

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

February 9, 2007

8:01 a.m.

**MEMBERS PRESENT**

Senator Gary Stevens, Chair  
Senator Charlie Huggins, Vice-Chair  
Senator Donny Olson  
Senator Gary Wilken  
Senator Bettye Davis

**MEMBERS ABSENT**

All members present

**COMMITTEE CALENDAR**

SENATE 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

**PREVIOUS COMMITTEE ACTION**

BILL: SB 1

SHORT TITLE: INCREASE AMT OF BASE STUDENT ALLOCATION

SPONSOR(S): SENATOR(S) WILKEN

**WITNESS REGISTER**

John Alcantra, Government Relations Director  
National Education Association of Alaska  
4100 Spenard Road  
Anchorage, AK 99517

**POSITION STATEMENT:** Supported SB 1

Stephanie Allison, Member  
Great Alaska Schools  
9414 Long Run Drive  
Juneau, AK 99801

**POSITION STATEMENT:** Supported SB 1

Michael Sigler, coordinator  
Great Alaska Schools

1505 Crest Court  
Juneau, AK 99801

**POSITION STATEMENT:** Supported SB 1

Mike Fisher, Chief Financial Officer  
Fairbanks North Star School District  
PO Box 71267  
Fairbanks, Alaska 99707

**POSITION STATEMENT:** Supported SB 1

Sue Hull, School Board member  
Fairbanks North Star School District  
PO Box 71267  
Fairbanks, Alaska 99707

**POSITION STATEMENT:** Supported SB 1

Eddy Jeans, Director of School Finance  
Department of Education &  
Early Development  
801 W 10<sup>th</sup> St.  
Juneau, AK 99801-1894

**POSITION STATEMENT:** Available for questions on SB 1

Carl Rose, Executive Director  
Association of Alaska School Boards  
316 W 11th St.  
Juneau, AK 99801

**POSITION STATEMENT:** Supported SB 1

#### **ACTION NARRATIVE**

**CHAIR GARY STEVENS** called the Senate Special Committee on Education meeting to order at [8:01:48 AM](#). Present at the call to order were Senators Davis, Olson, Wilken, Huggins, and Chair Stevens.

#### **SB 1-INCREASE AMT OF BASE STUDENT ALLOCATION**

CHAIR STEVENS announced SB 1 to be up for consideration.

[8:02:17 AM](#)

SENATOR WILKEN, sponsor of SB 1, explained that it pertains to increasing the base student allocation used in the funding formula to \$5,810.

He said that since 1998 the K-12 public school funding formula has distributed education dollars based on a per-student allocation. The increase in this allocation will mitigate rising costs and help direct more education dollars into classrooms. The bill does not address all rising costs in the public school system, as required retirement contributions alone will cost over \$200 million statewide in the next fiscal year. It does cover the estimated inflation rate provided by the Department of Labor in 2006, and includes additional funds to aid schools in reducing class size.

[8:05:41 AM](#)

SENATOR WILKEN referenced a chart provided to the committee to explain changes in student funding from past fiscal years, and to show that the current bill's increase in funding would be in line with past increases. He said that the governor had issued a request for SB 1 to be moved through the legislature quickly, and he echoed her sentiment.

[8:08:25 AM](#)

CHAIR STEVENS asked what the additional, unspecified funds in the increase would be used for.

SENATOR WILKEN replied that the amount would offset increased energy costs and the currently high pupil-to-teacher ratio, and help reduce the need for local taxes paid by individual districts. He added that 2007 was the renewal year for the No Child Left Behind (NCLB) act, which may burden the legislature with additional tasks.

[8:11:16 AM](#)

SENATOR HUGGINS asked for the target date for early funding.

SENATOR WILKEN replied that the target was March 15th, 60 days into the session.

[8:12:10 AM](#)

SENATOR HUGGINS asked if increasing natural gas costs would be included in the funding increase.

SENATOR WILKEN replied that that cost would be included in the portion of the increase meant for inflation.

[8:12:55 AM](#)

SENATOR OLSON asked why Senator Wilken didn't propose a higher increase in funding than 4 percent.

SENATOR WILKEN replied that the numbers were based on general inflation rates.

SENATOR OLSON asked if the governor was in favor of the bill.

SENATOR WILKEN replied that the bill was a starting point for negotiations, and the governor's budget was still a work in progress.

[8:15:56 AM](#)

SENATOR WILKEN explained that the student population has decreased by 3,000 since 1999, but increased funding is still insufficient.

[8:18:19 AM](#)

JOHN ALCANTRA, Director of Governor Relations for the National Education Association of Alaska (NEAA), said that the NEAA's request for the base student allocation was \$5,953, \$143 more than SB 1 proposes. Every \$5 increment in the allocation equals around \$1 million statewide. The NEAA is working towards funding adequacy within seven fiscal years, but much of public school funding goes to the retirement system and inflation costs, and not to classrooms or teachers' salaries. Public school funding is currently \$400 million short of what the NEAA considers an adequate K-12 budget.

[8:23:08 AM](#)

SENATOR HUGGINS asked what the NEAA's efforts to work with the administration over the funding matter had been.

MR. ALCANTRA said that the NEAA would work with the administration to explain that inflationary costs would diminish funding for school services, and that the Public Employee and Teacher Retirement Systems take up millions of dollars in funding.

[8:25:34 AM](#)

STEPHANIE ALLISON, member of Great Alaska Schools (GAS), said that the Budget Advisory Group of Juneau had been asked to cut three million dollars from the yearly budget, and that if SB 1 passed there would be no need to make such cuts.

[8:27:48 AM](#)

MICHAEL SIGLER, member of GAS, explained that the GAS coalition of parents and community members supported the increase in the allocation. Past increases in school funding have gone mainly to covering retirement costs and inflation but haven't sufficiently met education quality needs. The coalition wishes to see a fiscal plan including inflation-proofing and updated geographic cost differentials.

[8:29:58 AM](#)

SENATOR HUGGINS asked what efforts GAS was making beyond improving funding.

MR. SIGLER replied that most people involved in the coalition are active in schools as volunteers or work in community-based activities such as coaching.

SENATOR HUGGINS said that the Juneau school district is one-third the size of the Mat-Su district, yet has the same number of special needs students. He asked if that created any special challenges for parents or teachers.

MR. SIGLER replied that such students typically require more adult supervision than other schoolchildren, and in a fixed budget fulfilling their needs can take money away from mainstream education and create larger classrooms sizes for non-special needs children.

SENATOR HUGGINS asked if Mr. Sigler was satisfied with the efforts towards educating special needs children.

MR. SIGLER replied that aides are underpaid, the turnover rate is high, and needs are not fully met, which means less available funding for mainstream students.

[8:33:14 AM](#)

SENATOR HUGGINS mentioned that the dropout rate in the Mat-Su is 44 percent, and asked for Mr. Sigler's thoughts on the rates in Juneau.

MR. SIGLER said that the Juneau rate is around 33 to 35 percent, and that insufficient parenting and a poor academic model were two causes of dropping out. More attention should be paid to post-high school vocational education.

[8:34:46 AM](#)

MIKE FISHER, CFO for the Fairbanks North Star School District, said that while retirement funding is important it is taking money away from the classrooms, which are in serious need of basic supplies. School districts are having to cut program funding to allow for retirement funding increases.

SUE HULL, Fairbanks North Star School District board member, said that school districts need funding to make investments in technology and technical career preparation.

[8:38:19 AM](#)

EDDY JEANS, Director of School Finance for the Alaska Department of Education and Early Development (DEED), explained the two fiscal notes prepared by the department for SB 1: \$88,928,200 for the increase in the base student allocation, and \$825,000 for the Alaska Military Youth Academy. He said that increasing the statewide allocation will increase local government's ability to give money to education. Districts are allowed to contribute 23 percent of their basic need in addition to the required local contribution, so if the base allocation is increased by \$100 million the increased range of local contribution would be around \$20 million.

[8:41:19 AM](#)

SENATOR WILKEN said that the 2008 funding formula required \$16.18 million in local contribution to qualify for state aid, and that the \$20 million figure was additional optional funding on a local level. This year organized Alaska will be contributing \$205.2 million before receiving state aid.

[8:42:39 AM](#)

SENATOR HUGGINS asked if any boroughs besides the Mat-Su had an organized tax cap.

MR. JEANS replied that Anchorage did as well, but he was unsure of any others.

[8:43:26 AM](#)

CHAIR STEVENS asked for Mr. Jeans' comments on the declining student population.

MR. JEANS replied that the DEED doesn't provide long-term student projections, but that the state population is an aging one.

[8:45:01 AM](#)

SENATOR OLSON asked Mr. Jeans if the drop in student population was in rural or urban areas.

MR. JEANS replied that it was a combination of both.

[8:46:03 AM](#)

CHAIR STEVENS asked how rising funding correlated with high student dropout rates.

MR. JEANS replied that rising funding is due to increases in fixed costs beyond the scope of the DEED such as fuel and insurance prices. These costs can mean reduced services, which may contribute to reduced student achievement.

[8:47:49 AM](#)

CARL ROSE, Executive Director of the Association of Alaska School Boards, said that the NCLB act has caused funds to be taken from regular classroom instruction to provide special needs services. The curriculum is being narrowed and has become inadequate, and digital resource funding is needed. Classroom funding has become secondary to retirement funding.

[8:51:23 AM](#)

SENATOR WILKEN said that last year \$5 million was added to the capitol budget to start a digital learning program for sixth-graders across the state, and that he hoped similar funds would be included in the current year's budget.

[8:53:01 AM](#)

SENATOR THOMAS asked Mr. Jeans for his opinion on the narrowing classroom curriculum.

MR. ROSE replied that digital learning is important for career development, and classrooms are equipped for vocational-technical training but the programs are not funded. Course relevance has much to do with students deciding to stay in school.

[8:56:00 AM](#)

SENATOR OLSON asked what digital learning programs will do to affect the dropout rate.

MR. ROSE replied that such pilot programs show how children respond to technology, and are shown to be effective learning tools.

[8:59:43 AM](#)

MARY FRANCES, Executive Director for the Alaska Council of School Administrators, said that administrators across the state were in the beginning stages of budget preparation and would have a better idea in a few weeks of what the increase would mean for school districts, but in general they were very supportive of SB 1.

CHAIR STEVENS thanked the participants for their testimony and held SB 1 in committee.

Seeing no further business, CHAIR STEVENS adjourned the committee meeting at [9:00:22 AM](#).