

ALASKA STATE LEGISLATURE
HOUSE HEALTH, EDUCATION AND SOCIAL SERVICES STANDING COMMITTEE

February 13, 2007

3:02 p.m.

MEMBERS PRESENT

Representative Peggy Wilson, Chair
Representative Bob Roses, Vice Chair
Representative Anna Fairclough
Representative Mark Neuman
Representative Paul Seaton
Representative Sharon Cissna
Representative Berta Gardner

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

HOUSE BILL NO. 120

"An Act extending the Council on Domestic Violence and Sexual Assault; and providing for an effective date."

- MOVED HB 120 OUT OF COMMITTEE

PRESENTATION: COMMUNITY HEALTH CENTERS

- HEARD AND HELD

HOUSE BILL NO. 97

"An Act making appropriations for state aid to public schools, centralized correspondence study, and transportation of pupils; and providing for an effective date."

- HEARD AND HELD

PREVIOUS COMMITTEE ACTION

BILL: HB 120

SHORT TITLE: EXTENDING COUNCIL ON DOMESTIC VIOLENCE

SPONSOR(S): REPRESENTATIVE(S) FAIRCLOUGH

02/07/07	(H)	READ THE FIRST TIME - REFERRALS
02/07/07	(H)	HES, FIN
02/13/07	(H)	HES AT 3:00 PM CAPITOL 106

BILL: HB 97

SHORT TITLE: APPROP: K-12 EDU; PERS/TRS LIABILITY

SPONSOR(S): RULES BY REQUEST OF THE GOVERNOR

01/22/07 (H) READ THE FIRST TIME - REFERRALS
01/22/07 (H) HES, FIN
02/13/07 (H) HES AT 3:00 PM CAPITOL 106

WITNESS REGISTER

RANDY MAGEN, Member
National Association of Social Workers (NASW)
Alaska Chapter
Anchorage, Alaska
POSITION STATEMENT: Testified in support of HB 120.

SHELLEY HUGHES, Government Affairs Director
Alaska Primary Care Association, Inc. (APCA)
Anchorage, Alaska
POSITION STATEMENT: Presented an overview of Alaska's community health centers.

MARILYN WALSH KASMAR, RNC, MBA, Executive Director
Alaska Primary Care Association, Inc. (APCA)
Anchorage, Alaska
POSITION STATEMENT: Presented an overview of Alaska's community health centers.

STAN STEADMAN, Board Vice-President
Alaska Primary Care Association, Inc. (APCA);
Executive Director
Central Peninsula Health Center
Kenai, Alaska
POSITION STATEMENT: Presented information about the community health center in Soldotna.

THOMAS HUNT, M.D.
Anchorage Neighborhood Health Center
Anchorage, Alaska
POSITION STATEMENT: Presented information on delivery of health care services and answered questions.

SONIA HANDFORTH
Unalaska, Alaska
POSITION STATEMENT: Presented information on delivery of health care services in remote locations.

CHRIS HALL, Community Development and Special Projects
Coordinator
Alaska Primary Care Association, Inc. (APCA)
Anchorage, Alaska
POSITION STATEMENT: Answered questions about health care
services.

EDDY JEANS, Director
School Finance and Facilities Section
Department of Education and Early Development (EED)
Juneau, Alaska
POSITION STATEMENT: Presented HB 97 on behalf of the
administration and answered questions.

JOHN ALCANTRA, Government Relations Director
NEA-Alaska [National Education Association - Alaska]
Anchorage, Alaska
POSITION STATEMENT: Presented NEA-Alaska's position on HB 97
and answered questions.

JIM SCHWARTZ, Member
Petersburg School Board
City of Petersburg
Petersburg, Alaska
POSITION STATEMENT: Testified regarding the effect of HB 97 on
the Petersburg school district and answered questions.

ACTION NARRATIVE

CHAIR PEGGY WILSON called the House Health, Education and Social
Services Standing Committee meeting to order at [3:02:51 PM](#).
Representatives Wilson, Seaton, Roses, Fairclough, and Cissna
were present at the call to order. Representatives Gardner and
Neuman arrived as the meeting was in progress.

HB 120-EXTENDING COUNCIL ON DOMESTIC VIOLENCE

[3:03:21 PM](#)

CHAIR WILSON announced that the first order of business would be
HOUSE BILL NO. 120, "An Act extending the Council on Domestic
Violence and Sexual Assault; and providing for an effective
date."

[3:03:59 PM](#)

REPRESENTATIVE FAIRCLOUGH, Alaska State Legislature, speaking as the prime sponsor of HB 120, explained that Alaska has historically had a very high incidence of rape and sexual assault. She stated that reauthorization of the Council on Domestic Violence and Sexual Assault (CDVSA) ensures a focal point for the state and its communities to address interpersonal violence in the state. Failure to re-authorize the CDVSA will cause efforts to reduce interpersonal violence to flounder, she opined. She stated her willingness to take questions regarding the CDVSA, noting there had been concerns with the 2006 findings by the Division of Legislative Audit. It is urgent to move this bill quickly because the current authorizing legislature requires the CDVSA to begin "ramp-down" proceedings on March 1, 2006 geared to its dissolution, she explained. The bill extends the council's existence until 2011.

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RANDY MAGEN, Member, National Association of Social Workers (NASW), Alaska Chapter, testified in support of HB 120. He described the CDVSA as a conduit for funding shelters and intervention programs, and stated that there is still a great deal of work to be done to reduce the incidence of domestic violence and sexual assault. The NASW extends its appreciation for the legislature's quick action to extend the life of the CDVSA, he said.

REPRESENTATIVE ROSES moved to report HB 120 out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, HB 120 was reported from the House Health, Education and Social Services Standing Committee.

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REPRESENTATIVE FAIRCLOUGH pointed out that there is a technical fiscal note of \$10 million associated with the bill. She explained the fiscal note is because of the ramp-down stage, and that it represents a reduction in funding from last year. Furthermore, it is the amount included in the governor's budget proposal for this year.

OVERVIEW: COMMUNITY HEALTH CENTERS

CHAIR WILSON announced that the next order of business would be a presentation by the community health centers.

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SHELLEY HUGHES, Government Affairs Director, Alaska Primary Care Association (APCA), updated the committee on the community health center (CHC) model. Community health centers are non-profit organizations that follow an efficient business model, she said. They are managed by local citizens to allow the centers to customize their activities to local needs. The centers are open to all, but focus on serving low income and medically underserved populations. Services are provided on a sliding scale fee basis, but inability to pay does not preclude a person from using a center's services.

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MARILYN WALSH KASMAR, RNC, MBA, Executive Director, Alaska Primary Care Association (APCA), explained that CHCs have been in existence for over 40 years. There are currently over 5,000 delivery sites which serve over 50 million Americans nation wide. The first CHC in Alaska was established in 1974. Today, Alaska has 24 CHC organizations with over 150 delivery sites which serve approximately 80,000 Alaskans by providing 355,000 medical and dental patient visits each year.

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MS. HUGHES said that CHCs provide a medical home for Alaskans throughout the state. Due to the large geographic size of the state, delivery of local services is very important, she opined. Almost 80 percent of the persons served by CHCs are below the federal poverty line; furthermore 40 percent of the patients are uninsured. She stated the number of uninsured persons is growing and that CHCs tend to serve more of the uninsured than private health care providers or hospitals. She told the committee that the CHCs do not turn away Medicare patients, who sometimes have trouble finding health care.

MS. KASMAR said that Alaska received enough federal funding between 2002 and 2005 to allow communities to obtain new sites and expand their programs and services.

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STAN STEADMAN, Board Vice-President, Alaska Primary Care Association (APCA); Executive Director, Central Peninsula Health Center, explained that in 2001 the most critical health issue in his area was the lack of dental care for youths. Although there were over 3,500 youths enrolled in Denali KidCare, there were

not enough dentists to serve them; therefore his area's CHC focused on dental care. In 2006, it had over 7,500 patient visits and served both youth and adult populations. His organization hopes to expand its services to serve more adults who qualify for Medicaid. He told the committee that this has been a wonderful program for Soldotna and the surrounding area. They have a strong prevention component and go to schools to educate youth on how to prevent dental and health problems, he said.

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MS. HUGHES explained that CHCs serve all segments of the population, and that the costs for charity care are significant. She reminded the committee that federal funds help support charity care in addition to funding received from patient care revenue, Medicaid, Medicare, and local private sources. She said that 36 states, not including Alaska, currently provide funding to their CHCs. She opined that states which do provide funding have found CHCs to be a wise investment; as an example she stated that studies have shown that communities with a CHC in the vicinity have a lower number of sick days when compared with communities that do not have one. She opined that CHCs reduce the cost of health care and the number of emergency room visits.

THOMAS HUNT, M.D., Anchorage Neighborhood Health Center, explained that the CHC model focuses on prevention by trying to predict and prevent medical problems. The center also provides services at lower cost; for example, beginning March 2007, his clinic plans to offer colon cancer screening using a method that is much cheaper than a \$5000-\$6000 colonoscopy.

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MS. HUGHES explained that health center funding has not kept up with the costs of care. First, she stated that although her organization has seen a 10 percent growth in operational costs, it is requesting a funding increase of 1 percent. Secondly, she stated her organization is asking for funding to replace federal funds lost due to changes in federal law. Third, she explained that they plan a campaign to attract more Medicaid and private insurance patients, which she stated would be financially beneficial. She told the committee that statistics show that Medicaid patients who receive services from a CHC are less likely to be hospitalized. In Alaska, only 15-25 percent of Medicaid patients are seen in CHCs; which indicates there are

many Medicaid patients not currently using the CHCs, although they could receive treatment at one. Treatment at CHCs tends to be less expensive than other alternatives, she explained. In this state, she has heard anecdotal evidence that a certain diabetes test done at a hospital costs \$450; the same test done at the local CHC costs \$42. This type of economy could offer incredible savings to the state, she opined.

MS. HUGHES requested that \$250,000 of federal emergency room pass through funds be diverted and applied to CHCs, because CHCs work to prevent emergency room visits. She stated that Alaska currently spends \$32 million on emergency room visits and she said she believes that increased CHC funding would allow greater preventive care and save the state around \$12 million.

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SONIA HANDFORTH explained that the Unalaska clinic tries to treat patients in the community; noting it costs approximately \$28,000 to transport a patient by air ambulance to Anchorage. She stated that because the health care model focuses on local care, doctors and nurses must be "fearless," and possess multiple talents, which can make recruiting for positions challenging. The Unalaska clinic serves as the emergency and primary care provider for the area; which has many people employed in dangerous professions. When the center identifies a chronic health problem during treatment of an emergency situation, it provides follow-up health care for that patient.

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MS. HUGHES stated that the APCA is requesting \$600,000 to fund primary care safety net clinics. Approximately eight small Alaska communities have applied for federal funding to establish clinics, but she said she has been told that it is unlikely they will receive these funds. These communities all need primary care, she opined. She said that states that partner with their CHC programs are assured of receiving federal funding; therefore it is advantageous for a state to contribute to its CHC program. She explained that the APCA's budget request is for \$2.3 million which includes funds for: a 1 percent budget increase, replacement of lost federal funding, the Medicaid cost reduction campaign, emergency room diversion funds, and new clinics. She emphasized that the CHCs are a proven, solid addition to the health care system and were given the highest rating possible for efficiency and goal setting by the federal Office of Management & Budget.

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REPRESENTATIVE GARDNER queried about the challenges of recruiting health care providers.

MS. HUGHES responded that it is a challenge to fill positions, especially in rural areas. She reminded the committee that of the more than 800 employees in the CHC system, only 36 are physicians because most care is provided by mid-level practitioners, which is one reason it is a cost effective system. In regard to states partnering to receive federal funding, she stated that "that is what is being implied" by the federal government. She reminded the committee that only 14 states do not partner with their CHCs.

CHAIR WILSON asked whether the APCA currently receives any state funds.

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MS. HUGHES replied that the behavioral health component receives grants, but the APCA does not receive specific state funding. It is now asking for a direct appropriation, which it believes is justified due to the cost benefits associated with CHCs, she explained. She agreed that health clinics are considered to be a useful component to lower health care costs. She explained that information on rising costs has been provided to each committee member to demonstrate the need for primary care to help garner savings across the board.

REPRESENTATIVE GARDNER asked whether some health centers are at capacity.

MS. HUGHES replied that the Anchorage Neighborhood Health Center is at capacity and is currently working to expand its facility.

MS. KASMAR stated she believes that the vast majority of sites have the capacity for additional patients.

REPRESENTATIVE GARDNER asked whether patients are being turned away from the Anchorage Neighborhood Health Center.

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DR. HUNT said that on average the Anchorage clinic must turn away 14 patients per day. That does not mean that patients will

not be seen, but they may have to call a few times to get an appointment. He told the committee there is an urgent care track for those patients who require immediate attention, and those patients will usually get in. He said that a more difficult situation is presented by an older Medicare patient whose primary physician "has dumped him and needs a new medical home." That kind of patient requires dedicated resources that are not provided by an urgent care track, he explained.

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REPRESENTATIVE ROSES described his visit to the Anchorage facility, where he was told that on a usual day, all appointments are filled by 9:15 am and the waiting room is full of patients hoping to get in. He asked about the progress of the plans for expansion.

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DR. HUNT said the clinic is currently working to secure land. The building plans are in the conceptual design phase, and he is hoping that they will soon be able to apply to the Denali Commission for funding to design the building. They are also planning a capital campaign to raise the \$20 million needed for construction. He told the committee there is room in the office for one more clinician, but it has been a challenge to hire a young physician since federal funding to repay medical school costs has been cut. Therefore, he is not able to offer the same level of compensation as offered by private facilities.

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REPRESENTATIVE GARDNER asked for clarification of whether an elderly person in need of a new care center can eventually be seen by the Anchorage clinic, and if once seen, whether he or she would be able to routinely receive care at the clinic.

DR. HUNT explained that the clinic has a serious problem with people not keeping appointments. The clinic offers 22 appointments a day, but sees approximately 15-16 patients. He said it can be difficult to schedule a person with a complex medical situation, adding that he tries to keep the number of appointments reasonable. He indicated that he could likely get a patient in; however, over-scheduling is avoided. Therefore, it may be necessary to delay the appointment until there is time available.

CHAIR WILSON asked if a person who needed a physical may need to wait a month for an appointment.

DR. HUNT said that is possible.

REPRESENTATIVE CISSNA described her personal experience with a neighborhood health center as positive and economical. She indicated that she has had to wait longer for appointments with nurse practitioner or specialists. She suggested that people do not always consider, or feel comfortable going to a neighborhood health center.

DR. HUNT responded that statistics indicate that most appointments scheduled within one day are kept. It is more likely for patients to miss appointments that are scheduled in advance.

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REPRESENTATIVE GARDNER asked how many cases are related to substance abuse.

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CHRIS HALL, Community Development and Special Projects Coordinator, Alaska Primary Care Association (APCA), said that for the year 2005, the total number of patients seen for alcohol dependency was over 900, and for drug dependence issues was 192, out of a total patient base of about 80,000. He explained that sometimes patients may come in with a sprained ankle that was caused by actions taken while under the influence of drugs or alcohol, but it may not be recorded as a substance abuse issue.

HB 97-APPROP: K-12 EDU; PERS/TRS LIABILITY

CHAIR WILSON announced that the next order of business would be HOUSE BILL NO. 97, "An Act making appropriations for state aid to public schools, centralized correspondence study, and transportation of pupils; and providing for an effective date."

[3:52:18 PM](#)

EDDY JEANS, Director, School Finance and Facilities Section, Department of Education and Early Development (EED), presented HB 97, the governor's education funding bill, on behalf of the administration. This bill would fully fund the foundation program and the pupil transportation program at \$918 million and

\$53 million, respectively. Full funding refers to the statutory requirement to fund the base student allocation (BSA), which is \$5,380 per student for fiscal year 2007 (FY 07), he explained. Section 1 of the bill calls for an appropriation of \$395 million from state general funds (GF) to the public education fund. Section 1 also appropriates \$32 million to the EED for distribution to school districts, state boarding schools, and centralized correspondence programs. This amount includes \$20 million in federal impact aid funds and \$12 million in public school trust funds. Section 2 proposes distribution of \$24 million to the EED, to then be distributed to school districts in the same amount they received in FY 07 for cost factor adjustments. The EED will calculate how much each district generated this year, and that will be the grant amount under this bill for FY 08.

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REPRESENTATIVE WILSON queried whether the aforementioned grant amounts are related to the number of students.

MR. JEANS explained that the grant amount is not based on student numbers; it is based on what amount the school district received in cost factor adjustments in FY 07. For example, if a school district received \$150 thousand in FY 07 due to cost factor adjustments, it will receive that same grant amount for FY 08.

REPRESENTATIVE WILSON noted that with this approach schools will receive the same amount for district cost factors regardless of whether they have gained or lost students.

MR. JEANS confirmed that the grant amounts under Section 2 do not take student numbers into account. Section 3 provides \$11 million from the GF to the EED. This is then distributed as grants to each school district in the same amount as received in FY 07 for school improvement grants. He explained the sum of \$11 million will be distributed to school districts on a per-capita basis. The number of students is multiplied by the sum of \$81 to arrive at the amount to be distributed for school improvement grants.

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REPRESENTATIVE NEUMAN asked whether the Anchorage school district will receive a grant for school improvement costs in

Section 3, as it will not receive any of the \$24 million cost factor adjustment funds in Section 2.

MR. JEANS agreed that the Anchorage school district would not receive funds under Section 2, but would receive funds on a per capita basis under Section 3. He reminded the committee that when funds are distributed on a per capita basis, the larger districts receive more funds as they have more students. He then explained that Section 4 appropriates funds to the school districts' retirement funds for the employees covered under the Public Employees' Retirement System (PERS). These amounts, which are detailed in Section 4(b), will show up as a credit in each district's name, and the districts can apply their payments against their credit. Once the credit amount is used up, the districts will be required to start making payments to their PERS liabilities, he explained. He clarified that these amounts will be distributed directly into the retirement system, will be "outside the funding formula," and will appear as a credit for each district. The dollar amounts listed in Section 4(b) are based on retirement and benefit estimates for the increased contributions required by the PERS system, he explained. He reminded the committee there is a difference between the Teachers' Retirements System (TRS) and the PERS. Under PERS, the contribution rate varies from district to district, which is why HB 97 is structured as it is.

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REPRESENTATIVE NEUMAN asked whether it was correct to characterize the \$170.450 million of Section 4(c) and the \$36.9 million of Section 4(b) as intended to fully fund additional increases to the PERS\TRS that are expected to be imposed on the school districts.

MR. JEANS confirmed that the aforementioned representation is accurate. He went on to explain that Section 4(c) applies to the TRS system and proposes to appropriate \$170 million into that system. Because the funding rates for the TRS are uniform for all school districts, it is possible to make one lump-sum deposit. Currently the Alaska Retirement Management Board (ARMB) has indicated that employer contribution rates for the TRS will rise from 26 percent in FY 07 to 54 percent in FY 08. Mr. Jeans said that the EED is working with the Department of Administration (DOA) to return the TRS contribution rate for FY 08 to 26 percent if the legislature makes the appropriations set forth in HB 97. He indicated that the governor's bill will keep the TRS' funding rates at 26 percent, adding that a 12 percent

contribution rate would require an additional \$78 million payment into the pension fund liabilities.

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MR. JEANS explained that Section 5 of the bill makes a statement that the appropriations to the public education fund in Section 1(a) are intended to capitalize the fund; therefore those funds will remain in the public education fund for future use, assuming it is not depleted.

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REPRESENTATIVE ROSES relayed his understanding that the public education fund was created to build up reserves in sufficient amounts to allow forward funding of education needs for up to two years, thereby easing school districts' budget decisions. He asked whether the appropriations in HB 97 are to come out of that fund.

MR. JEANS explained that the payments for the foundation program and pupil transportation do come out of the public education fund and do not require future legislative appropriation. He noted that the public education fund was structured to provide the forward funding described by Representative Roses, but that HB 97 only appropriates enough money to meet the needs of school districts for FY 08. He estimated that there is currently \$500 million in the public education fund. When asked how long it will take to build the public education fund up to sufficient levels to forward fund education for two years, he opined that is a policy choice of the legislature. For example, he said that if the legislature had \$1 billion, it could appropriate it to this fund to achieve a fund balance sufficient to forward fund education for two years.

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REPRESENTATIVE ROSES set forth his understanding that funding for education is not a bondable expense. However, it may be possible for the state to issue bonds to cover its unfunded pension obligations. This is currently being considered by the legislature. He said that the ability to issue bonds to help defray pension obligation expenses may free up additional money, perhaps as much as \$370 million, for education funding.

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REPRESENTATIVE NEUMAN reviewed the various funding categories of HB 97 and noted it does not include local contribution or school construction and maintenance amounts.

MR. JEANS said the bill appropriates approximately \$608 million. Combined with the \$500 million already in the public education fund, the total appropriations to support education foundation funding, pupil transportation, and the PERS/TRS obligations total approximately \$1.1 billion.

CHAIR WILSON opined that this is a lot of money, but the future of the state is based on how the children of the state are educated.

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REPRESENTATIVE FAIRCLOUGH asked about the anomaly of funding the PERS/TRS through the general fund instead of using outside funding. She opined that this method may give the impression that funding to schools is not being increased because the funds are going directly into retirement funds.

MR. JEANS stated that his understanding of the aforementioned point is that the funds appropriated directly to the DOA will not be reflected in the budget as education dollars. He assured the committee that the EED will include those amounts when reporting its educational expenses to the federal government. He did address the problem that the public will not see this as an appropriation to education because it is not being appropriated directly into education foundation formula funds. However, the method proposed in HB 97 appropriates funds directly into the retirement accounts, which allows the state to start investing the money immediately and get a better return, he said

REPRESENTATIVE ROSES referenced his past experience writing education grants at the university level and warned that this funding approach may result in unintended consequences. He explained that one litmus test for grant qualification is what percentage of funds spent on education are for salary and benefits. If benefits are over-inflated due to payments into the PERS/TRS, school districts may not be able to qualify for some grants; which is a serious and unintended consequence of running it through the formula "as a pass-through."

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REPRESENTATIVE FAIRCLOUGH followed up by stating that it may be this legislature's policy that the state addresses the issue of unfunded pension liabilities. She further indicated it may be better to have a 12 percent average employer contribution rate for the reasons Representative Roses mentioned, as well as to make it clear that the state is "stepping up to the plate" to make sure promised retirement benefits are funded.

MR. JEANS estimated that in FY 06, the total K-12 and post-secondary education budget, appropriated from general funds, was \$1.023 billion; the governor's budget request for FY 07 is about \$1.236 billion. He reminded the committee that comparisons are not very accurate because changes in the foundation program require local areas to increase their school funding, while the state will decrease its share of funding. He explained that for the past fiscal year, the state contributed \$90 million to school construction, and that this year's budget relies on that amount, in addition to the \$1.2 billion referred to above.

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CHAIR WILSON said she believes many schools have maintenance and construction needs they cannot fund.

MR. JEANS agreed that there are schools throughout Alaska with construction and maintenance needs. In response to a prior observation, he explained that school districts do not need to hire an engineer to make an application for construction funding to the state, although he noted that detailed applications may result in a higher ranking on the state's construction priority list.

REPRESENTATIVE ROSES asked whether the governor's education bill proposes any additional increases in education funding from last year, aside from the PERS/TRS contributions that will be paid directly to the DOA.

MR. JEANS answered no.

CHAIR WILSON confirmed that the funding amounts in HB 97 would give the school districts the "very same ...as they got last year". She followed up by asking whether the schools could be characterized as "going backwards," if they receive the same amount of funds as the previous year, especially in light of higher fuel and insurance costs, and possibly higher enrollments.

MR. JEANS agreed that this is a fair generalization.

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JOHN ALCANTRA, Government Relations Director, NEA-Alaska [National Education Association - Alaska], opined that the \$24 million in Section 2 and the \$11 million in Section 3 of the bill are positive steps and he recognized that the TRS system needs \$170 to keep the school district contribution amount at 26 percent. He said that the bill actually cuts funding for school transportation, and reminded the committee that transportation costs are paid on a per student basis even though it costs as much to transport one child in a bus as to transport ten. There is no additional funding in this bill to cover increased costs of inflation. When education is funded at the same amount as the prior year, it actually cuts funding due to inflation factors, he said. He noted that the 13,000 members of NEA-Alaska are willing to work with the governor and legislature on school funding issues.

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MR. ALCANTRA responded to a query about changes in student population by stating he believes that there has been a loss of 2,300 students in the K-12 population; this may result in a loss of about \$20 million in education formula funding for K-12. If an individual district has a student population increase, it will receive additional money per student for transportation. He noted that districts receive the same amount of money per student regardless of actual transportation costs in their area.

[4:30:26 PM](#)

REPRESENTATIVE NEUMAN asked whether the NEA has any position on how to increase the amounts allocated to education.

MR. ALCANTRA replied that NEA-Alaska takes numerous positions at its yearly convention, but opined that it is not NEA-Alaska's position to tell the legislature how to fund education needs. He went on to say that it is important to keep working to address the needs caused by many years of inadequate education funding. He suggested, in response to a question, that the BSA should be driven upward beyond inflation.

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REPRESENTATIVE NEUMAN reminded the committee that the legislature has worked very hard the last few years to increase the educationa funding.

[4:34:58 PM](#)

JIM SCHWARTZ, Member, Petersburg School Board, City of Petersburg, told the committee that his district greatly appreciated the funding it received last year. However, he reminded the committee that his district does not receive a multiplier under the education funding formula. He stated that the Petersburg school district is very much on the edge of being able to adequately fund its schools and explained that the loss of timber receipt funds has negatively impacted his district.

CHAIR WILSON asked how Petersburg has accommodated for the lack of a multiplier in the past.

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MR. SCHWARTZ replied that since 1998, when Senate bill 98 was passed, Petersburg has received timber receipts to supplement its school funding. Despite these additional funds, the school district has had to make significant cuts to its budget over the last few years. Over six teacher positions have been lost, and teachers are working "on a shoestring," often with no aides or breaks.

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REPRESENTATIVE ROSES asked Mr. Schwartz' opinion of what the likely teacher loss will be for his district if education funding went through as proposed in HB 97.

MR. SCHWARTZ replied that would be difficult to answer, but it would mean a cut of \$850,000 on top of increased salary and energy costs.

REPRESENTATIVE ROSES expressed his belief that Petersburg's situation is similar to that of Wrangell's. He said that under his calculations, the significance of flat funding on small districts is huge, noting that the effects are similar to Anchorage having to lay off as many as 500 teachers.

[4:43:48 PM](#)

CHAIR WILSON relayed that she has heard concerns from some school systems that may not be able to operate without additional funds. She stated her belief that districts are facing serious budget issues related to the past 20 years of flat funding.

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MR. SCHWARTZ referred to recent news reports regarding the Anchorage school district cutting library aide positions. He explained that this is not an option for Petersburg, as there are no library aides. The Petersburg school district has reached crisis mode. He commented that it "almost makes sense" to have a semester long school year, rather than having a "terrible program" for a full year; however, he opined that the state is not ready to allow this. Despite these difficulties, the Petersburg elementary school was honored for academic achievement under the federal No Child Left Behind Act of 2001.

CHAIR WILSON announced that HB 97 would be held in committee.

ADJOURNMENT

There being no further business before the committee, the House Health, Education and Social Services Standing Committee meeting was adjourned at. [4:49:22 PM](#).