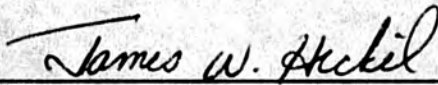


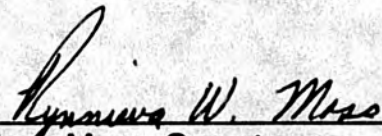
ALASKA LEGISLATURE SPECIAL COMMITTEE/SUBJECT FILES 8672

2787 SCOMM 122: COMMISSION ON PRIVATIZATION. . . , 1999

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.

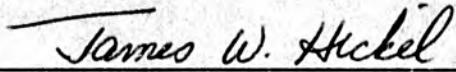
Rynnieva Moss asked Karen to compare the cost of maintenance when Sheldon Jackson was doing it as compared to what the state is paying for maintenance. Karen said she would look into it.

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.

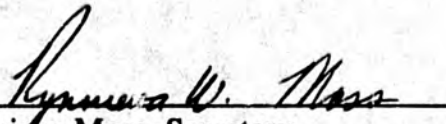
Jim Hickel said that general recommendations will discussed be scheduled for October 25th because October 18th is a holiday.

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 handle 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.

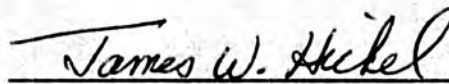
Hickle said that next week will be a full slate. He said the committee will briefly discuss the recommendations presented for Boards & Commissions, Postsecondary Education and Alyeska Central School. Other reports on the schedule include:

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, o 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 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 applied 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.

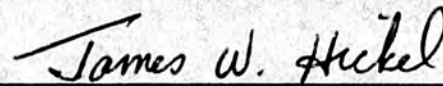
Debate:

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.

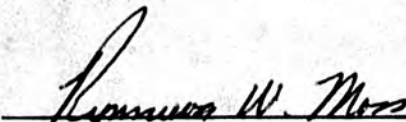
Recommendation #3 was amended (in what form, I have no idea!)

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, Rynnleva 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.

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

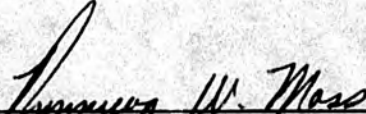
Doug Bartko said he would like look at the Alaska Constitution and how it relates to Public Education, as well as, discuss pilot programs related to a check off system for the permanent fund dividend.

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: 

Rynniewa 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-protected. 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 in 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.

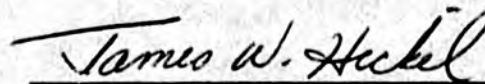
General Recommendation #15: Recommend that part of the school safety legislation should be to encourage gun safety education.

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.

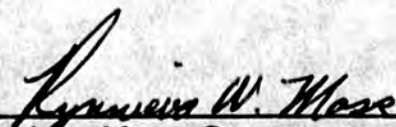
Jim Hickel reminded subcommittee members that this meeting will be the last meeting of the subcommittee unless there is interest for another. He also reminded members that the full committee report will be submitted to the Privatization Commission at 9:00 a.m. on Wednesday, November 24th. All members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

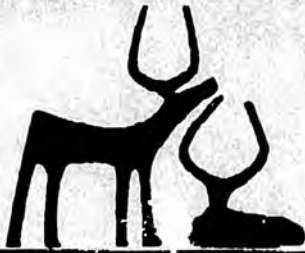
The Alaska State Council on the Arts (ASCA) offers grants and services to advance the practice and appreciation of the arts in Alaska.

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

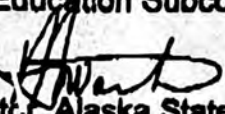
The Council develops arts policies, programs and proposals in cooperation with artists and arts organizations, state agencies, the Legislature, donors, and the public. ASCA receives major support from

*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 "N" Terminal Baggage Claim Lobby Improvements	\$8,145,300 \$268,000 \$5,000,000	Native artwork collection ¹⁹ And display case	\$178,000
Department of Fish and Game Fairbanks Office Addition	\$3,456,902	Mural Museum quality caribou (2) Fish tank Total	\$20,000 13,000 6,500 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 Carved wooden floats Erector sculpture Large painting Black & white photos Large mural 14 wooden carved benches Black & white photos 2 carved wall relief Large mural Tile "Fractured Sun" Paintings Total	\$6,000 15,000 10,150 21,500 3,500 24,350 13,050 5,000 30,000 24,900 13,500 7,000 \$173,950
Yupik Museum	\$4,139,000	Untitled - 2 glass Mosaic tile panels Untitled - aluminum Mask and geese Total	\$22,000 <u>22,000</u> \$44,000
Natural Sciences Facility	\$23,346,500	Suspended metal sculpture Untitled - ceramic works Artwork - historical acrylic mural Untitled - ceramic wall thrust Total	\$140,000 23,000 56,500 2,500 \$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 College 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 state's mail and vehicle inspection services.

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

District 12

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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 of Andrew Halcro in cursive script.

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
(907) 465-3143 TDD
(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.

Order a full report

TRANSACTION REPORT

P. 01

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STATE OF ALASKA

Department of Education & Early Development

Education Support Services

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August 13, 1999

James W. Hickel, Chairman
Education Subcommittee
Commission on Privatization
716 W. 4th Avenue
Anchorage, AK 99501

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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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 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
Page 3 of 3
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?"

NAME: _____

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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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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

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	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
<i>Pribilof</i>	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
<i>Southeast</i>	291.00	3,267,255					193,975			3,461,230
<i>Southwest</i>	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
<i>Yukon Flats</i>	408.00	5,319,382					108,640	5,028		5,433,050
<i>Yukon/Koyukuk</i>	536.00	6,547,993		21,900			97,596	5,301		6,672,790
<i>Yupik</i>	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, 1989

<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	761-9263	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	Rynnleva	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		

Rynnleva -

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%