



Representative Andi Story
Co-Chair, House Education Committee
Alaska State Legislature

Sponsor Statement

House Bill 273 (Version W)

February 7, 2022

"HB 273, An Act relating to education; increasing the base student allocation according to inflation; and providing for an effective date."

Years of flat funding in our schools has led to an effective financial loss for Alaska's students. While costs of everyday budget items have continued to increase, the amount the state is putting into schools has stayed the same. The base student allocation (BSA) in the foundation formula hasn't increased since FY17. Despite this, non-negotiable fixed costs have been steadily rising due to inflation. This puts downward pressure on our schools, forcing cuts to the classroom that ultimately come as a cost to our children, so districts can cover basic budget items like heat, sewer, electricity, and insurance.

We have a constitutional obligation to Alaska's families and economy to ensure strong schools. Yet, school funding continues to be unreliable. Alaska's school districts have had to depend on one-off funding bills afforded by the unreliable booms and busts of the oil and gas industry and outside funding to keep up with basic fixed costs. School boards and administrators have been forced to scramble with uncertain and increasingly underfunded budgets. Families worry about cuts to services and favorite teachers and staff. HB 273 offers a tempered and fair solution to keep education funding on track by ensuring that education's growth is directly tied to Alaska's growth.

U.S. Census data places Alaska 6th in the nation for education spending (state, federal, local). When adjusted for the cost of living index (COLI), Alaska's education spending is just below the U.S. average according to the Institute of Social and Economic Research (ISER). Looking more closely, Alaska has unique attributes that impact costs: smaller schools, (many located off the road system), the highest health care costs in the nation, and high energy costs.

HB 273 links the BSA directly to the Consumer Price Index for Urban Alaska over a three year rolling average. This would make it so money is no longer diverted from children and classrooms to cover the ever-growing fixed costs in school district's budgets. By averaging growth over multiple years of inflation, this bill also creates a steady and predictable budget that won't rise and fall when the market experiences drastic years of growth or loss.

This is a fundamental statewide economic issue. The best way to keep families and businesses, attract new residents, build a skilled workforce and maintain a strong economy is to assure good schools, pre-school through college. By ensuring a fair base to our schools' funding, we are investing in Alaska's future.