

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

April 21, 2005

5:11 p.m.

**MEMBERS PRESENT**

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

**MEMBERS ABSENT**

Representative Carl Gatto

**COMMITTEE CALENDAR**

HOUSE BILL NO. 173

"An Act relating to school funding and adjusting the district cost factors; and providing for an effective date."

- MOVED CSHB 173(EDU) OUT OF COMMITTEE

HOUSE BILL NO. 267

"An Act authorizing credit in a public correspondence study program for privately purchased curriculum materials from a religious institution."

- SCHEDULED BUT NOT HEARD

HOUSE BILL NO. 233

"An Act relating to preventing harassment, intimidation, or bullying in public schools; and providing for an effective date."

- SCHEDULED BUT NOT HEARD

**PREVIOUS COMMITTEE ACTION**

BILL: HB 173

SHORT TITLE: SCHOOL DISTRICT COST FACTORS

SPONSOR(S): RULES BY REQUEST OF LEG BUDGET & AUDIT

02/24/05            (H)            READ THE FIRST TIME - REFERRALS

02/24/05 (H) EDU, FIN  
03/15/05 (H) EDU AT 11:00 AM CAPITOL 106  
03/17/05 (H) EDU AT 5:30 PM CAPITOL 106  
03/17/05 (H) -- Meeting Canceled --  
03/22/05 (H) EDU AT 11:00 AM CAPITOL 106  
03/22/05 (H) Heard & Held  
03/22/05 (H) MINUTE(EDU)  
04/05/05 (H) EDU AT 11:00 AM CAPITOL 106  
04/05/05 (H) Scheduled But Not Heard  
04/07/05 (H) EDU AT 11:00 AM CAPITOL 106  
04/07/05 (H) -- Meeting Canceled --  
04/21/05 (H) EDU AT 11:00 AM CAPITOL 106

#### **WITNESS REGISTER**

REX SHATTUCK, Staff  
to Representative Neuman  
House Special Committee on Education  
Alaska State Legislature  
Juneau, Alaska

POSITION STATEMENT: Explained the new district cost factors encompassed in Version Y.

#### **ACTION NARRATIVE**

**CHAIR MARK NEUMAN** called the House Special Committee on Education meeting to order at [5:11:53 PM](#). Representatives Lynn, Thomas, Wilson, Gara, and Salmon were present at the call to order.

#### **HB 173-SCHOOL DISTRICT COST FACTORS**

[5:12:11 PM](#)

CHAIR NEUMAN announced that the only order of business would be HOUSE BILL NO. 173, "An Act relating to school funding and adjusting the district cost factors; and providing for an effective date."

CHAIR NEUMAN opined that the committee members have received contacts from constituents, school boards, and administrators and have read the reports and summaries. Therefore, he announced that he would entertain a motion to move the legislation.

REPRESENTATIVE LYNN moved to adopt CSHB 173, Version 24-LS0644\Y, Mischel, 4/21/05, as the working document.

5:13:10 PM

REPRESENTATIVE GARA objected for purposes of discussion and amendments.

CHAIR NEUMAN objected to Representative Gara's amendment [which had not yet been moved].

REPRESENTATIVE GARA inquired as to from where the numbers [specified in Version Y] come.

5:13:25 PM

CHAIR NEUMAN answered that the numbers are basically an average of the American Institutes for Research (AIR) report and the Institute of Social and Economic Research (ISER) report. He noted that the numbers would be phased in over a two-year period.

5:13:49 PM

CHAIR NEUMAN explained that the new numbers, in bold in Version Y, amount to an increase in education of \$44 million plus.

5:14:39 PM

REPRESENTATIVE GARA expressed interest in hearing from the committee aide with regard to how these new district cost factor numbers were determined.

5:15:01 PM

REX SHATTUCK, Staff to Representative Neuman, House Special Committee on Education, Alaska State Legislature, explained that Version Y details the phasing in of a new cost factor over two years, beginning in fiscal year 2007. The numbers were developed after hearing the testimony and concerns of this committee and the House and the Senate. Realizing that there were numerous likes and dislikes from the AIR, ISER, and McDowell Group studies, an average between them was utilized. The phase-in provision addressed the concern of starting in an earlier year and the impact it might have on the Anchorage School District, which receives no increase because it's the base line. He explained:

We worked to bring those numbers in '07 and '08 because if the existing number is \$4,919, to phase in that new factor might see some decreases in districts and that was not the intent of this CS [rather] it was to try and keep all districts at a positive and phase it in over the two years after \$4,919 was brought online in '06, if indeed that is what this legislative body does in the end.

5:17:41 PM

REPRESENTATIVE GARA opined that picking a number in between two studies isn't an appropriate manner in which to develop legislation. Therefore, he announced his intention, if members would support him, to report out the original version that targets a study. He then explained that the amendment he will offer will ensure that those school districts that fall behind under this proposal are held harmless. He said that he didn't want to take money away from one school district to give it to another. "I think we should lift all boats," he opined.

CHAIR NEUMAN stated that Version Y has been adopted and is the working document.

REPRESENTATIVE GARA informed the committee that at the appropriate time he will make an amendment to strip Version Y and adopt the original version of HB 173.

The committee took an at-ease from 5:19 p.m. to 5:20 p.m.

5:20:07 PM

REPRESENTATIVE GARA then announced that he wouldn't count votes, but if another member of the committee decides to [make a motion to return to the original version of HB 173], he would [support that]. He explained that he didn't want to go through the process to be out voted 5-2.

CHAIR NEUMAN remarked that the desire is to ensure that education increases are met across the state. He reminded the committee that the numbers [encompassed in Version Y] were viewed as a compromise. Moreover, Chair Neuman related his belief that Version Y provides the best opportunity for this legislation to make it through both the House and the Senate. "This is our best effort to try and do what we can to do the most that we can," he offered.

[5:21:37 PM](#)

REPRESENTATIVE WILSON opined that this legislation doesn't come anywhere close to what she would like to see. She further opined that legislation should be put forth that is fair and right. However, she said she realized that it's the only option she has at this point and thus would be willing to move it out of this committee.

[5:22:43 PM](#)

REPRESENTATIVE GARA said that if the choice is to require that the legislation die in committee or vote it out, he said that he would vote to move it out in order to get it somewhere where someone will actually to work on it. "I think it's wrong for one committee to ask somebody who's not on the committee what they'll accept and then decide how to vote based on what somebody else tells us to do," he opined. He further opined that the committee should do its job.

[5:23:51 PM](#)

REPRESENTATIVE GARA moved that the committee adopt Amendment 1, which read:

Page 5, Line 18:

Insert:

Section 5. Contingent Effect:

Sections 1 and 2 of this bill shall only apply if all school districts receive funding that is at least the equivalent of the foundation formula funding they would have received under a base student allocation of \$4919 per student, in 2005 inflation-adjusted dollars, under the foundation formula in effect as of April 1, 2004. Inflation shall be calculated under this section as reflected by the United State Department of Labor's consumer price index for Anchorage, Alaska.

CHAIR objected for purposes of discussion.

REPRESENTATIVE GARA explained that Version Y takes money away from the Anchorage and the Mat-Su School Districts starting in 2006. This amendment says:

We should lift all the other school districts boats. They've been underfunded. Let's give them the extra money that this bill provides for, but in doing so, you shouldn't take money away from another school district to do it. So, this bill says that when this is implemented starting next year, every school district should get at least the equivalent of \$4,919 under the current formula, adjusted for inflation, because this isn't going to go into effect next year. As long as every school district gets at least what they would've gotten under \$4,919 under the current formula, then I can live with that. And then more money will come to the other school districts. I don't want to do something, which you can do as the alternative, which is in order to protect Anchorage, let's take money away from some other district. I don't want to do that. You want to lift the school districts that don't do very well under the study and lift everybody else at the same time. And that's what this does.

CHAIR NEUMAN said that he didn't like the portion of the amendment dealing with inflation-adjusted dollars because he wasn't sure as to its effect on the \$4,919 and funding for education next year. Chair Neuman removed his objection.

[5:26:07 PM](#)

REPRESENTATIVE GARA pointed out that Version Y doesn't go into effect this coming year, but rather the year after. Although \$4,919 might be an acceptable amount for this coming year, in another year it might actually be a cut to some of the school districts in the state.

CHAIR NEUMAN said that he wasn't clear as to the long-term effect of this.

REPRESENTATIVE WILSON moved to amend Amendment 1, such that the last sentence would be deleted and replaced with language specifying that the first phase would go into effect this year, June 30, 2005, and the second phase on June 30, 2006.

REPRESENTATIVE GARA accepted the aforementioned as a friendly amendment.

The committee took an at-ease from 5:27 p.m. to 5:28 p.m.

[The committee seemed to treat the amendment to Amendment 1 as adopted.]

[5:28:33 PM](#)

A roll call vote was taken. Representatives Wilson, Lynn, Thomas, Gara, and Salmon voted in favor of Amendment 1, as amended. Representative Neuman voted against it. Therefore, Amendment 1, as amended, was adopted by a vote of 5-1.

[5:29:05 PM](#)

REPRESENTATIVE LYNN moved to report CSHB 173, Version 24-LS0644\Y, Mischel, 4/21/05, as amended, out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, CSHB 173(EDU) was reported from the House Special Committee on Education.

#### **ADJOURNMENT**

There being no further business before the committee, the House Special Committee on Education meeting was adjourned at [5:29:27 PM](#).