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House Bill 280
Sponsor Statement

"An Act relating to education; relating to local contributions of a city or borough school district; relating to school funding; and providing for an effective date."

The Alaska Department of Education and Early Development projects that the system will educate over 127,000 students next school year at a cost of \$1.53 billion. The state's funding formula for education accommodates the great diversities among Alaska's 53 school districts to reasonably ensure that each will receive "basic need." Basic need fairly measures the funds necessary to provide for basic education in each of Alaska's school districts, however the way basic need is funded is flawed.

In the late 1980s, the state fully funded basic need. Today, only 75 percent of basic need comes from the state. Payment of basic need by the state to city governments that operate school districts (home-rule and first-class cities in the unorganized borough) and organized boroughs is reduced by the equivalent of a 2.65 mill tax levy on the full and true value of the taxable real and personal property within the district. This reduction in the payment of basic need is referred to as a "required local contribution" (RLC). Only 34 of Alaska's 53 school districts (16 city districts and 18 borough districts) are required to make a local contribution. A local contribution is not required from the 19 REAAS. Alaskans are not treated equally and do not have corresponding obligations when it comes to education funding.

Public education is a fundamental responsibility of the state government. Article VII, Section 1 of the Alaska Constitution (the "Public Schools Clause") states, "the legislature shall by general law establish and maintain a system of public schools open to all children of the state and may provide for other public educational institutions." This provision is two-pronged in that it bestows a right and orders a responsibility. Not only does the provision guarantee all Alaskan children a right to public education, but it also requires the legislature to "establish and maintain" the public schools.

Furthermore, the Mandatory Borough Act of 1963 included a clear and formal statement of intent that "no area incorporated as an organized borough shall be deprived of state services, revenues, or assistance or be otherwise penalized because of incorporation." The FY 2025 RLC

to be paid by the 34 city and borough school districts totals \$314 million, a clear violation of this Act's intent. Since 2010, due to the RLC calculation's link to local property values, RLC has increased, statewide, at a rate of over 2.5 times that of state aid.

HB 280 seeks full funding of basic need by the state for all school districts. Full funding of basic need would honor constitutional intent by ensuring the state takes the lead in adequately funding education without disproportionately burdening individual communities. It would eliminate one of the most onerous financial burdens placed on taxpayers of existing organized municipalities, allowing local governments to provide additional funding for education, property tax relief, and/or other priorities, and would remove the biggest financial disincentive to incorporation of new boroughs.

I urge your support for HB 280.