

Invited Testimony – House Ways and Means

Thank you for the invitation to provide testimony on HB 4003. As you're aware, AML has presented a few times to this committee and offered to be a resource as necessary.

The Alaska Municipal League is a membership organization comprised of Alaska's 165 cities and boroughs. Our role is to strengthen local governments, including to provide a variety of services and to coalesce municipal perspectives on issues affecting local governments.

As you've heard from me before, that diverse membership means that we may not be able to take a position on specific bills but offer considerations for you instead, so that you may include these in your deliberations. Today's approach will be similar – I will review a number of aspects of this bill that relate back to local government and intersect with resolutions or a position taken by AML's membership.

First, AML members adopted a resolution (2021-08) in support of a balanced approach to addressing the State's deficit and continuing fiscal challenges.

Second, AML members have adopted a resolution (2021-03) in support of a sustainable draw from the Permanent Fund. The resolution notes that this is a component of a sustainable fiscal policy that includes revenues and expenditures that are balanced, emergency reserves that have been replenished, and a fund balance established.

Third, AML members have adopted a resolution in support of a broad-based tax (2019-06). HB 4003 does not address new revenues, which we believe will be necessary to adequately account for the State's responsibilities. This is not within the remit of the bill, from our understanding, as it is limited to how the State may appropriate available funds and to which purposes. Thus we haven't evaluated distributional impact in relation to other revenue sources.

Fourth, AML members have adopted a resolution (2020-12) that encourages the Legislature to come to consensus on the Permanent Fund Dividend. Essentially, AML has not taken a position on how or what the PFD should be, only that we hope the Legislature can come to agreement on this issue. To the extent that this bill – similar to other PFD legislation – can do that, we are hopeful.

Finally, AML members adopted a resolution (2019-01) in support of a Community Dividend. The addition in HB 4003 of what is essentially a fund source for education, a Constitutional obligation of the State, feels very similar to that.

Adequately funding this public education has been a policy statement of AML's for a long time, and AML members passed a resolution (2021-05) that encourages collaboration that fosters new approaches to public education, and sufficient and consistent funding. To that end, allocating a portion of the POMV draw to meet this responsibility of the State's is an important and even critical assurance that this can be done sustainably.

It promises the potential, at some point, to meet other goals identified by AML members – early childhood education, for instance, inflation-proofing the BSA, overcoming barriers to teacher recruitment and retention, and ensuring funding for school construction and major maintenance. The inclusion here of funding to meet a primary function of the State is meaningful.

AML continues to advocate for a State able to meet its obligations, with multiple resolutions adopted by members arguing for full and sufficient funding for any number of programs that are directly relevant to local governments. We appreciate the attention and diligence of this Committee as you work to find solutions that do that.

Thank you.

Alaska has long needed a stable, consistent, predictable, and adequate funding source for education. Great Alaska Schools supports those bills that move us closer to such a stable, consistent, predictable, and adequate funding for education. This Committee Substitute for HB 4003 is such a bill.

Throughout our advocacy efforts we've learned that Alaskan families really want our children to be prepared for the workforce or for further learning when they leave Alaska's public schools as young adults. A strong education system is really the only means for the majority of students to succeed. There is plenty of research showing that a high-quality teacher leads to the greatest education outcomes. However, there is a national shortage of quality educators, and Alaska is losing those educators to other states. Alaska must prioritize creating an attractive work environment to retain the educators we have, and attract future impassioned educators.

When we ask our education leaders why there are so many vacant positions, we hear time and again that recruitment and retention are the greatest challenges. Other states have shown that by prioritizing education with consistent funding they can draw quality teachers through solid retirement benefits, attractive healthcare options, and by incentivizing or compensating for higher learning in the profession.

The teacher turnover rate in Alaska is high and getting higher. This is incredibly costly to all districts, both financially and emotionally for students. Per Jim Anderson, CFO of ASD, it costs ASD approx. \$108,000 to onboard a single teacher. That's money that does not make it to the classroom. The lack of consistency for students has a bigger impact on students than we can fully outline, but especially during this pandemic, during a time of dramatic uncertainty for children, the relationships students have with their educator is all too often the only solid relationship that they have with an adult outside their home. When that adult is forced to relocate, it can be very destabilizing for a student.

Furthermore, since the BSA has been flat and the cost of operations have compounded over the last 6 years, ASD has worked carefully to equally allocate teachers in their schools, so when budgets are continually squeezed, it has led to teachers being moved to other schools, the result of those moves are losses of continuity and colleague relationships for educators, and significant disruption for students..

This pandemic has certainly underscored just how critical it is to have a safe and nurturing place for our kids to go in order for parents to be able to continue to work. I personally believe that there is a greater appreciation for our educators now, so let's take this opportunity to show them that they are valued by enacting legislation to support them.

Great Alaska Schools sees this CS for HB 4003 as a sincere effort by legislators to set up stable, consistent, predictable, and adequate funding for public education. We fully support this Bill and the % of the POMV being specifically allocated for public education.

From: [Moser, Matthew \[AK\]](#)
To: [Megan Holland](#)
Subject: Klaameyer copy for recording secretary
Date: Thursday, October 28, 2021 2:55:47 PM

Good afternoon, Chair Spohnholz and members of the House Ways and Means Committee.

For the record, my name is Tom Klaameyer, and I serve as the President of NEA-Alaska. I am here on behalf of the over 11,000 educators who represent the vast majority of classroom teachers and education support professionals in Alaska.

Thank you for the opportunity to testify today on HB 4003

I would like to thank the Chair and members of the legislature who have made public education and Alaska students a priority. Of course, it is a Constitutional mandate, but it doesn't always feel that way, considering the public school funding roller coaster ride we've been on over the last decade or so. It's quite refreshing to read HB 4003, actually, as it attempts to replace that volatility with stability for the institution of public education in our state, which is the cornerstone of democracy and addresses the critical need for the future development and economic development of our state by investing in our students.

As you may know, this has been one of the most difficult years for educators in memory. Not only have educators been dealing with the chronic underfunding of our schools and the lack of student resources it causes, but for the last (almost) two years, the impacts of a global pandemic in their workplace and on their students. Teaching is difficult; it's gotten harder. And teaching in Alaska can be uniquely more challenging.

A 2020 report from the All Alaska Pediatric Partnership documented that even before the pandemic, 36% of Alaska students ages 0-8 live in poverty. Alaska has the highest rate of child maltreatment in the nation.

The report goes on to detail that only one-third of Alaska children start kindergarten "ready", and low-income children are even less likely to be well equipped to start their education.

The simple fact is that many Alaska students are coming from some challenging backgrounds and arrive at school unprepared. Furthermore, our state currently invests less than 1% of general funds in early childhood education, and another bill, introduced to help rectify that, has stalled in the legislature for the last two years.

Add to this mix the fact that Alaska offers the worst retirement system in the country for teachers. Alaska teachers (hired since 2006) do not receive Social Security and do not earn a pension. A 2019 analysis by the Chief Investment Officer of the State of Alaska demonstrated that after a 30-year teaching career, only about 31% of teachers hired after 2006 would have sufficient assets to support themselves in retirement. With no Social Security, this is a very scary prospect for many and the reason so many leave after five years (they can take what they earned and to teach in another state).

Finally, consider what it has been like for teachers over the last 10 years as the state budget crisis and legislative gridlock have created almost annual uncertainty for jobs and impacts to the school districts.

Imagine being a first-year teacher with student loans, or an early career teacher who has just bought a home, and receiving a “pink slip” from your employer because of the inability of the Legislature to pass a budget on time. A 2020 study by the Regional Education Laboratory showed that 22 percent of teachers and 25% of principals leave their schools and their roles each year. Imagine how dangerous the oil production and exploration on the North Slope would be if employers there experienced that kind of turnover.

And this turnover costs the state of Alaska real money. A 2017 study by ISER detailed costs of \$20,000 per teacher to the tune of \$20 million per year. It is estimated that Principals cost \$75,000 per year in recruitment and retention costs. And it's not just the state and school districts that pay for educators coming and going from our schools and communities, unfortunately, it is our students.

Educators grow and develop with experience. They get to know families and students. They become part of the community and build long-term relationships that support student learning and connected school communities. This doesn't just make common sense, it's supported by the data. ISER has shown that in the five school districts in Alaska with the lowest turnover rates (average of 8.7%) student reading proficiency is an impressive 85.8%. Conversely, in the five Alaska school districts with the highest turnover rates (churning out an average of 37.9% of teachers each year) their student reading proficiency dropped dramatically to only 46.9%.

I am here today before you because I am excited about the potential impact of HB 4003. It represents a real acknowledgment that we need to do better and more for our students and educators. It builds a sustainable stream of investment for our students and schools so we can chart a strategic and productive course moving forward. It starts to resolve the state fiscal crisis which has been so damaging to public education.

In very recent history, and almost annually, the entire apparatus related to public education has been mobilized to make the case against massive and damaging cuts to education. In 2015 we saw a very serious proposal from the Senate Finance Committee to make a 5% cut to education funding. More recently, we saw a proposal to cut education funding by 23% in the Governor's budget, followed by vetoes of education funding - including funding for early childhood education.

Fortunately, helping students who need it the most is exactly why many educators joined the profession, to begin with, but unfortunately, however, fewer and fewer educators are choosing to make Alaska their home. In fact, there are 1,000 fewer certificated teachers working in Alaska than a decade ago. Years of flat funding, further eroded by inflation, have strained our system.

Sometimes I think about the energy and human capital that educators, parents, and administrators have had to invest over the last decade to make the case to just hold students and schools harmless from funding cuts. What if the adults involved in public education had been able to spend 100% of

their time focused on students? What if they didn't have to worry about an insufficient retirement, pink slip, or a school closure, or a funding cut.

Even the idea of "forward funding", a modest, no-cost, signal to school districts that there will be some stability in education funding turned out to be controversial. Though, I hope legislators who are interested in a no-cost way to instill confidence and support stability will continue to propose and advocate for forward funding.

HB 4003 represents a real opportunity for Alaskans to come together, to put a big part of the fiscal crisis behind us and to make an enduring investment in Alaska's kids and our state's future.

We are still carefully studying the details of HB 4003, but after an initial review I am eager to continue this conversation as it represents an acknowledgement of our Constitutional obligation to public education, it is an innovative idea that shows we can and must do better, and it puts Alaska's students and young people at the center of the conversation about moving forward.

Thank you, Chair Spohnholz for bringing this proposal forward, and thank you all for your time, attention, and consideration.

Matthew D. Moser (He/Him)

Government Relations and Community Outreach Director



[Use this link to book time to touch base with me!](#)



NEA-Alaska exists to be an advocate for an excellent public education for each child in Alaska and to advance the interests of public school employees.

*Dena'inaq elnen'aq' gheshtnu ch'q'u yeshdu. (Dena'ina)
I live and work on the land of the Dena'ina. (English)
Translation by Joel Isaak and Sondra Shaginoff-Stuart*

House Ways & Means Special Committee
CS HB 4003(W&M)
October 28, 2021

Good afternoon members of the House Ways & Means Special Committee. My name is Norm Wooten and I serve as the Director of Advocacy for the Association of Alaska School Boards. Also on-line today is AASB's Executive Director, Lon Garrison. Thank you for the opportunity to testify today.

We are supportive of the language of CS HB 4003(W&M) and its intent is in alignment with several resolutions approved by the AASB Delegate Assembly.

We watched with interest the meetings of the Legislative Fiscal Work Group and were gratified with the recommendations of the Work Group. AASB's Resolution 2.1 - ***SUSTAINED, RELIABLE AND ADEQUATE STATE FISCAL PLAN AND EDUCATIONAL FUNDING FOR ALASKA'S STUDENTS THROUGH A NON-VOLATILE FUNDING SOURCE*** directly supports the Work Group's recommendations as well as the proposed use of the POMV draw and the division of the revenue from the Permanent Fund. CS HB 4003(W&M) meets the recommendations of the Work Group by putting into place a step toward a fiscal plan as well as revising the PFD statute. The future of Alaska, as well as the future of public education, depend on a workable fiscal plan.

Creating in statute a sustainable use of the POMV draw puts to rest what has become the focus of many discussions in the legislature. The debate over the question, "How much is the PFD this year" is a distraction to the business of the legislature – that business is policy decisions that affect every sector of Alaska's population, including our public-school students. I'm not here this afternoon to advocate for an amount of the PFD. There are many thoughts on that topic both within the Capitol as well as the general population. I commend you for considering legislation that creates a stable funding source for the PFD so that legislators can concentrate on greater responsibilities and move this debate off the table.

Each year school board members and education advocates plead for education funding. And you routinely remind yourselves and the public of your constitutional responsibility that is contained in Alaska's constitution. *Article 7, Section 1* requires your support and funding of a public school system. And you have never failed to fund education, however, the Base Student Allocation has not been increased from the current \$5,930 since FY 17. Six years with no increase seems disingenuous to expect constant improvement in instruction and increasing standardized test scores. Utilities, supplies, transportation, fuel, salaries, maintenance, freight, food, instructional materials, communications, internet, and a myriad of other supplies and services necessary for operating a school system have all increased. It seems as if the cost for everything has increased. About the only thing that hasn't increased is the BSA. The proposed new language in CS HB 4003(W&M) has provisions that address those times when the formula draw does not meet the BSA and also when the formula draw goes beyond the BSA need. This seems to be a responsible solution. It also meets the request of AASB's Resolution 2.2 - ***URGING EARLY, ADEQUATE, EQUITABLE, AND PREDICTABLE FUNDING OF PUBLIC EDUCATION***

The proposed language in CS HB 4003(W&M) would remove education from competition with all other appropriations and fulfill the responsibility of *Article 7, Section 1* of Alaska's Constitution. The legislature could then concentrate on the remainder of other services that provide for Alaska's citizens and make our state such a wonderful place to live and raise families.

My own daughters and granddaughters received an outstanding public-school education that laid the foundation for them to lead successful adult lives. I want my great granddaughters to also have that same opportunity. CS HB 4003(W&M) will undoubtedly go through many iterations as it progresses through the committee process in both bodies. AASB commits to weighing in at every opportunity and to help make it the best possible support for every public school student in Alaska.

AASB has several other resolutions that support CS HB 4003(W&M) and they are included in the written copy provided to the committee.

Thank you for the opportunity to testify in support of CSHB 4003(W&M). Both AASB Executive Director Lon Garrison and I are available for any questions you might have.

AASB Resolutions Supporting HB 4003

B.7 EDUCATIONAL PROGRAMS AND FUNDING AS TOP PRIORITY

Article VII, Sec. 1 of the Alaska State Constitution states that the Legislature shall establish and maintain a system of public schools open to all school age children. Public education is fundamental to democracy and economic advancement of the state **and tribes**. AASB calls upon the Governor and the Alaska Legislature to make early, sustainable, adequate and equitable funding a top priority for the exemplary education of our youth.

2.1 SUSTAINED, RELIABLE AND ADEQUATE STATE FISCAL PLAN AND EDUCATIONAL FUNDING FOR ALASKA'S STUDENTS THROUGH A NON-VOLATILE FUNDING SOURCE

The sustainability, reliability and adequacy of Alaska's funding for public education are of highest concern to the Association of Alaska School Boards. AASB urges the Legislature to develop a state fiscal plan. This fiscal plan would provide a long-term approach to funding the costs of public education and other services upon which Alaska's students and their families depend. The plan should be strategic, sustainable and realistic, providing a framework for balancing budgets while adequately funding public education.

2.2 URGING EARLY, ADEQUATE, EQUITABLE, AND PREDICTABLE FUNDING OF PUBLIC EDUCATION

AASB urges the State of Alaska to provide early, adequate, equitable, and predictable funding of public education. AASB believes that adequate funding should include the following:

- State funding of the TRS-PERS retirement liability;
- An increase to the Base Student Allocation to account for both inflation and adequate pre-K through 12th grade education;

- Recognition of the need to keep pupil-teacher ratios to a level in line with research-based best practices;
- Career and technical education.
- An early adoption timeline that allows school boards and district administration to effectively plan instruction and staffing for the upcoming school year.
- Programs and Initiatives focusing on Alaska Native languages and cultures.

AASB urges that in the years when the Alaska Legislature has not approved an education budget by April 1, the budget from the previous year shall be the legal minimum funding for the next fiscal year.

AASB urges the Legislature to review and recommend appropriate adjustments to AS.14.17.460, District Cost Factors, to ensure equity in school funding.

AASB urges the Legislature to provide stable forward funding that addresses inflation, including the use of an education endowment, to ensure funding predictability.

2.10 EDUCATION ENDOWMENT

AASB lends its full support to the establishment of an adequately funded and well-managed educational endowment to help secure stable and full funding for education to be used for public elementary and secondary education.

2.14 PUPIL TRANSPORTATION

AASB urges the State of Alaska to adequately fund pupil transportation by increasing the transportation allocation to accurately reflect true costs, to avoid the use of operating fund dollars, and to provide funding for districts with increased transportation needs due to state legislated labor costs, special circumstances and/or student growth. Getting students safely to and from school is a vital part of public education.

2.23 FUNDING FOR SCHOOLS BY ESTABLISHING THE BASE STUDENT ALLOCATION IN ADVANCE

AASB supports funding for schools in advance. At a minimum, the Base Student Allocation (BSA) should be established at least one, and preferably three, years ahead to provide sufficient time for school districts to prepare and submit their budgets in a timely manner without spending unnecessary time and resources revising budgets based on legislative action after the local budget process has begun. The Education Fund, AS 14.17.300, must also be maintained and increased for this purpose.

2.50 INFLATION-PROOFED BASE STUDENT ALLOCATION (BSA) INVESTMENTS

AASB urges the State of Alaska to make inflation-proofed incremental investments to the BSA to make up for flat funding since FY 2011.