistency of reported data.

Key Component Issues for FY1999 – 2000

In 1998, legislation passed that significantly changed public education in Alaska. The new law requires that schools be held accountable for student performance through a comprehensive student assessment system. The law also changed the way the funding is allocated to public schools and provided additional resources to support school districts in implementing standards based curriculum and assessments.

The new school funding law changed the funding formula from an instructional unit basis to an adjusted student basis. The first year of funding, FY99, was a transitional year to the new formula. In FY2000, the requested funding level is based on the full funding estimate under the new formula. Additional resources are also included to implement the provisions if the law relating to fiscal accountability, monitoring and updating cost factors, and providing specific reports to the legislature.

Major Component Accomplishments for FY1998

- * Updated regulations governing school district chart of accounts to improve the quality and consistency of reported data.
- * Updated regulations governing reimbursement of pupil transportation costs.
- * Began implementation of new school funding law.

Statutory and Regulatory Authority

AS 14.07.020-030
AS 14.50
4 AAC 40
AS 14.07.060
4 AAC 09
4 AAC 51
AS 14.09 4 AAC 27
4 AAC 52.700
AS 14.11 4 AAC 31
AS 14.17 4 AAC 33

Component: Educational Facilities Support

Component Mission

To provide services that promote safe facilities which support a quality education program.

Component Services Provided

This component provides oversight for the statewide school construction program. The unit develops the annual public school CIP budget for the Governor and the Legislature, calculates the state share of debt retirement, administers the school construction grant program, and provides assistance to school districts and other agencies upon request.

The primary responsibility of the component is to provide service and technical assistance to local school districts, the Governor, the Legislature and the public regarding school construction issues and projects statewide. This includes: 1) evaluation of annual capital improvement grant applications submitted by the school districts according to the criteria established by Chapter 83, SLA 93, 2) on site review of selected facilities, 3) development of the department's annual CIP budget request for the State Board of Education, the Governor and the Legislature, 4) technical assistance in preparation of six year plans, 5) development of criteria and methods of construction, project analysis, evaluation, and approval/disapproval, 6) review of educational specifications and documentation of code compliance, 7) calculation of the state's share of debt retirement, payments for reimbursement of bond indebtedness and local revenue projects approved by the department, 8) calculation and payment of CIP grants, 9) research and development of proposals for more effective ways of financing school construction, 10) review of district match documentation for cash or local in-kind contributions, calculation of payment upon approval of documentation, and 11) prioritization of debt retirement projects.

Component Goals and Strategies for FY2000

- 1) Payment of all reimbursement requests within 30 days of receipt.
- 2) To provide additional enhancements to the method of project evaluation and publish evaluation criteria to school districts, prior to April 1.
- 3) To provide the Governor's Office a copy of the CIP list by November 1 as per statute.
- 4) To provide school districts with a copy of the CIP list by November 5 as per statute.
- 4) To provide the Legislature a copy of the CIP list during the first ten days of the session as per statute.
- 5) To provide statewide debt service projections during the first ten days of the session.
- 6) To secure an adequate level of funding to meet school districts school construction and major maintenance needs.

Key Component Issues for FY1999 – 2000

Continuing issues include:

- * improving the annual ranking process for capital project and bond reimbursement requests.
- * developing school construction standards.
- * securing a long-term stable source of funding for school construction and major maintenance projects.

Major Component Accomplishments for FY1998

- * Completed annual CIP prioritized list in accordance with statute.
- * Provided training to school districts on CIP application and evaluation process.
- * Provided timely payments to school districts.

Statutory and Regulatory Authority

AS 14.03.140 - .150
AS 14.07.020(11)
AS 14.07.030(4)
AS 14.07.030(6)
AS 14.08.111
AS 14.08.151
AS 14.11
AS 14.11.011
AS 14.14.065
AS 14.14.090
AS 37.15.11
AS 37.16
AS 43.50.140
4 AAC 31

Component: Donated Commodities

Component Mission

To provide USDA commodities to school districts, child care centers, nutrition programs for the elderly, soup kitchens, summer food service programs as well as charitable and correctional institutions.

Component Services Provided

Conduct on-site reviews of recipient agencies participating in the commodity program as required by federal regulations. Attend technical assistance workshops and conferences pertaining to the commodity program. Provide workshops to recipients. Provide transportation company with directions for distribution of commodities statewide. Provide school districts with an opportunity to purchase commodity processed foods to help reduce their meal costs.

Component Goals and Strategies for FY2000

- * Increase commodity processing on behalf of school districts in order to reduce food service expenditures.
- * Order and distribute USDA food products economically and efficiently.
- * Provide technical assistance workshops for program participants.
- * Hold state food distribution advisory council meetings

Key Component Issues for FY1999 – 2000

Continuing to provide USDA commodities to schools and other agencies in an efficient, cost-effective manner and improving the quality of commodities available for distribution.

Major Component Accomplishments for FY1998

- * Distributed \$1,354,801 in USDA commodities to 45 school districts statewide.
- * Provided commodities training and technical assistance to 20 school districts.
- * Approximately 50% of Alaska School Districts took advantage of Commodity Processing during FY98, which enabled districts to save money for their food programs by obtaining products that normally are purchased through distributors.

Statutory and Regulatory Authority

7CFR250

Current

Topics . . .



STATE AND MUNICIPAL PRIVATIZATION (Update)

No. 58
11/96

Copies of the following titles may be requested from the State Library by placing a check mark next to the title(s) needed and returning the list to the Library, **MS 0571**. In compiling this list, our research staff has collected other materials and bibliographies which you may also find useful. Every effort has been made to select current, pertinent articles on the subject. If you wish to locate additional materials or need research assistance, please contact LuAnn Fisher at 465-2944 or FAX 465-2665.

1. ___ Fryklund, Inge. **Privatization American Style.** *Business Forum*, v. 19, no. 1-2, p. 4, Winter/Spring 1994.

"Many of the failures of American privatization result from public managers proceeding under the misapprehension that they are denationalizing a service when they are really outsourcing it."

2. ___ Wessel, Robert H. **Privatization in the United States.** *Business Economics*, v. 30, no. 4, p. 45, October 1995.

"Privatization offers attractive business opportunities, but it should be justified on the grounds of efficiency and productivity rather than become a fad to solve business and governmental problems."

3. ___ Silverstein, Kenneth. **Federal Regs Fight Privatization Trend.** *American City & Country*, v. 111, no. 6, p. 12, May 1996.

Federal regulations often block efforts to privatize state and local services. These regulations can limit the cost effectiveness of privatizing local services or apply more regulations to privately owned companies that provide those services.

4. ___ Greene, Jeffrey D. **Cities and Privatization: Examining the Effect of Fiscal Stress, Location, and Wealth in Medium-Sized Cities.** *Policy Studies Journal*, v. 24, no. 1, p. 135, Spring 1996.

Examines the reasons why some medium-sized cities choose to use privatization in their "management portfolios" and why some do not.

5. ___ Hass, Nancy. **Psst, Wanna Buy a Bridge?** *Financial World*, v. 162, no. 16, p. 30, August 3, 1993.

"The new willingness to sell off government assets has been hastened by the cities' and states' forays into the privatization of services. While governments are only now exploring asset sales, they have embraced the outsourcing of a wide range of municipal functions for nearly a decade."

6. __ Barak-Erez, Daphne. **A State Action Doctrine For an Age of Privatization.** *Syracuse Law Review*, v. 45, no. 4, p. 1169, 1995.

"This article is aimed to shed light on another dimension of the subject, the constitutional angle, concentrating on the possible influence of privatization on the constitutional standards applied in the operation of important social services."

7. __ Lighthizer, O. James. **The Pros & Cons of Privatization.** *State Government News*, v. 37, no. 2, p. 27, February 1994.

Uses the example of the Maryland State Department of Transportation to show that "privatization makes sense when the private sector can do a job substantially better and cheaper than state government, but does not make sense when there would be risk to the vitality of an economic asset."

8. __ Hellbusch, Ron and Andy Mead. **Same Service, New System.** *Public Works*, v. 126, no. 10, p. 72, September 1995.

The emphasis is on "Alternative Service Delivery", not only privatization, in this explanation of how the Dept. of Public Works in the City of Westminster, Colorado addressed the effective use of public funds to provide efficient service.

9. __ Kodrzycki, Yolanda K. **Privatization of Local Public Services: Lessons for New England.** *New England Economic Review*, p. 31, May/June 1994.

"The limited scope of privatization by New England local governments in particular defies explanation, suggesting that communities in the region may wish to reexamine their choices of how to provide services, if they have not done so recently."

10. __ Hirsch, Werner Z. **Factors Important in Local Governments' Privatization Decisions.** *Urban Affairs Review*, v. 31, no. 2, p. 226, November 1995.

"In this article, the author builds a model of local governments' decisions to contract out residential solid waste disposal services and empirically tests this model by using a new dependent variable—proportion of expenditures on a service that goes to expenses other than payroll."

11. __ Grønbjerg, Kirsten A., et al. **Child Welfare Contracting: Market Forces and Leverage.** *Social Service Review*, v. 69, no. 4, p. 583, December 1995.

Examines "patterns of privatization in the Illinois child welfare system using data from state payment records and a survey of organizational providers."

12. __ Sherman, Rexford B. **Privatization of Seaports?** *Transportation Quarterly*, v. 49, no. 3, p. 93, Summer 1995.

A discussion of the differences between privatization of seaports that has taken place in countries worldwide, and the possible effects of seaport privatization in the United States.

13. __ Semmens, John. **Privatizing Vehicle Registrations, Driver's Licenses and Auto Insurance.** *Transportation Quarterly*, v. 49, no. 4, p. 125, Fall 1995.

Proposes a model by which the state of Arizona could privatize all of the functions of the Motor Vehicles Department.

14. __ Mehdi, Haririan and Thomas A. Bonomo. **Privatization and the Emergence of For-Profit Prisons.** *Central State Business Review*, v. 15, no. 1, p. 11, Winter 1996.

Regional socio-economic factors, specifically unionization rates and wages of correctional employees, play a significant role in the location and success of for-profit prisons.

15. __ Russo, Charles J. and J. John Harris. **Buyer Beware: State Controls over Privatization.** *School Business Affairs*, v. 62, no. 5, p. 17, May 1996.

"Begins by briefly examining background issues on privatization along with reviewing arguments regarding its adoption. The second section notes the virtual lack of governmental controls and regulation of privatization. The final portion raises lingering legal questions that remain in the apparently head-long rush to privatization."

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AGENCY:

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rynnieva_moss@legis, 10:43 AM 9/30/99, CIP information

To: rynniva_moss@legis.state.ak.us
From: Karen Rehfeld <Karen_Rehfeld@eed.state.ak.us>
Subject: CIP information
Cc:
Bcc:
Attached:

Hi Rynniva: I am putting some material in the mail to you today (too much to fax) regarding the CIP space guidelines that were requested during the meeting on Monday. Also, the committee may want to take a look at the information on our web site, www.eed.state.ak.us Lots of information including the CIP application and instructions and several publications that are referenced in the application and in state regulations. I hope this is helpfull KJR

Rynniva:

Attached:

1. FY2001 CIP Application
2. FY2001 Instructions
3. 4 AAC 31.020 Guides for Planning Educational Facilities

Karen

Alaska Department of Education

FY2001

Instructions for completing the
Application for Funding for a
Capital Improvement Project

Use these instructions with Alaska Department of Education AKDOE Form #05-95-017 -
Application for Funding by Capital Improvement Project Grant or State Aid for Debt Retirement.
Numbered paragraphs below correspond to numbered questions on the application.

Unless otherwise indicated, each question on the application form must be answered in order for the application to be considered complete. Only complete applications will be accepted. Incomplete applications will be returned, un-ranked. The project name on the first page of the application should be consistent with project titles approved by the district school board and submitted with the six-year Capital Improvement Plan (CIP). Please submit one original and three complete copies of each application and two copies of each attachment.

TYPE OF PROJECT AND FUNDING REQUEST

1. Check one box to indicate which type of state aid is being requested.
- 2a. Check one box to indicate the primary purpose of the project. Each application should be for a single project for a particular facility, and should be independently justified. The district may include work in other categories in a proposed project. These projects will be reviewed and evaluated as mixed-scope projects. Refer to Appendix B of these instructions for descriptions of categories and the limitations associated with category C and category D projects. Application of scoring criteria will be on a weighted basis for mixed scope projects.
- b. Check the applicable phase(s) covered by this funding request. Refer to Appendix A for descriptions of phases.

BASIC ELIGIBILITY REQUIREMENTS

3. Attach a six-year Capital Improvement Plan (CIP) for the district.
4. AS 14.11.011(b)(1) and 4 AAC 31.011(b)(1) require each school district to send the Department of Education a description of its fixed asset inventory annually as part of its audited financial statement. The district should respond with two items:
 - a) A description of a functional fixed asset inventory system. (i.e. one that can be audited and is in compliance with state statutes and regulation), and;
 - b) A copy of the audit page(s) from the district's audited financial statement that refers to the fixed asset inventory system. The department will review these pages to verify the existence of a functional fixed asset system and the current condition of that system.

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5. The department may not award a school construction grant to a district that does not have replacement cost property insurance. AS 14.03.150, AS 14.11.011(b)(2) and 4 AAC 31.200 set forth property insurance requirements. Note that revisions to 4 AAC 31.200 regarding flood insurance, took effect July 1, 1997.
6. AS 14.11.011(b)(1) and 4 AAC 31.011(b)(2) require each school district to include with this application a description of its preventive maintenance program, as defined by AS 14.11.011(b)(4), and AS 14.14.090(10). *Preventive maintenance* means scheduled maintenance actions that prevent the premature failure or extend the useful life of a facility or a facility's systems and components. A *functioning and effective* preventive maintenance program is cost-effective on a life cycle basis.

Refer to Appendix D for detail, and attach a statement that describes the preventive maintenance program and provides evidence that the program addresses the full spectrum of building systems (i.e.: more than routine or custodial maintenance). Include examples of how the program is effective and achieving results.

7. AS 14.11.011(b)(3) requires a district to provide evidence that the funding request is for a capital project and not part of a preventive maintenance or regular custodial care program. Refer to Appendix D for an explanation of maintenance activities and please include complete information in your statement. The plan should address all of the elements specified in the revision to AS 14.11.011 (b)(4).

DISTRICT INFORMATION

8. To calculate the *five-year average replacement value* of all school facilities district-wide, add together the auditable insurance valuation of all facilities for each of the past five years and divide the sum by five. Value of school contents and replacement costs related to teacher housing should be excluded from this figure.
9. To calculate the *average annual district-wide maintenance expenditure for the last five years*, total all expenses for district maintenance and operations over the last five years; subtract expenditures for communications, insurance, utilities, energy, and teacher housing (if applicable) during the last 5 years; and divide the remaining sum by 5.

EXISTING FACILITIES

10. The response to this question should be consistent with the space utilization table in question 28. Projects that will result in demolition or surplus of existing state-owned or state-leased facilities should include a detailed plan for transition from existing facilities to replacement facilities. If a facility is to be surplus or demolished and was previously owned by the state, the project must provide for the abatement of all hazardous materials as part of the project. The transition plan should describe how surplus state-owned or state-leased facilities will be secured and maintained during transition. Facilities owned by REAA's that were previously owned by the State must

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include abatement of all hazardous material as part of a plan to abandon or surplus a facility. This shall also apply to facilities currently owned by the state.

11. This question requests information on the year the facility was constructed and size of each element of the facility. *Year built* refers to the year the original facility and any additions were completed or were first occupied for educational purposes. If a date of construction is not available, use an estimate indicated by an (*). *Gross square footage (GSF)* of each addition should be the amount of space added to the original facility. *Total size* should equal the total square footage of the existing facility.

RELATED FUNDING

12. Prior state funding refers to funds appropriated to the Department and administered under AS 14.11 only. If a grant has not been issued, but funds have been appropriated to the department for a project, please list the SIA, Chapter, Page and Line of the appropriation's reference. Any amounts noted here should also be included in Table 1 of the Cost Estimate, Question #20. No other fund sources apply.
13. Waivers of participating share should be in accordance with AS 14.11.008(d). Justification should be documented. See Appendix E in the attachments to these instructions for detailed information.

PROJECT INFORMATION

14. The district ranking of each project application must be a unique number approved by the district school board and must place each discrete project in priority sequence. The project having the highest priority should receive a ranking of one, and each additional project application of lower priority should be assigned a unique number in priority order. The department will accept only one project with a district ranking of priority one. The ranking of each application should be consistent with the board-approved six-year Capital Improvement Plan (CIP). Please refer to AS 14.11.013(b)(2). Both major maintenance projects and school construction projects should be combined into a single six-year plan.
15. If this project (1) will result in renovated or additional educational space, and (2) will serve students of the same grade levels currently housed or projected to be housed in other schools, the project description should indicate:
 - the funding communities that will be impacted (i.e. will contribute students) by this project,
 - the current and projected student populations in each facility (school) affected by the project, and
 - the square footage for each affected facility (school) in the funding community.

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Note: for schools housing a combination of elementary and secondary grades, the space allocated to elementary (K-6) and secondary (7-12) may be necessary.

16. Refer to AS 14.11.013(b)(1). If this project is an emergency, the project description shall describe:

- the nature of the emergency,
- the facility condition related to the emergency,
- the threat to students and staff,
- the consequence of continued utilization of the facility,
- the individuals or groups affected by the condition,
- what action the district has taken to mitigate the emergency conditions, and
- the extent to which any portion of the project is eligible for insurance reimbursement or emergency funding from any state or federal agency.

Evaluation of the emergency will consider all of the information submitted and the responses to each of the emergency elements noted in these instructions.

17. *Acquisition of additional land* refers to expansion of an existing school site using property immediately adjacent to, or in close proximity to, the existing school site. Land acquisition may result from long term lease, purchase, or donation of land. *Utilization of a new school site* refers to use of a site previously acquired by the district, or a new site acquired as a result of this application and not previously utilized as a public school. If the project site is not yet known, the site description should be the district's best estimate of specific site requirements for the project, and it should be included in the project description. The department's 1997 publication, *Site Selection Criteria and Evaluation Handbook*, may be useful in responding to this question. A site selection study is required for those projects involving new sites in order to qualify for planning points (reference Appendix A).
18. A *facility condition survey* is a technical survey of facilities and buildings, using the department's Guide for School Facility Condition Survey or a similar format, for the purpose of determining compliance with established building codes and standards for safety, maintenance, repair, and operation. Portions of the condition survey, such as that information pertaining to building codes and analysis of structural and engineered systems, should be completed by someone with training equivalent to that of an architect or an engineer. Other portions that document conditions of building elements may be completed by someone reasonably familiar with the building and its various components. A facility condition survey is optional for FY2001, however, a facility condition survey document is useful to the department in evaluating the overall merits of the project request. Currency of the survey should be addressed. It is doubtful that a survey four or more years old adequately describes current facility conditions.

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PROJECT DESCRIPTION/SCOPE OF WORK

19. The project description/scope of work should include (1) a detailed description of the project, (2) documentation of the conditions justifying the project, (3) a description of the scope of the project and what the project will accomplish and (4) information or detail related to the project's cost. The scope should also contain sufficient quantifiable analysis to show the project is in the best interest of both the district and the state. The project description/scope of work is a good place to include responses to questions 7, 10, 15, 16, and 17, where applicable.

Question #7: Statute requires the district to provide sufficient evidence that the project is not preventive maintenance, routine maintenance, or custodial care. Refer to Appendix D of these instructions for information regarding the definitions of maintenance terms related to this question.

Question #10: When a new, renovation, new-in-lieu-of-renewal, or Category B project is proposed, the project description shall include a detailed cost/benefit analysis and a life cycle cost analysis. These documents shall provide data documenting conditions that justify the project [AS 14.11.011(b)(1)]. If these documents are attached, they can be referenced rather than reproduced in the project description. The detailed plan for demolishing or surplusizing state-owned or leased properties, should incorporate a draft of the department's Form 05-96-007, Excess Building listing building data and general information; signatures and board resolutions would not be necessary for the CIP process.

Question #16: If the project is an emergency, the description shall address all the items specified in the instructions for question 16.

Question #17: Site description should include location, size, availability, cost and other pertinent information as appropriate. If a site selection and evaluation report is attached, the information can be referenced with a brief summary rather than being reproduced in this section.

Questions #18: If a facility condition survey is attached, it can be referenced rather than reproduced in the descriptions of project need, justification, and scope.

Cost Estimate Support: The project description shall include sufficient information to support meaningful evaluation of the project cost and the reasonableness of the cost estimate. Though basic cost information is to be incorporated into Tables 1 and 2 of question 20, many cost elements reported in standard estimates will require further explanation or support. This is especially true for lump-sum elements used in the department's cost model in sitework and utilities. The project description and cost estimate should be increasingly detailed as project phases advance.

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The description of project scope should include information that will allow the department to evaluate the criteria specified in AS 14.11.013. Please refer to Appendix C for guidelines covering project cost estimate percentages for factored cost items.

Operational Cost vs. Project Cost: Information (and evaluation points) related to operational costs is not limited to Category E projects. The project cost and its impact on operational costs is an important consideration for any project. The project description should include a discussion of ways in which the completion of the project would reduce current operational costs. Considerations could cover energy costs, costs related to wear-and-tear and maintenance of existing facilities and costs incurred by current functional inadequacies at the facility and funding community level. For new facilities, consideration should be given to design choices that will provide periodic and long-term savings in the operation and maintenance of the facility.

Although the addition of square footage is certain to increase overall operational costs, project descriptions for this category of project should include information on methods and strategies used to minimize operational costs over the life of the building. This can include cost benefit analyses that were accomplished on building systems and materials, etc.

COST ESTIMATES

20. For all applications, including those for planning and/or design, cost estimates should be based on the district's most recent information and should address the project being requested. Refer to Appendix C for descriptions of elements of the total project cost. The cost estimate should be of sufficient detail that its reasonableness can be evaluated. If a project is projected to cost significantly more than would be predicted by the Department's Program Demand Cost Model (8th Edition), provide attachments justifying the higher cost. If there are special requirements, a detailed explanation and justification should be provided in the project description/scope of work.

In Table 1, all prior AS 14.11 funding for this project should be listed by category and totaled in Column I. If a grant has not been issued, but an appropriation has been made, use the appropriated amount plus participating share in lieu of the issued grant or bond amount. Column II should list the amount of funding being requested in this application, by category and in total. Column III should show a percentage breakdown for the total project's allocated costs. Column IV should list the total project cost estimate from inception to completion, all phases. Calculate each cost category percentage based on construction cost equal to 100%, excluding the cost of land and site investigation. Other categories should be within the ranges listed. Construction Management (CM) must be broken down into two sub-categories: "consultant" and "in-house". CM costs associated with each should be reported. DOE overhead is in the Indirect/Administration category. The percent for art, required for all renovation and construction projects, is given a separate line. Project Contingency is now fixed at 5%, rather than applying the previous range of 3%-5%. The project total cost should still not exceed 130% of construction cost, excluding land and site investigation. If your

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project exceeds the recommended overall guideline, please add a detailed justification for each category that exceeds the specific sub-category guidelines.

Table 2, which summarizes construction costs, is structured to be consistent with the DOE cost model. Other estimating formats may not provide an exact correlation, however, the following categories must be reported to allow adequate comparisons between projects: basic building, site work and utilities, general requirements, contingency and escalation.

Include as an attachment any additional information regarding project cost that may aid in evaluating the reasonableness of the cost estimate (including life cycle cost analysis and cost benefit analysis).

FUNDING COMMUNITY AND AVERAGE DAILY MEMBERSHIP (ADM)

NOTE: DOE square footage entries in this section should reflect the measurements specified by 4 AAC 31.020, excluding exterior wall thickness and applying the 25% factor for outdoor covered spaces and mechanical penthouses. The department realizes that this is not the conventional definition of gross square footage.

21. Any additional square footage that is funded for construction or approved by local voters for construction, should be described, showing student capacity, additional DOE square feet, and grade levels to be served. Include these projects in any capacity/unhoused calculations provided in the year of anticipated occupancy.
22. DOE square footage and ADM should reflect all schools in the funding community that serve elementary or secondary students of equivalent grade level to the students who will be served by the proposed project. If the project includes any grades K-6, *equivalent grade level* means all schools within the funding community serving elementary students, regardless of the specific grades served by each of the elementary schools. Similarly, if the project includes any grades 7-12, *equivalent grade level* means all schools within the funding community serving secondary students. Do not include the enrollment or DOE square footage of students in grade levels (i.e. K-6 or 7-12 groupings) other than those served by this discrete project. (ADM) should be based on the most recent Foundation count date used for funding by each district. For most districts this will be the October Foundation count from the prior year. If a project is proposed to serve multiple funding communities, the population of schools affected in each individual community should be provided. Please attach pages if necessary.

Provide ADM projections by school. Projections by grade for each funding community are usable, however, they are slightly less favorable to the district for space computations. For mixed grade schools, provide ADM by grade as well as by school.

23. The total number of unhoused students currently within the funding community should be based on the (ADM) and DOE square footage (DOE SF) responses to question 22 and the Department of Education Space Guidelines. *Unhoused students* are students

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who exceed the capacity of the facility. *Capacity* equals the DOE square footage divided by the allowable square footage per student, based on the Department of Education Space Guidelines. In your attachment, provide the DOE square footage, population, and capacity calculation for each school in the funding community serving grades affected by the proposed project.

24. The date provided here should be the anticipated date the facility will be occupied. This will be the starting point for looking at five-year post-occupancy population projections. If a project schedule is available it should be provided to substantiate the projected date.
25. The ADM projection provided should cover each of the requested years that cover the period from project start to 5 years after it is first occupied, by grade, for the grade levels to be served by this project request.
26. The response to this question should reflect the grade levels that will be served by the facility at the completion of the project. If project completion will result in changes in the grade levels offered in existing facilities, those changes in grade levels served must be approved by the Commissioner of Education, as described in 4 AAC 09.005(d). Requests for changes in grade levels offered must be submitted under separate cover to the Commissioner, and a copy should be attached to this application.
27. If the demographic model utilized by the district produces a significant difference from that represented by averaging the annual percent change in reported ADM over the past five-years, please justify the variance in the attached calculations. If a simple, straight-line projection is being utilized, years that show large increases or declines should be explained, or should not be used in calculating the projected population.

PROJECT SPACE EQUATION

28. This table summarizes space utilization in the proposed project expressed in gross square feet. Space figures represented should tabulate to match the gross building square footages reported in question 11 as well as those shown in Table 2 of the cost estimate section. The worksheet at Appendix F lists types of school space that fit in each category. This table does NOT use DOE square feet.

ALTERNATIVE FACILITIES AND OPTIONS

29. Statutes require an evaluation of other facilities in the area that may serve as an alternative to accomplishing the project as submitted. Information regarding the availability of such facilities and the effort (i.e. cost, time, etc.) required to make the facility usable for the school needs represented by the project should be provided. The area is not restricted to the attendance area or funding community served by the project.
30. In an effort to support the project, as submitted, as the best possible solution to school facility needs, districts should consider a full range of options during planning and project development. Options should respond to the specific scope of the project. (i.e. if

Alaska Department of Education

a project proposes a new school, what options were considered in lieu of building the new space; renovation, alternate facilities?) If the project proposes a roof replacement, what options were considered; patching, new roofing, types of roofing, insulation, new roof pitch?) as well as project delivery (i.e. could the project be phased, etc.). If the proposed project would add new or additional space, districts must consider attendance area boundary changes and any space available in adjacent funding communities that are connected by road and to which students may be transported within the 120-minute daily limitation, per 4 AAC 27.045(b). At least one of the options considered and rejected must be an evaluation of potential boundary changes. Scoring in this area will be related to factors such as: the range of options, the rigor of comparison, the viability of options considered, and the quality of data supporting the analysis of the option. Options also need to consider the results of cost benefit analysis, life cycle cost analysis, and value analysis.

ATTACHMENTS

31. The attachments checklist is provided for your convenience. Please check to see that your application is complete.

CERTIFICATION

32. Please be sure the application is signed by the appropriate official. Unsigned applications cannot be accepted for ranking. If the application is to be signed by a chief school administrator, provide school board minutes authorizing the administrator to execute contracts and to oversee capital project submittals.

Application packages should be submitted to:

Alaska Department of Education
Education Support Services, Facilities
801 W. 10th Street, Suite 200
Juneau, AK 99801

For further information contact:

Michael Morgan, School Facilities Manager
(907) 465-1858

Alaska Department of Education
APPENDIX A: CAPITAL IMPROVEMENT PROJECT PHASES
Adopted by the Bond Reimbursement & Grant Review Committee
April 18, 1997

The application form requires designation of the phase(s) for which the district requests funding. Below is a basic scope of effort for each phase. Items marked **Required** are mandatory (where project type dictates) in order for projects to receive planning, schematic design and/or design development points. Required documents must be or must have been submitted and received by the department by September 1st.

PHASE I-PLANNING

1. Select consultants (if needed)(4 AAC 31.065) - **(Required)**
2. Prepare a school facility appraisal (as required)
3. Prepare a facility condition survey (as required)
4. Identify need category of project - **(Required)**
5. Verify student populations and trends - **(Required)**
6. Complete education specifications (design the educational program - 4AAC 31.010) - **(Required)**
7. Identify site requirements and potential sites - **(Required)**
8. Complete concept design studies and planning cost estimate - **(Required)**

PHASE IIA - SCHEMATIC DESIGN

1. Perform site evaluation to determine suitability (4AAC 31.025) **(Required)**
2. Prepare plan for transition from old site to new site, if applicable - **(Required)**
3. Accomplish site survey and perform preliminary site investigation (topography, geotechnical)
4. Obtain option on site - **(Required)**
5. Complete schematic design documents including dimensioned site plans, floor plans, elevations and engineering narratives for all necessary disciplines - **(Required)**
6. Complete preliminary cost estimate appropriate to the phase - **(Required)**.

PHASE IIB-DESIGN DEVELOPMENT

1. Complete suggested elements of planning/design not finished in the previous phases - **(Required)**
2. Review and confirm planning (4AAC 31.030)
3. Accomplish a condition survey relevant to scope - **(Required if project includes renovation)**
4. Obtain purchase or lease agreement for site - **(Required)**
5. Complete design development documents - **(Required)**
6. Prepare proposed schedule and method of construction
7. Prepare revised cost estimate appropriate to the phase - **(Required)**

PHASE III-CONSTRUCTION

1. Complete suggested elements of planning and design not previously completed - **(Required)**
2. Prepare final cost estimate
3. Complete final contract documents and legal review of construction documents (4AAC 31.040)
4. Advertising, bidding and contract award (4AAC 31.080)
5. Submit signed construction contract
6. Construct project
7. Procure furniture, fixtures and equipment, if applicable
8. Substantial completion
9. Final completion and move-in
10. Post occupancy survey
11. Obtain project audit/close out

Alaska Department of Education
APPENDIX B: CATEGORIES OF GRANTS
Adopted by the Bond Reimbursement & Grant Review Committee
April 23, 1997

AS 14.11.013(a)(1)-The department shall verify that each proposed project meets the criteria established under AS 14.11.014(b) and qualifies as a project required to accomplish one of the following. Projects can combine work in the different categories with the majority of work establishing the project's type. For the purpose of review and evaluation, projects which include significant work elements from categories other than the project's primary category will be evaluated as mixed scope projects.

- A. "Avert imminent danger or correct life threatening situations." This category is generally referred to as, "Health and Life Safety." A project classified under "A" must be documented as having unsafe conditions that threaten the physical welfare of the occupants. Examples might be that seismic design of structure is inadequate; that required fire alarm and/or suppressant systems are non-existent or inoperative; or that the structure and materials are deteriorated or damaged seriously to the extent that they pose a health/life-safety risk. The district must document what actions it has taken to temporarily mitigate a life-threatening situation.
- B. "House students who would otherwise be unhoused." This category is referred to as "Unhoused Students." A project to be classified under "B" must have inadequate space to carry out the educational program required for the present and projected student population or the existing facility must qualify for replacement-in-lieu-of-renewal. Projects will be considered for replacement-in-lieu-of-renewal when project costs exceed 70% of the current replacement cost of the existing facility, based on a twenty year life cycle cost analysis, which includes disposition costs of the existing facility. Documentation should be based on the current Department of Education Space Guidelines. (Refer to AAC 31.020)
- C. "Protection of the structure of existing school facilities." This category is intended to include projects that will protect the structure, enclosure, foundations and systems of a facility from deterioration and ensure continued use as an educational facility. Work on individual facility systems may be combined into one project. However, the work on each system must be able to be independently justified and exceed \$25,000. The category is for major projects, which are not a result of inadequate preventive, routine and/or custodial maintenance. An example could be a twenty year old roof that has been routinely patched and flood coated, but is presently cracking and leaking in numerous locations. A seven year old roof that has numerous leaks would normally only require preventive maintenance and would not qualify. In addition, no new space for unhoused students is permitted in this category, limiting its ability to be combined with other project types.
- D. "Correct building code deficiencies that require major repair or rehabilitation in order for the facility to continue to be used for the educational program." This category, Building Code Deficiencies, was previously referred to as "Code Upgrade." The key words are "major repair." A "D" project corrects major building, fire, mechanical, electrical, environmental, disability (ADA) and other conditions required by codes. Work on individual facility systems may be combined into one project. However, the work on each system must be able to be independently justified and exceed \$25,000. An example could be making all corridors one hour rated. Making one or two toilet stalls accessible would not fit this category. In addition, no new space for unhoused students is permitted in this category, limiting its ability to be combined with other project types.
- E. "Achieve an operating cost saving." This category is intended to improve the efficiency of a facility and therefore, save money. Examples that might qualify are increasing insulation, improving doors and windows, modifying boilers and heat exchange units for more energy efficiency. The district must document a cost benefit ratio less than 1, considering both capital and operating dollars.
- F. "Modify or rehabilitate facilities for purpose of improving the instructional unit."
Category "I", Improve Instructional Program, was previously referred to as "Functional Upgrade." This category is limited to changes or improvements within an existing facility such as, modifications for science programs, computer installation, conversion of space for special education classes, or increase of resource areas.
- G. "Meet an educational need not specified in (A)-(F) of this paragraph, identified by the department." Any situation not covered by (A)-(F), and mandated by the Department of Education. (Currently, there are no such mandates.)

Alaska Department of Education
APPENDIX C: PROJECT COST ESTIMATE
Adopted by the Bond Reimbursement & Grant Review Committee
February 20, 1998

Construction Management (CM) includes two categories: CM accomplished by a private contractor and CM accomplished by district/borough staff. Costs may be incurred for one or the other and in some cases both. Estimates for "in-house" construction management should include actual staff time allocated to the project, staff travel and per diem and direct costs of telephone, etc. It should include construction management costs done by staff and all on site representation. For private contractors it should include costs as anticipated to include oversight of any phase of the project and any deliverables such as educational specifications, legal and bonding assistance, facility appraisals and condition surveys. Construction management includes management of the project's scope, schedule, quality, and budget during any phase of the planning, design and construction of the facility. The maximum for construction management by consultant + 'in-house' = 5%.

Statutory Limit by Private Contractor: 2-4%

Recommended In-house: 2-5%

Land is a variable unrelated to construction cost and should include actual purchase price plus title insurance, fees and closing costs. Land costs are excluded from project percent calculations.

Site Investigation is also a variable unrelated to construction cost and should include land survey, preliminary soil testing, environmental and cultural survey costs, but not site preparation. Site investigation costs are excluded from project percent calculations.

Design Services should include full standard architectural and engineering services and extra services such as educational specifications, condition surveys, construction administration and post occupancy evaluation. Architectural and engineering fees can be budgeted based upon a percentage of construction cost. Recommended: 0-8% (Architectural and engineering fees may vary the percentage fee).

Construction includes all contract work as well as force account for facility construction, site preparation and utilities. This is the base cost upon which others are estimated and equals 100%.

Equipment/Technology includes all moveable furnishing, instructional devices or aids, electronic and mechanical equipment with associated software and peripherals (consultant services necessary to make equipment operational may also be included). It does not include installed equipment, nor consumable supplies, with the exception of the initial purchase of library books. Items purchased should meet the district definition of a fixed asset and be accounted for in an inventory control system. Equipment/Technology budgets have two benchmarks for standard funding: percentage of construction costs and per-student costs as discussed in DOE's *Guideline for School Equipment Purchases*. If special technology plans call for higher levels of funding, itemized costs should be presented in the project budget separate from standard equipment.

Recommended: 0-7% of construction cost or between \$1700 - \$3050 per student depending on school size and type.

Alaska Department of Education
APPENDIX C: PROJECT COST ESTIMATE
Adopted by the Bond Reimbursement & Grant Review Committee
February 20, 1998

Indirect/Administration includes an allocable share of district overhead costs, such as payroll, accounts payable, procurement services, and preparation of the six year capital improvement plan and specific project applications. It also includes the Department of Education overhead charges.
Recommended: 2-5%

Percent for Art includes the statutory allowance for art in public places. This may fund selection, design/fabrication and installation of works of art. One percent of the construction budget is required except for REAA projects which require only one-half of one percent. The department recommends budgeting for art.

Contingency is a safety factor to allow for unforeseen changes. Standard cost estimating by A/E or professional estimators use a built in contingency in the construction cost of $\pm 10\%$. Because that figure is included in the construction cost, this item is a project contingency for project changes and unanticipated costs in other budget areas
Recommended: 5% Fixed

Total Project Request is the total project cost, as a percent of the construction cost, except in extreme cases, should average out close to the same for all projects, and when the variables of land cost and site investigation are omitted. This item is the best overall gauge of the efficiency of the project.
Recommended: Not to exceed 130%

Note: These recommended, or guideline percentages differ from some of the averages and from some others previously suggested. They are based upon the above descriptions and are therefore more fixed and accountable.

Alaska Department of Education
APPENDIX D: DEFINITIONS OF MAINTENANCE
Adopted by the Bond Reimbursement & Grant Review Committee
April 18, 1997

Component

A part of a system in the school facility.

Component Repair or Replacement

The unscheduled repair or replacement of faulty components, materials, or products caused by factors beyond the control of maintenance personnel.

Custodial Care

The day to day and periodic cleaning, painting, and replacement of disposable supplies to maintain the facility in safe, clean and orderly condition.

Deferred Maintenance

Custodial care, routine maintenance, or preventive maintenance that is postponed for lack of funds, resources, or other reasons.

Major Maintenance

Facility renewal that requires major repair or rehabilitation to protect the structure and correct building code deficiencies, and shall exceed \$25,000 per project, per site. It must be demonstrated, using evidence acceptable to the department that (1) the district has adhered to its regular preventive, routine and/or custodial maintenance schedule for the identified project request, and (2) preventive maintenance is no longer cost effective.

Preventive Maintenance

The regularly scheduled activities that carry out the diagnostic and corrective actions necessary to prevent premature failure or maximize or extend the useful life of a facility and/or its components. It involves a planned and implemented program of inspection, servicing, testing and replacement of systems and components that is cost effective on a life-cycle basis. Programs shall contain the elements defined in AS 14.11.011(b)(4) to be eligible for funding.

Renewal or Replacement

A scheduled and anticipated systematic upgrading of a facility system or component to rehabilitate it to a renewed functioning standard.

System(s)

An assembly of components created to perform specific functions in a school facility, such as a roof system, mechanical system or electrical system.

Alaska Department of Education
APPENDIX E: WAIVER OF PARTICIPATING SHARE/IN-KIND CONTRIBUTIONS
Adopted by the Bond Reimbursement & Grant Review Committee
April 23, 1999

Current law - AS 14.11.008(d) - requires that a district provide a participating share for all school construction and major maintenance projects funded under AS 14.11. The department administers all funds for capital projects appropriated to it under the guidelines of AS 14.11 and 4 AAC 31. The following points should be considered by those districts requesting a waiver of the local participating share

1. A district has three years before and after the appropriation to fulfill the participating share requirement.

A review of the annual financial audits and school district budgets indicate that no district is in a financial condition which warrants a full waiver. Local dollars are available to fund all or a portion of the match during the six years. Districts continue to generate and budget for, local interest earnings, facility rental fees and other forms of discretionary revenue adequate to fund some or all of the required local match. If properly documented and not already funded by AS 14.11, prior expenditures for planning, design, and other eligible costs may be sufficient to meet the match requirement.

2. Both the administration and the Legislature have strong feelings that local communities should at least be partially engaged in the funding of projects.

In recognition of the inability of some communities to levy a tax or raise large amounts of cash from other sources, the legislation provides an opportunity for in-kind contributions, in-lieu of cash. All districts need to make a directed effort to provide the local match, utilize fund balances and other discretionary revenue, consider sources of in-kind contributions, document that effort and then request a full or partial waiver-as necessary.

3. All waiver requests require sufficient documentation.

Requests should be accompanied by strong, compelling evidence as to overall financial condition of the school district and in the case of a city/borough school district, the financial condition of the city/borough as well. The attachments should include, at a minimum, cash account reconciliations, balance sheets, cash investment maturity schedules, revenue projection, cash flow analysis and projected use of all fund balances and documentation in support of attempts to meet the local match. Historical expenditures do not provide sufficient evidence of future resource allocations. Consideration should be given to new and replacement equipment purchases, travel and other expenditures that support classroom activity, but may be delayed until the local match is funded. Each district has an opportunity to help itself and provide a safe, efficient school facility through shared responsibility.

4. Districts may request consideration of in-kind contributions of labor, materials or equipment.

Under regulation 4 AAC 31.023 (d) in-kind contributions are allowed. This also affords an opportunity for community participation through contributions to the art requirements for new buildings or other means. This option should be fully explored, as well as the documentation mentioned above, prior to requesting a waiver of all or part of the participating share.

**Alaska Department of Education
APPENDIX F: Type of Space Added or Improved
Adopted by the Bond Reimbursement & Grant Review Committee
April 18, 1997**

Category A - Instructional or Resource

Kindergarten
Elementary
General Use Classrooms
Secondary
Library/Media Center
Special Education
Bi-Cultural/Bilingual
Art
Science
Music/Drama
Journalism
Computer Lab/Technology Resource
Business Education
Home Economics
Gifted/Talented
Wood Shop
General Shop
Small Machine Repair Shop
Darkroom
Gym

Category B - Support Teaching

Counseling/Testing
Teacher Workroom
Teacher Offices
Educational Resource Storage
Time-out Room
Parent Resource Room

Category C - General Support

Student Commons/Lunch Room
Auditorium
Pool
Weight Room
Multipurpose Room
Boys Locker Room
Girls Locker Room
Administration
Nurse
Conference Rooms
Community Schools/PTA Administration
Kitchen/Food Service
Student Store

Category D - Supplementary

Corridors/Vestibules/Entryways
Stairs/Elevators
Mechanical/Electrical
Passageways/Chaseways
Supply Storage & Receiving Areas
Restrooms/Toilets
Custodial
Other Special Remote Location Factors
Other Building Support

Alaska Department of Education

FY2001

Application for Funding
Capital Improvement Project by Grant or State Aid for
Debt Retirement

For each funding request submit one original and three complete copies of this application
and two copies of each attachment.

School District _____ Community _____

School Name _____

Project Name _____

TYPE OF PROJECT AND FUNDING REQUEST

1. Type of funding requested (Choose only one funding source.)

☐ Grant Funding

☐ Aid for Debt Retirement (Bonding)

2a. Primary purpose of project (Choose only one category, per AS 14.11.013)

School Construction:

☐ Health and life-safety (Category A)

☐ Unhoused students (Category B)

☐ Achieve operating cost savings
(Category E)

☐ Improve instructional program
(Category F)

Major Maintenance:

☐ Protection of structure (Category C)

☐ Building code deficiencies (Category D)

b. Phases of project to be covered by this funding request (Indicate all applicable phases)

☐ Planning (Phase I)

☐ Design (Phase II)

☐ Construction (Phase III)

BASIC ELIGIBILITY REQUIREMENTS

3. Has a six-year Capital Improvement Plan (CIP) been approved by the district
school board?

☐ yes ☐ no

(Refer to AS 14.11.011(b), attach a copy of the 6-year Plan.)

4. Does the school district have a functional fixed asset inventory system?

☐ yes ☐ no

(Refer to AS 14.11.011(b)(1), attach a description of the fixed asset
inventory system and audit page(s) from the district's latest annual
audited financial statement.)

5. Is evidence of required insurance attached to this application or has
evidence been submitted as required to the department?

☐ yes ☐ no

(Refer to AS 14.11.011(b)(2) .)

6. Does the district have a functioning and effective preventive maintenance program?
(Refer to AS 14.11.011(b)(4), AS14.14.090(10) and AS14.11.011(b)(1), and attach a description of the preventive maintenance program that shows the program is both functioning and effective.)

☐ yes ☐ no

7. Is the project a capital improvement project and not part of a preventive maintenance program or custodial care?

☐ yes ☐ no

(Refer to AS 14.11.011(b)(3), and if the answer is yes, attach a statement of why this is a capital project.)

DISTRICT INFORMATION

8. What is the average replacement value of all school facilities district-wide for the last 5 years?

\$ _____

(Do not include values for teacher housing.)

9. What is the average, annual district-wide maintenance expenditure for the last 5 years?

\$ _____

(Do not include costs for teacher housing.)

EXISTING FACILITIES

10. Will the existing facility be:

☐ renovated ☐ added to ☐ demolished ☐ surplus ☐ other

(If the project will result in demolition or surplus of state-owned or state-leased facilities, attach a detailed plan for transition and protection of state-owned or state-leased properties. If the project will result in the demolition or surplus of facilities previously owned by the state provide for the abatement of all hazardous materials as part of the project.)

11. What is the size of the original existing facility and when was it constructed?

_____ yr. built _____ GSF

What is the size of each addition to the original facility and when was each addition constructed?

_____ yr. built _____ GSF

_____ yr. built _____ GSF

_____ yr. built _____ GSF

_____ yr. built _____ GSF

Total size _____ GSF

RELATED FUNDING

12. What AS 14.11 administered grants have already been appropriated or issued in support of this project?

DOE grant # _____ Phase _____ % completed _____

DOE grant # _____ Phase _____ % completed _____

(If a grant has not been issued but funds have been appropriated, list SLA, Chapter, Page and Line reference for the appropriation and use the amount)

☐ AS 14.11 grants have not been issued in support of this project.

13. Is the district applying for a waiver of participating share?

☐ yes

☐ no

(If the district is applying for a waiver, attach justification.)

PROJECT INFORMATION

14. What is the ranking of this project under the district's six-year Capital Improvement Plan?

Ranking: _____

15. Does this project impact multiple facilities?

☐ yes

☐ no

(If the answer is yes, describe in the project description and provide applicable data as identified in the instructions.)

16. Is this project an emergency?

☐ yes

☐ no

(Refer to AS 14.011.013(b)(1) and the Instructions. If the answer is yes, the project description should describe the nature of the emergency and actions the district has taken to mitigate the emergency conditions.)

17. Will this project require acquisition of additional land or utilization of a new school site?

☐ yes

☐ no

(If the answer is yes, attach site description or site requirements.)

18. Has a facility condition survey been completed?

☐ yes

☐ no

(If the answer is yes, attach 2 copies.)

19. Project Description/Scope of Work:

*(Refer to AS 14.11.011(b)(1) and to the instructions accompanying this form.
Appendices A and C accompanying the instructions may be particularly helpful.)*

COST ESTIMATES

20. Use the Department of Education's 8th edition Cost Model or an equivalent.

(Percentages are based on construction cost. See Appendix C. If your project exceeds the recommended percentages, add a detailed justification for each item exceeding the percentage. Completion of this form is mandatory for all applications.)

Table 1. TOTAL PROJECT COST ESTIMATE					
	Maximum percent w/out justification	I All prior AS 14.11 funding	II Current project Request	III Percentage of construction total	IV Project total (Incl. all prior AS 14.11 funding)
Construction Management ¹					
By Consultant	2-4%				
By District/Borough	2-5%				
Land ^{2,3}	-				
Site Investigation ^{2,3}	-				
Design Services	6-8%				
Construction ⁴	-			100%	
Equipment ^{2,4}	0-7%				
Technology ^{2,4}	-				
Indirect/Administration ⁴	2-5%				
Percent for Art ⁷	0.5 - 1%				
Project Contingency	5%				
Total Project Request					

1. Percentage is established by AS 14.11.020(c) for consultant contracts; show "in-house" management as a separate cost. Maximum combined 'in-house' + consultant = 5%.
2. Include only if necessary for completion of this project.
3. Exclude from percent calculation.
4. Attach detailed construction cost estimate and life cycle cost if new-in-lieu-of-renovation.
5. Includes Department of Education overhead and district/municipal/borough administrative costs.
6. See the department's publication, Guidelines for School Equipment Purchases for per student and percentage limitations without justification.
7. Required for all renovation and construction projects.

Table 2. CONSTRUCTION COST ESTIMATE (Enter cost and sq. ft. for each type of construction.)						
	NEW CONSTRUCTION			RENOVATION		
	cost	sq. ft.	DOE use	cost	Sq. ft.	DOE use
Base Building Construction ²						
Special requirements ¹		n/a			n/a	
Site work and utilities		n/a			n/a	
General requirements		n/a			n/a	
Geographic cost factor		n/a			n/a	
Size factor		n/a			n/a	
Construction contingency		n/a			n/a	
Escalation		n/a			n/a	
Total cost estimate						

¹ Explain in detail and justify special requirements

² If using the Cost Model, Base Construction = (1.0+2.0+3.0) otherwise, the Base Construction = the total construction cost less the costs that correspond with other cost categories in the table.

If you have classified this project as Major Maintenance (Category C or D) and you are not including any new space, please skip to question 30. If you are in doubt about the proper category of the proposed project, please fill in all the following questions.

FUNDING COMMUNITY AND AVERAGE DAILY MEMBERSHIP (ADM)

Please note: All applications requesting new (additional) space must provide the information requested in this section. For the purposes of this section, DOE SF is calculated in accordance with 4 AAC 31.020(e).

21. Within the funding community, is there any work (other than this project) that is in progress, or that has been funded or approved by local voters?

☐ yes

☐ no

(If the answer is yes, please provide information below about size, student capacity, and grades to be served.)

Project _____
DOE SF _____

Student capacity _____
Grades to be served _____

Project _____
DOE SF _____

Student capacity _____
Grades to be served _____

22. Describe the funding community covered by this project, showing GSF of schools and equivalent grade level ADM's as necessary (K-6, 7-12, and total):

K-6 DOE SF _____

ADM _____

7-12 DOE SF _____

ADM _____

Total DOE SF _____

ADM _____

23. Are there unhoused students in the funding community?

☐ yes

☐ no

(If the answer is yes, please describe unhoused students by grade level and total ADM, and attach calculations of unhoused students for each school in the funding community.)

K-6 DOE SF _____

Unhoused _____

7-12 DOE SF _____

Unhoused _____

or

K-12 DOE SF _____

Unhoused _____

Total DOE SF _____

Unhoused _____

In lieu of data in the format above for questions 22 and 23, we are providing detailed attachments.

☐ yes

☐ no

24. What is the anticipated date of occupancy for the proposed facility?

Provide a project schedule, if available.

25. Please provide the ADM projection, in the table below, for the funding community:

School Year	K-6 ADM	7-12 ADM	Total ADM
1999-2000			
2000-2001			
2001-2002			
2002-2003			
2003-2004			
2004-2005			
2005-2006			
2006-2007			
2007-2008			

26. Please indicate grade levels of students to be housed by or served in the facility proposed in this project: _____ (Please attach grade change request, if applicable.)

27. By what method(s) were ADM projections calculated? _____
(Please attach copies of calculations, and justification for variance, if applicable.)

PROJECT SPACE EQUATION

28. Completion of this table is mandatory for all projects that add space or change existing space utilization. It is required for all construction (Phase III) projects, Category B (unhoused students) projects, or renovation projects. Use gross square feet, not DOE square feet. Once all applicable square footage has been entered in columns A, I, II, III, and IV, project totals (column V) and equations can be calculated as follows:

$$\text{Column I} + \text{II} + \text{III} = \text{V} \quad \text{also} \quad \text{Columns I} + \text{II} + \text{IV} = \text{A}$$

Table 3. PROJECT SPACE EQUATION						
A		I	II	III	IV	V
All existing space	Space utilization	To remain "as-is"	To be renovated	New or additional space	To be abandoned/demolished (-)	Total space When project is complete
	Elementary Instructional/Resource					
	Secondary Instructional/Resource					
	Support teaching spaces					
	General Support					
	Base sq. ft. total					
	Supplementary space					
	Total sq. ft.					

ALTERNATIVE FACILITIES AND OPTIONS

29. List below any alternative regional, community, and school facilities in the area that are capable of housing students.

(Refer to AS 14.11.013(b)(4) and attach additional pages if necessary.)

30. Describe two or more viable options to this project that have been considered.

(Refer to AS 14.11.013(b)(6) and attach additional pages if necessary)

ATTACHMENTS

31. Please check to indicate all items that are attached to this application and note that two copies of each attachment should be included. Attachments designated as Required must be included for the application to be considered complete. Some items may not be applicable to specific projects.

- ☐ Six-year Capital Improvement Plan (CIP) (question 3); Required for eligibility
- ☐ Description of fixed asset inventory system (question 4); Required for eligibility
- ☐ Audit of fixed asset inventory system (question 4)
- ☐ Description of preventive maintenance program (question 6)
- ☐ Transition plan for state-owned or state-leased properties (question 10)
- ☐ Justification for waiver of participating share (question 12)
- ☐ Evidence that project is a capital project and not preventive maintenance (question 15); Required for eligibility
- ☐ Site description or site requirements (question 17)
- ☐ Facility condition survey (question 18)
- ☐ Project description/scope of work (question 19); Required for eligibility
- ☐ Cost/benefit analysis (questions 19, 20, 30)
- ☐ Life cycle cost analysis (questions 19, 20, 30)
- ☐ Value analysis provided (question 19, 20, 30)
- ☐ Budget variance justification (question 20)
- ☐ Cost estimate worksheets (question 20)
- ☐ Unhoused student calculations by school (question 23)
- ☐ Two-year and five-year enrollment projections, with calculations (question 25)
- ☐ Request for change in grade levels offered (question 26)
- ☐ Justification for variance in enrollment calculations (question 27)
- ☐ Description of alternative facilities (question 29)
- ☐ Description of other options (question 30)
- ☐ Appropriate compliance reports (i.e., Fire Marshal, AHERA, ADA, etc.)
- ☐ Superintendent's signature certifying the application (question 32); Required for eligibility. If signed by Chief School Administrator, provided school board minutes authorizing.
- ☐ (other) _____
- ☐ _____
- ☐ _____

CERTIFICATION

32. I hereby certify that this information is true and correct to the best of my knowledge, and that the application has been prepared under the direction of the district school board and is submitted in accordance with law.

Superintendent or Chief School Administrator

Date

4 AAC 31.020

GUIDES FOR PLANNING EDUCATIONAL FACILITIES.

- (a) The following are the basic guides for educational facility planning:
- (1) for a school capital project application submitted to the department
 - (A) before January 1, 1996, The Guide for Planning Educational Facilities, as published by the Council of Educational Facilities Planners, International, 1982 Edition (Revised); and
 - (B) on or after January 1, 1996, The Guide for Planning Educational Facilities, as published by the Council of Educational Facilities Planners, International, 1991 Edition (Revised);
 - (2) repealed 4/17/98;
 - (3) repealed 4/17/98;
 - (4) Guidelines for School Equipment Purchases, as published by the Alaska Department of Education, 1997 edition;
 - (5) deleted 8/31/90;
 - (6) repealed 4/17/98;
 - (7) Swimming Pool Guidelines, as published by the Alaska Department of Education, 1997 edition; and
 - (8) Site Selection Criteria and Evaluation Guideline, as published by the Alaska Department of Education, 1997 edition.
- (b) In the event of a conflict between publications incorporated by reference in (a) of this section, the publication prepared by the Department of Education controls.
- (c) Notwithstanding (a)(1) of this section, for the purpose of determining funding for a school capital project under AS 14.11, the square feet allowable must be determined under this subsection based on the grade levels offered in the school. The department's chart entitled "Allowable Square Feet Per Elementary Student", 1995 version, is adopted by reference and displays the square feet allowable per average daily membership (ADM) for an elementary school. The department's chart entitled "Allowable Square Feet Per Secondary Student", 1995 version, is adopted by reference and displays the square feet allowable per ADM for a secondary school. The base square feet allowable per ADM and supplemental square feet allowable per ADM are calculated, and additional square footage is approvable, as follows:
- (1) the base square feet allowable per ADM for an elementary school is based on the ADM for the school as follows:
 - (A) for an elementary school with an ADM of 10 - 250, inclusive, the base square feet allowable per ADM is equivalent to the remainder of $127.70 - (0.1700 \times \text{ADM})$;
 - (B) for an elementary school with an ADM of 251 or more, the base square feet allowable per ADM is 85.00;
 - (2) the supplemental square feet allowable per ADM for an elementary school is based on the ADM for the school as follows:
 - (A) for an elementary school with an ADM of 10 - 250, inclusive, the supplemental square feet allowable per ADM is equivalent to the remainder of $44.87 - (0.07725 \times \text{ADM})$;
 - (B) for an elementary school with an ADM of 251 - 500, inclusive, the supplemental square feet allowable per ADM is equivalent to the remainder of $29.78 - (0.01700 \times \text{ADM})$;
 - (C) for an elementary school with an ADM of 501 or more, the supplemental square feet allowable per ADM is 21.25;
 - (3) the base square feet allowable per ADM for a secondary school is based on the ADM for the school as follows:
 - (A) for a secondary school with an ADM of 10 - 250, inclusive, the base square feet allowable

per ADM is equivalent to the remainder of $265.10 - (0.5800 \times \text{ADM})$;

(B) for a secondary school with an ADM of 251 or more, the base square feet allowable per ADM is 120.00;

(4) the supplemental square feet allowable per ADM for a secondary school is based on the ADM for the school as follows:

(A) for a secondary school with an ADM of 10 - 250, inclusive, the supplemental square feet allowable per ADM is equivalent to the remainder of $93.04 - (0.2280 \times \text{ADM})$;

(B) for a secondary school with an ADM of 251 - 500, inclusive, the supplemental square feet allowable per ADM is equivalent to the remainder of $42.05 - (0.02410 \times \text{ADM})$;

(C) for a secondary school with an ADM of 501 or more, the supplemental square feet allowable per ADM is 30.00;

(5) the base square feet allowable per ADM for a combined elementary and secondary school is the sum of the following factors, as applicable:

(A) for a school with an ADM of nine or less in elementary grades kindergarten - 6, 126.00 square feet per ADM for elementary grades kindergarten - 6;

(B) for a school with an ADM of 10 or more in elementary grades kindergarten - 6, the amount of base square feet per ADM calculated under (1) of this subsection;

(C) for a school with an ADM of nine or less in secondary grades 7 - 12, 259.30 square feet per ADM for secondary grades 7 - 12;

(D) for a school with an ADM of 10 or more in secondary grades 7 - 12, the amount of base square feet per ADM calculated under (3) of this subsection;

(6) the supplemental square feet allowable per ADM for a combined elementary and secondary school is based on the combined elementary and secondary ADM for the school as follows:

(A) for a combined elementary and secondary school with a combined elementary and secondary ADM of 10 - 250, inclusive, the supplemental square feet allowable per ADM is equivalent to the product of $\text{BSF} \times (0.3521 - (0.0002083 \times \text{ADM}))$, where BSF is the base square feet allowable per ADM calculated under (5) of this subsection;

(B) for a combined elementary and secondary school with a combined elementary and secondary ADM of 251 - 500, inclusive, the supplemental square feet allowable per ADM is equivalent to the product of $\text{BSF} \times (0.3504 - (0.0002008 \times \text{ADM}))$, where BSF is the base square feet allowable per ADM calculated under (5) of this subsection;

(C) for a combined elementary and secondary school with a combined elementary and secondary ADM of 501 or more, the supplemental square feet allowable per ADM is equivalent to the product of $0.2500 \times \text{BSF}$, where BSF is the base square feet allowable per ADM calculated under (5) of this subsection;

(7) a district may request the commissioner to approve a variance for additional space for a school; the request must be in writing and may not exceed five percent of the base square feet allowable for the school; the commissioner shall approve the request, subject to (g) of this section, if the commissioner finds

(A) that a unique educational program not envisioned by the educational facility planning guides set out in (a) of this section is required to meet the needs of the population to be served by the school; and

(B) at least one of the following:

(i) that the district has demonstrated that additional space is required to adequately house the unique educational program and that the effect of accommodating the additional space without a waiver prohibits the remainder of the population served by the school from having sufficient space for standard educational programs; or

(ii) that the added space is necessary to meet the needs of the educational program and is in the best interests of the state;

(8) the commissioner, at the request of the district, will, in the commissioner's discretion, approve a variance for additional space of not more than 10 square feet per ADM if the district's school project proposes the rehabilitation of or addition to an existing facility; the commissioner will approve a request under this paragraph only if the district's request is supported by an explanation of the reasons for the request that demonstrates:

- (A) the specific cause of each impact;
- (B) the square feet affected by the cause of impact; and
- (C) the reason for this condition merits an exception;

(9) the base square feet allowable per ADM for a mixed grade school is based on the combined elementary and secondary ADM for the school as follows:

(A) for a mixed grade school with a combined elementary and secondary ADM of nine or less, 126.00 square feet per ADM for elementary grades kindergarten - 6, plus 259.30 square feet per ADM for secondary grades 7 - 12;

(B) for a mixed grade school with a combined elementary and secondary ADM of 10 or more, the amount of base square feet allowable is the sum of the following factors, as applicable:

(i) for ADM in elementary grades kindergarten - 6, the amount of base square feet per ADM is calculated under (1) of this subsection;

(ii) for ADM in secondary grades 7 - 12, the amount of base square feet per ADM is calculated under (3) of this subsection;

(10) the supplemental square feet allowable per ADM for a mixed grade school is based on the combined elementary and secondary ADM for the school as follows:

(A) for a mixed grade school with a combined elementary and secondary ADM of 10 - 250, the supplemental square feet allowable per ADM is equivalent to the product of $BSF \times (0.3521 - (0.0002083 \times \text{combined ADM}))$, where BSF is the total base square feet allowable per ADM calculated under (9) of this subsection;

(B) for a mixed grade school with a combined elementary and secondary ADM of 251 - 500, inclusive, the supplemental square feet allowable per ADM is equivalent to the product of $BSF \times (0.3504 - (0.0002008 \times \text{combined ADM}))$, where BSF is the total base square feet allowable per ADM calculated under (9) of this subsection;

(C) for a mixed grade school with a combined elementary and secondary ADM of 501 or more, the supplemental square feet allowable per combined ADM is equivalent to the product of $0.2500 \times BSF$, where BSF is the total square feet allowable per ADM calculated under (9) of this subsection.

(d) The department shall reduce a project budget in proportion to the amount that the project's design exceeds the square feet allowable as determined under (c) of this section. This subsection applies to a project that has not received a grant under AS 14.11, a project that has received money from the department for planning, and a project that has not secured the approval of the commissioner under 4 AAC 31.040. This subsection does not apply to a project that has secured the approval of the commissioner under 4 AAC 31.040.

(e) For the purposes of this section, the space of a building is the sum of the areas of the floors of a building in gross square feet. The floors of a building include a basement, a mezzanine, an intermediate floored tier, and a penthouse of headroom height. Space is measured from the interior face of an exterior wall or from the centerline of a wall that separates a building. In calculating the space of a building, the area of a covered walkway, porch, mechanical penthouse or similar space above an occupied floor, and an area that is open on all sides but roofed and paved are multiplied by

0.25. A pipe trench, exterior terrace or steps, chimney, or roof overhang is not included in calculating space.

(f) The provisions of

(1) subsections (c)(1) - (7), (d), and (e) as they read on and after October 10, 1995 and until April 17, 1998 do not apply to an application for a former school construction grant submitted under this chapter to the department before January 1, 1996;

(2) subsections (c) - (e) and (g) of this section as they read on and after April 17, 1998 do not apply to an application for a former school construction grant submitted under this chapter to the department before January 1, 1996.

(g) A request to approve a variance for additional space made and approved under (c)(7) of this section expires on the first day of October following the one-year anniversary of the commissioner's approval of it unless the district certifies to the department, no later than that date, the continued existence of the unique educational program described in (c)(7)(A) of this section for which the additional space was approved.

(h) Notwithstanding any provisions of (c) of this section, the commissioner will deny or disallow a determination of allowable space under (c)(1) - (6), (9), and (10) of this section and will deny a request to approve a variance for additional space under (c)(7) and (8) of this section if the commissioner finds that the space determination or approval of the request is the result of a choice in educational delivery by the school district that could be eliminated by a redistribution of school age populations between attendance centers in the funding community.

(i) Notwithstanding (a) - (h) of this section, the commissioner shall approve a variance from the limitations on allowable space in a school set out in this section for space that is jointly used by the school and another entity, if the request meets the requirements of this subsection and the department determines that the sharing entity is able to participate as specified in the agreement. The request must be made by a district, in writing, and meet the following:

(1) the space that is jointly used is subject to a formal binding agreement between the district and the entity sharing use; the agreement must cover allocation and method of sharing between the district and the entity of the following:

(A) the operating costs for the jointly used space for the life of the facility;

(B) future capital costs for the life of the facility;

(C) the initial capital costs for a new or remodeled facility only;

(2) the variance requested is limited to the amount of square footage that the entity sharing space accepts responsibility for in the agreement described in (1) of this subsection;

(3) a copy of the agreement described in (1) of this subsection is submitted with the request for variance.

(j) A variance approved under (i) of this section is no longer valid if the agreement upon which the variance was based is amended or terminated. If the agreement is amended or terminated, the district shall immediately notify the department and submit any new request for a variance in accordance with (i) of this section.

History -

Eff. 3/1/78, Register 65; am 6/9/83, Register 86; am 12/2/83, Register 88; am 8/31/90, Register 115; am 10/7/95, Register 136; am 4/17/98, Register 146; am 2/18/99, Register 149

Authority -

AS 14.07.020

AS 14.07.060

AS 14.11.011

AS 14.11.020
 AS 14.11.100
 AS 14.11.132

Editor's Notes -

The guides and charts mentioned in 4 AAC 31.020 may be obtained from the Department of Education, 801 W. Tenth St., Suite 200, Juneau, Alaska 99801-1894.

4 AAC 31.021

APPLICATIONS FOR GRANTS FOR CAPITAL IMPROVEMENT PROJECTS.

(a) A school district, as the term "district" is defined in AS 14.11.135, may apply for a capital improvement grant under AS 14.11.011 by September 1 of the fiscal year preceding the fiscal year for which the request is made. The application shall be made on forms prescribed by the commissioner and be accompanied by the school district's current six-year capital improvement plan prepared under 4 AAC 31.011, and the chief school administrator must certify that the application is submitted in accordance with law.

(b) Repealed 3/10/96.

(c) A grant application must include, as applicable, verification that

(1) the enrollment of the funding community will reach the design capacity of existing school facilities within two years;

(2) the situation cannot be relieved by adjusting the boundaries of service areas and transporting the children to nearby schools;

(3) the proposed facility, as demonstrated by commonly accepted demographic techniques, will reach and sustain design capacity within five years after the anticipated occupancy date;

(4) repealed 4/17/98;

(5) repealed 4/17/98;

(6) insurance or a program of self-insurance exists under 4 AAC 31.200 - 4 AAC 31.225 and will be revised, if necessary, to include the proposed facility.

(d) If a school district wants to request a waiver of local contribution for a grant allowable under AS 14.11.008, that district shall make a request in its grant application and include the basis for that request in that application.

(e) Using the criteria set out in 4 AAC 31.022 (b), the department will score each application and use the score to assign a priority ranking to the projects approved for eligibility. A school district may use the original application and its score for one year after application was filed if, for a school capital project identified in the district's six-year capital improvement plan,

(1) the school district specifies, in a letter accompanying the six-year plan, which, if any, of the project applications it wants the department to consider beyond the initial application period;

(2) the chief school administrator certifies in writing that the district's eligibility for any additional square footage associated with the project has not decreased; and

(3) for a facility or facilities that are a school capital project,

(A) the physical condition of the facility has not deteriorated so as to increase the project's cost to exceed the amount determined by application of the inflation factor under (f) of this section; and

(B) health and life safety conditions and code conditions have not changed so as to affect the project's score under 4 AAC 31.022 (b).

(f) If, under (e) of this section, a district requests use of its previous year's application during the second year after application was filed, the department will add an inflation factor based on an



and Delivery of Government Services

Co-Chairs:
Representative John Cowdery
Senator Jerry Ward

Senator Al Adams
Bill Allen
Representative Tom Brice
Tom Fink
William Prosser
Helvi Sandvik
Kathryn Thomas
Don Valesko
George Wuerch

FAX COVER SHEET

To:

Department of Education Subcommittee Membership

Number:

From:

Number:

Date:

Subject:

of pages including cover:

3

Notes:

From Fax # 269-0223

Hickel	Jlm	
Adams	Al	Alaska State Legislature - Senate
Babcock	Tuckerman	Matanuska Electrical Assn.
Cissna	Sharon	Alaska State Legislature - House
Cobaugh	Tom	Anchorage Christian Schools, Secondary Principal
Coghill	Bob	Fairbanks Schoolboard Member
Coghill	John	Alaska State Legislature - House
Evans	Don	Educational Resources, Inc.
Fisher	Paul	Kenai Assembly
Gaston	Sam	Teacher at Mt. Edgecumbe
Henderson	JoAnn	South East Regional Resource Ctr.
Johnson	Doug	Waldorf Education Assoc.
Kronberg	Rich	President, Anchorage Education Assn.
Moss	Rynniva	Rep. Coghill's Staff
Murphy	Tom	Koniag Education Department, Exec Director
Owen	Marvin	Pastor, First Baptist Church, Anchorage
Prosser	William	Cook Inlet Region, Inc.
Rehfeld	Karen	Dept of Education - Dept Contact
Walters	Jeff	School teacher for public school system
Williams	Bonnie	

Legislative Research Services

*Alaska State Legislature
Legislative Affairs Agency
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Juneau, AK 99801
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February 21, 1995

MEMORANDUM

TO: Representative Jeannette James

FROM: Linda Brooks
Legislative Analyst

RE: Measuring the Success of Privately Managed Public Schools
Research Request 95.138

A private company, Education Alternatives Incorporated (EAI), won a five-year contract to operate nine public schools in Baltimore. EAI began running the nine Baltimore schools in September of 1992 and expects to make a profit on its operation as well as to improve student achievement. Teachers' unions and other groups have subjected the EAI experiment to intense scrutiny. The mayor of Baltimore has linked the future of EAI in Baltimore's schools to test score results. Given the scrutiny and demand for immediate results, EAI realizes that the company's future and ability to expand into other school districts depends directly upon its success in Baltimore; therefore, EAI has been working to make its nine schools into showcases.

The question is whether the academic achievement of the children at the nine schools has improved over academic years 1992-93 and 1993-94. Unfortunately, there is no clear answer yet. The issue of test scores for the EAI schools has become embroiled in controversy. A panel of educators picked by EAI reviewed the standardized test scores for the EAI schools. In reviewing the scores, the panel threw out occurrences of the lowest possible score, a "1." They justified throwing out the "1" scores on grounds of validity, questioning the accuracy of a "1" score. After the "1" scores were thrown out, the remaining scores for children at the EAI schools showed more improvement than scores for children attending non-EAI public schools in Baltimore. According to the analysis by EAI's panel, the rise in math scores at six of the EAI schools exceeded the average districtwide gain. In reading, students' scores at five EAI schools exceeded the average districtwide gain.

However, opponents of the EAI experiment quickly pointed out that throwing out "1" scores was not a practice normally used by the Baltimore School District in evaluating test results. Members of the city council have questioned the scores and the ability of the school superintendent to

objectively evaluate EAI's work.¹ Baltimore Mayor Kurt Schmoke has said that EAI's assessment of its performance sharply contrasts with school system statistics that showed overall average test scores declined for eight EAI schools while rising districtwide during the experiment's first two years. The mayor further indicated that EAI's future in Baltimore will depend primarily on the results of an independent evaluation by the Center for Educational Research at the University of Maryland.²

Attached is an article, "Private Management of Public Schools, from the *Congressional Quarterly Researcher*, that provides an overview of how for-profit companies are becoming involved in education reform and EAI's contract with the Baltimore school system.

Attachment

¹Gary Gately "City Council to Check on EAI's Work," *Baltimore Sun*, December 8, 1994.

²Gary Gately and Joanna Daemmrigh. "Mayor Links Future of EAI to Test Scores," *Baltimore Sun*, October 21, 1994.

Department of Education S		
Hickel	Jim	258-1055
Adams	Al	X 465-4821
Babcock	Tuckerman	X 761-8368
Cissna	Sharon	269-0193
Cobaugh	Tom	338-3903
Coghill	Bob	X 479-2215
Coghill	John	X 456-8245
Evans	Don	245-3184
Fisher	Paul	262-4902
Gaston	Sam	349-8691
Henderson	JoAnn	X 907-463-3811
Johnson	Doug	276-4419
Kronberg	Rich	274-0551
Moss	Rynnieva	X 456-8245
Murphy	Tom	562-9023
Owen	Marvin	279-6315
Prosser	William	269-5182
Rehfeld	Karen	X 465-3452
Walters	Jeff	X 456-2159
Williams	Bonnie	X 455-6652

x = long distance



COMMISSION ON PRIVATIZATION

Department of Education Subcommittee

Draft of Subcommittee Minutes July 30, 1999

Introduction of Chairman: Jim Hickel, Chairman of the Education Subcommittee, called the meeting to order at 12:05 p.m.

Appointment of Secretary: Hickel asked Rynnieva Moss if she would serve as secretary of the subcommittee. She agreed.

Roll Call:

Members present: Jim Hickel, Tuckerman Babcock, Sam Gaston, JoAnn Henderson, Rynnieva Moss, Tom Murphy, Jeff Walters, Bonnie Williams, Representative John Coghill, William Prosser, and Bob Coghill.

Members Absent: Tom Cobaugh, Don Evans, Paul Fischer, Marvin Owen, Senator Adams, and Dale Brock.

Also present in Fairbanks was Joe Hayes, legislative aide for Rep. Tom Brice, and Nancy Allen, a teacher with the Fairbanks North Star Borough School District. Karen Rehfeld, resource person for DOE participated by teleconference from Juneau.

Introduction of members:

Chairman Hickel asked everyone present to introduce him or herself and give a brief history of their background.

Jim Hickel said he is a former contractor who has spent the last 13 years starting and operating a private school, the Holy Rosary Academy.

Tuckerman Babcock came to Alaska in 1966 and is currently manager of the Government Strategic Planning Department of Matanuska Electric Association. His father is a retired teacher and he has had a lot of involvement in education. His children have attended public school, private school, and have been home schooled.

Bob Coghill is executive director of the non-profit Breast Detection Center in Fairbanks. He has served on the Fairbanks North Star Borough Assembly and currently serves on the FNSB School Board. Phone number: (907) 479-3909; Fax: (907) 479-2215; e-mail address: rcoghill@mosquitonet.com.

John Coghill has been a history teacher a private religious school for eight years and is Co-Chair of the House Health, Education and Social Services Committee of the Alaska State Legislature. Mailing address: 119 N. Cushman St., Suite 211, Fairbanks, AK 99701; Phone: (907)-456-5081; fax: (907)-456-8245; e-mail: Representative.John.Coghill@LEGIS.state.ak.us.

Sam Gaston has a master's degree in education and was a teacher at Mt. Edgecombe School. He is currently a contractor.

Jo Ann Henderson is executive director of the South East Regional Resource Center. The Resource Center is a private, nonprofit corporation in operation since 1976. Funded solely through grants and contracts, a characteristic marking its growth is the ability to respond to the changing needs of education and government in Alaska. Headquartered in Juneau, Alaska's capital city, the Resource Center was formed to assist rural school districts in Southeast Alaska. Today it provides support to a much broader community and REAA's. The Center's Board of Directors is comprised of the 18 school district superintendents in SE Alaska. JoAnn's contacts 210 Ferry Way, Suite 200, Juneau AK 99801; Phone number: (907) 586-6806; Fax: (907) 463-3811; e-mail address: sercc@otialaska.net.

Rynneleva Moss is a legislative aide for Representative John Coghill, has worked for the legislature for five years. She has two children attending public schools in North Pole children and has home schooled her daughter.

Tom Murphy is a retired teacher and is currently executive director of Kodiak Education Association. He received a bachelor degree from Alaska Methodist University. His children graduated from public schools in Kenai and both graduated from the University of Alaska, one from UAA and one from UAF. Phone: 582-9093; Fax: 562-9023; e-mail: kaf@alaska.net

Bill Prosser is a member of the Privatization Commission. He was born in Anchorage and is Chairman of the Board of Cook Inlet Region, Inc. He received a bachelor from University of California at Berkley and a master in economics from the University of Washington. He has worked in construction and fisheries industry. He has two sons attending Anchorage Schools. (907) 274-8638 Fax: (907) 263-5182; e-mail: prosser@ci.com

Jeff Walters came to Alaska in 1982. Since 1992 he has been a teacher in Fairbanks. He taught in Kotzebue for seven years and one year in Southeast Alaska. He is currently president of Fairbanks Education Association. Mailing address: P.O. Box 82708, Fairbanks, AK 99708-2708; phone: 907-456-4435; e-mail: fea@alaska.net

Bonnie Williams is retired from the University of Alaska. She currently has served two years on the FNSB School District Budget Review Commission. In 1997, she was the finance committee aide for Representative Pete Kelly and was responsible for the Education and DNR budget work. Mailing address: P.O. Box 82812, Fairbanks, AK 99708-2812; phone and fax: 907-455-6652; e-mail: bonniewilliams@mosquitonet.com

Karen Rehfeld is Director of Education Support Services for the Alaska Department of Education & Early Development has worked for DOE for six years. She said she is here to provide the subcommittee materials and get answers for their questions. Karen has three school aged children. 465-8650-work phone; 465-6452 fax; e-mail: karen_rehfeld@eed.state.ak.us

Opening Comments by Cowdery's Office:

Marco Pignalberi, Chief of Staff for Representative Cowdery, said this subcommittee was a diverse and interesting group to study education and see which functions might be privatized, transformed, transfers, or eliminated. Another consideration would be whether a physical asset should be kept or sold when outsourcing services.

He discussed the web site for the commission at <http://privatizealaska.org/> and suggested that members review the site for new releases and hot links to publications and resource material. Marco explained that the duties of the commission to come up with a privatization report would be carried out by the subcommittees. He said there is too much work to do in too little time for the commission to achieve all their goals and objectives without the "nuts and bolts" such as cost benefit analysis and suggestions being provided by the subcommittees.

Marco said the commission is charged with finding out what is going on in other states and Marco's duty is to facilitate the commission. Rynnieva asked where the commission was with finding out what other states are doing. Marco said they have obtained a report 1997 or 1998 report from National Conference of State Legislatures (NCSL) which provides a summary of activities in other states. They are also trying to find the web source of researching what the federal government is doing in the field of privatization. Marco said an example is that if the Corps of Engineers wants to build a bridge, they must now isolate themselves from the administrative functions of the agency and bid on the project along with private contractors.

Hickel said the NCSL report would be provided to everyone on the subcommittee. He said Rynnieva would fax or e-mail committee minutes to everyone and that he would like to see a phone tree formed. One person from Fairbanks call people in Fairbanks, someone from Anchorage would call all members in Anchorage, and one more person would call everyone else. This would save on long-distance calls. It was suggested that everyone give Rynnieva his or her e-mail for e-mail notification. It was agreed everyone would e-mail Rynnieva their e-mail address and she would notify them a day before the meeting. The phone tree issue for phone calls the day before was not finalized.

Future meetings scheduled:

Bonnie Williams said she would like to have the next meeting scheduled. Hickel said he would like to keep the meetings at one a week and is looking to the committee for organization of the meetings. He said he would like to limit them to two hours. It was decided that Mondays at Noon would work best for everyone. The next meeting was scheduled for August 9th at Noon. Further scheduled meetings are August 16th, August 23rd, August 30th, September 13th, September 20th, and September 27th. The subcommittee will evaluate at the September 27th meeting what is needed in October. The subcommittee has until the end of October to complete their recommendations if needed.

Overview of DOE:

Karen Rehfeld gave an overview of by Budget Request Unit (BRU) using the Component Summary from Legislative Finance as suggested by Representative Coghill. She said that DOE has a FY'00 budget of \$979,578,900. This includes 472 full-time positions and 108 part-time positions.

Rehfeld explained that the Component Summary will be revised because the legislature passed HB 40 which consolidated the programs of Community & Regional Affairs into Department of Labor, DOE, and the newly establish Dept. of Community and Economic Development. The Vocational Rehabilitation Division of DOE (Adult Education) was transferred to Department of Labor. The \$23,657,200 appropriated to this division in the Conference Committee budget will be transferred to DOL, as well as, the 122 full-time positions and one part-time position.

She also explained that Head Start, Day Care Assistance, and Child Care has been moved from CR&A to DOE to the nearly created Division of Early Development. She remarked that DOE is excited about the transfer and will result in the addition of 16 full-time positions for that division.

K - 12 Support:

Rehfeld said that lines 1-10 are K-12 Support. The \$762,280,800 appropriation for this division consists of no personnel services or state positions, but is a pass through of formula programs from federal grants.

School Reimbursement:

Line 11 is School Reimbursement, which is a payback from the State at a rate of 70% for school bonds issued by school districts for school improvements and construction. Rehfeld said this is direct support that involves no personnel service and state positions and was funded at \$71,923,300 for FY'00.

Teacher and Learning Support:

Line 12 through 16 is Teacher and Learning Support. This serves as a pass through for federal grants. This division handles direct support with a large support of federal funds. This category covers Title 142 Migrant students, teacher certification, licensing, drug education, and child nutrition administration. This division has 67 full-time positions and is budgeted for \$83,039,800 in FY'00.

Executive Administration:

State Board of Education-Line 17: Under the current conference committee version of the operating budget there is no longer General Fund (GF) funding for the Board of Education. The appropriation is \$93,400 and is funded by other division funds to fund one secretary and travel for commission meetings.

Commissioner's Office-Lines 18 and Line 19: is for the Commissioner's Office, which was, appropriated \$450,700 in FY'00. The Commissioner's Office has four full-time employees and one part-time employee.

Lines 20 through 25 are for Administrative Services for a total appropriation of \$3,944,400. This includes evaluating school district requests for information services, district support services, educational facilities support, and donated commodities. There are 24 full-time positions for construction-related services; 7 positions for information services, payroll, and receivable and payable; and two positions for donated commodities, which consist of USDA food commodities. Rehfeld said there was a total of 51 full-time positions and 1 part-time positions.

Alaska Central School:

Line 26 is for Alyeska Central School, which is the State of Alaska correspondence school, program. Curriculum focuses on a remedial program and the high school exit program. The FY'00 appropriation is \$5,810,400. The school has 22 full-time and 25 part-time positions.

Commissions and Boards:

Line 27 is for the Professional Teaching Practice Commission and is funded through receipts from teacher certification fees. The commission consists of seven members and is appropriated \$187,400 and has 2 full-time position.

Line 28 is for the Alaska State Council on the Arts. This is an eleven member advisory board, which determines the distribution of the 1-% arts funding. The Council has a budget of \$1,107,900, four full-time positions and one part-time position.

Kotzebue Technical Center:

Line 29 was for Kotzebue Technical Center Operations. It was funded at \$634,000 in FY'99 but was zeroed out of the DOE budget and funded at \$609,000 appropriation in the operating budget (not the capital budget) in section 36, page 11, line 31 of House Bill 50.

Alaska Vocational Technical Center:

Line 30 funds AVTEC operations at Seward for a cost of \$5,368,100 for FY'00. The center has 21 full-time positions and 49 part-time positions.

Mt. Edgecumbe Boarding School:

Line 31 funds Mt. Edgecumbe Boarding School. Mt. Edgecumbe has nine full-time positions and 25 part-time positions. It was appropriated \$1,496,100 in FY'00.

State Facilities Maintenance:

Line 32 is a new line item in the DOE budget, because the legislature now requires department to separate out maintenance costs. Maintenance of DOE facilities totals \$1,496,100 and there are 11 maintenance positions. (5 positions at AVTEC and 6 positions at Mt. Edgecumbe)

Vocational Rehabilitation:

Lines 33 through 40 will be zeroed out in the authorized budget for DOE because the funding was transferred to Department of Labor with the passage of HB 40.

Alaska Library and Museums:

Line 41 is for library operations at the State library in Juneau with a \$4,635,800 budget. The state library has 38 full-time and 4 part-time positions.

Line 42 is for the archives with an appropriation of \$689,400. There are 9 full-time positions in archives. Temporary storage of records is contracted out to private contractors for records in Juneau and Anchorage. Permanent records are archived.

Line 43 is for museum operations for the State Museum in Juneau and the Sheldon Jackson Museum in Sitka. The FY'00 appropriation is \$1,423,400 and there are 16 full-time positions and 4 part-time positions in the museums.

Alaska Postsecondary Education Commission:

Lines 45 through 49 constitute the funding of the Alaska Postsecondary Education Commission. The FY'00 budget of \$9,100,400 is funded through student loan program receipts. There are 98 full-time positions for the student loan operations which accounts for \$6,530,000 of the budget. WICHE and WWAMI are financed through corporate funds.

Rynnieva Moss asked Ms. Rehfeld to clarify that there are 98 full-time positions for the student loan program. Ms. Rehfeld said that was correct.

Daycare, Child Care, & Head Start:

These three programs have been transferred to DOE with the passage of HB 40. The day care program subsidizes low-income parents who are transforming from welfare to work. All GF funding of ChildCare has been replaced with federal funds. A portion of Head Start GF has been replaced with federal funds.

Bonnie Williams asked Karen Rehfeld if day care funds were not, in fact, pass through grants to municipalities and non-profits from the federal government with local governments supplying the administrative support. Rehfeld said that the division writes approximately \$30 million in checks to municipalities and non-profit entities and has 17 to 20 positions.

General Discussion After Overview:

Jim Hickel asked Karen Rehfeld to provide Rynnieva with a list of activities within DOE that are already privatized. Ms. Rehfeld said Mt. Edgecumbe has already privatized its food and dormitory services. She said she would obtain information for any other privatized services.

Tuckerman Babcock suggested that if subcommittee members have any questions for DOE, they should be run through the chairman. He said this would prevent the same question or request being made three or four times.

Karen Rehfeld said that would be helpful. She also suggested that the committee should outline items to be covered prior to the next meeting so she can provide the proper DOE staff to address the subjects.

Jim Hickel said it was his understanding that the numbered line items could be looked at in more detail. Ms. Rehfeld said the Conference Committee Report from Legislative Finance is on-line and is a helpful, detailed document. She recommended the committee members check out the information available on line then the committee needs a person who works in the program on a day-to-day basis to explain the services and identify the areas that could be privatized.

Marco cautioned the committee not to look only at the budget. He said the committee, by focusing only on the budget, would be recreating a process already done by ninety-eight other people. The committee will have to look at the operations of each division and try to understand what activities the BRU people do.

Karen Rehfeld commented that the Postsecondary Commission has studied privatization.

Bonnie Williams asked Karen Rehfeld to supply a list of the full-time and part-time positions in DOE. Ms. Rehfeld said she can provide a list of the PCN's budgeted.

Chairman Hickel said the thrust of the committee is trying to look at ways by which the state can save some money. He suggested maybe the committee split into groups to study each division, but said that he will be leaning on the committee to make a decision how the task of coming to a point of making recommendations can best be met.

Tuckerman Babcock suggested that the committee eliminate the K-12 Support and School Debt Reimbursement components because these are pass through. This would allow the committee to focus on the remaining seven divisions. The committee could review one or two divisions a week with the administration, allowing the full committee to know each department.

Bonnie Williams asked members to go to page three of SB 33. She said the committee is tasked with five things:

- Review other states' privatization activities;
- Review Alaska's contracting and bidding procedures;
- Identify existing state functions that could be contracted out, transferred to other levels of government, or eliminated;
- Solicit public comment; and
- Submit findings and recommendations to the governor and legislature by January 1, 2000.

She said taking those factors into consideration, Tuckerman's approach would work.

Tom Murphy said he liked Tuckerman's approach.

Bonnie Williams asked that as the committee proceeds, they are provided with a giant grid to mark up.

Jim Hickel said that he would like to take Teacher's Support the committee could get an expert overview of each line item such as Line 12 or Line 14. That would be accomplished with Tuckerman's suggestion. Hickel asked Karen Rehfeld how reasonable that approach would be.

Karen Rehfeld said she thought it would be reasonable. She said she would hesitate to volunteer to create a different way to look at things. With that approach the committee can review the department by BRU's and that would hopefully get to the issue.

Hickel said he would like to know f, for example, under Line 12 of Teaching and Learning Support, what that line item does including a description of the services provided. He said some services will jump out at us as the entire committee reviews the BRU's. Then the committee can break up into subcommittees after the overview process is complete. He said the committee will get an overview of Teaching and Learning Supports AND Executive Administration at the August 9th meeting. He asked if that would be okay with Karen Rehfeld.

Karen Rehfeld said she doesn't know the travel schedule of the division directors, but will try to have them at the meeting.

Bonnie Williams said she would like to see this broken into four sessions.:

August 9 th	Teaching and Learning Supports Executive Administration
Aug. 16 th	Alyeska Central School Commissions and Boards Alaska Vocational Technical Center Mt. Edgecumbe Boarding School
Aug. 23 rd	State Facilities Maintenance Alaska Library and Museums
Aug. 30 th	Postsecondary Education Early Development

Marco said that everyone should look at the DOE website on the State of Alaska Homepage and become familiar with the departments divisions and their functions. Karen said there is a lot of material on the site and it would be helpful.

Rynnleva Moss suggested that any materials the chairman needed to send to members in Anchorage could be pouched to her through the LIO in Anchorage, because there are regular pouches between the two LIO's.

Jim Hickel thanked everyone for getting involved and adjourned the meeting at 1:37 p.m.

The minutes of the Department of Education Subcommittee of the Privatization Commission held on July 30th, 1999 are hereby approved this ____th day of August, 1999.

Jim Hickel, Chairman

Attested by:

Rynnleva Moss, Secretary

Department of Education & Early Development**FY2000 Full Time and Part Time Positions****Approved by the Conference Committee and Adjusted for HB40 (Consolidation)**

BRU Component Name	Source	Full Time	Part Time
Teaching & Learning Support			
Special and Supplemental Services	Conference Committee	25	0
Special and Supplemental Services	HB40 to Labor	-1	0
Quality Schools	Conference Committee	32	0
Teacher Certification	Conference Committee	6	0
Child Nutrition Administration	Conference Committee	5	0
	Subtotal	67	0
Early Development			
Child Care	HB40 from DCRA	13	0
Day Care Assistance Programs	HB40 from DCRA	0	0
Head Start Grants	HB40 from DCRA	3	0
	Subtotal	16	0
Executive Administration			
State Board of Education	Conference Committee	1	0
Commissioner's Office	Conference Committee	4	1
Administrative Services	Conference Committee	23	0
Administrative Services	HB40 to Labor	-2	0
Administrative Services	HB40 from DCRA	4	0
Information Services	Conference Committee	7	0
Information Services	HB40 from DCRA	2	0
District Support Services	Conference Committee	8	0
Educational Facilities Support	Conference Committee	7	0
Donated Commodities	Conference Committee	2	0
	Subtotal	56	1
Alyeska Central School	Conference Committee	22	25
Commissions & Boards			
Professional Teaching Practices Commission	Conference Committee	2	0
Alaska State Council on the Arts	Conference Committee	4	1
Alaska Vocational Technical Center Operations	Conference Committee	21	49
Mt. Edgecumbe Boarding School	Conference Committee	9	25
State Facilities Maintenance	Conference Committee	11	0
BRU Component Name	Source	Full Time	Part Time
Vocational Rehabilitation			

Client Services	Conference Committee	80	1
Federal Training Grant	Conference Committee	0	0
Voc Rehabilitation Administration	Conference Committee	11	0
Independent Living Rehabilitation	Conference Committee	1	0
Disability Determination	Conference Committee	26	0
Special Projects	Conference Committee	2	0
Assistive Technology	Conference Committee	1	0
Americans with Disabilities	Conference Committee	1	0
	Subtotal	122	1
	HB40 to Labor	-122	-1
Alaska Library and Museums			
Library Operations	Conference Committee	38	2
Archives	Conference Committee	9	0
Museum Operations	Conference Committee	16	4
	Subtotal	63	6
Alaska Postsecondary Education Commission			
Program Administration	Conference Committee	14	0
Student Loan Operations	Conference Committee	84	0
	Subtotal	98	0
	Total	369	107
	Total without HB40	472	103

Subject: 7/30 privatization task force
Date: Fri, 30 Jul 1999 17:28:17 -0800
From: Karen Rehfeld <Karen_Rehfeld@eed.state.ak.us>
To: Rynniva_Moss@legis.state.ak.us

Rynniva: I wanted to follow up on a couple of items from the meeting of the Privatization Task Force Subcommittee on Education today.

1. You asked for the reference to the \$609,000 appropriation for Kotzebue Technical Center. It was included in the operating budget (not the capital budget) in section 36, page 11, line 31 of House Bill 50.

2. Bonnie Williams asked for a listing of positions by component which is attached to this email. The listing incorporates the House Bill 40 position transfers that are identified under the Source column. I may have confused the members by stating the conference committee position totals at the beginning of my presentation and then incorporating position changes as a result of the HB40 consolidation as I went through each component. I apologize for any confusion.

3. Chairman Hickel asked for a list of activities in the department that are already privatized. I will be pulling that information together for you.

4. As soon as you have a schedule of the areas you would like covered at each of the August meetings, please let me know and I will schedule appropriate folks from each division to be available to the committee. Also, I will be working on a list of the programs within each of the budget components for the committee prior to the scheduled meeting.

5. I would like to be able to do as much as possible through email with attachments that you can then forward on to the committee members. I don't have Chairman Hickel's email address, but I need to know if he would prefer that I send material directly to him and CC you OR send it to you and CC him.

6. I will be blocking out time from 12 - 2 PM on Monday, August 9 to cover Teaching & Learning Support and Executive Administration, and the same time for August 16, 23, and 30, topics to be announced. The Sept. 13 meeting will be for committee work and I would be happy to be available during that time.

Please let me know if I have missed anything. I understand the importance of the committee's work and I will try to be as helpful as possible.
Thanks for your help! KJR

PCN Component Summary.xls

Name: PCN Component Summary.xls

Type: Excel File

(application/msexcel)

Encoding: base64

Download Status: Not downloaded with message

PLEASE NOTE! My email address will be changing on July 1, 1999 to
firstname_lastname@eed.state.ak.us and the website will now be
<http://www.eed.state.ak.us>.

Karen J. Rehfeld, Director
Education Support Services
Alaska Department of Education & Early Development

ph# (907) 465-8650

fax# (907) 465-3452



COMMISSION ON PRIVATIZATION

Department of Education Subcommittee

Subcommittee Minutes
October 4, 1999

Chairman Hickel called the meeting to order and conducted the roll call.

Members Present: Representative John Coghill, Jim Hickel, Doug Johnson, Rich Kronberg, Rynniva Moss, Tom Murphy, and Jeff Walters.

Members Absent: Tuckerman Babcock. Representative Cissna, Bob Coghill, Tom Cobaugh, Don Evans, Paul Fischer, JoAnn Henderson, Marvin Owen, Senator Adams, Sam Gaston, Bonnie Williams and Dale Brock.

Support staff from Department of Education Present: Karen Rehfeld and Sheila King from Postsecondary Education.

The minutes from the September 27th, 1999 meeting were introduced for approval. Rynniva Moss made an amendment to the minutes to reflect that Paul Fisher, not Jim Hickel, made a statement. Richard Kronberg moved for approval of the minutes and Bob Boko seconded the motion. The minutes from the September 27th meeting of the Privatization Sub-Committee on the Department of Education were approved unanimously.

The Early Childhood Development Subcommittee report was delayed because Yvonne Chase, the division director, was unable to attend the meeting

There was discussion of a subcommittee report for the Commissions and Boards Subcommittee.

Doug Bartko said that the committee had not yet met but he had some concerns about an alternative certification program being made available. Karen Rehfeld said that there was an alternative process available in the past but due to the lack of use of the alternative process and the expense of having the process available, it was eliminated. Bob Boko said there is a Type A certification for a teaching certificate and a Type B certification for vocational training teachers.

Karen Rehfeld explained that alternative certification was still handle through the State of Alaska but provided for a teaching certificate without the institutional endorsement. She said that three people had gone through the alternative certification process. One got a license, worked for a year and quit.

There was no recommendation given on an alternative certification process.

There were no members of the subcommittee on Alyeska Central but the committee submitted a recommendation:

Recommendation #1: It is recommended that Alyeska Central School be closed, with the responsibility for providing correspondence study transferred to those school districts which have a correspondence program.

RATIONALE: With at least 15 of 53 school districts providing some form of correspondence study, there are enough programs available for a broad choice for Alaskans. Continuing Alyeska Central School is merely an expensive duplication and unnecessary competition.

It has been noted that ACS advertises in newspapers around the state, seeking students. This is an expensive marketing effort more appropriate to private enterprise.

The State should limit its involvement in correspondence study to assure the quality is provided – primarily through exit exams during graduation – and through providing a complete listing of available programs, to any inquiring citizen.

SAVINGS: There will be minor dollar savings, on the State level, and a real increase in the economy of scale for the participating school districts as a consequence of increased enrollment in individual district programs.

Chairman Hickie said he would postpone the vote on recommendation # 1 until October 11th.

There were no members present from the subcommittee on postsecondary education, but written recommendations had been submitted.

Recommendation #1: It is recommended that the student loan program be privatized by being contracted out to a private lending service.

RATIONALE: The premier example of successful and cost-efficient government guaranteed loan programs is the VA mortgage-lending program. Supported by government guarantees and operating within government regulations and parameters, banks and mortgage loan companies provide the actual loans and handle all collection operations.

Recommendation #2: It is recommended that all loan programs of the State be submitted to review with one of two conclusions being sought: (1) consolidation within a single department of state government, such as Revenue, where staffing is trained in accounting and fund management; or (2) provision to management by banks through an RFP process.

RATIONALE: The State of Alaska operates a number of loan programs. In each case, the program resides within a division and department associated with the activity/purpose of the loan (i.e. student loans in DOE, farm loans in DNR). The expertise of staff lies with the activity or purpose rather than with banking/mortgage/accounting professions, and as a consequence, the loan programs are poorly run, have excessive late payment, poor collection follow ups and high rates of delinquencies. Firms who loan money and collect on loans are far more efficient at this specialized field. At a minimum, consolidating all programs within Revenue would at least lend the efficiency of economy scale, and allow for staffing with more specialized, trained personnel.

Known loan programs include the Agricultural Revolving Loan Fund (ARLF), within DNR, and one or two (uncertain) commercial fishing loan programs, in addition to the Student Loan Program.

ARLF started with \$95,000,000 in principle available for loans. Through the course of inexpert loan management and poor administrative and legislative decisions, the principle is down to below \$5,000,000.

Sheila King from Postsecondary said that the advantage to the State of Alaska administering student loans is that the State has been able to acquire tax-exempt bonding to supplement income from repayment of loans to fund the operation of Postsecondary. She said the division currently has \$460 million in bonds and in FY'99 the division received \$81,000,000 in cash receipts. She also said the division wrote off \$5 million in bad loans because the borrower was disabled, had died or had defaulted on the loan for five years.

She said Postsecondary is not exempted from bankruptcy but the division did not pursue collections under bankruptcy. She said that starting in FY'00 the division will be garnishing wages and currently garnishes the Permanent Fund Dividend payments.

Chairman Hickie asked what the qualifications were for the loan. Ms. King said the applicant must be an Alaska resident, survive a credit check (if the applicant has an extremely bad credit there would have to be a cosigner), and have a realistic budget for attending school. She said the current interest rate is 8.3%.

When asked why Ms. King attributed high default rates and low interest rates as the reason for the division to float bonds every year since 1988. The division has to float bonds to make up for deficient funds to operate the student loan program. Ms. King questioned the privatization of student loans because the goal of private lending institutions in lending money is to make a profit. She said the Alaska student loan program is unique because there is no interest charged as long as the student is attending school and there is low-interest on the loan after the student leaves school.

When asked about the forgiveness program, Ms. King said that the two forgiveness are the Teacher Scholarship Program to encourage teachers graduating in Alaska to work in rural Alaska and the WAMI program for graduates of medical programs. Both forgiveness programs give a 20% forgiveness of the loan for each year the borrower stays in Alaska up to the five years that would forgive the complete loan.

Hickle said he would postpone the vote on recommendation # 1 until October 11th.

Hickle said that next week will be a full slate. He said the committee will briefly discuss the recommendations presented for Boards & Commissions, Postsecondary Education and Alyeska Central School. Other reports on the schedule include:

Early Development Subcommittee	October 11 th
State Facilities Maintenance Subcommittee	October 11 th
Alaska Vocational Technical Center Subcommittee	October 11 th
Mt. Edgecumbe Boarding School Subcommittee	October 11 th

Chairman Hickle said that general discussion will be held at the October 25th meeting.

The meeting was adjourned.

The minutes of the Department of Education Subcommittee of the Privatization Commission held on October 4th are hereby approved this 11th day of October 1999.

Jim Hickle, Chairman

Attested: _____
Rynniva Moss, Secretary

Subject: PTF Educ Subcommittee Meeting

Date: Mon, 09 Aug 1999 09:17:46 -0800

From: Karen Rehfeld <Karen_Rehfeld@eed.state.ak.us>

To: Marco_Pignalberi@legis.state.ak.us

Rynniva: Attached are four documents for the Privatization Task Force Education Subcommittee meeting scheduled for Monday, August 9, from noon - 2:00 PM. I apologize for the delay in getting these materials to you. I am serving on grand jury and was called in for two days last week!

Attached are:

1. filename: contracted services.doc - a listing of programs that have been privatized, contracted or transferred
2. filename: TLS Summary PTF.doc - narrative from the FY2000 budget request for the Teaching and Learning Support Budget Request Unit (BRU) and each component within the BRU - describes the programs within each budget component.
3. filename: Exec Admin Summary PTF.doc - narrative from the FY2000 budget request for the Exec Admin BRU and School Finance BRU that were combined into a single BRU - describes the programs within each of those budget components.
4. filename - chli58state and municipal privatization.doc - a bibliography from the State Library - they are in the process of updating this information and are available to you for research or assistance.

I hope you are able to forward this on to the committee members prior to the meeting. I will call in the same bridge number as last time, 1-800-368-8772, at noon unless I hear from you. Barbara Thompson, Deputy Director of Teaching & Learning Support will be with me. Thanks! KJR

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 <u>TLS Summary PTF.doc</u>	Name: TLS Summary PTF.doc Type: Winword File (application/msword) Encoding: base64 Download Status: Not downloaded with message
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 <u>Exec Admin Summary PTF.doc</u>	Name: Exec Admin Summary PTF.doc Type: Winword File (application/msword) Encoding: base64 Download Status: Not downloaded with message
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PLEASE NOTE! My email address will be changing on July 1, 1999 to
firstname_lastname@eed.state.ak.us and the website will now be
<http://www.eed.state.ak.us>.

*Karen J. Rehfeld, Director
Education Support Services
Alaska Department of Education & Early Development*

ph# (907) 465-8650

fax# (907) 465-3452

**Commission on Privatization & Delivery of Government Services
Education Subcommittee**

***Department of Education & Early Development
Contracted/Privatized/Transferred Services***

During the teleconference meeting on Friday, July 30, 1999, Jim Hickel, Chairman of the Education Subcommittee, asked for a listing of programs in the Department of Education and Early Development that have already been privatized. Following is a listing of programs by division

Mt. Edgecumbe High School

Dormitory Management - includes custodial services for residences and provides supervision and care in our dormitories for approximately 300 high school students during the school year - 24 hours/day - 7 days/week. Contractors work along side of State employees to make sure that students are safe, secure, and supported while attending MEHS. They employ approximately 15 employees to fulfill these duties.

Food Services - provides all meals for MEHS students during the school year (3 meals/day - 7 days/week). The contractor employs a staff of approximately six employees, plus support from the main office, which includes a registered nutrition specialist.

Custodial Services - performs janitorial services in the academic building, field house, and activities center at MEHS. The contractor employs approximately 2 or 3 employees to complete their duties.

Alaska Vocational Technical Center

Overflow student housing - utilizing local hotels

Libraries, Archives, and Museums

Records storage services - private contractor in Anchorage and Juneau

State Film Library - it was determined that it was no longer necessary to maintain a central film repository as schools and libraries develop their own collections. Alaskan films of historical significance were sent to the UAF Rasmusson Library. Educational films went to the Fairbanks North Star Borough School District which agreed to circulate them for a fee for as long as they were current. Some children's films were sent to public libraries.

Health Sciences Library - A fee structure was developed by working with an advisory group of health care providers, doctors, nurses, and hospitals. Once that program was in place, it was transferred to the University of Alaska library as it also supports the Health related curricula at the University. This is a good example of public/private cooperation. Alaska's health care community isn't large enough to support a good medical library, but combined with the University both private and academic needs are met.

Budget Request Unit: Teaching and Learning Support

Manager: Barbara Thompson, Deputy Director

Tel: (907) 465-8727 Fax: (907) 465-3396 E-mail: Barbara_Thompson@eed.state.ak.us

BRU Mission

The Division of Teaching and Learning Support has the primary responsibility for implementing educational goals related to teaching and learning in our K-12 public school system. Carrying out the state's Quality Schools Initiative is key to the work in this division (student standards and standards-based assessments, school standards, professional standards, and parent and family involvement in student learning).

This division provides professional development, resources for direct instruction, and assessment mechanisms for determining school accountability - all for the goal of increased student achievement. The division focus is on providing safe, healthy and high quality instruction for all students so they will be able to meet high academic standards that will prepare them for life-long learning and work.

The division continues to be primarily funded with federal funds (approximately 94%). Federal grant funds are leveraged to support state initiatives, but in some cases, this is not possible. State general funds are required by the federal government to match federal funds in several program areas. The loss of these matching funds and/or reductions in the state's maintenance of effort would result in the loss of significant federal receipts that currently provide direct instructional services to children, youth and adult learners across the state.

BRU Services Provided

The Division of Teaching and Learning Support provides the following services:

- Provides leadership and coordination in the development of student, school and professional standards and assessments
- Provides assistance to parents, families and schools to achieve greater involvement in students' education
- Administers statewide testing and assessment
- Provides ongoing and daily technical assistance to grantees related to increased student achievement and educational improvement
- Issues and administers grants, contracts and Reimbursable Services Agreements for the provision of direct student instruction and professional development
- Administers the Teacher Certification, Preschool Certification, Community Schools, Schools for the Handicapped, Alaska Career Information System, Kotzebue Technical Center Operations Grant, and Child Nutrition meal reimbursement programs.

BRU Goals and Strategies for FY2000

Develop, field test and finalize the High School Graduation Qualifying Exam and Benchmark Assessments to measure student achievement.

Provide professional development activities and technical assistance to all school districts.

Create a system of teacher licensure that results in an adequate supply of qualified educators for Alaska's Schools.

Develop a system of school accountability resulting in school performance designations.

Key BRU Issues for FY1999 – 2000

Completion of the High School Graduation Qualifying Exam, Benchmark Assessments in grades 3, 5, and 8, and the Developmental Profile, for incoming kindergarten or first grade students. Setting passing scores for these assessments will also need to occur during this period of time.

By fall of 1999, all schools will be using Developmental Profile materials to assess incoming students in the areas of: physical/health; language development; social/emotional; and thinking, which includes mathematical and problem solving.

By fall of 1999, the department will be reviewing the results of the pilot testing of the High School Graduation Qualifying Exam and Benchmark Assessments. These assessments will be finalized for use in spring of 2000.

In spring of 2000, the High School Graduation Qualifying Exam and the three Benchmark Assessments will be given for the first time. Tenth grade students will be given the Qualifying Exam and will know in what areas they are proficient or not.

The department will also work with school districts and the public in creating a system of school accountability, which will result in school performance designations in 2002.

During FY1999-2000, the department will provide professional development and technical assistance to school districts to help them better prepare students to meet state standards and pass the state assessments.

The department will work with the public to address a teacher licensure system, in which candidates demonstrate that they meet professional standards at increasingly higher levels.

The department will also need to address the increasing demand for qualified educators that has exceeded supply. As standards for educators are increasing, so are the shortages for qualified personnel.

Implementation of the federal Individuals with Disabilities Education Act (IDEA), related to special education, will be a key issue in FY1999-2000. Issues surrounding the IDEA legislation include, but are not limited to, the following: adequate funding to implement all provisions of the IDEA; new student discipline provisions; teacher training; and parent training.

Major BRU Accomplishments for FY1998

Began work on the development of the High School Graduation Qualifying Exam with CTB McGraw Hill. The test will be pilot tested in FY1999.

Began major development of standards in reading, writing and mathematics, through a statewide committee process. Standards were completed in FY1999.

Provided professional development to Alaska educators that was standards based.

Provided resources to school districts to assist in professional evaluation.

Component: Special and Supplemental Services

Component Mission

To provide resources to school districts to ensure that special populations of students meet the state's high educational standards.

Component Services Provided

Special Education - Maintain compliance with state and federal laws governing students with disabilities, through technical assistance to school districts, distribution of grant funding, development of pre-service and in-service training programs, complaint investigation, mediation, due process hearings, and compliance reviews. These activities are almost entirely federally funded and represent more than 95% of the salaries of 4 full-time positions in special education.

Preschool Handicapped - Provide funding to school districts for special education services to disabled preschool children ages 3 to 5 years.

Gifted and Talented - Provide statewide coordination and technical assistance for school district gifted and talented programs.

Title I, Part A Disadvantaged - Provide funding to school districts to implement supplemental assistance programs or school-wide reforms designed to improve student performance in schools with the highest concentrations of low income families; provide resources for improvement to schools failing to meet state standards and for rewarding schools that exceed those standards; provide resources for activities that will increase parent involvement and improve the quality of instruction.

Title I, Part B Even Start - Provide funding on a competitive basis for school districts to develop, in partnership with community-based organizations, family centered education programs that build on existing resources. These programs create a new range of services and assist low income children and adults achieve high standards.

Title I, Part C Migrant Education - Provide funding to school districts to implement supplemental assistance programs or school-wide reforms that will assist migratory children in meeting high standards; provide resources for coordination activities, parent involvement, staff development and support services to migrant children and families.

Title I, Part D Neglected/Delinquent/At-Risk - Provide funding to state-operated institutions to implement institution-wide services; improve the quality of instruction; provide coordination and transition services that will enable such children to succeed; provide funding to school districts with the highest local concentrations of delinquent youth to develop cooperative service agreements with correctional institutions and alternative program agencies for instructional improvement, coordination activities, drop-out prevention services, vocational education and support services.

Title 1, Part E Comprehensive School Reform Demonstration - Provide funding for research based educational strategies aimed at increasing students' achievement levels.

Adult Basic Education - Provide basic skills instruction, General Educational Development (GED) instruction and testing, English as a Second Language (ESL), life skills, and instruction related to securing and maintaining employment. These services are provided to adults, 16 years or older, who are not enrolled in a secondary school and who are most in need of services. Adult instruction improves students' basic skills, skills necessary for becoming employed, skills needed for further training or education, and skills for becoming productive and self-sufficient citizens.

Title VII, Bilingual - Provide technical assistance to school districts applying for, and receiving, Title VII federal funds.

Homeless Children and Youth - Provide technical assistance and grant funding to school districts and other educational service providers to better identify and serve homeless children and youth.

Title IV, Drug and Violence Prevention - Provide resources, technical assistance and grant assistance to school districts to develop comprehensive alcohol and drug abuse prevention and intervention programs.

Governor's Drug Prevention - Provide grants to local schools and communities for prevention programs.

Counseling - Provide funding for staff development, training and programmatic activities related to healthy life skills, suicide prevention, and at-risk students.

HIV Prevention - Provide technical and financial support for school districts to develop HIV/AIDS prevention curriculum, obtain classroom materials, receive teacher training, conduct assessments, and develop local policies and procedures related to HIV/AIDS Education.

Component Goals and Strategies for FY2000

* Provide resources for educational services for children and adults who are disadvantaged, from low income families, migratory, limited English proficient or who have English as their Second Language, neglected, delinquent, at-risk of dropping out, drop-outs, homeless, at-risk with health related issues, and bilingual to meet the same high educational standards established for all Alaskans.

* Provide resources for quality professional development and teacher training to approximately 2,000 teachers and administrators in the areas of Special Education, Even Start, Neglected & Delinquent, Preschool Handicapped, Title I, Migrant Education, Adult Basic Education, Bilingual, Homeless, Drug and Violence Prevention, Governor's Drug Prevention, Counseling, and HIV Prevention to help them assist their students in meeting the state's high academic standards.

* Monitor for compliance and ensure accountability, as required by state and federal law, and provide technical assistance to school district and other educational organizations' staff within each program area.

Key Component Issues for FY1999 – 2000

Providing professional development and technical assistance to school districts to help them better prepare students to meet state standards and pass the state assessments.

Implementing the federal Individuals with Disabilities Education Act (IDEA), requirements for special education.

Developing a unified plan of service for Adult Basic Education programs in conjunction with the Alaska Human Resources Investment Council.

Major Component Accomplishments for FY1998

* Provided resources for standards-based professional development for Alaska educators.

* Developed standards in the areas of reading, writing and mathematics, which will be assessed through the High School Graduation Qualifying Exam and the three Benchmark Assessments.

Statutory and Regulatory Authority

AS 14.30.400-410
AS 14.30.180-350
4 AAC 06.500-570
4 AAC 35.010-090
4 AAC Chapter 52
4 AAC 52.010-990

4 AAC Chapter 39
PL 91-230, as amended
PL 100-97
PL 105-17
4 AAC 06.500-570

Component: Quality Schools

Component Mission

To improve student achievement through standards and assessment, professional development, and school accountability.

Component Services Provided

The programs, projects and activities within this component are closely aligned with the four Alaska State Quality Schools Initiatives (QSI): High academic student standards and student assessment, quality professional standards, family involvement in student learning, and school excellence standards. Educational technology support is integrated throughout the QSI. The Quality Schools Component focuses on services and achievement for all students.

Vocational Education - provides resources to school districts to prepare students for employment through the development of occupational skills, integrating vocational and academic education, addressing the vocational educational needs of special populations, and providing education and training that allows students to compete in the world of work in a modern, technology based economy.

Title VI Innovative Programs - provides resources to school districts for school improvement and innovation.

School to Work - provides resources to school districts to develop a system that prepares students to make the transition from school to employment with the skills and attitudes necessary to succeed. This system is built through local/regional collaborative efforts involving school, community, and business partnerships.

Title III Technology - provides resources to school districts to update existing technology and integrate the use of technology in instruction.

Charter Schools - provides resources for the development of Charter Schools in Alaska.

Statewide Testing and Assessment - provides for statewide testing and assessment for students in all school districts, demonstrates accountability, and results in accurate measurements of student success.

Goals 2000 - provides resources for coordinated school improvement activities and staff training, which vary from district to district, based on a district-wide improvement plan.

Title II Eisenhower Professional Development - provides professional development, training, and/or re-training for district instructors and staff primarily in the areas of math and science.

Curriculum Frameworks Development - provides for the development of curriculum frameworks documents corresponding to the 10 content area standards. Frameworks documents are resources for teachers to use to help instruct students to achieve high standards in all 10 areas (math, science, English/language arts, geography, government and civics, skills for a healthy life, world languages, technology, history, and arts).

School Accreditation - assists schools with the school accreditation process, works closely with the Northwest Accreditation Association, and assists in developing school accreditation standards.

Component Goals and Strategies for FY2000

Develop and field test a statewide comprehensive student assessment system including: the High School Graduation qualifying Exam (HSGQE), three benchmark assessments at grades 3, 5 and 8, that are aligned to state performance standards to measure student achievement and the California Achievement Test-5th Edition (CAT5).

Provide technical assistance and professional development to all school districts on ways to implement the Alaska Quality Schools Initiatives, including ways for students to meet high academic standards through on-site visits, workshops and conference sessions.

Develop a system of school accountability resulting in school performance designations.

Key Component Issues for FY1999 – 2000

The development and completion of the High School Graduation Qualifying Exam, Benchmark Assessments in grades 3, 5, and 8, and the Developmental Profile, for incoming kindergarten or first grade students. Setting passing scores for these assessments will also need to occur during this period of time.

By fall of 1999, all schools will be using Developmental Profile materials to assess incoming students in the areas of: physical/health; language development; social/emotional; and thinking, which includes mathematical and problem solving. Providing professional development related to the Profile will need to occur.

By fall of 1999, the department will be reviewing the results of the pilot testing of the High School Graduation Qualifying Exam and Benchmark Assessments. These assessments will be finalized for use in spring of 2000.

In spring of 2000, the High School Graduation Qualifying Exam and the three Benchmark Assessments will be given for the first time. Tenth grade students will be given the Qualifying Exam and will know in what areas they are proficient or not.

The department will work with the school districts and the public in creating a system of school accountability, which will result in school performance designations in 2002.

During FY1999-2000, the department will provide professional development and technical assistance to school districts to help them better prepare students to meet state standards and pass the state assessments.

The department will implement new federal requirements for vocational education which focus on curriculum integration to increase all students' performance.

Major Component Accomplishments for FY1998

Began work on the development of the High School Graduation Qualifying Exam with CTB McGraw Hill. The test will be pilot tested in FY1999.

Began major development of standards in reading, writing and mathematics, through a statewide committee process. Standards were completed in FY1999.

Statutory and Regulatory Authority

4 AAC 51.100-390
PL 103-279
4 AAC 06.500-770
PL 101-589
AS 14.35.010-030
AS 14.30.360-370
4 AAC 32.010-030
PL 100-297
AS 14.07.020-170
4 AAC 06.075
4 AAC 06.075
34 CFR 208, 235, 298, 86
PL 101-392

4 AAC 60.010-180
4 AAC 05.080
44, 77
4 AAC Chapter 39
4 AAC 19.010-060
PL 102-325

Component: Education Special Projects

Component Mission

To provide resources for educational and support services to targeted students, teachers, and adults through specialized grant programs and activities.

Component Services Provided

- The Teen Parenting/High School Completion Program, funded with interagency receipts from the Department of Health and Social Services, Division of Public Assistance, consists of competitively awarded grants to school districts, for a three year period, and provides activities such as basic academic instruction, parenting, health and fitness, life skills, career assessment and employability plans.
- Alaska Minerals and Energy Resources Education Fund provides educational materials and training for teachers to use in their classrooms.
- Robert Byrd Student Scholarships provide funding for students to further their educational goals.
- Law Related Education provides materials for use in classrooms across the state.
- Senate Youth Scholarships - two students, who hold student government offices, are selected annually, through a competitive, statewide process, to receive a monetary scholarship and to participate in an on-site visit of the nation's capital.
- Christa McAuliffe teacher training grant program provides one award annually for a teacher to complete a special education-related project.

Component Goals and Strategies for FY2000

Provide educational and support services to school age parents to complete their high school education, gain positive parenting skills, employability and occupational skills training and health education (currently Mat-Su, Kenai, and Fairbanks).

Major Component Accomplishments for FY1998

Teen Parenting/High School Completion programs targeted pregnant and parenting teens, receiving public assistance, to stay in school and complete their high school education. These programs allowed nearly 200 students the opportunity to stay in school and work toward a high school diploma.

Statutory and Regulatory Authority

34 CFR Part 654
PL 101-517
PL 102-325

Component: Teacher Certification

Component Mission

1. To ensure that only qualified applicants are awarded credentials to teach in Alaska.
2. To ensure that teacher education programs in Alaska conform to nationally recognized standards.

Component Services Provided

Receive, review, analyze, and evaluate all applications for initial, renewal, addition and removal of credentials and endorsements for the teaching profession as required by regulation and AS.14.20.370. Issue, deny, and/or notify applicant of the determination regarding their credentials. Submit fingerprint cards to the Department of Public Safety and FBI for background checks on all initial applicants. Notify applicants and monitor any resubmitted fingerprint cards. Revoke/deny credentials for applicants that have a criminal disclosure. Exchange revocation information with the National Clearinghouse for teacher licensure records. Issue Alaska credentials to all eligible applicants for teacher, administrator, special service, and limited license specialty areas. Review and approve all Alaska teacher education training programs in institutions of higher education. Register K-12 private & religious schools that operate in Alaska. Monitor the status of obligors to Child Support Enforcement and Postsecondary Education.

Component Goals and Strategies for FY2000

1. Teacher Certification
 - a) Issue regular, provisional or temporary credentials or letters of academic eligibility within 90 days of receipt of application to all eligible applicants for teacher, administrator, special services and the limited certificates.
 - b) Administer the background check as set forth in AS 12.62.035(e) and identify applicants with criminal convictions which make applicants ineligible for Alaska licensure; deny or revoke licenses accordingly.
 - c) Identify and evaluate applicants that apply for but do not meet requirements for licensure; deny licenses accordingly.
 - d) Maintain records received from the national clearing house on revocations. Notify the clearing house of all revocations in Alaska.
 - e) Review and approve/disapprove non academic credit for renewal of teacher licenses.
2. Teacher Evaluation
 - a) Review and recommend to the State Board of Education approval of teacher and administrator education programs at institutions of higher education in Alaska.
 - b) Issue student teacher authorizations.

Key Component Issues for FY1999 – 2000

- * Creating a system of teacher licensure that results in an adequate supply of qualified educators.
- * Implementing testing requirements for applicants
- * Maintaining an adequate level of services to applicants within the limitations of the budget, which is based on being self-supporting from certification receipts.

Major Component Accomplishments for FY1998

- A fee increase was implemented, allowing the unit to become self supporting.
- Began work on teacher exam required by AS 14.20.020(i).
- Developed policy to accept endorsements for posted doctorate, master, major or minor in a content area.
- Coordinated with University of Alaska Endorsement Review Center to accept endorsements.
- Require clearance of security verification and fingerprint cards prior to issuance of certificate.

Statutory and Regulatory Authority

AS 12.62.035(e)
4 AAC 12.010 - .900
AS 14.20.010 - .040

Component: Child Nutrition Administration

Component Mission

To provide resources to support federal child nutrition program sponsors in Alaska.

Component Services Provided

The Child Nutrition Program administers the National School Lunch, School Breakfast, Special Milk, Summer Food, Child and Adult Care Food, and Nutrition Education and Training Programs in Alaska for USDA. The component distributes federal funds, training and resources to eligible schools, child care centers, licensed family day care homes, residential child care institutions, summer camps, homeless shelters, adult day care centers, and national youth sports programs that provide food for children in Alaska in accordance with AS 14.50.010. The federal funds for grant reimbursements administered by this component are included in the K-12 Support BRU, Child Nutrition Component.

Component Goals and Strategies for FY2000

To meet the federal requirement that 25% of the school programs and 33% of the child care sponsors be reviewed annually and to provide on-site technical assistance in specific targeted areas.

To implement training priorities for state agency staff and local sponsors to support program improvement; i.e., implementation of the dietary guidelines, expansion of nutrition education, promoting program visibility.

To increase by 5% the number of agencies participating in child nutrition programs with emphasis on increasing the school breakfast, special milk, and adult day care programs.

To increase by 5% the number of children receiving nutrition education.

To provide staff training to at least 50% of the program sponsors annually.

Key Component Issues for FY1999 – 2000

Recently re-authorized federal legislation now allows for the state to target and fund snacks for in-school/after-school youth programs. This program will be fully implemented in FY2000.

The new re-authorized federal legislation creates a new food program targeting homeless children. Guidance from the U. S. D. A. has not yet been provided. The department will be fully implemented in FY2000.

Major Component Accomplishments for FY1998

* The Summer Food Program, targets low-income out of school youth, expanded to include more sponsors. Additionally, a higher Alaska reimbursement rate was secured for sponsors.

* 47 school districts participated in school lunch programs serving 94,098 students on an average daily basis.

* 27 school districts participating in school breakfast programs serving 16,374 students on an average daily basis.

Statutory and Regulatory Authority

AS 14.50.010

Budget Request Unit: Executive Administration

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BRU Mission

To lead and support the development of responsible, economically viable, lifelong learners and citizens.

BRU Services Provided

This BRU provides leadership and support to divisions and programs within the Department of Education.

BRU Goals and Strategies for FY2000

Goal 1: To have clear, rigorous, credible standards and assessments.

- School districts adopt reading, writing and math performance standards and align curriculum to ensure all students have the opportunity to learn the basics.
- Develop a standards-based comprehensive system of student assessments that generates useful data for educators to teach students to read, write and compute.
- Developmental profile for each child in kindergarten and first grade
- Alaska Benchmark Examinations in grades, 3, 6 and 8
- Alaska High School Graduation Qualifying Examination
- School districts identify students in jeopardy of not meeting reading, writing and math standards and provide appropriate student interventions.

Goal 2: To have a credible system of academic and fiscal accountability for students, professionals, schools and districts.

- Issue Quality Schools Grants so schools and communities can determine local solutions to student learning such as summer school, individual tutoring, lower class size, special classes, before and after school programs.
- Identify schools that are distinguished, successful, in decline or in crisis based on student performance and other measures.
- Provide distinguished educators and district support teams to those districts that are in decline or in crisis, when requested by the district.
- Recognize and celebrate distinguished schools.
- Schools in decline and in crisis develop a school improvement plan with community involvement using the Alaska Quality Schools Standards as the basis for the plan.
- Partner with the Northwest Association of Schools and Colleges to incorporate the Alaska Quality Schools Standards to accredit Alaska schools.
- Encourage local school boards to adopt culturally responsive school standards.

Goal 3: To have highly qualified school professionals who have met rigorous and credible standards and assessments.

- Provide rigorous educator standards by which school districts will evaluate professionals.
- Require school districts to develop individual professional development plans based on standards and best practices.
- Provide funding for national board certification leading to an Alaska advanced teacher certificate.
- Develop and administer a standards-based licensure system for educators.
- Develop a teacher approval process so that all teacher education programs meet high, rigorous standards.
- Encourage local school boards to adopt culturally responsive educator standards.

Goal 4: To have schools in which students, staff, families and communities are active partners in learning.

- In partnership with NEA, AASB, and PTA, promote research-based family involvement models and community orientations.

- Promote and support school-based Family Involvement Centers (1-877-FOR-KIDS).
- Launch a Statewide Reading Initiative focusing on K-3.
- Encourage and support business and school partnerships through the School-to-Work Initiative and Employability Standards.

Goal 5: To have an adequate and secure source of funding for schools.

- Secure adequate funding to develop and maintain an accountable system of high quality public schools.
- Secure adequate level of funding to meet school district's school construction and major maintenance needs.

Key BRU Issues for FY1999 – 2000

A key issue for the Department of Education will be to develop student intervention programs for students at risk of not meeting standards in reading, writing and mathematics. Student achievement needs to be measured against rigorous standards in reading, writing and mathematics at appropriate age levels. If a student is not making adequate progress, swift and intensive intervention is needed to get the student back on track.

As part of the Quality Schools Initiative, each school will be required to do a number of things aimed at increasing the quality of public education. Beginning in FY2000, each school will chart a developmental profile for each child upon entering kindergarten or first grade. The profile will identify a student's strengths and areas needing additional attention to help in designing an instructional program for each child.

Schools also need to adopt state-mandated academic standards in reading, writing and math. Schools will need to test each child early and often in these subjects throughout their school careers to make sure they are on target to meet the standards. Schools will be required to test students at the 3rd, 6th, and 8th grades. If they are falling behind, schools will have to provide special help to children so they can catch up. The final part of the comprehensive student assessment system is the High School Graduation Qualifying Examination. Today's ninth grade students will be required to pass this exam in order to receive a high school diploma.

This comprehensive student assessment system based on rigorous, academic standards will give the state and communities solid information to hold schools and communities accountable for the academic achievement of children. Each year, all schools will have to report certain information to their communities and state about their progress.

The Department of Education will use this information to build a system of accountability that will tell us whether each school is successful or unsuccessful. DOE will develop school based intervention plans to assist school in improving. The state will require low performing schools to work with their community to build a school improvement plan aimed at helping the school and the students reach the standards.

Major BRU Accomplishments for FY1998

- * Completed second phase of multi-year project to develop statewide assessment tools for measuring student performance against established state education standards. This phase will focus on developing performance-based assessment in reading and math, and the first statewide direct assessment of writing.
- * Developed regulations that establish accreditation standards for Alaska's schools based on research on successful schools and a field test in selected districts.
- * Developed regulations for a revised teacher administrator licensure system based upon national and state standards for educators.
- * Integrated the use of technology to facilitate delivery of services and education programs.

Component: State Board of Education

Component Mission

To provide leadership to ensure that all Alaska children will become successful adults and our democratic society will thrive and prosper.

Component Services Provided

This component provides the funding for transportation and meeting costs for the State Board of Education and a support position to coordinate board activities, meeting notices, and preparation for additional board meetings. The State Board provides policy direction to the department and is responsible for adopting regulations necessary to implement statutory requirements.

Component Goals and Strategies for FY2000

1. To provide a public forum to communicate and exchange information about education in the state.
2. To fulfill statutory requirements relating to board direction, policy, and action in support of:
 - * Clear, rigorous, credible standards and assessments.
 - * A credible system of academic and fiscal accountability for students, professionals, schools and districts.
 - * Highly qualified school professionals who have met rigorous and credible standards and assessments.
 - * Schools in which students, staff, families and communities are active partners in learning.

Key Component Issues for FY1999 – 2000

A key issue for the Department of Education will be to develop student intervention programs for students at risk of not meeting standards in reading, writing and mathematics. Student achievement needs to be measured against rigorous standards in reading, writing and mathematics at appropriate age levels. If a student is not making adequate progress, swift and intensive intervention is needed to get the student back on track.

As part of the Quality Schools Initiative, each school will be required to do a number of things aimed at increasing the quality of public education. Beginning in FY2000, each school will chart a developmental profile for each child upon entering kindergarten or first grade. The profile will identify a student's strengths and areas needing additional attention to help in designing an instructional program for each child.

Schools also need to adopt state-mandated academic standards in reading, writing and math. Schools will need to test each child early and often in these subjects throughout their school careers to make sure they are on target to meet the standards. Schools will be required to test students at the 3rd, 6th, and 8th grades. If they are falling behind, schools will have to provide special help to children so they can catch up. The final part of the comprehensive student assessment system is the High School Graduation Qualifying Examination. Today's ninth grade students will be required to pass this exam in order to receive a high school diploma.

This comprehensive student assessment system based on rigorous, academic standards will give the state and communities solid information to hold schools and communities accountable for the academic achievement of children. Each year, all schools will have to report certain information to their communities and state about their progress.

The Department of Education will use this information to build a system of accountability that will tell us whether each school is successful or unsuccessful. DOE will develop school based intervention plans to assist school in improving.

The state will require low performing schools to work with their community to build a school improvement plan aimed at helping the school and the students reach the standards.

Major Component Accomplishments for FY1998

- * Completed second phase of multi-year project to develop statewide assessment tools for measuring student performance against established state education standards. This phase will focus on developing performance-based assessment in reading and math, and the first statewide direct assessment of writing.
- * Developed regulations that establish accreditation standards for Alaska's schools based on research on successful schools and a field test in selected districts.
- * Developed regulations for a revised teacher administrator licensure system based upon national and state standards for educators.
- * Integrated the use of technology to facilitate delivery of services and education programs.

Statutory and Regulatory Authority

Article III Section 26 of the State Constitution
AS Title 14 Education
4 AAC

Component: Commissioner's Office

Component Mission

To lead and support the development of responsible, economically viable, lifelong learners and citizens.

Component Services Provided

The Commissioner provides leadership and support to all aspects of Alaska's education system by effectively and efficiently managing department programs to facilitate and enhance delivery of educational services. The Commissioner implements the policies and regulations adopted by the State Board of Education, and promotes collaboration among schools, students, families and communities to improve learning.

Component Goals and Strategies for FY2000

Goal 1: To have clear, rigorous, credible standards and assessments.

- School districts adopt reading, writing and math performance standards and align curriculum to ensure all students have the opportunity to learn the basics.
- Develop a standards-based comprehensive system of student assessments that generates useful data for educators to teach students to read, write and compute.
- Developmental profile for each child in kindergarten and first grade
- Alaska Benchmark Examinations in grades, 3, 6 and 8
- Alaska High School Graduation Qualifying Examination
- School districts identify students in jeopardy of not meeting reading, writing and math standards and provide appropriate student interventions.

Goal 2: To have a credible system of academic and fiscal accountability for students, professionals, schools and districts.

- Issue Quality Schools Grants so schools and communities can determine local solutions to student learning such as summer school, individual tutoring, lower class size, special classes, before and after school programs.
- Identify schools that are distinguished, successful, in decline or in crisis based on student performance and other measures.
- Provide distinguished educators and district support teams to those districts that are in decline or in crisis, when requested by the district.
- Recognize and celebrate distinguished schools.
- Schools in decline and in crisis develop a school improvement plan with community involvement using the Alaska Quality Schools Standards as the basis for the plan.
- Partner with the Northwest Association of Schools and Colleges to incorporate the Alaska Quality Schools Standards to accredit Alaska schools.
- Encourage local school boards to adopt culturally responsive school standards.

Goal 3: To have highly qualified school professionals who have met rigorous and credible standards and assessments.

- Provide rigorous educator standards by which school districts will evaluate professionals.
- Require school districts to develop individual professional development plans based on standards and best practices.
- Provide funding for national board certification leading to an Alaska advanced teacher certificate.
- Develop and administer a standards-based licensure system for educators.
- Develop a teacher approval process so that all teacher education programs meet high, rigorous standards.
- Encourage local school boards to adopt culturally responsive educator standards.

Goal 4: To have schools in which students, staff, families and communities are active partners in learning.

- In partnership with NEA, AASB, and PTA, promote research-based family involvement models and community orientations.
- Promote and support school-based Family Involvement Centers (1-877-FOR-KIDS).
- Launch a Statewide Reading Initiative focusing on K-3.
- Encourage and support business and school partnerships through the School-to-Work Initiative and Employability Standards.

Goal 5: To have an adequate and secure source of funding for schools.

- Secure adequate funding to develop and maintain an accountable system of high quality public schools.
- Secure adequate level of funding to meet school district's school construction and major maintenance needs.

Key Component Issues for FY1999 – 2000

A key issue for the Department of Education will be to develop student intervention programs for students at risk of not meeting standards in reading, writing and mathematics. Student achievement needs to be measured against rigorous standards in reading, writing and mathematics at appropriate age levels. If a student is not making adequate progress, swift and intensive intervention is needed to get the student back on track.

As part of the Quality Schools Initiative, each school will be required to do a number of things aimed at increasing the quality of public education. Beginning in FY2000, each school will chart a developmental profile for each child upon entering kindergarten or first grade. The profile will identify a student's strengths and areas needing additional attention to help in designing an instructional program for each child.

Schools also need to adopt state-mandated academic standards in reading, writing and math. Schools will need to test each child early and often in these subjects throughout their school careers to make sure they are on target to meet the standards. Schools will be required to test students at the 3rd, 6th, and 8th grades. If they are falling behind, schools will have to provide special help to children so they can catch up. The final part of the comprehensive student assessment system is the High School Graduation Qualifying Examination. Today's ninth grade students will be required to pass this exam in order to receive a high school diploma.

This comprehensive student assessment system based on rigorous, academic standards will give the state and communities solid information to hold schools and communities accountable for the academic achievement of children. Each year, all schools will have to report certain information to their communities and state about their progress.

The Department of Education will use this information to build a system of accountability that will tell us whether each school is successful or unsuccessful. DOE will develop school based intervention plans to assist school in improving. The state will require low performing schools to work with their community to build a school improvement plan aimed at helping the school and the students reach the standards.

Major Component Accomplishments for FY1998

- * Completed second phase of multi-year project to develop statewide assessment tools for measuring student performance against established state education standards. This phase will focus on developing performance-based assessment in reading and math, and the first statewide direct assessment of writing.
- * Developed regulations that establish accreditation standards for Alaska's schools based on research on successful schools and a field test in selected districts.
- * Developed regulations for a revised teacher administrator licensure system based upon national and state standards for educators.
- * Integrated the use of technology to facilitate delivery of services and education programs.

Statutory and Regulatory Authority

Article III Section 26 of the State Constitution
AS Title 14 - Education

Component: Administrative Services

Component Mission

To provide centralized management and financial support services.

Component Services Provided

This component provides services to the department in payroll, personnel, training, budget preparation and implementation, federal and state reporting, accounting, procurement and contracting services. The Finance and Accounting Unit processes budget transactions, revised programs, payments, grant awards, RSA's and certification of transactions input at the central or decentralized offices. The Supply and Procurement Unit processes mail, makes deliveries, processes delivery orders, provides bidding and procurement for supplies, professional services contracts and requests for quotations and proposals, reconciles invoices to deliverables prior to payment and is responsible for the department's inventory and lease contact. The Human Resources Unit provides support for all payroll and personnel activities for the department. This unit provides collective bargaining services, ADA guidance, and employee training.

Component Goals and Strategies for FY2000

1. Timely and accurate financial management services
 - * Budget preparation and implementation
 - * Revenue collection
 - * Federal and state reporting
 - * Process and certify payments
 - * Grant awards
 - * Reimbursable services agreements
2. Timely and accurate personnel/payroll services
 - * Payroll
 - * Recruitment
 - * Training
3. Purchasing and procurement services within state and federal requirements
 - * Purchasing of supplies
 - * Contracting for professional services
 - * Inventory and leasing
 - * Mail services

Key Component Issues for FY1999 – 2000

Continuing to improve service delivery in support of department programs.

Major Component Accomplishments for FY1998

- * Maintained timely and accurate financial management services
- * Conducted quarterly division staff/training meetings
- * Provided professional level procurement services
- * Maintained high level of timely and accurate payroll services
- * Provided training opportunities for managers, supervisors and employees
- * Developed performance standards and measures for employees

Statutory and Regulatory Authority

4 AAC 27	AS Title 39
AS Title 14	AS 28.05.104
AS Title 23	
AS Title 37	

Component: Information Services

Component Mission

To facilitate delivery of all departmental programs by providing information technology support services.

Component Services Provided

This component provides services to the department in data processing and state reporting. It provides overall support for the data processing functions on the department's AS/400, Local Area Network (LAN), and PC levels. The component has oversight responsibilities for education data collection and reporting. Existing education data criteria are maintained as well as new data requests developed and reviewed. Data requested from school districts are coordinated by this unit.

Component Goals and Strategies for FY2000

1. Reliable, efficient computing resources.
2. Computer literate workforce.
3. Improve electronic communications via E-mail and Internet access.
4. Streamline electronic data collection activities.

Key Component Issues for FY1999 – 2000

Key issues for this component include Y2K software and hardware inventory and replacement, and continuing to improve computing resources and computer literacy of workforce to enhance service delivery.

Major Component Accomplishments for FY1998

1. Provided high level data processing support including:
improved electronic communications via E-mail and Internet access
maintained department standard hardware and software.
2. Applied uniform departmental standards for the collection and analysis of data collected by the Department of Education.

Statutory and Regulatory Authority

AS 14.03.030	AS 14.45.100-200	34CFR 74-76, 78, 80, 85
AS 14.03.040	AS 14.07.010-030.170	34CFR 200-201
AS 14.03.120	4 AAC 06.160	
AS 14.30.350	4 AAC 06.700-770	

Budget Request Unit: School Finance

BRU Mission

To provide financial and technical support for the operation of Alaska's public schools.

BRU Services Provided

The School Finance BRU applies for and distributes state and federal funds to school districts in support of public education. The Foundation Program provides the primary financial support to the 53 school districts, Mt. Edgecumbe and Alyeska Central School for K-12 education. Supplementary program funds such as boarding home, tuition, and pupil transportation serve to provide student access to comparable educational opportunity.

Through the collection, analysis and compilation of timely, uniform educational program and finance data, the division monitors fiscal accountability of school districts in the utilization of local, state and federal resources. Fiscal and non-fiscal data collection and analysis support reporting requirements to the US Department of Education, its sub-contractors and other federal agencies in order to assure continued access to federal funds and compliance with program requirements. Audit coordination, review and monitoring provide further accountability of funds, standardization of financial reporting and assurances of compliance with grant objectives and direct pass through funds.

The BRU provides statewide oversight for educational facilities renovation and construction and evaluates and ranks bond reimbursement and capital project grant requests. The BRU also has the responsibility for administering the Donated Commodities program.

BRU Goals and Strategies for FY2000

- * To provide a credible system of fiscal accountability for schools.
- * To provide an adequate and secure source of funding for schools.
- * To provide an adequate level of funding to meet school district's school construction and major maintenance needs.
- * To provide timely and accurate payments to school districts.
- * To provide technical assistance to school districts.
- * To improve the quality and consistency of reported data.

Key BRU Issues for FY1999 – 2000

In 1998, legislation passed that significantly changed public education in Alaska. The new law requires that schools be held accountable for student performance through a comprehensive student assessment system. The law also changed the way the funding is allocated to public schools and provided additional resources to support school districts in implementing standards based curriculum and assessments.

The new school funding law changed the funding formula from an instructional unit basis to an adjusted student basis. The first year of funding, FY99, was a transitional year to the new formula. In FY2000, the requested funding level is based on the full funding estimate under the new formula. Additional resources are also included to implement the provisions of the law relating to fiscal accountability, monitoring and updating cost factors, and providing specific reports to the legislature.

Major BRU Accomplishments for FY1998

- * Updated regulations governing school district chart of accounts to improve the quality and consistency of reported data.
- * Updated regulations governing reimbursement of pupil transportation costs.
- * Began implementation of new school funding law.

Component: District Support Services

Component Mission

To provide efficient and effective distribution of, and accounting for, resources utilized in the operation of public schools throughout the state and to provide quality technical assistance and training to the 53 school districts, Mt. Edgecumbe Boarding School, and Alyeska Central School.

Component Services Provided

District Support Services manages the distribution of public school foundation, tuition, boarding home, youth in detention, pupil transportation, cigarette tax, USDA donated commodities, and impact aid program funds through the collection, analysis and aggregation of educational program support data. Staff provide technical assistance to the field level through telephone, on-site and scheduled group training and manage over \$700 million in state programs for less than one tenth of one percent. Staff comply with the federal Common Core of Data collection and reporting activities, which enables the state to participate in federal education funding programs. The audit section monitors grantees (sub-recipients) for compliance with federal and state laws regarding the use of public funds distributed by the department and requires corrective action when instances of noncompliance are identified. AS 28.05.104 provides for twice annual safety and mechanical inspections of all public school buses. AS 14.07.020 provides for pre-service training of public school bus drivers. AS 14.09.025 provides for development of an alcohol and drug testing program for public school transportation providers.

Component Goals and Strategies for FY2000

- * To provide management support for the formula programs under K-12 Support and Donated Commodities.
- * To provide technical assistance to school districts related to state statutes and regulations.
- * To provide for mechanical and safety inspections of approximately 1,000 school buses twice annually.
- * To provide for the safe transportation of students through school bus driver training and drug and alcohol testing for school bus drivers.
- * To provide timely and accurate payments to school districts.
- * To improve the quality and consistency of reported data.

Key Component Issues for FY1999 – 2000

In 1998, legislation passed that significantly changed public education in Alaska. The new law requires that schools be held accountable for student performance through a comprehensive student assessment system. The law also changed the way the funding is allocated to public schools and provided additional resources to support school districts in implementing standards based curriculum and assessments.

The new school funding law changed the funding formula from an instructional unit basis to an adjusted student basis. The first year of funding, FY99, was a transitional year to the new formula. In FY2000, the requested funding level is based on the full funding estimate under the new formula. Additional resources are also included to implement the provisions if the law relating to fiscal accountability, monitoring and updating cost factors, and providing specific reports to the legislature.

Major Component Accomplishments for FY1998

- * Updated regulations governing school district chart of accounts to improve the quality and consistency of reported data.
- * Updated regulations governing reimbursement of pupil transportation costs.
- * Began implementation of new school funding law.

Statutory and Regulatory Authority

AS 14.07.020-030

AS 14.50

4 AAC 40

AS 14.07.060

4 AAC 09

4 AAC 51

AS 14.09 4 AAC 27

4 AAC 52.700

AS 14.11 4 AAC 31

AS 14.17 4 AAC 33

Component: Educational Facilities Support

Component Mission

To provide services that promote safe facilities which support a quality education program.

Component Services Provided

This component provides oversight for the statewide school construction program. The unit develops the annual public school CIP budget for the Governor and the Legislature, calculates the state share of debt retirement, administers the school construction grant program, and provides assistance to school districts and other agencies upon request.

The primary responsibility of the component is to provide service and technical assistance to local school districts, the Governor, the Legislature and the public regarding school construction issues and projects statewide. This includes: 1) evaluation of annual capital improvement grant applications submitted by the school districts according to the criteria established by Chapter 83, SLA 93, 2) on site review of selected facilities, 3) development of the department's annual CIP budget request for the State Board of Education, the Governor and the Legislature, 4) technical assistance in preparation of six year plans, 5) development of criteria and methods of construction, project analysis, evaluation, and approval/disapproval, 6) review of educational specifications and documentation of code compliance, 7) calculation of the state's share of debt retirement, payments for reimbursement of bond indebtedness and local revenue projects approved by the department, 8) calculation and payment of CIP grants, 9) research and development of proposals for more effective ways of financing school construction, 10) review of district match documentation for cash or local in-kind contributions, calculation of payment upon approval of documentation, and 11) prioritization of debt retirement projects.

Component Goals and Strategies for FY2000

- 1) Payment of all reimbursement requests within 30 days of receipt.
- 2) To provide additional enhancements to the method of project evaluation and publish evaluation criteria to school districts, prior to April 1.
- 3) To provide the Governor's Office a copy of the CIP list by November 1 as per statute.
- 4) To provide school districts with a copy of the CIP list by November 5 as per statute.
- 4) To provide the Legislature a copy of the CIP list during the first ten days of the session as per statute.
- 5) To provide statewide debt service projections during the first ten days of the session.
- 6) To secure an adequate level of funding to meet school districts school construction and major maintenance needs.

Key Component Issues for FY1999 – 2000

Continuing issues include:

- * improving the annual ranking process for capital project and bond reimbursement requests.
- * developing school construction standards.
- * securing a long-term stable source of funding for school construction and major maintenance projects.

Major Component Accomplishments for FY1998

- * Completed annual CIP prioritized list in accordance with statute.
- * Provided training to school districts on CIP application and evaluation process.
- * Provided timely payments to school districts.

Statutory and Regulatory Authority

AS 14.03.140 - .150
AS 14.07.020(11)
AS 14.07.030(4)
AS 14.07.030(6)
AS 14.08.111
AS 14.08.151
AS 14.11
AS 14.11.011
AS 14.14.065
AS 14.14.090
AS 37.15.11
AS 37.16
AS 43.50.140
4 AAC 31

Component: Donated Commodities

Component Mission

To provide USDA commodities to school districts, child care centers, nutrition programs for the elderly, soup kitchens, summer food service programs as well as charitable and correctional institutions.

Component Services Provided

Conduct on-site reviews of recipient agencies participating in the commodity program as required by federal regulations. Attend technical assistance workshops and conferences pertaining to the commodity program. Provide workshops to recipients. Provide transportation company with directions for distribution of commodities statewide. Provide school districts with an opportunity to purchase commodity processed foods to help reduce their meal costs.

Component Goals and Strategies for FY2000

- * Increase commodity processing on behalf of school districts in order to reduce food service expenditures.
- * Order and distribute USDA food products economically and efficiently.
- * Provide technical assistance workshops for program participants.
- * Hold state food distribution advisory council meetings

Key Component Issues for FY1999 – 2000

Continuing to provide USDA commodities to schools and other agencies in an efficient, cost-effective manner and improving the quality of commodities available for distribution.

Major Component Accomplishments for FY1998

- * Distributed \$1,354,801 in USDA commodities to 45 school districts statewide.
- * Provided commodities training and technical assistance to 20 school districts.
- * Approximately 50% of Alaska School Districts took advantage of Commodity Processing during FY98, which enabled districts to save money for their food programs by obtaining products that normally are purchased through distributors.

Statutory and Regulatory Authority

7CFR250

Current

Topics . . .

A



List

STATE AND MUNICIPAL PRIVATIZATION (Update)

No. 58
11/96

Copies of the following titles may be requested from the State Library by placing a check mark next to the title(s) needed and returning the list to the Library, MS 0571. In compiling this list, our research staff has collected other materials and bibliographies which you may also find useful. Every effort has been made to select current, pertinent articles on the subject. If you wish to locate additional materials or need research assistance, please contact LuAnn Fisher at 465-2944 or FAX 465-2665.

1. ___ Fryklund, Inge. **Privatization American Style.** *Business Forum*, v. 19, no. 1-2, p. 4, Winter/Spring 1994.

"Many of the failures of American privatization result from public managers proceeding under the misapprehension that they are denationalizing a service when they are really outsourcing it."

2. ___ Wessel, Robert H. **Privatization in the United States.** *Business Economics*, v. 30, no. 4, p. 45, October 1995.

"Privatization offers attractive business opportunities, but it should be justified on the grounds of efficiency and productivity rather than become a fad to solve business and governmental problems."

3. ___ Silverstein, Kenneth. **Federal Regs Fight Privatization Trend.** *American City & Country*, v. 111, no. 6, p. 12, May 1996.

Federal regulations often block efforts to privatize state and local services. These regulations can limit the cost effectiveness of privatizing local services or apply more regulations to privately owned companies that provide those services.

4. ___ Greene, Jeffrey D. **Cities and Privatization: Examining the Effect of Fiscal Stress, Location, and Wealth in Medium-Sized Cities.** *Policy Studies Journal*, v. 24, no. 1, p. 135, Spring 1996.

Examines the reasons why some medium-sized cities choose to use privatization in their "management portfolios" and why some do not.

5. ___ Hass, Nancy. **Psst, Wanna Buy a Bridge?** *Financial World*, v. 162, no. 16, p. 30, August 3, 1993.

"The new willingness to sell off government assets has been hastened by the cities' and states' forays into the privatization of services. While governments are only now exploring asset sales, they have embraced the outsourcing of a wide range of municipal functions for nearly a decade."

6. __ Barak-Erez, Daphne. **A State Action Doctrine For an Age of Privatization.** *Syracuse Law Review*, v. 45, no. 4, p. 1169, 1995.

"This article is aimed to shed light on another dimension of the subject, the constitutional angle, concentrating on the possible influence of privatization on the constitutional standards applied in the operation of important social services."

7. __ Lighthizer, O. James. **The Pros & Cons of Privatization.** *State Government News*, v. 37, no. 2, p. 27, February 1994.

Uses the example of the Maryland State Department of Transportation to show that "privatization makes sense when the private sector can do a job substantially better and cheaper than state government, but does not make sense when there would be risk to the vitality of an economic asset."

8. __ Hellbusch, Ron and Andy Mead. **Same Service, New System.** *Public Works*, v. 126, no. 10, p. 72, September 1995.

The emphasis is on "Alternative Service Delivery", not only privatization, in this explanation of how the Dept. of Public Works in the City of Westminster, Colorado addressed the effective use of public funds to provide efficient service.

9. __ Kodrzycki, Yolanda K. **Privatization of Local Public Services: Lessons for New England.** *New England Economic Review*, p. 31, May/June 1994.

"The limited scope of privatization by New England local governments in particular defies explanation, suggesting that communities in the region may wish to reexamine their choices of how to provide services, if they have not done so recently."

10. __ Hirsch, Werner Z. **Factors Important in Local Governments' Privatization Decisions.** *Urban Affairs Review*, v. 31, no. 2, p. 226, November 1995.

"In this article, the author builds a model of local governments' decisions to contract out residential solid waste disposal services and empirically tests this model by using a new dependent variable—proportion of expenditures on a service that goes to expenses other than payroll."

11. __ Grønbjerg, Kirsten A., et al. **Child Welfare Contracting: Market Forces and Leverage.** *Social Service Review*, v. 69, no. 4, p. 583, December 1995.

Examines "patterns of privatization in the Illinois child welfare system using data from state payment records and a survey of organizational providers."

12. __ Sherman, Rexford B. **Privatization of Seaports?** *Transportation Quarterly*, v. 49, no. 3, p. 93, Summer 1995.

A discussion of the differences between privatization of seaports that has taken place in countries worldwide, and the possible effects of seaport privatization in the United States.

13. __ Semmens, John. **Privatizing Vehicle Registrations, Driver's Licenses and Auto Insurance.** *Transportation Quarterly*, v. 49, no. 4, p. 125, Fall 1995.

Proposes a model by which the state of Arizona could privatize all of the functions of the Motor Vehicles Department.

14. __ Mehdi, Haririan and Thomas A. Bonomo. **Privatization and the Emergence of For-Profit Prisons.** *Central State Business Review*, v. 15, no. 1, p. 11, Winter 1996.

Regional socio-economic factors, specifically unionization rates and wages of correctional employees, play a significant role in the location and success of for-profit prisons.

15. __ Russo, Charles J. and J. John Harris. **Buyer Beware: State Controls over Privatization.** *School Business Affairs*, v. 62, no. 5, p. 17, May 1996.

"Begins by briefly examining background issues on privatization along with reviewing arguments regarding its adoption. The second section notes the virtual lack of governmental controls and regulation of privatization. The final portion raises lingering legal questions that remain in the apparently head-long rush to privatization."

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COMMISSION ON PRIVATIZATION

Department of Education and Early Development

Subcommittee on Executive Administration

September 20, 1999

Jim Hickel, Chairman
Privatization Commission Subcommittee of Education
1010 W. Fireweed Street
Anchorage, AK 99503

Dear Chairman Hickel:

It has become apparent that the main function of the sub-committee is to take a close look at its particular Budget Request Unit (BRU) and present a layout of that BRU that the Education Subcommittee can further scrutinize and make recommendations to the full Privatization Commission.

These are areas of general concern that we believe need to be applied to the department in general. Consolidation of contracts and scrutiny of interagency receipts may reveal that the State has expended a lot of man hours accounting for these interagency transfers and a close review of the contract rates may very well reveal a need for privatization of those services. A recent example was the Department of Public Safety in Fairbanks paying DOTPF \$80.00 for an oil change when they could go across the street and have it done for \$30.00.

Our recommendations overlap into other BRU's but this is because of the above reasons.

Recommendation #1:

Privatize services provided by Alyeska Central School.

Passed by a vote of 2 to 1

Those supporting the recommendation said that there are several private sources already available and several school districts offer home school curriculum. It seems redundant for the state to be providing services already available in the private sector.

The no vote felt Alyeska Central School was needed by Alaskans who live in remote areas and was not sure the existing private sources and school districts operating home school programs had proven successful.

I. Agency & Department Name

This is the privatization summary for the education agency for the State of Alaska, the Department of Education (DOE). The subcommittee, chaired by Jim Hickel, developed the process of reviewing the DOE. It was decided that because the K-12 Support funding and the School Debt Retirement funding was pass through money that did not require positions or direct expenditures of DOE, these categories would not be reviewed by the subcommittee. The subcommittee as a body of the whole received an overview of each component of DOE. The final overviews were presented to the committee on August 30th. The subcommittee then split into smaller subcommittees, working groups, to review each budget component.

II. BRU and Component Names as listed in state budget

A BRU is a budget request unit that is a group of components or program activities combined to achieve a specific goal. The BRU "Executive Administration" is comprised of four components: State Board of Education, Commissioner's Office, Administrative Services, and Information Services. Currently, there are no formula programs in Executive Administration.

The Governor appoints the State **Board of Education** in Alaska. The nine-member board includes a military advisory member and a student advisory member. The Board meets four times a year. When a special issue requires board actions before the next scheduled quarterly meeting, the Board meets by teleconference.

Administrative Services includes payroll, drawing down federal revenues, and developing budgets.

Information Services manages the Department of Education website. Information Exchange is the Department's newsletter which is published weekly while school is in session, except at Christmas and Thanksgiving, by the Alaska Department of Education & Early Development. ***OASIS (On-line Alaska School Information System is operated by the Office of Assessments and Student Information in the Division of Teaching and Learning Support. OASIS collects, analyzes and publishes student and education information. The Privatization Commission should look into the possible consolidation of OASIS and Information Services.***

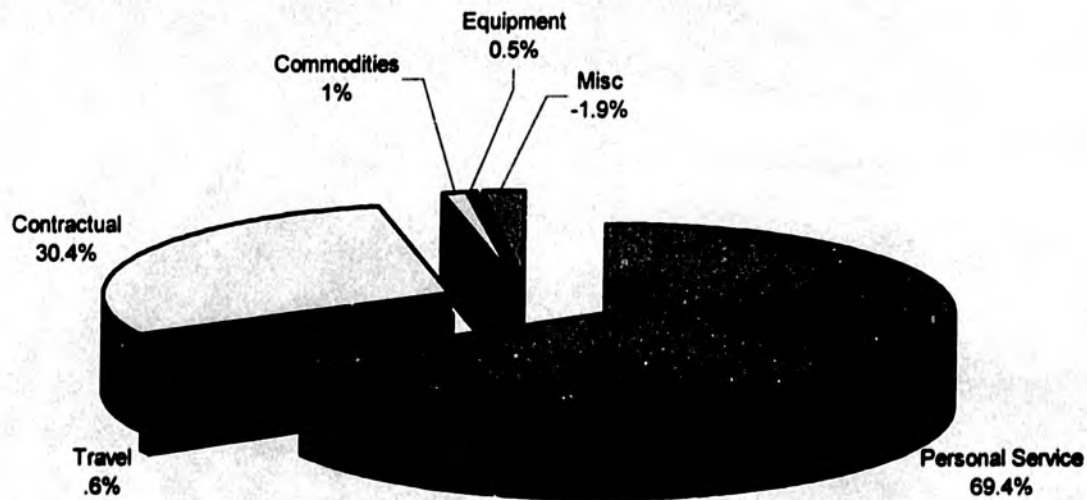
District Support Services has a grant administrator who is familiar with federal regulations and provides technical assistance to school districts.

Donated commodities consists of USDA food commodities used in the Child Nutrition program.

III. Total Budget, all funds

The total budget for Executive Administration is \$4,488,500. The division spends \$3,115,000 on personal services, \$27,000 on travel, \$1,366,500 on contractual services, \$45,800 on commodities, and \$21,700 on equipment. The Conference Committee on the Operating Budget made three miscellaneous reductions: \$20,000 in the Commissioner's Office; \$20,200 in Administrative Services; and \$47,300 in District Support Services. By placing the reductions in the miscellaneous line, the department has to "spread" that reduction to other line items in the budget through what is called a revised program. *Find out where those reductions were made by the department.*

EXECUTIVE ADMINISTRATION - FY '00



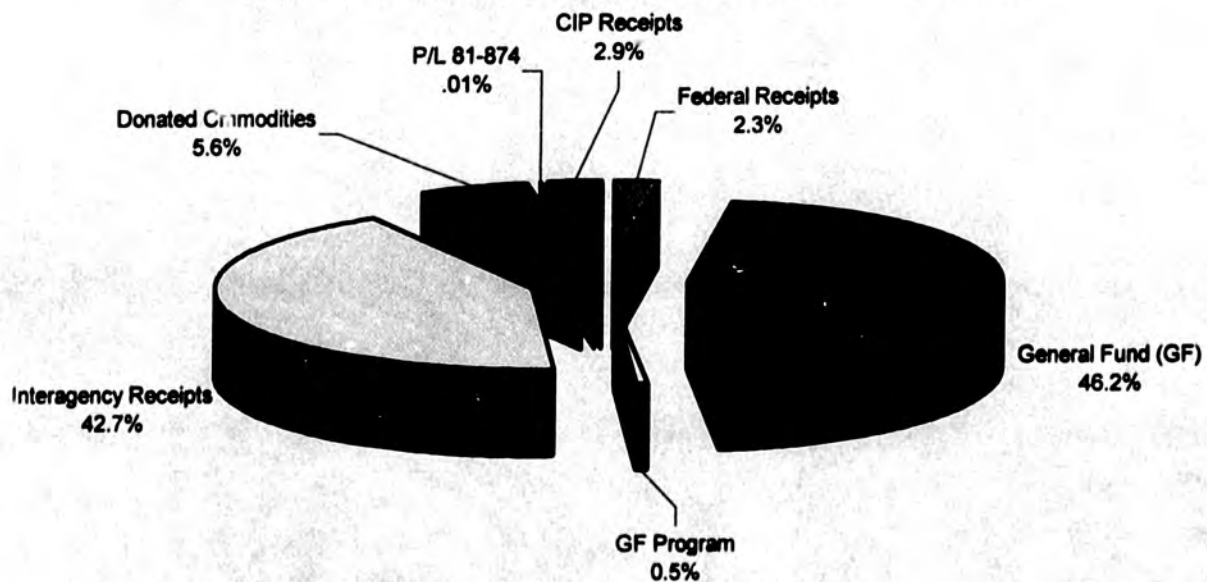
Total Expenditures \$4,488,500

IV. Total Revenue derived

The total revenues for Executive Administration in FY'00 is \$4,488,500. Federal receipts for this program total \$351,500 or 7.83% of the component revenues. Federal receipts include Public Law 81-874 funds, donated commodities, and federal receipts.

<u>Revenues by Source:</u>	<u>Revenues</u>	<u>% of Total</u>
Federal Receipts	\$ 7,101,200	2.3%
General Fund	2,071,700	46.2%
GF Program Receipts	21,300	.5%
Interagency Receipts	1,915,100	42.7
Donated Commodities	250,000	5.6%
P/L 81-874	300	.01%
CIP Receipts	<u>128,900</u>	<u>2.9%</u>
Total Projected Revenues	\$ 4,488,500	100 %

EXECUTIVE ADMINISTRATION - FY '00



Total Revenues \$4,488,500

V. Identify Constitutional and Statutory Provisions Governing Agency Operation

The word education does not appear in the United States Constitution, therefore, we must go to the **Tenth Amendment**:

"The powers not delegated to the United States by the Constitution, nor prohibited by it to the States, are reserved to the States respectively, or to the people."

Article VII, Section 1. Of the Alaska State Constitution establishes a public school system:

"PUBLIC EDUCATION. The legislature shall by general law establish and maintain a system of public schools open to all children of the State, and may provide for other public educational institutions. Schools and institutions so established shall be free from sectarian control. No money shall be paid from public funds for the direct benefit of any religious or other private educational institution."

Alaska Statute (AS) 14.03.010: establishes in the state a system of public schools to be administered and maintained as provided in Title 14.

AS 14.03.015 establishes that it is *"the policy of this state that the purpose of education is to help ensure that all students will succeed in their education and work, shape worthwhile and satisfying lives for themselves, exemplify the best values of society, and be effective in improving the character and quality of the world about them."*

The remainder of Title 14 provides the mechanism for administering the public education system.

VI. Agency Mission, Goals and Objectives

The Division of Executive Administration is responsible for providing leadership and support to divisions and programs within the Department of Education and Early Development. The division's **mission** is to lead and support the development of responsible, economically viable, lifelong learners and citizens.

The **goals** and **objectives** of the division are as follows:

1. Have clear, rigorous, credible standards and assessments.
 - a. Develop a standards-based comprehensive system of student assessments
 - b. Develop student profiles for each kindergarten and first grade child.
 - c. Implement Alaska Benchmark Examinations
 - d. Implement High School exit exam
2. Have a credible system of academic and fiscal accountability for students, professionals, schools and districts.
 - a. Issue Quality School grants for school to implement local solutions to student learning.
 - b. Rate schools as distinguished, successful, in decline or in crisis and take appropriate action for each.
 - c. Incorporate Quality Schools Standards in cooperation with Northwest Association of Schools & Colleges to accredit Alaska schools.
 - d. Encourage culturally responsive school standards for local school boards.
3. Have highly qualified professionals who have met rigorous and credible standard and assessments.
 - a. Provide rigorous school standards for district evaluation of professionals.
 - b. Provide funding for national board certification.
 - c. Develop and administer a standards-based licensure system for educators.
 - d. Encourage culturally responsive school standards for local school boards.

4. Have schools in which students, staff, families and communities are active partners in learning.
 - a. Promote school-based Family Involvement Centers (1-877-FOR-KIDS)
 - b. Launch Statewide Reading Initiative for K-3
 - c. Promote School-to-Work Initiative and Employability Standards.
5. Have an adequate and secure source of funding for schools
 - a. Maintain an accountable system of high quality public schools.
 - b. Meet school districts' school construction and major maintenance needs.

**Overview
of
Executive Administration's
Eight
Functioning
Components**

- objectives
- revenues
- staffing
- expenses
- contracts

BOARD OF EDUCATION

The Board of Education provides leadership for educational policy in the State of Alaska and is responsible for adopting regulations required to implement statutory requirements. The sole source of **revenues** is interagency receipts.

This component provides funding for travel and meeting costs for the Board of Education. The component has **one full-time employee**, Secretary to the Board of Education (Range 14), who coordinates board activities, meeting notices and is the support staff for the Board. The personal expense for this position is \$49,400.

The **goals and objectives** are to:

1. Provide a public forum to communicate and exchange information about education in the state.
2. Provide statutory requirements to implement policy and action in support of:
 - rigorous standards and assessments;
 - a credible system of academic and fiscal accountability for students, professionals, schools and others.
 - highly qualified school professionals who meet the standards and assessments requirements.
 - schools where active partners in learning include students, staff, families and communities.

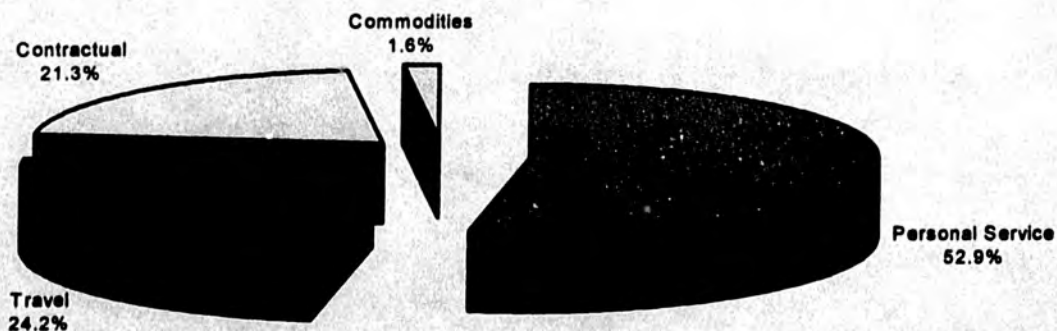
Board of Education Expenditures & Revenues					
Expenses			Revenues		
Personal Service	49,400	52.9%			
Travel	22,600	24.2%	Interagency Receipts	93,400	100%
Contractual	19,900	21.3%	TOTALS	93,400	100%
Commodities	1,500	1.6%			
TOTALS	93,400	100.0%			

Existing Contractual Activity:

Communications	Telephone, fax and postage	\$ 5,000
Transportation	Messenger, freight, and express	2,500
Adv Print & Bind	Printing, binding, advertising, legal	
	Notices, and clipping services	5,000
Rentals/Leases	Meeting space rental fees	3,500
Machinery & Equip	Pro rated share of copier, fax, and	
	Postage meter leases	1,000
Other Rentals/Leases	PC repair and maintenance costs	1,500
Other Expend/Svcs	Other expenditures for insurance,	
	Bonds, registration and subscription	
	Fees	<u>1,400</u>
	TOTALS	\$ 19,900

Most of these contracts appear to be with other state agencies and do not necessarily reflect privatization services.

Board of Education Expenditures - FY '00



COMMISSIONER'S OFFICE

The mission of the Commissioner's Office is to provide leadership and support to Alaska's education system through efficient and effective management of educational programs in the Department of Education and Early Learning.

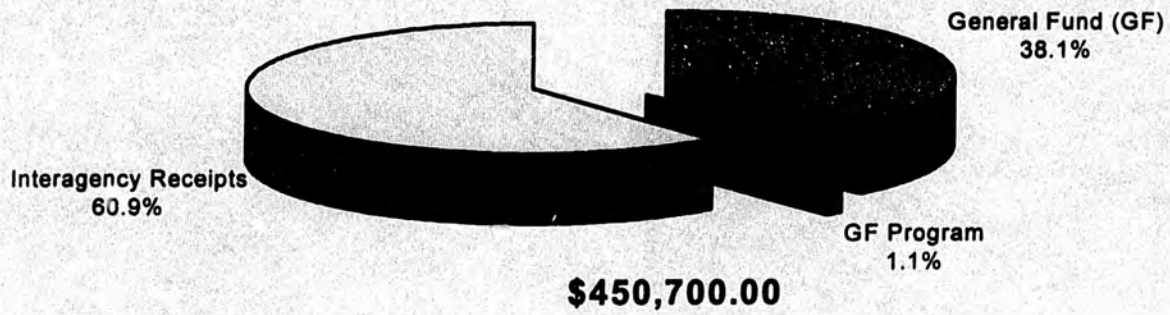
The Commissioner's Office has four permanent full-time positions: the Commissioner and Deputy Commissioner at a Range 28, an Executive Secretary at a Range 16, and a Secretary II at a Range 11. There is also a Special Assistant to the Commissioner in a part-time (9 month) position at a Range 23.

The **goals and objectives** are identical to those goals and objectives of the department.

- Have clear, rigorous, credible standards and assessments.
- Have a credible system of academic and fiscal accountability for students, professionals, schools and districts.
- Have highly qualified professionals who have met rigorous and credible standard and assessments.
- Have schools in which students, staff, families and communities are active partners in learning.
- Have an adequate and secure source of funding for schools

Commissioner's Office - Expenditures & Revenues						
Expenses				Revenues		
Personal Service	374,300	83.0%				
Travel	26,300	5.8%		General Fund (GF)	171,500	38.1%
Contractual	65,000	14.4%		GF Program	4,800	1.1%
Commodities	5,100	1.1%		Interagency Receipts	274,400	60.9%
Equipment	0	0.0%		TOTALS	450,700	100.0%
Misc	-20,000	-4.4%				
TOTALS	450,700	100%				

COMMISSIONER'S OFFICE REVENUES - FY '00

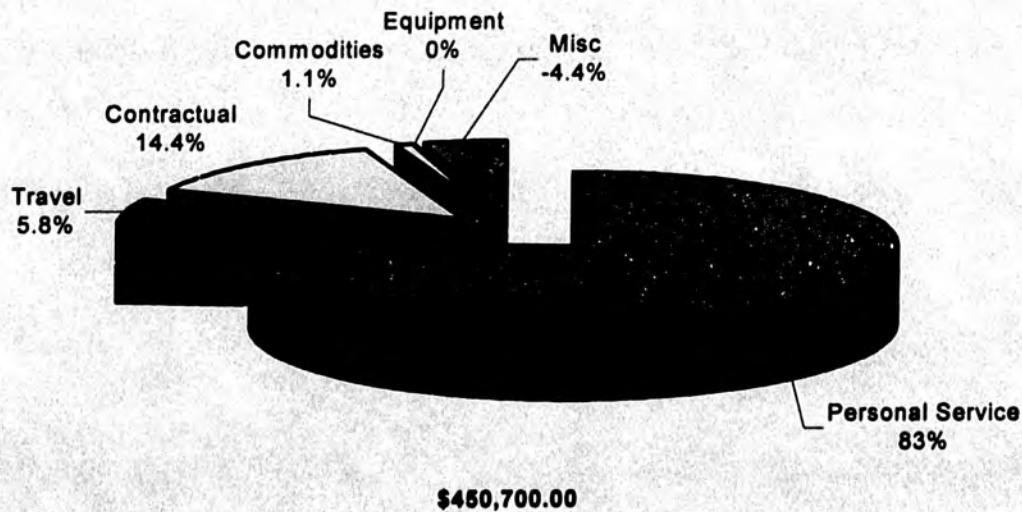


Existing Contractual Activity:

Professional Services	Publishing services	\$ 31,500
RSA/DOA	Core Services	10,500
RSA/DOA	Risk Management	<u>23,000</u>
TOTALS		\$ 65,000

Most of these contracts appear to be with other state agencies and do not necessarily reflect privatization services.

COMMISSIONER'S OFFICE EXPENDITURES - FY '00



ADMINISTRATIVE

The mission of Administrative Services is to provide payroll, personnel, training, budget preparation and implementation, federal and state reporting, accounting, procurement and contracting services to the Department of Education and Early Learning.

Administrative Services has twenty-three permanent full-time positions:

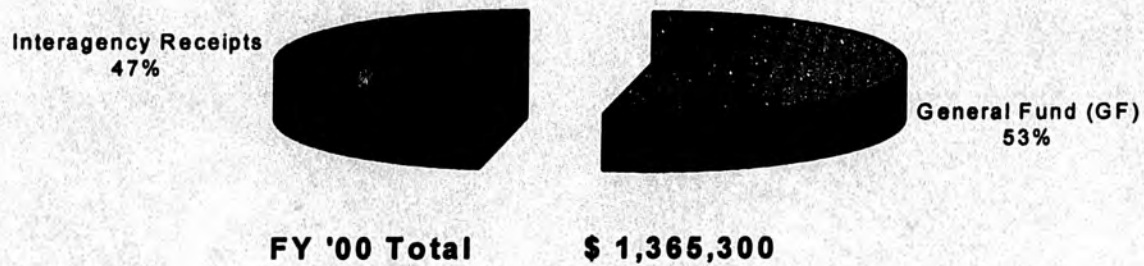
Administrative Services Personnel - FY '00

Job Class	Range	Positions	Anchorage	Fairbanks	Juneau	Other
Accounting Clerk II	9	1	0	0	1	0
Accounting Supervisor II	18	1	0	0	1	0
Accounting Tech I	12	2	0	0	2	0
Accounting Tech I	16	1	0	0	1	0
Accounting Tech II	25	1	0	0	1	0
Accounting Tech II	14	2	0	0	2	0
Accounting Tech III	16	1	0	0	1	0
Adm Clerk II	8	2	0	0	2	0
Admin Clerk III	10	1	0	0	1	0
Adm Svcs Mgr	23	1	0	0	1	0
Division Director	26	1	0	0	1	0
Human Resources Mgr II	22	1	0	0	1	0
Mail Clerk Carrier II	9	1	0	0	1	0
Personnel Asst I	12	1	0	0	1	0
Personnel Asst II	14	1	0	0	1	0
Personel Specialist I	18	1	0	0	1	0
Procurement Spec I	14	1	0	0	1	0
Procurement Spec III	18	1	0	0	1	0
Prog Budget Analyst I	13	1	0	0	1	0
Secretary I	10	1	0	0	1	0
TOTALS		23	0	0	23	0

The **goals and objectives** are: Have clear, rigorous, credible standards and assessments.

- Timely and accurate financial management services.
- Timely and accurate personnel/payroll services.
- Purchasing and procurement services within state and federal requirements.

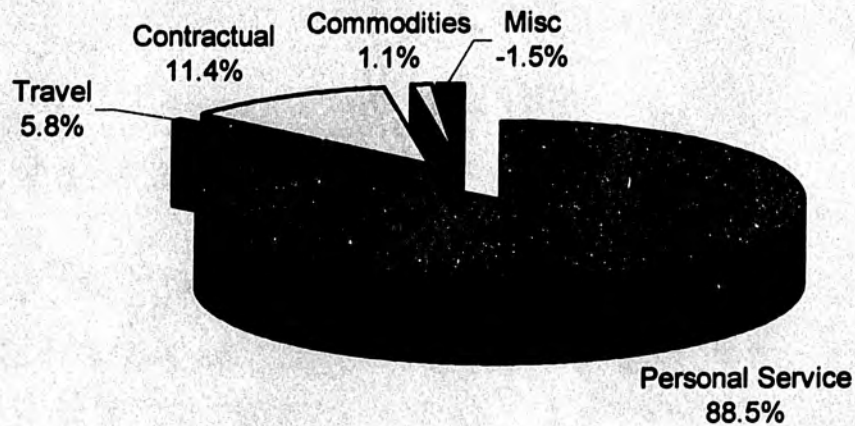
ADMINISTRATIVE SERVICES REVENUES - FY '00



Administrative Services Contracts - FY '00

Account	Expenditures	Cost
RSA/DOA	Core Services chargeback	43,000
RSA/DOA	Rick Management	11,500
RSA/DOA	Line costs, mainframe usage and hubs	20,500
RSA/DOA	EEO investigations	6,600
Communications	Telephone, internet connect fees, state network fees, long distance, fax, and postage	48,600
Adv Print & Bind	Advertising regulations, RFP's, and legal notices	10,000
Machinery & Equip	Pro rated department share of copier, fax and postage meter leases	8,000
Other	Other insurance, bonds, registration fees, training	3,000
Expend/Services	Records storage transfer	4,300
Other		
Expend/Services		
	TOTALS	\$ 155,500

ADMINISTRATIVE SERVICES EXPENDITURES



FY '00 Total \$ 1,365,300

Administrative Services					
Expenses			Revenues		
Personal Service	1,208,100	88.5%			
Travel	7,400	0.5%	General Fund (GF)	724,700	53%
Contractual	155,500	11.4%	Interagency Receipts	<u>640,600</u>	<u>47%</u>
Commodities	14,500	1.1%			
Misc	<u>-20,200</u>	<u>-1.5%</u>			
TOTALS	1,365,300	100%	TOTALS	1,365,300	100%

INFORMATION SERVICES

The mission of Information Services is to facilitate delivery of all programs by providing information technology support services to the Department. This component provides support for data processing functions of the department's AS/400, LAN and PC levels.

Information Services has eight permanent full-time positions:

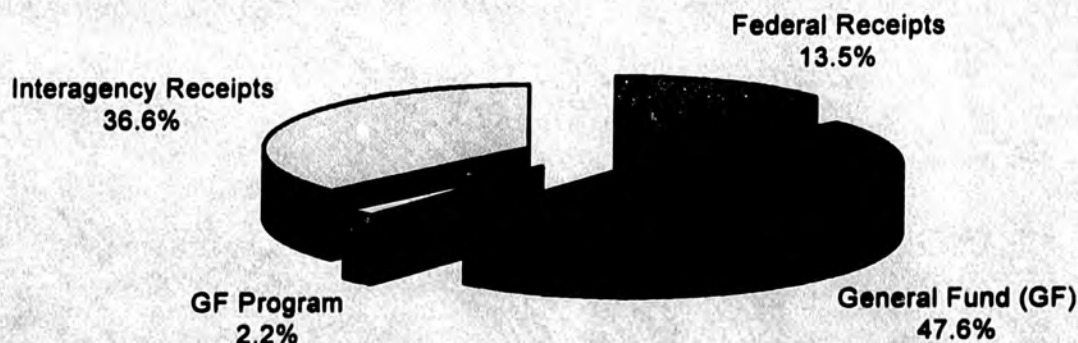
Information Services Personnel - FY '00

Job Class	Range	Positions	Anchorage	Fairban ks	Juneau	Other
Education Admin II	22	1	0	0	1	0
Publications Tech II	13	1	0	0	1	0
Micro/Network Tech I	16	1	0	0	1	0
Micro/Network Spec II	20	1	0	0	1	0
Micro/Network Spec I	18	3	0	0	3	0
Micro/Network Tech I	14	1	0	0	1	0
TOTALS		8	0	0	8	0

The goals and objectives are:

- Reliable, efficient computer and data processing resources.
- Computer literate department workforce.
- Improve electronic communications via E-mail and Internet access.
- Streamline electronic data collection activities.

INFORMATION SERVICES REVENUES - FY '00

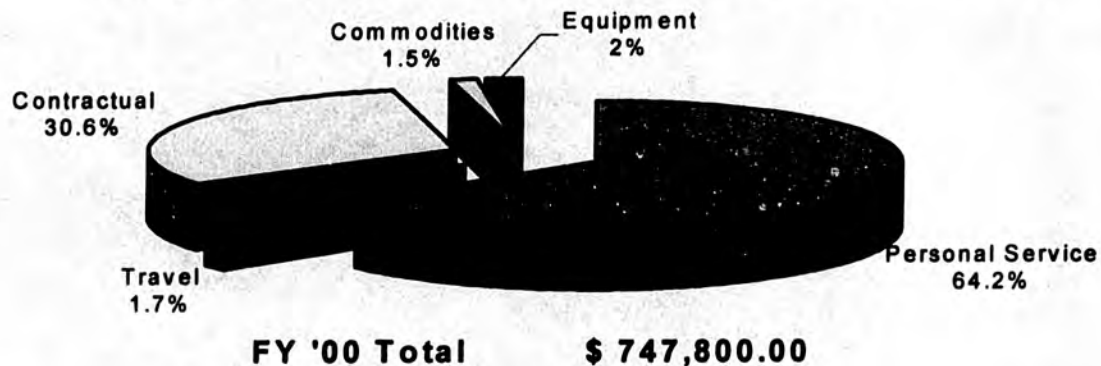


FY '00 Total \$ 747,800.00

Information Services Contracts - FY '00

Account	Expenditures	Cost
Professional Services	OASIS contract	50,400
Other Prof Services	Contracted services for programming.	44,500
Communications	Telephone, internet connect fees, state network fees, long distance, fax, and postage	60,500
Transportation	Freight, express and messenger service	1,700
Adv Print & Bind	Printing and binding of statistical reports and subscriptions to professional journals	1,500
Minr Repairs & Maint	Minor repair and maintenance	22,000
Rentals/Leases	Rental for land, buildings and space	1,200
Machinery & Equip	Lease cost for photocopying equipment	3,000
Other Rentals/Leases	LAN, PC maintenance and licensing costs	4,000
Other Expend/Services	Other expenditures, insurance, bonds, registration and employee training fees.	8,500
Other Expend/Services	Registration fees for conferences, educational meetings and training courses, membership dues.	3,700
	TOTALS	\$ 229,000

INFORMATION SERVICES EXPENDITURES - FY '00



Information Services					
Expenses			Revenues		
Personal Service	480,200	64.2%			
Travel	12,700	1.7%	Federal Receipts	101,200	13.5%
Contractual	229,000	30.6%	General Fund (GF)	356,200	47.6%
Commodities	11,200	1.5%	GF Program	16,500	2.2%
Equipment	14,700	2.0%	Interagency Receipts	273,900	36.6%
TOTALS	747,800	100%	TOTALS	747,800	100%

DISTRICT SUPPORT SERVICES

The mission of District Support Services is to provide financial and technical support for the operation of Alaska's public schools. The component manages the distribution of public school foundation, tuition, boarding home, youth in detention, pupil transportation, cigarette tax, USDA donated commodities, and impact aid program funds. It also is responsible for the collection, analysis and aggregation support data.

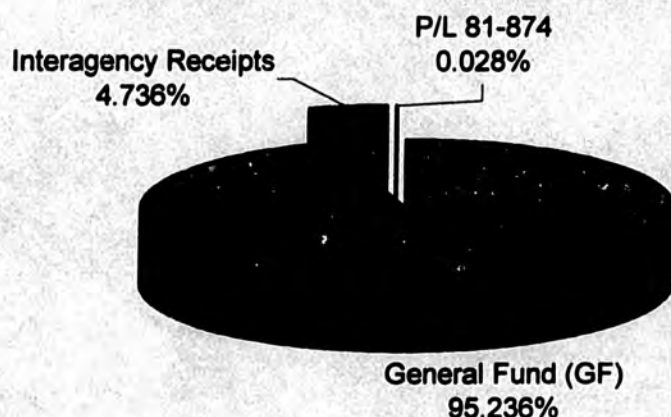
District Support Services has eight permanent full-time positions:

District Support Services Personnel - FY '00						
Job Class	Range	Positions	Anchorage	Fairban ks	Juneau	Other
Statistical Technician II	14	1	0	0	1	0
School Finance Spec III	21	1	0	0	1	0
School Finance Spec II	18	2	0	0	2	0
School Finance Spec II	16	1	0	0	1	0
Internal Auditor II	17	2	0	0	2	0
Internal Auditor II	19	1	0	0	1	0
TOTALS		8	0	0	8	0

The goals and objectives are:

- Provide management support for the formula programs under K-12 Support & Donated Commodities.
- Provide technical assistance to school districts dealing with state statutes and regulations.
- Provide mechanical and safety inspections of approximately 1,000 school buses twice annually.
- Provide bus driver training and drug and alcohol testing for school bus drives.
- Provide timely and accurate payments to school districts.
- Improve quality and consistency of reported data.

District Support Services Revenues



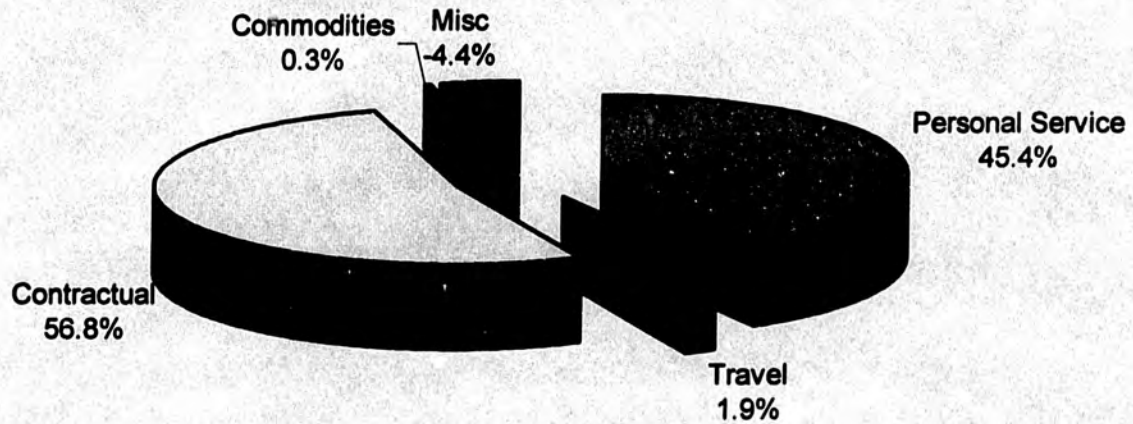
FY '00 Total

\$1,078,900

District Support Services Contracts - FY '00

Account	Expenditures	Cost
Professional Services	Professional Services contracts to provide t/a to the department. Litigation research and financial analysis services are needed as the state confronts challenges to Federal Impact payments in areas such as (1) the disparity test, (2) the state as recipient, and (3) declassification of special education	250,300
Other Prof Services	Contractual services to develop electronic data transfer between districts and AKDOE	8,100
RSAs	Dept of Law for K-12 and school legal issues	97,600
RSAs	DOE Information Services	14,900
RSAs	State Board of Education	28,100
Communications	Telephone, internet connect fees, state network fees, long distance, fax, and postage. Copying & distribution of reporting forms, informational items, court and litigation fees, hearings and presentation of new regs.	14,600
Adv Print & Bind	Advertising and printing of materials used by school districts for financial accounting and auditing purposes	3,800
Minr Repairs & Maint	Minor repair and maintenance of computers & printers	2,700
Rentals/Leases	Rental for land, buildings and space	2,500
Machinery & Equip	Rental for Machinery & Equipment	2,500
Other Expend/Services	Conference registration & membership dues for professional assoc. Tuition for employee training	3,000
	TOTALS	\$ 428,100

DISTRICT SUPPORT EXPENDITURES - FY '00



FY '00 Total \$ 1,078,900.00

District Support Services						
Expenses			Revenues			
Personal Service	490,000	45.4%				
Travel	20,000	1.9%	General Fund (GF)	1,027,500	95.24%	
Contractual	612,700	56.8%	Interagency Receipts	51,100	4.74%	
Commodities	3,500	0.3%	P/L 81-874	300	0.03%	
Equipment		0.0%				
Misc	-47,300	-4.4%				
TOTALS	1,078,900	100%	TOTALS	1,078,900	100.00%	

EDUCATIONAL FACILITIES SUPPORT

The mission of Educational Facilities Support is to provide oversight for the statewide school construction program and promoting safe facilities which support quality education.

District Support Services has eight permanent full-time positions:

Educational Facilities Support Personnel - FY '00

Job Class	Range	Positions	Anchorage	Fairban ks	Juneau	Other
Project Coordinator	18	1	0	0	1	0
Architectural Asst III	19	1	0	0	1	0
Architectural Asst I	14	1	0	0	1	0
Project Assistant	16	1	0	0	1	0
Tech/Eng I/Architect I	21	1	0	0	1	0
School Finance Spec I	16	1	0	0	1	0
Special Projects	24	1	0	0	1	0
Administrative Clerk	8	1	0	0	1	0
TOTALS		8	0	0	8	0

The goals and objectives are:

- Payment of reimbursement requests within 30 days of receipt.
- Assist districts in conducting and publishing an evaluation of school projects prior to April 1st of each year.
- Provide a copy of the CIP to the governor's office, the legislature, and the school districts by the deadlines set in state statute.
- Provide statewide debt service projections to legislature
- Secure adequate funding for school construction and major maintenance.

EDUCATIONAL FACILITIES SUPPORT REVENUES

CIP Receipts
18.8%



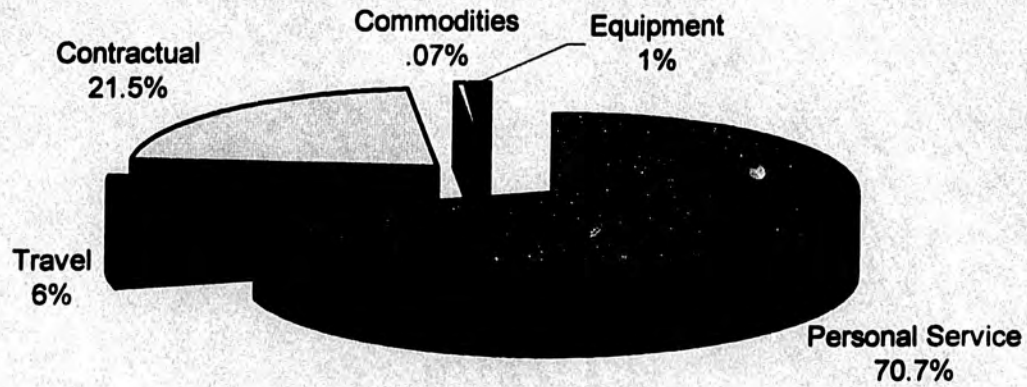
Interagency Receipts
81.2%

FY '00 Total \$ 685,600

Educational Facilities Support Contracts - FY '00

Account	Expenditures	Cost
Professional Services	Funding for hearing officers and other professional services	36,000
RSAs	Dept of Law	50,000
RSAs	Eduction Support Services to provide management, human resooources, and accounting	37,500
Communications	Provide information to school districts, state agencies, federal agencies about CIP's by telephone, fees, long distance, fax, and postage.	15,000
Adv Print & Bind	Printing & binding of updated CIP publications	5,000
Minr Repairs & Maint	Minor repair and maintenance of office equipment	4,200
	TOTALS	\$ 147,700

EDUCATIONAL FACILITIES SUPPORT EXPENSES



FY '00 Total \$ 685,600

Educational Facilities Support					
Expenses			Revenues		
Personal Service	484,900	70.7%			
Travel	41,000	6.0%	Interagency Receipts	556,700	81.2%
Contractual	147,700	21.5%	CIP Receipts	<u>128,900</u>	<u>18.8%</u>
Commodities	5,000	0.7%			
Equipment	<u>7,000</u>	<u>1.0%</u>			
TOTALS	685,600	100%	TOTALS	685,600	100.0%

DONATED COMMODITIES

The mission of Donated Commodities is to provide school districts, child care centers, nutrition programs for the elderly, soup kitchens, summer food service programs, charitable programs, and correctional institutions with USDA commodities. In FY'98 this component distributed \$1,354,801 in USDA commodities to 45 school districts and provided training and technical assistance to 20 school districts.

Donated Commodities has two permanent full-time positions:

Donated Commodities Personnel - FY '00

Job Class	Range	Positions	Anchorage	Fairbanks	Juneau	Other
Project Coordinator	18	1	0	0	1	0
Supply Technician I	10	1	0	0	1	0
TOTALS		8	0	0	8	0

The goals and objectives are:

- Increase commodity processing in order to reduce food service expenditures of school districts.
- Order and distribute USDA food products economically and efficiently.
- Provide technical assistance workshops for program participants.
- Hold state food distribution advisory council meetings.

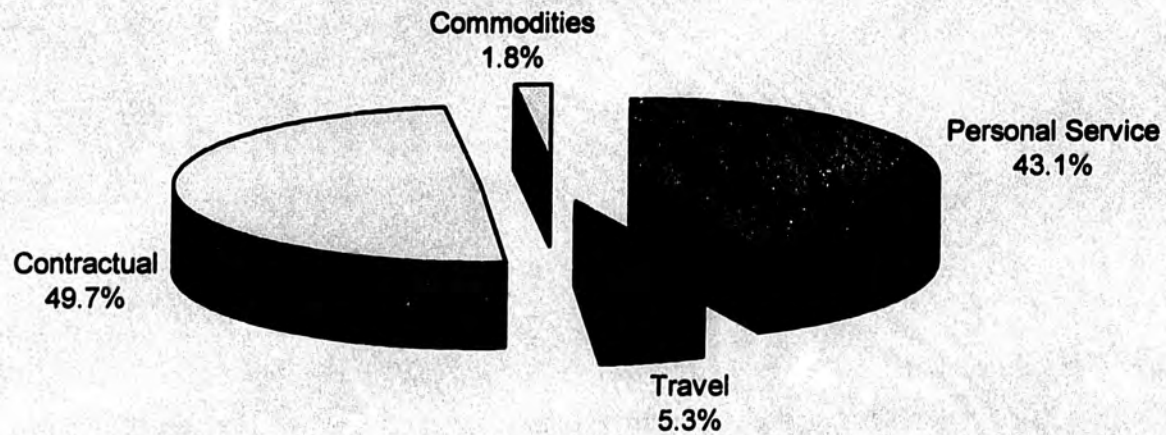
DONATED COMMODITIES REVENUES



FY '00 Total \$ 275,000

Donated Commodities Contracts - FY '00		
Account	Expenditures	Cost
RSAs	Eduction Support Services to provide management, human resooources, and accounting	2,000
RSAs	Information Services for commodities computer network support	5,000
Transportation	Freight carrier service in handling, transporting and distributing USDA commodities from Seattle, Washington to Alaska recipient agencies.	168,000
Adv Print & Bind	Duplicating and printing	10,500
Rents/Leases	Postage, telephone and computer expenses	25,100
Other Expend/Svcs	Conference registration and membership dues.	10,500
	Food commodities computer network fees.	
	TOTALS	\$ 221,100

DONATED COMMODITIES EXPENDITURES



FY '00 Total \$ 275,000

Educational Facilities Support					
Expenses			Revenues		
Personal Service	118,600	43.1%			
Travel	14,700	5.3%	Interagency Receipts	25,000	9.1%
Contractual	136,700	49.7%	Donated Commodities	<u>250,000</u>	<u>90.9%</u>
Commodities	<u>5,000</u>	<u>1.8%</u>			
TOTALS	275,000	100%	TOTALS	275,000	100.0%

VII. Describe Technology Used to Perform Mission

- Identify Specialized Equipment Needed for Mission

VIII. List Existing Agency Contracts including amount, contractor, purpose, term, and procurement method

IX. Make Recommendations per Section 5 in SB 33, including suggestions for new legislation.

Review and evaluate the policies and recommendations of other states that are studying or have implemented recommendations to transfer the provision of government services to other entities;

Review state contracting policy and procedures, including competitive bidding procedures;

Identification of state government functions capable of more efficient performance in the delivery of government services, and determine whether those identified functions could most effectively be provided by:

A. transferring to the private sector or contracting out;

Recommendation #1:

Privatize services provided by Alyeska Central School.

Passed by a vote of 2 to 1

Those supporting the recommendation said that there are several private sources already available and several school districts offer home school curriculum. It seems redundant for the state to be providing services already available in the private sector.

The no vote felt Alyeska Central School was needed by Alaskans who live in remote areas and was not sure the existing private sources and school districts operating home school programs had proven successful.

B. transferring to local governments or regional service organizations;

C. the federal government;

D. consolidation or other efficiency changes; or

E. a combination of the approaches under (A) - (D) of this paragraph;

State government functions that should be eliminated;

Identify present state government services that are most effectively and efficiently delivered by the state and that should remain a responsibility of the state;

Solicit public comment about the delivery of state government services.

Written report of its findings and recommendations to the governor and the legislature. The report must include suggested legislation that may be needed to accomplish the recommendations.

State functions should be transferred to the private sector or contracted out;

State functions should be transferred to local governments or regional service organizations;

State agencies or functions should be consolidated or otherwise made more efficient;

State functions that should be performed by the federal government;

State functions that should be eliminated as functions of state government.

X. Explain rationale for each recommendation, the number of votes for and against it.

XI. List problems or barriers to implementing.

ARTS IN PUBLIC PLACES - FY'99			
Agency	Project Title	Al/Ap	Total Funding
Education	Craig City Schools - New Craig Secondary School	AP	\$ 9,110,605.00
Education	Cordova City Schools - Junior/Senior High School	AP	\$ 3,574,652.00
Education	Northwest Arctic Borough Schools - Ambler High School	AP	\$ 1,690,400.00
Education	Northwest Arctic Borough Schools - Kiana High School	AP	\$ 2,228,511.00
Education	Northwest Arctic Borough Schools - Noorvik High School	AP	\$ 2,319,598.00
Education	Copper River - Kenny Lake Elementary School Replace	AP	\$ 4,071,274.00
Education	Lower Yukon - Pilot Station K-12 Replacement	AP	\$ 839,585.00
Education	Lower Yukon - Kotlik K-12 Expansion	AP	\$ 849,928.00
Education	Bering Strait - Golovin School Upgrade and Addition	AP	\$ 408,219.00
Education	Bering Strait - Elim School Upgrade and Addition	AP	\$ 458,209.00
Education	Southwest Region - Replacement of Togiak School	AP	\$ 880,011.00
Fish & Game	Juneau Indoor Shooting Range and Hunter Edu Facility	AP	\$ 1,500,000.00
HSS	Kenai Health Center	AP	\$ 1,705,000.00
HSS	Ketchikan Youth Facility	AP	\$ 1,518,300.00
HSS	Matanuska-Susitna Detention and Support Facilities,	AP	\$ 4,100,000.00
HSS	McLaughlin Youth Center Detention Unit/Probation Office	AP	\$ 5,297,000.00
HSS	Public Health Laboratory Non-Bondable Costs and Auth	AP	\$ 550,000.00
MVA	Juneau Armory Design and Construction	AP	\$ 6,360,000.00
MVA	Nome Armory Design and Construction	AP	\$ 5,712,500.00
MVA	Army Guard Statewide Planning and Construction	AP	\$ 2,000,000.00
MVA	Juneau Armory Design and Construction	AP	\$ 1,630,000.00
MVA	Nome Armory Design and Construction	AP	\$ 1,994,500.00
Public Safety	Statewide Academy Defer Main, Repair and Construct	AP	\$ 1,200,000.00
Revenue	Dillingham Senior Housing Project	AL	\$ 900,645.00
Revenue	Supplemental Housing Development Grants	AP	\$ 4,000,000.00
Revenue	Anchorage - Central Terrace/Fairmount Phase II	AP	\$ 1,300,000.00
Revenue	Nome Senior Housing Project	AL	\$ 718,650.00
Revenue	Mountain View - Phase I (Senior Units)	AP	\$ 2,120,000.00
Revenue	Park View Manor	AP	\$ 3,500,000.00
DOTPF	Coffman Cove Facility	AL	\$ 420,000.00
DOTPF	Marine Highway: Feeder Ferry Acquisition - Six Vessels	AL	\$ 9,000,000.00
DOTPF	Hyder: Marine Facility	AL	\$ 1,800,000.00
DOTPF	Chefornak Airport Reconstruction	AL	\$ 7,000,000.00
DOTPF	Chevak Airport Relocation	AL	\$ 7,000,000.00
DOTPF	Coffman Cove Facility	AL	\$ 2,380,000.00
DOTPF	Chitina Snow Removal Equipment Building Construction	AL	\$ 650,000.00
DOTPF	Clarks Point Airport Relocation	AL	\$ 4,200,000.00
DOTPF	Fairbanks International Airport Terminal Improvements	AL	\$ 2,030,000.00
DOTPF	Iliamna Airport Rescue and Fire Fighting Building Expansion	AL	\$ 1,000,000.00
DOTPF	Kwethluk Airport Relocation	AL	\$ 4,500,000.00
DOTPF	Willow Snow Removal Equipment Building Construction	AL	\$ 430,000.00
DOTPF	Wrangell Sand and Chemical Building	AL	\$ 1,700,000.00
U of A	Fairbanks Campus: Arctic Health Research Center	AL	\$ 8,709,100.00
U of A	Fairbanks Campus: Brooks Building	AL	\$ 4,180,500.00
U of A	Fairbanks Campus: Duckering Building	AL	\$ 3,737,800.00
U of A	UA-Juneau Fisheries Facility Planning/Match	AP	\$ 1,700,000.00
U of A	Fairbanks Campus: Fine Arts Building	AL	\$ 8,473,000.00
U of A	Physical Education Facility Design and Const - Juneau	AP	\$ 4,000,000.00
U of A	Fairbanks Campus: Rasmuson Library	AL	\$ 11,801,400.00
U of A	University Statewide Museum	AP	\$ 500,000.00
U of A	Hutchison Career Center	AP	\$ 1,600,000.00
U of A	Anch Campus: Library Facility Plan, Design, Site Constr	AP	\$ 9,530,000.00
Court System	Palmer Courthouse Expansion	AP	\$ 1,914,000.00
	TOTALS		\$ 170,793,387.00
	1% Projects		\$ 104,856,745.00
	1/2% Projects		\$ 65,936,642.00
	Proceeds for Art In Public Places		\$ 1,378,250.66

