

House Ways & Means Special Committee
Impacts of the Governor's Proposed 10-year Funding Plan on Education
January 27, 2022

Good afternoon madam chair and members of the House Ways & Means Special Committee. My name is Lon Garrison, and I serve as the Executive Director of the Association of Alaska School Boards. Thank you for the opportunity to testify today.

My testimony today is supported by 2 resolutions of the AASB membership. These resolutions address the need for long-term, sustainable and predictable education funding. These resolutions are titled:

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

and

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

I will speak to you today regarding Governor Dunleavy's recently proposed 10-year funding plan for education and its impact on school governance. The Governor's plan maintains K-12 education funding annually at **\$1.215 billion** through FY24 and then 1.5% growth for FY25 and beyond. This would mean that the BSA must remain at the current **\$5,930** per student for the next two years with very little change thereafter.

Locally elected school boards have been delegated the authority to implement a system of public education required by the Alaska Constitution *Article 7, Section 1*. School board members are tasked with governing their districts and allocating funds to execute an educational plan for all students attending their public schools. It is a highly complex task. In Alaska, school boards have no taxing authority. They, therefore, must rely solely on revenue from the state, the federal government, and in organized areas at least a minimum local contribution to fund education.

The highly uncertain nature of annual appropriation for education funding as part of the state's general fund budget, and potential executive vetoes, continually creates uncertainty that makes it difficult to sustain a maintenance of effort in an effective and efficient manner. Time and again, boards and superintendents must make hard choices that may result in the reduction of staff or the elimination of programs and services, which can negatively impact student achievement.

The recently presented 10-year plan for education funding put forward by the Governor is an unimaginative and minimalist approach. It substantially ignores increasing costs, which are inevitable. While it appears stable and potentially sustainable, it continues the inadequacy we face today in meeting the needs of our public-school students. Let me highlight a few areas within a school district budget that are the biggest drivers:

Salaries and benefits make up on average 80 to 85 percent of the district budget. Most districts operate through collective bargaining agreements that set the terms for salary advancement and benefits. In most instances, most agreements include a "step and lane" schedule that helps to ensure annual salaries see minimal growth that helps offset yearly inflation. In my experience, most of these schedules end up with a 1 to 1.5% yearly increase. Thus, using the Governor's proposed funding plan, there would not be the resources to exceed these current agreements without negatively impacting other elements of the budget.

If we hope to improve teacher and administrator retention and recruitment, Alaska must become competitive with the nation's salaries and benefits. Providing an excellent education of r every student every day means we must continually invest in developing and retaining the best and the brightest, especially those from Alaska.

As a result of our inability to adequately fund education, I put forward this example. One of the many services AASB provides to districts is the facilitation of superintendent searches. Over the last five years, as I have worked with school boards to find their next superintendent, I have seen the number of applicants diminish significantly. The experience and quality of the candidates applying have also dramatically changed and are now dominated by applicants with no experience as a superintendent. More and more, we see candidates with minimal administrative expertise. Some of this is a result of the fact that administrator and superintendent turnover is so high there is very little time available for candidates to gain valuable experience as building-level administrators. Our ability to recruit and retain quality classroom teachers that ultimately become the principals and superintendents of the future is adversely impacted by public education funding that is unstable and inadequate.

Maintenance and operations account for the next 10 to 15% of a district budget. This is an incredible challenge for school boards as they weigh the needs of maintaining school system infrastructure against the need for certified and classified staffing. For our education system to work, students and staff need structures that create conducive learning environments, whether physical or virtual. One result of the ongoing pandemic is that we have seen how important in-person learning is. The human-to-human interactions between students, teachers, and their fellow students cannot be understated. The maintenance of effort to keep our aging schools useful to good learning cannot be underscored enough. Most of Alaska's schools date back to the 80s and 90s, meaning most of them are nearing the end of their useful design life.

School programs, administration, and other expenses make up the rest of the 5 to 10% of district budgets. It is often within these school programs, such as extracurricular activities, extra educational programming, field trips, and student and family engagement, that we find those most intrinsic things that may connect a student in a positive way to their school. These are often the most vulnerable elements of the school budget that boards must evaluate. While grant funding may provide for the support of some of these activities, it does not cover such things as basketball, volleyball, wrestling, drama and debate and so on. For most students, these may be the essential connections that keep them engaged in the rest of the educational program. For Alaska, the cost of many of these programs is extremely high often due to the cost of transportation.

In closing, when I review the proposed 10-year plan for education funding from the Governor, a proposal that is essentially flat-funding, I don't see the opportunity and hope to improve our system, to attract or train the best and the brightest to be in our classrooms and to maintain our aging buildings and systems. I see the continued struggle for school boards to meet only the minimum affordable effort with little room to focus on innovations and systems to improve student outcomes. I see a tradeoff for short-term, individual financial gain versus the long-term investment in Alaska's future, our students.

Alternatives to the Governor's proposal, such as CS HB4003 (W&M), provides a substantive opportunity for the legislature to move forward with a statute that acknowledges the importance and necessity of providing predictable, sustainable, and more adequate funding for education. The proposed 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.

As I stated previously, locally elected school boards have been delegated the authority to implement a system of public education on behalf of the state of Alaska. In order to do that, they rely upon state, local and federal governments for revenue. Locally elected boards implement the local control model that has served Alaska well but depend on your support.

Thank you for the opportunity to testify today. I would welcome any questions you might have.

Lon Garrison,
Executive Director, AASB

AASB Resolutions Supporting CS 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.