

**ALASKA STATE LEGISLATURE**  
**HOUSE SPECIAL COMMITTEE ON EDUCATION**

February 8, 2005

11:07 a.m.

**MEMBERS PRESENT**

Representative Mark Neuman, Chair  
Representative Carl Gatto  
Representative Bob Lynn  
Representative Bill Thomas  
Representative Peggy Wilson  
Representative Les Gara  
Representative Woodie Salmon

**MEMBERS ABSENT**

All members present

**COMMITTEE CALENDAR**

HOUSE BILL NO. 65

"An Act making special appropriations for the support of K-12 public education in the state; and providing for an effective date."

- HEARD AND HELD

HOUSE BILL NO. 1

"An Act relating to the base student allocation used in the formula for state funding of public education; and providing for an effective date."

- HEARD AND HELD

SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 18

"An Act increasing the base student allocation used in the formula for state funding of public education; and providing for an effective date."

- HEARD AND HELD

HOUSE BILL NO. 30

"An Act making appropriations for K-12 education operating and school debt expenses; and providing for an effective date."

- HEARD AND HELD

HOUSE BILL NO. 73

"An Act increasing the base student allocation for state financing of public schools; and providing for an effective date."

- HEARD AND HELD

**PREVIOUS COMMITTEE ACTION**

BILL: HB 65

SHORT TITLE: APPROP: K-12 PUBLIC EDUCATION

SPONSOR(S): RULES BY REQUEST OF THE GOVERNOR

01/18/05 (H) READ THE FIRST TIME - REFERRALS  
01/18/05 (H) EDU, HES, FIN  
02/03/05 (H) EDU AT 11:00 AM CAPITOL 106  
02/03/05 (H) Scheduled But Not Heard  
02/08/05 (H) EDU AT 11:00 AM CAPITOL 106

BILL: HB 1

SHORT TITLE: INCREASE AMT OF BASE STUDENT ALLOCATION

SPONSOR(S): REPRESENTATIVE(S) GATTO

01/10/05 (H) PREFILE RELEASED 12/30/04  
01/10/05 (H) READ THE FIRST TIME - REFERRALS  
01/10/05 (H) EDU, HES, FIN  
01/27/05 (H) EDU AT 11:00 AM CAPITOL 106  
01/27/05 (H) Heard & Held  
01/27/05 (H) MINUTE(EDU)  
02/08/05 (H) EDU AT 11:00 AM CAPITOL 106

BILL: HB 18

SHORT TITLE: INCREASE AMT OF BASE STUDENT ALLOCATION

SPONSOR(S): REPRESENTATIVE(S) WILSON

01/10/05 (H) PREFILE RELEASED 12/30/04  
01/10/05 (H) READ THE FIRST TIME - REFERRALS  
01/10/05 (H) EDU, HES, FIN  
01/12/05 (H) SPONSOR SUBSTITUTE INTRODUCED  
01/12/05 (H) READ THE FIRST TIME - REFERRALS  
01/12/05 (H) EDU, HES, FIN  
01/27/05 (H) EDU AT 11:00 AM CAPITOL 106  
01/27/05 (H) Heard & Held  
01/27/05 (H) MINUTE(EDU)  
02/08/05 (H) EDU AT 11:00 AM CAPITOL 106

BILL: HB 30

SHORT TITLE: APPROP: K-12 EDU OPERATING/DEBT EXPENSES  
SPONSOR(S): REPRESENTATIVE(S) HARRIS

01/10/05 (H) PREFILE RELEASED 12/30/04  
01/10/05 (H) READ THE FIRST TIME - REFERRALS  
01/10/05 (H) EDU, HES, FIN  
02/03/05 (H) EDU AT 11:00 AM CAPITOL 106  
02/03/05 (H) Heard & Held  
02/03/05 (H) MINUTE(EDU)  
02/08/05 (H) EDU AT 11:00 AM CAPITOL 106

BILL: HB 73

SHORT TITLE: INCREASE AMT OF BASE STUDENT ALLOCATION  
SPONSOR(S): RULES BY REQUEST OF THE GOVERNOR

01/18/05 (H) READ THE FIRST TIME - REFERRALS  
01/18/05 (H) EDU, HES, FIN  
01/27/05 (H) EDU AT 11:00 AM CAPITOL 106  
01/27/05 (H) Heard & Held  
01/27/05 (H) MINUTE(EDU)  
02/08/05 (H) EDU AT 11:00 AM CAPITOL 106

**WITNESS REGISTER**

EDDY JEANS, Director  
School Finance  
Department of Education and Early Development, EED  
Juneau, Alaska  
POSITION STATEMENT: Presented HB 65 to the committee.

MELODY DOUGLAS, Chief Financial Officer  
Kenai Peninsula Borough School District  
Kenai, Alaska  
POSITION STATEMENT: Testified in support of increased education  
funding.

SAMMY CRAWFORD, President  
Kenai Peninsula Borough School Board  
Kenai, Alaska  
POSITION STATEMENT: Testified in support of increased education  
funding.

DAVE JONES, Director  
Finance Department  
Kodiak Island Borough School District  
Kodiak, Alaska

POSITION STATEMENT: Testified in support of increased education funding.

JOE BANGHARDT, Superintendent  
Iditarod School District  
McGrath, Alaska

POSITION STATEMENT: Testified in support of increased education funding.

ISABELLE HARRINGTON, Manager  
Business Department  
Iditarod School District  
McGrath, Alaska

POSITION STATEMENT: Provided Iditarod School District business information.

CAROL DOYLE, Superintendent  
Alaska Gateway School District  
Tok, Alaska

POSITION STATEMENT: Testified in support of increased education funding.

ROBERT DOYLE, Superintendent  
Matanuska-Susitna Borough School District  
Palmer, Alaska

POSITION STATEMENT: Testified in support of increased education funding.

NICK STAYROOK, Chief Officer  
Information Services  
Fairbanks Northstar Borough School District  
Fairbanks, Alaska

POSITION STATEMENT: Testified in support of increased education funding.

SANDY WASSILIE, Vice President  
Kenai Peninsula Borough School Board  
Kenai, Alaska

POSITION STATEMENT: Testified in support of increased education funding.

CONNIE NEWMAN, Superintendent  
Chatham School District  
Angoon, Alaska

POSITION STATEMENT: Testified in support of increased education funding.

TIM STEELE, President  
Anchorage School Board  
Anchorage, Alaska

POSITION STATEMENT: Testified in support of increased education funding.

CAROL COMEAU, Superintendent  
Anchorage School District, ASD  
Anchorage, Alaska

POSITION STATEMENT: Testified in support of increased education funding.

JOY BEAVER, student  
Juneau Douglas High School  
Juneau, Alaska

POSITION STATEMENT: Testified in support of increased education funding.

AUDRY ACKERMAN, student  
Juneau Douglas High School  
Juneau, Alaska

POSITION STATEMENT: Testified in support of increased education funding.

CYNTHIA KATZEEK, student  
Juneau Douglas High School  
Juneau, Alaska

POSITION STATEMENT: Testified in support of increased education funding.

#### **ACTION NARRATIVE**

**CHAIR MARK NEUMAN** called the House Special Committee on Education meeting to order at [11:07:00 AM](#). Representatives Gatto, Lynn, Thomas, Wilson, Gara, and Salmon were present at the call to order.

#### **HB 65-APPROPRIATION: K-12 PUBLIC EDUCATION**

CHAIR NEUMAN announced that the first order of business would be HOUSE BILL NO. 65 "An Act making special appropriations for the support of K-12 public education in the state; and providing for an effective date."

[11:08:56 AM](#)

EDDY JEANS, Director, School Finance, Department of Education and Early Development, EED, explained that HB 65 is the appropriation bill for K-12 education as recommended by the governor. He stated that HB 65 appropriates for fiscal year (FY) 2006 the amount of money to fully fund the programs as they currently exist in statute. He discussed language in the bill on page number 2, line 7, that would make available an additional \$62 million in FY 06, provided the legislature passes a bill increasing the base student allocation to \$4,880. He mentioned an appropriation of \$425,000 for the military youth academy as that program's funding is tied to the base student allocation. He then discussed an additional appropriation of \$64 million for FY 07, contingent on the legislature passing a bill that would increase the base student allocation to \$5,190. He explained:

As you can tell, Mr. Chairman, this piece of legislation ... increases the base for FY 06, and increases it once again for FY 07 through the base student allocation. There is one ... or two changes: on line 14, on page 1, the pupil transportation number needs to be \$55,027,100; and on line 5, the total [should] be amended to \$826,037,800 ... I believe the staff is passing out the amendment right now. Mr. Chairman, on page 2, on line 4, the general fund amount would also have to be adjusted to \$793,299,500. Mr. Chairman, the way that the governor arrived at his numbers of \$62 [million] and \$64 million, [he] was taking the estimated increase in the Public Employees Retirement System (PERS) and Teachers' Retirement System (TRS) for FY 06 of \$38 million and adding to that: \$24 million based on a three year average of the Anchorage [Consumer Price Index] CPI, which calculated out to be \$24 million. That was based on [a] 2.47 percent three-year average. We then carried out the same thinking into 07.

REPRESENTATIVE GARA related that [the committee] received a resolution from one of the school districts which stated that modest progress could be achieved with a base student allocation of \$5,048 per student. He asked for an estimate comparing the difference of this from the governor's proposal.

[11:13:36 AM](#)

MR. JEANS stated that would be \$40 million above the governor's proposal, \$110 million total.

[HB 65 was held over.]

HB 1 - INCREASE AMT OF BASE STUDENT ALLOCATION  
HB 18 - INCREASE AMT OF BASE STUDENT ALLOCATION  
HB 73 - INCREASE AMT OF BASE STUDENT ALLOCATION  
HB 30 - APPROP: K-12 EDU OPERATING/DEBT EXPENSES  
HB 65-APPROP: K-12 PUBLIC EDUCATION

CHAIR NEUMAN announced that the committee would be hearing HOUSE BILL NO. 1, HOUSE BILL NO. 18, and HOUSE BILL NO. 73, which all address the base student allocation used in the formula for state funding of public education; as well as HOUSE BILL NO. 30 and HOUSE BILL NO. 65, which are both acts making appropriations for K-12 education operating and school debt expenses.

CHAIR NEUMAN stated that there would be general testimony at this meeting.

[11:14:35 AM](#)

MELODY DOUGLAS, Chief financial Officer, Kenai Peninsula Borough School District, expressed appreciation for the governor's proposal and for its shift in philosophy for K-12 education. She explained that it sets the funding for two years, and it would stabilize the process now experienced in school districts of non-retaining and rehiring of staff based on availability of funding. She said the [Kenai Peninsula Borough School District (KPBSD)] is a proponent for funding inside the cap for PERS/TRS. She described the KPBSD changes in staffing formulas in an attempt to recover from cuts made in recent years. She said that this district does, however, utilize regional administrators, regional librarians, regional counselors, and regional "quest delivery" due to ongoing reductions. She opined that this is a major departure for school districts. She reminded the committee that the KPBSD just reduced its staff members and certified teaching staff in the classrooms by 10 percent. She explained that health care costs are increasing as are insurances: property, liability, and workers compensation.

MS. DOUGLAS stated that the Kenai Peninsula Borough School Board revised the number needed to deal with staffing challenges to \$5,086 with a request for additional funding, targeting cost differential challenges for the KPBSD. She asked for consideration of \$5,086 for a base student allocation on behalf

of the students in Alaska. She also asked for consideration of the governor's proposal for forward funding. She opined that these changes would be momentous in this state and would stabilize education.

[11:17:52 AM](#)

REPRESENTATIVE GATTO inquired as to staff reductions and whether they are a function of declining student enrollment or declining revenues.

MS. DOUGLAS stated that it is a composite of both elements plus increases in PERS/TRS costs.

REPRESENTATIVE GARA asked how many teachers could be added if the \$5,086 figure was used and where the governor's proposal would leave the school districts in terms of staffing.

MS. DOUGLAS stated that the \$5,086 figure would allow for an addition of approximately 65 staff to the school district to address classroom needs. The governor's proposal would allow for the addition of approximately 10 certified staff. The governor's proposal would leave the KPBSD short \$1.7 million; in order to break even on the preliminary budget, the base student allocation would have to be \$4,980.

REPRESENTATIVE GARA asked if the governor's proposal would allow for the addition of 10 staff or if it would leave the KPBSD short.

MS. DOUGLAS stated that the governor's proposal is \$1.7 million short of the preliminary budget, and that includes 10 additional certified staff members targeted for K-3. The district would need to either cut costs in other areas or allocate a \$1.7 million fund balance allocation.

REPRESENTATIVE GARA asked if the governor's proposal, left as is, would allow for an addition or a reduction of staff.

MS. DOUGLAS stated that if the governor's proposal were funded, as it is, the KPBSD would be required to either allocate "fund balance" or cut costs.

REPRESENTATIVE GATTO asked whether, if the governor's proposal passes, the next action taken would be to cut ten positions, or keep the 10 positions and do something different

MS. DOUGLAS, in response to Representative Gatto's inquiry, replied that the Kenai Peninsula Borough School Board directs the budget and it would be to their discretion to make those decisions. She opined that they would leave the staffing formulas as presented, and make cuts in other areas of the budget.

11:22:36 AM

SAMMY CRAWFORD, President, Kenai Peninsula Borough School Board, stated that the two year funding is appreciated as it helps with planning. She said that "this" proposal does not improve the short term situation. She explained that the KPBSD would like to cut the pupil-teacher ratio and rectify the area cost differential as there are many schools off of the road system and their costs are so much higher. She said that an additional \$114 dollars on the base student allocation has been requested.

CHAIR inquired as to Kenai's allowable expenditures.

MS. CRAWFORD stated, "they are at the max."

REPRESENTATIVE GARA asked what the class size estimates would be with the governor's proposal compared to the school board proposal.

MS. CRAWFORD stated that a ratio of 18:1 for K-3 and 24:1 in 4-12 would be desirable. She pointed out that as of now, there are higher student ratios in all grades.

11:25:46 AM

DAVE JONES, Director, Finance Department, Kodiak Island Borough School District, stated that he would address all of the bills together. He said that the Kodiak Island Borough School District, (KIBSD), is requesting a base student allocation of \$4,995 setting the total cost estimated for the state at \$85 million, as compared to the governor's \$62 million. He explained that that figure includes the money for retirement within the foundation formula, and that by keeping that money within the formula, it increases the ability for local borough support by approximately \$200,000. He emphasized that the KIBSD is appreciative of the governor's proposal but it leaves the school district short by about \$90,000; the increase in the base student allocation value increases the ability of the borough to give approximately \$492,000.

MR. JONES explained that the borough, for the past two years, has funded the school district at the cap, and so even if the borough can fund at the cap, there will be cuts with programs and staff due to inflation costs. He explained that rising fuel costs have increased \$180,000 from last year and described it as a 76 percent increase. He stated that with additional funding, teachers could be hired at all levels to help with math, science and reading as well as deal with issues regarding No Child Left Behind (NCLB) standards. He said the high school population is increasing and the principal has asked for three additional teachers next year to address math, reading, and science problem areas. He expressed his appreciation for the work that is being done to address these issues.

11:31:40 AM

REPRESENTATIVE GATTO asked Mr. Jones if he was in favor of early funding or forward funding.

MR. JONES stated that he is in favor of early funding. In response to Representative Gatto's follow up question regarding the effects of increasing fuel costs, he clarified that he is in favor of an early resolution of funding, where he would hear by early March what the funding or, at least, the base student allocation for the next fiscal year was. He explained that this allows for the hiring of teachers and eliminates the loss of teachers looking for jobs in other districts. Currently, he said, contracts are issued in April or May with an estimate of what the student count will be in October. He explained that if there is a large, unexpected decrease in student population, it is paid back out of the "fund balance", or by eliminating teachers in the middle of the school year. He said:

What I call forward funding is, ... we would have the funding that you pass in March based on this year's 180 day student count. And if people have increases, they could get ... an increase on the student count in the fall.

REPRESENTATIVE GARA restated that using Mr. Jones's proposal would enable the addition of three teachers and asked if class sizes have increased over the past two years.

MR. JONES stated that it depends how those [added] teachers are targeted. At the elementary level, he explained, reading specialists are needed, not an extra classroom teacher. He explained that at the high school level there would be an

effect, and if three teachers were added, it would reduce student numbers from 30 to 27.

REPRESENTATIVE GATTO said that Mr. Jones's mentioned a number of \$4,995 and that Ms. Douglas gave a number of \$4,980, plus the KPBSD's revised number of \$5,086. He stated that when people from the same district come up with different numbers and different needs, it becomes complicated for the committee to know exactly what those needs are.

MR. JONES described the number he presented to the committee as the number the KIBSD Board of Education decided on last night. He explained that the PERS/TRS situation doesn't hit each district the same and is a variable that depends on staff and on debt that has built up; the differences in PERS/TRS make it challenging for each district to agree on what is needed. He described health insurance as the other variable within each district, and noted that some districts are dependent upon the previous year's claims, for example, "if you have a bad year in claims then you have a spike in health insurance increases."

[11:37:47 AM](#)

JOE BANGHARDT, Superintendent, Iditarod Area School District, submitted written testimony to the House Special Committee on Education, which read [original punctuation provided]:

For the record, my name is Joe Banghardt, I'm superintendent of the Iditarod Area School District. I come to you today as a superintendent and as a concerned Alaskan. My job, as you know, is to run the school district, which involves tending to important details like trying to balance the books, but also, and more importantly, helping to ensure that Alaska's children are well educated and prepared to graduate and meet the challenges that meet them in the world outside of our small school district. Allow me to familiarize you with some of the challenges of operating this school district: The Iditarod Area School District is not located on the road system and does not receive any local financial support for operation of schools. We are currently projecting at least a \$500,000 deficit for the Fiscal Year 2006. This deficit takes in to consideration current fund balance, increases in TRS and PERS, cost of living adjustments for Certified and Classified Staff and the loss of several grants that impact the overall

district budget. This does not include a projected 25% increase in fuel cost nor the impact this will have on cost of travel, freight, and electric cost at all schools. Recently at two villages the water/sewer companies were taken over by other organizations and they raised our rates from \$600.00 a month at both sites to 1,200.00 a month. This is a 200 percent increase in cost borne directly by the district. We are currently talking with another village local utility organization that has proposed a 118 percent increase in electric cost.

Taking all of this into consideration then looking at HB 1, 73, and 18 we are concerned. If the highest proposed offer (HB 18) was approved and after our district receives the adjustment for the floor the total net gain to the Iditarod Area School District would only be \$62,000. The floor is determined by the states formula that compares the old foundation formula to the new and makes adjustments for many districts in what is called the floor. This figure is decreased yearly and with the current figure our district will not receive the majority of funds. When we look at what we actually need just to keep operating for next year it is a conservative 10% increase. If HB 18 was approved and that is all we receive this amounts to a 1.3 percent increase. What's more, we need to do more than just keep our head above water if we're going to get Alaska's kids educated.

In order for a school or district to meet Annual Yearly Progress each year, a series of 31 possible individual test must be satisfied. The Annual Yearly Progress Report for all eight schools in the district gives a clear picture of immediate need for severe intervention. Of these eight schools two are at level III, two at Level II, and two at Level I. The other two are so small we cannot obtain an accurate figure to determine AYP. When we examine state testing results for all students in grades 3-12 one site has 92% students who are not proficient in reading, another 90%, another 86%, with a district wide average of students not proficient in reading being 65%. We are required to designate more money to meet the standards set by NCLB yet we are not receiving adequate money from the state or federal government.

11:40:39 AM

REPRESENTATIVE GARA asked Mr. Banghardt if he had a proposed base student allocation that would keep the district from making any substantial cuts this year.

ISABELLE HARRINGTON, Manager, Business Department, Iditarod School District, stated that they have not come up with a proposed base student allocation that would help them. She explained that in this situation, when the base goes up, the funding floor goes down.

11:41:42 AM

CAROL DOYLE, Superintendent, Alaska Gateway School District, submitted written testimony to the committee and read [original punctuation provided]:

Thank you for the opportunity to speak with you about our district's needs today. Here at Alaska Gateway we appreciate all you have done in the past for education and that you have focused on education as a priority in our state.

First of all, I would like to tell you a little bit about our district. It is a district of about 450 students. These students are enrolled in 7 sites in our district. These sites include Tanacross, Dot Lake, Mentasta, Tetlin, Northway, Eagle, Tok, and a district only Correspondence School. Except for Tanacross which is 12 miles from Tok, most of the other sites are a good hour's drive from the central office with Eagle being 173 miles from the central location. Eagle is only accessible by charter plane 7 months out of the year and a 4 hour drive on dirt roads the other months when the road is maintained. Our school enrollments range anywhere from 10 to 220 students, with half the students in the district residing in Tok School.

All of our funding comes from the state. At the present time, even if the Governor's plan makes it through the legislature, we will be \$559,000 short for FY 06 to maintain the budget and expenses we currently have this year. Increased costs in TRS, PERS, medical insurance for employees, fuel, maintenance on 6 older

buildings, along with some declining enrollment in Tok and Correspondence School attribute to this loss. If the district has to cut \$559,000 dollars from its budget, there will be many program cuts and staff cuts throughout the district. The district has already been cutting over the last three to five years. We have lost all the fine arts and vocational programs at the smaller sites. The district has cut 11 certified staff over the last several years along with several classified staff. Custodian time has been cut in half and all small schools less than 40 students have minimal secretary time, about an hour a day, if that. This year we had to use half our reserve to fund education in this district after our count proved that we were 48 students short of our prediction. We have also had to cut the hazard busing route for cold weather days even with temperatures in excess of 60 degrees below zero last year and this. As a matter of information for you, the money given the districts this year for increases in TRS and PERS was not enough. Our costs for TRS and PERS amounted to \$131,507. We received from the state \$77,802 so we had to make up the difference of \$53,705 with cuts.

At some points in time during the year, here at the central office, we have talked about closing some of our small schools and busing them to Tok School. This is really not a viable solution to our problem since our students' bus ride would be in excess of one hour each way, in extreme temperatures in the winter, and on icy and snowpacked roads.

What is keeping our district alive right now is \$2.4 millions dollars worth of grants and \$3.6 million dollars worth of capital projects for our aging buildings, but with only 2 maintenance men for the whole district, improvements are slow. Winter months have these two men attending to freeze-ups and other problems related to extreme temperatures. Title grants and competitive grants pay for many benefits to our students, but they cannot pay for teachers to teach the basic skills in the classroom required by NCLB. We will not be able to come up with highly qualified teachers in each of our schools by the deadline. The small school teachers teach K-12, all subjects. Even Tok School 7-12 teachers have many different preps in order to give our students all of

what they need to meet the state and district requirements. All our schools this year made adequate yearly progress except one, but that will change without the needed funds. We need \$5,362 for a student base allocation just to keep the status quo of where we are right now. \$559,000 worth of cuts in this district will significantly impact every student and they will not receive anything close to an adequate education.

I have only hit the highlights here. Administrative staff are few. My job description is Superintendent, but I am also the Special Education Director and District Testing Coordinator and evaluate all the small schools' teachers, as well as principals, and district support staff. This is a result of cuts in the central office. Tok School and Northway School principals are the only other administrators in the district. The special programs and grant writer for the district also teaches one class at Tok School and does not have an administrative certificate.

We need your help to keep a viable education for our students in the future. I'm sorry, but HB 1, HB 73, and HB 18 will not be enough. The most net gain we will receive from HB 18 is \$163,389. We will be \$395,000 short of what we need to give our students what they need. Thank you for your time and help. The district hopes we will have your cooperation in increasing our funding so our students can have an adequate education.

REPRESENTATIVE WILSON asked how many staff positions have been cut in the last three to five years.

MS. DOYLE replied that 11 certified staff and 8-10 classified staff. She explained that much of the classified staff are paid by title grants and that special education intensive aids are paid out of the general funds.

REPRESENTATIVE GATTO how many certified teachers are in this district.

MS. DOYLE stated that there are approximately 48 certified teachers. She further explained that the ratio of student to teacher is dependent on the school and the area.

[11:50:56 AM](#)

ROBERT DOYLE, Superintendent, Matanuska-Susitna Borough School District, stated that the proposed budget for this district is balanced dependent on the governor's proposal of \$4,880 without any cuts. He said that the board passed a resolution to support \$4,995 allowing for enrichment and enhancement of opportunities for staff. He explained that last year, with additional funding from the legislature and approval by the governor, class sizes were lowered and additional courses were added at high schools, but that as of now, classroom space has run out.

MR. DOYLE said that as a growing school district, the only way to utilize additional money would be to extend instructional time, restore teaching supplies, improve staff development efforts, continue with curriculum alignment, add vocational programs and design interventions to address challenges from growth and overcrowding. He emphasized that the issues of additional funding and PERS/TRS are serious, and that the Matanuska-Susitna Borough School District, (MSBSD), would support legislative efforts to revise PERS/TRS. He added that the MSBSD is opposed to the area cost differential studies which would take money from some school districts and distribute it to others. He opined that it was a flawed study in the past and continues to be. He noted the difficulty in addressing a high enough base student allocation to offset all losses from enrollment decreases and, said that this will be the real struggle for the legislature this year. He said that the MSBSD would support \$4,995 if there was any way to address that.

REPRESENTATIVE GATTO asked Mr. Doyle how many certified teachers are within the MSBSD.

MR. DOYLE said that there are 1,000 certified teachers, but that includes special education staff and they serve the needs of approximately 15,500 students.

[11:53:49 AM](#)

NICK STAYROOK, Chief Information Services Officer, Fairbanks Northstar Borough School District, pointed out that in the governor's State of the State address, two things were recognized regarding education funding: the need to help school districts with the TRS/PERS retirement costs and the increased cost of energy, especially fuel cost. He said there are several bills that allocate additional funds to assist districts with these increased costs. He opined that the governor has

addressed the minimum, bare level of funding for education. Since the passage of the NCLB Act, he said, schools have been under pressure to increase student achievement across all grade levels but can no longer maintain adequate levels of student achievement. He explained that consequences for schools who are not making adequate yearly progress requirements can be very severe. He requested education funding that goes beyond maintenance level funding, addressing things like PERS/TRS, energy costs, and health care. He opined that energy resources are needed for educational programs that will assist increased student achievement. Mr. Stayrook said that improved, additional programs are needed to help reach that goal of all students being proficient in reading, writing, and math. In summary, he stated that the Fairbanks Northstar Borough School District, (FNBSD), supports early funding, two-year funding, and increased funding beyond what the governor has proposed.

REPRESENTATIVE GATTO asked what the number of certified teachers and student estimates were for the FNBSD.

MR. STAYROOK said they have about 1,000 certified teachers across the district, and approximately 15,000 students.

[11:57:17 AM](#)

SANDY WASSILIE, Vice President, Kenai Peninsula Borough School Board, stated that she traveled 95 miles from Soldotna to attend the school board meeting last night, and that there are many staff traveling similar distances, daily. She stated that the KPBSD has gone through a number of reductions in services provided, and now has regional administrators in certain sites. She said, "On my side of the peninsula, we have a regional principal serving three schools, we have a gifted and talented teacher serving five schools." She added that this is partly due to declining enrollments but it's also due to an area cost differential created in '97 or '98 by Senate Bill 36 and that means there isn't the same level of support in classrooms that other districts have. In response to this, she related, the KPBSD has increased pupil-teacher ratio (PTR) and balanced the budget. She explained that the KPBSD is expecting to receive the governor's increase, and will reduce the K-3 level of staffing. She explained:

That doesn't address the secondary level, and we are looking in Seward at a middle school of 99 students with one principle and four teachers. This barely covers our basic subjects; it doesn't cover any

exploratories. We are down to bare bones in this district and part of it is our area cost differential problem. We passed on our school board last night what we would need to reinstate the PTR of three years ago when we made the cuts: ... a base student allocation of \$5,086, and an additional grant of \$114 dollars per student to address the area cost differential decreases.

12:00:47 PM

REPRESENTATIVE GATTO asks how many students and certified teachers there are in the KPBSD.

12:01:26 PM

REPRESENTATIVE WILSON mentioned that the numbers of students and certified teachers doesn't tell the whole story because it does not address how many schools there are.

12:02:43 PM

CONNIE NEWMAN, Superintendent, Chatham School District, stated that Chatham is a Rural Education Attendance Area (REAA) that covers 32,000 square miles and includes four sites: Angoon, Gustavus, Klukwan, Tenakee Springs; Pelican has recently been included. She expressed her thanks to the committee and to the governor for submitting a proposal to look at forward funding.

MS. NEWMAN explained that the Chatham School District, (CSD), has experienced a 9 percent decline in enrollment and a continued decline next year will decrease the budget by \$450,000. She requested a "hold harmless" [provision] to make budget adjustments over a three-year period. She also requested funding the "Alaska Administrative Code (ACC)" so that when districts look at restructuring, there would be some compensation to help offset the cost of sharing district services. She said that she was aware of a potential for funding that could be available if ACC funding was considered. Finally, she asked if a message could be sent to the Senate regarding the reconciliation of issues with "E-Rate" [common name for Universal Service Fund for Schools and Libraries] because it impacts the programs offered in these areas that are beneficial for students. In Klukwan, she related, because of the language in "E-Rate", [funding] has been denied, and the state is attempting to correct the situation but until the appeal is done, things like phone services being disabled are

occurring. Assistance in providing information on what Alaska does to help fund the public schools would be greatly appreciated, she related.

REPRESENTATIVE WILSON asked for an explanantion regarding "E-Rate".

MS. NEWMAN explained, "this past year, what has happened is ... holding the funding of "E-Rate" at the federal level to the same standard as other federal monies." As a consequence, she said, the funding letters did not go out to all the applicants and it was not determined if they were approved or not. She said that Chatham and other school districts in the state of Alaska were audited and explained that that process required budget information showing that the CSD could support technology in addition to whatever the federal government contributed for "E-Rate." She added that state funding gives an allocation and the foundation amount is what the CSD uses to build the budget for student services. She pointed out that as an REAA, Chatham relies solely on state appropriations. The budget that was submitted in the audit review to the federal government, she explained, contained the word "foundation" in it, and the application has been denied because there is a question about the foundation concept.

[12:07:37 PM](#)

TIM STEELE, President, Anchorage School Board, stated that the [Anchorage School Board] has been working on the budget process since October and is pleased to have the governor present an increase in funding. He explained that the school board is still \$10 million short for a maintainance-level budget. The balanced budget was passed a week ago, he related, and that budget included the loss of teachers and assistant principals, increased class sizes, and the elimination of at least one administrative-director-level position. He stated that the supply budget was cut, and that \$6.5 million was taken out of the "undesigned" fund.

MR. STEELE explained that it became clear at the board meeting that all districts have different needs, including continuation of debt reimbursements and increased funding formulas. The board submitted a number of \$5,027 per student which would allow cuts that were made in preparing the Anchorage School District, (ASD), budget to be reinstated. He emphasized the difficulty in addressing this funding question, since federal funding is

likely to decrease this year. He said that after much debate at the school board meeting:

we did pass a resolution, ... ASDR 2004-2005-10 and in that we ... present a case for a funding level of \$5,120. This funding level represents an increase in funding which would allow us to do more than a maintenance level operation. We have some serious needs; ... we would like to decrease class size, but we also need to make some serious investments in our ... student information systems so that we can track student performance and make fast, timely decisions on how to improve student achievement.

12:12:30 PM

CAROL COMEAU, Superintendent, Anchorage School District, stated that the ASD budget passed one week ago, projects an enrollment of 49,289 students, which is a decline of 165 students from this year. She said that the district has 3,211 certified staff who are in the "teacher's bargaining unit". She explained that the board and community have prioritized class size for years, but budget cuts have resulted in a .25 increase in K-12 class size which equates to about 20 teaching positions.

MS. COMEAU stated if there is additional funding built into the governor's budget, then the ASD's first priority will be to look at the class size issue. The 10 percent supply and equipment cut, she related, has a direct impact on the instructional program and will preclude purchase of new textbooks, curriculum changes, and use of intervention materials. She said, "The resolution that was approved last night, by the board, is higher than had been previously discussed, but the contention with the board was that we need to do more than just get back to the \$10 million that we just cut. We need to do more with class size, we need to intervene for our students, and we definitely need to do something about increasing physical activity and health education for our young people, among many other areas. We really thank you for your attention."

REPRESENTATIVE GARA asked what would happen to class size under the governor's proposal.

MS. COMEAU stated that the ASD's budget that was passed by the school board a week ago uses the governor's budget as the base and results in the aforementioned increase of .25 percent.

CHAIR NEUMAN requested that Ms. Comeau provide the figures mentioned in writing to his office.

[12:16:28 PM](#)

JOY BEAVER, student, Juneau Douglas High School, stated that she spoke to Mary Hakala with Alaska Kids Count and is concerned about what is happening at the high school. She related that she understands the challenges that the legislators face in terms of allocating money, and that the money given to schools is distributed by other parties; that she and her friends are planning on meeting with the school board and offering suggestions on where money should be spent within the schools; that she spoke with Senator Kim Elton yesterday, while on a tour of the Capital Building; and that in researching the NCLB Act, she found it difficult to extract information specific to Alaska.

REPRESENTATIVE LYNN congratulated the students for coming to the committee meeting, and asked what is the best thing that is happening at Juneau Douglas High School.

[12:18:17 PM](#)

MS. BEAVER said that after talking with all of the staff and administrators, she realized that almost all of them want to help students, but that it is frustrating because there are few teachers and many students. She said she thought it was nice that the teachers genuinely want to help students at Juneau Douglas High School.

[12:19:16 PM](#)

AUDREY ACKERMAN, student, Juneau Douglas High School, opined that the biggest problem in the high school is the drop-out rate. She said that a major contributing factor is the student:teacher ratio; for example, most of her classes are have 25-30 students and one teacher.

[12:20:14 PM](#)

CYNTHIA KATZEEK, student, Juneau-Douglas High School, stated her concerns about the drop-out rate and that there are not enough desks in the classrooms.

REPRESENTATIVE GARA asked about average class size.

MS. KATZEEK responded that there are 30-35 students in her classes.

[12:22:35 PM](#)

REPRESENTATIVE LYNN inquired as to what could change at Juneau Douglas High School to improve it.

MS. BEAVER stated that she would like to change the class size so that teachers can help more students.

[12:23:22 PM](#)

CHAIR NEUMAN inquired as to how many hours per week are allotted for physical education and if this amount of time is adequate.

MS. BEAVER stated that physical education occurs five times a week, and opined that this is adequate.

[HB 1, HB 18, HB 30, HB 65, HB 73 were held over.]

#### **ADJOURNMENT**

There being no further business before the committee, the House Special Committee on Education meeting was adjourned at [12:24:00 PM](#).