

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

January 26, 2009

8:02 a.m.

MEMBERS PRESENT

Representative Paul Seaton, Chair
Representative Cathy Engstrom Munoz, Vice Chair
Representative Bryce Edgmon
Representative Wes Keller
Representative Peggy Wilson
Representative Robert L. "Bob" Buch
Representative Berta Gardner

MEMBERS ABSENT

All members present

OTHER LEGISLATORS PRESENT

Senator Bettye Davis
Representative Michael "Mike" Kelly

COMMITTEE CALENDAR

OVERVIEW(S): PATRICK F. TAYLOR FOUNDATION MERIT BASED
SCHOLARSHIP

- HEARD

OVERVIEW(S): REQUIRED LOCAL CONTRIBUTION

- HEARD

PREVIOUS COMMITTEE ACTION

No previous action to record

WITNESS REGISTER

PHYLLIS M. TAYLOR, LL.B., Chairman and President
Patrick F. Taylor Foundation
New Orleans, Louisiana

POSITION STATEMENT: Presented the Patrick F. Taylor Foundation
Merit Based Scholarship program.

EDDY JEANS, Director
School Finance and Facilities Section
Department of Education and Early Development (EED)

POSITION STATEMENT: Presented the formula for calculating the required local contributions to public schools.

ACTION NARRATIVE

[8:02:17 AM](#)

CHAIR PAUL SEATON called the House Standing Committee on Education meeting to order at 8:02 a.m. Representatives Munoz, Wilson, Edgmon, Keller, Buch, and Gardner, were present at the call to order. Senator Davis and Representative Kelly were also in attendance.

[8:02:51 AM](#)

OVERVIEW(S): PATRICK F. TAYLOR FOUNDATION MERIT BASED SCHOLARSHIP

CHAIR SEATON announced that the first order of business would be an overview of the Patrick F. Taylor Foundation Merit Based Scholarship program.

[8:04:54 AM](#)

PHYLLIS M. TAYLOR, LL.B., Chairman and President, Patrick F. Taylor Foundation, introduced the scholarship plan by having the committee view a video presentation.

[8:06:28 AM](#)

[A brief video was viewed by the committee.]

[8:15:45 AM](#)

MS. TAYLOR described the success of the Tuition Opportunity Program for Students (TOPS) plan and explained that it is both merit- and needs-based. Statistics indicate that children are interested to attend college, but are unable to plan to further their education. The at-risk students that TOPS has served, now represent over 40,000 Louisiana students. Additionally, 20 other states have adopted, and are successfully utilizing, some version of the Taylor Plan.

[8:17:42 AM](#)

[Senator Davis joined the committee.]

8:17:52 AM

MS. TAYLOR continued to explain how students who once took six years to complete college, are now able to finish a degree program in four years. She attributes this to the fact that TOPS provides funding for only four years, has a requirement that students maintain a certain number of hours each year, and that high school students aspiring to the plan are fully prepared to enter college. She reported how statistics illustrate that graduates of TOPS have gone on to become productive members of the work force; not necessarily in the state from which they graduated. Parallels can be drawn between the needs of students in Alaska and Louisiana, she opined, including: per capita income, and young people who have not been considered for post secondary educations. The program offers support to students who continue on to four year colleges, community colleges, and technical college pursuits. Students attending private schools may also receive support. She cited Wyoming's Hathaway Plan as the most successful Taylor Plan in existence. It is permanently endowed for \$400 million, and includes a particular needs based aspect, which she attributes to the level of success it has attained. She finished by stating:

If there is anything that a state can do to address all of the ills of its community ... the best solution, is to keep its young people within the state, and give them a chance to have a good education. ... There are now over 300,000 students who have graduated from Louisiana as a result of the TOPS program.

8:22:07 AM

CHAIR SEATON asked her to address the topic of reduction and the necessity of remedial courses in the colleges.

MS. TAYLOR said that twenty years ago, the Louisiana colleges had an open enrollment policy. Regardless of high school performance, any student could enter the college system. This, she noted, caused many unprepared students to fail and drop out of college. In an effort to stem this problem, universities offered remediation courses, requiring a significant amount of time, effort, and expense. Today there are no remediation

courses taught at Louisiana State University (LSU), based on the requirement standards that are now maintained for college entrance. The ancillary benefit, of not offering remediation classes, is a significant savings to the state. These are courses that students should have attained proficiency in during their high school education. Requiring that a student be properly prepared, she conjectured, gives them a step up and allows them to finish their college career in four years. Another reason that a student may take more than four years, is when they need to be employed while attending college, which a TOPS student would not find necessary.

[8:24:53 AM](#)

CHAIR SEATON asked for clarity of the minimum standards and core curriculum requirements.

MS. TAYLOR responded that a 2.5 grade point average must be maintained in high school, and the minimum score for the ACT [originally known as the American College Testing Program, Inc.], or Scholastic Aptitude Test (SAT) be attained.

CHAIR SEATON stated his understanding that because students have met the requirements, remedial classes are no longer necessary at the college level.

MS. TAYLOR elaborated that, in some cases, high schools were not offering the necessary classes for students to be appropriately prepared for college, making the remedial classes altogether necessary. It is an additional "plus" of the Taylor Plan that this situation has been corrected at the high school level.

[8:26:34 AM](#)

REPRESENTATIVE GARDNER asked if assistance is exclusive for attendance to Louisiana schools.

MS. TAYLOR said that only schools in Louisiana are eligible. She clarified for the committee that Wyoming has established a perpetual endowment of \$400 million, and made it a permanent part of the Wyoming state constitution.

[8:27:21 AM](#)

REPRESENTATIVE WILSON reported that she has fielded complaints from Alaskan students who would like to finish a degree in four

years, but that it is not possible given the class schedules, and asked how the Taylor Plan meets this type of problem.

MS. TAYLOR said that the program has not experienced a lack of required classes being offered at a four-year college to allow for a timely graduation. Her previous point, she said, was in reference to appropriate high school class offerings. She suggested that if this situation exists, perhaps the issue needs to be addressed with the college administration.

8:28:40 AM

SENATOR DAVIS queried the enrollment policies, and remedial class needs of Louisiana universities, other than LSU, and requested a statistical report.

MS. TAYLOR agreed to provide the committee with a report packet that will detail the information by university and year. She specified that colleges, outside of LSU, do not require the same entrance standards and are still experiencing a need for remedial classes. The flexible admission standards, although not the same open enrollment policy once utilized, still result in the arrival of unprepared students.

8:29:39 AM

CHAIR SEATON said that TOPS information will be posted on the committee web page for easy statewide access, and asked that the statistical packet will contain an analysis of the percentage of students who graduate and remain in-state.

MS. TAYLOR underscored that the foundation has no personal agenda behind offering this plan, other than to further national educational standards. In reply to the Chair Seaton's question, she said that there has not been specific tracking of students who remain in-state for employment. The university alumni associations are being requested to participate in gathering this type of information, for future reference.

8:31:40 AM

CHAIR SEATON said that the top 10 percent of graduating high school students, within Alaska, are served by Project GRAD, providing them the opportunity to attend the University of Alaska (UA). Project GRAD, currently being run as a pilot program on the Kenai Peninsula, has the benefit of addressing cultural needs.

MS. TAYLOR stressed that the Taylor Foundation is interested in learning how the plan can work in Alaska. Student motivation continues to be a national problem, she said, and any plan that addresses this issue is of interest to the foundation.

OVERVIEW(S): REQUIRED LOCAL CONTRIBUTION

8:33:58 AM

CHAIR SEATON announced that the final order of business would be an overview by the Department of Education and Early Development (EED) regarding required local contributions.

8:34:13 AM

The committee took a brief at ease from 8:34 a.m. to 8:35 a.m.

8:35:25 AM

EDDY JEANS, Director, School Finance and Facilities Section, Department of Education and Early Development (EED), explained how local contribution effort is required under the current public school funding formula. Since 1988 the, standard contribution has been a 4 mill tax rate. Through the funding formula, he said, EED calculates an entitlement based on a number of different adjustments for each public school, including: size, location, and the special needs population. The adjusted average daily membership (ADM) is then multiplied by the base student allocation (BSA), which is set in statute, to arrive at the product known as basic need. Directing attention to the committee packet handout, titled "Components of Basic Need (Who Pays?)," he explained that basic need funding is drawn from three components: 1) .004 mill required local contribution, 2) federal impact aid, and 3) state aid.

8:37:36 AM

MR. JEANS continued on page 2, and said that, in FY2002, a change was made for calculating the required local effort. Since the 2001 enactment of SB 174, 1999 has been used as the look back/base year to determine the full value of a community. The base value is compared to the current year full value, to determine the difference, which is then divided in half and added back into the base year. The calculation is illustrated on page 3, using the city of Nome's 2008 full value for the example. He said the final figure, in this case \$238,924,950,

is what the .004 mills is then applied to in order to derive the required local effort. The Nome example is completed on page 4, to arrive at \$955,700; the amount Nome is required to contribute to support public school education in the 2010 school year.

8:39:03 AM

REPRESENTATIVE WILSON asked whether the 4 mill rate varies between school districts.

MR. JEANS responded that the majority of municipal school districts pay less than a true 4 mill equivalent, as will be demonstrated on another schedule of the presentation.

8:39:45 AM

CHAIR SEATON inquired if the calculations are based on individual school districts.

MR. JEANS clarified that the calculations of basic need are figured at the school level, and are the adjustments done with regard to economy of scale; noting that the geographic cost differential is at 20 percent. He said once the calculation has been completed, the number is multiplied by the base student allocation, as established in statute, and the product is the basic need. He reiterated that basic need is paid from three components including the local contribution. Municipalities may contribute additional revenue above what is required, with no effect on the amount of state aid received. He stated his understanding that today's discussion is limited to the component that affects the amount of state aid received by a public school. In response to Chair Seaton's follow-up question, he said geographic/political subunits vary within districts. A first class city may have a single building in the community that is the public school, or there may be multiple cities and schools, in a district, to be considered. However, the required local effort is based on the property value within a borough or first class city. The property values are what dictate the required local contribution, he explained.

8:41:58 AM

REPRESENTATIVE BUCH queried if the figure presented in the example using Nome, is proximal or actual.

MR. JEANS replied that the Nome example is based on actual projections for 2010, representing 676 students.

CHAIR SEATON pointed out that all of the districts are included in the packet.

8:43:58 AM

REPRESENTATIVE WILSON asked whether the subject of student fluctuations within a community, would be covered and how that may effect property taxes.

CHAIR SEATON stated that the educational task force would include that in a future presentation.

REPRESENTATIVE WILSON added that she feels the inequity is very unfair and it needs to be addressed this session.

CHAIR SEATON replied, "We will."

8:45:35 AM

REPRESENTATIVE MUNOZ inquired whether Mr. Jeans will have the opportunity to talk about funding for small schools of under 150 students that are part of a larger district.

MR. JEANS suggested that his presentation "Foundation Formula 101," would prove beneficial to the committee to answer the questions being raised that are not directly related to the required local effort; today's topic. In response to Chair Seaton's agreement, Mr. Eddy said he would schedule the presentation.

8:46:05 AM

MR. JEANS drew attention to page 9 of the foundation overview document. He noted that the total of \$230 million under Column C, labeled Required Local Effort, is the amount that municipalities are required to contribute to public education within their community. Column C is subtracted from Column B, labeled Basic Need, and then Column F, labeled Impact AID, is subtracted from that, he explained, and what is left over is Column G, labeled State AID.

8:47:14 AM

MR. JEANS further explained that the department now goes back to 1999 - the base year - and calculates 50 percent of the difference in property value since that time. Prior to 2001,

the department looked at the property value every single year and required [each municipality] to contribute 4 mills to public schools. Basically, this provision has provided a tax subsidy to municipalities that have increasing property value, he said.

[8:48:11 AM](#)

MR. JEANS called attention to the committee packet and the EED chart titled "State Cost". He noted that the first column, labeled FY02 Increased State Aid, reflects the financial benefit that municipal school districts received in the first year under Senate Bill 174; approximately \$3.6 million. The bill language established a base year, which has resulted in a compounding effect that is making funding a more difficult issue. For example, the \$3.6 million went to \$9 million in FY 03, \$12.5 million in FY 04, and now for FY 10 the department is projecting a \$73.5 million subsidy through the foundation program. The Education Funding Task Force has had in-depth discussions about the compounding effect issues.

[8:49:30 AM](#)

MR. JEANS then referred to the same committee handout with the attached chart titled "Mill Equivalent Change," which shows how mills are to be adjusted across the state. He said the calculations are the mill equivalent on each district's current full value, not on the education. For example, based on current property values, it is projected that in FY10 the Aleutians East Borough will be required to contribute 3.5 mills to support public education, Anchorage 2.9 mills, and Bristol Bay will remain at 4 mills due to declining property values. It can be seen from this chart, he explained, that those areas experiencing growth and increased business and personal property values are getting a greater benefit under this provision than areas that are not growing.

[8:50:31 AM](#)

CHAIR SEATON surmised that the formula provides a balances for who pays.

MR. JEANS confirmed, "That's exactly correct, it's who pays for basic need." For instance, had this provision not been passed in 2001, Aleutians East Borough would have received \$62,000 less in state aid in FY 10 and Anchorage \$38.5 million less, as illustrated by the FY 10 column on the "State Cost" chart. Also, on the FY 10 column of the "Mill Equivalent Change" chart,

the mill would have remained at 4 throughout. In other words, prior to 2002, each district was required to contribute the equivalent of a 4 mill tax levy of its current property values. However, since 2002 a state subsidy has been creating a compounding effect. Therefore, the range of the required contribution from one organized area to another organized area varies based on how much the community has grown.

[8:52:55 AM](#)

CHAIR SEATON highlighted the struggle the [legislature] has had with geographic cost differentials and observed that the situation is being reversed with the compounding effect of this bill. He asked if there is any comparison that can be made, and whether this offsets the small school differentials such that the small schools in the Bush are being funded with state aid. He calculated that that there is a 25 percent differential.

MR. JEANS related, "I guess the way that I've looked at it is: if we're going to have a required local contribution in the State of Alaska for municipal governments, it should probably be uniform." The policy call for the legislature is where to set the rate. Mr. Jeans related that his concern is due to the different rates for different parts of the state, and thus a disparity of benefits among the districts. He then pointed out that \$38.5 billion appears generous for Anchorage schools, until it is viewed on a per student basis; noting the districts 55,000 students. "To say that they're getting additional funding over rural schools that wasn't adjusted for in the cost differentials, I guess I'm just not ready to go there," he said.

[8:55:07 AM](#)

REPRESENTATIVE KELLER related that he represents a growing school district and has an appreciation for the plight it faces.

[8:55:33 AM](#)

REPRESENTATIVE WILSON opined that the shift was made to help the areas that experienced an influx of students. However, the reality is that when there is an influx of people into an area, there are more people to help pay the property taxes to raise the money for the municipality. Conversely, communities that are losing students have to provide the same services, but there are less people to pay property taxes. Representative Wilson characterized the aforementioned as unintended consequences that

deserve review in order to ensure that [the formula] is fair to everyone.

[8:57:23 AM](#)

REPRESENTATIVE EDGMON expressed his agreement with Representative Wilson's comments. He pointed out that in 2001 the Bristol Bay School District had 285 students and in 2009 it has declined to approximately 130, but the district is still required to pay the full 4 mills while the [mill rate] for the Mat-Su School District is 2.7 and the Anchorage School District is 2.9. Furthermore, the later two districts heat their schools with natural gas. He expressed a desire to review the fairness of this situation.

[8:58:30 AM](#)

CHAIR SEATON pondered the wisdom of using 1999 as the fixed year base.

MR. JEANS stated that if the formula were calculated on a one or two year look back, it would help areas that are experiencing an influx of growth immediately. It appears that there have been unintended consequences incurred by stipulating 1999 as the base year. He said the state is paying an additional \$73.5 million, in FY2010, than it would had this provision not been adopted. Also, by using this artificial, low required local contribution, some municipalities are getting closer to their local cap. In the next two or three years, hub cities, such as Anchorage, will be achieving their caps and, he predicted, seek financial relief from the legislature. He clarified that law disallows additional local contributions due to the cap. This occurs because the bottom part of the formula creates an artificially low requirement. For example, citizens are being asked to contribute \$800 to public schools on a \$200,000 home in areas where the required local effort is four mills. Where the mill rate is lower, as in Anchorage, the contribution is less. He stressed that wages don't always rise with the value of a home, and opined that there should be a uniform application to calculate the required local effort, without using a base year established 10 years ago.

[9:02:39 AM](#)

MR. JEANS directed the committee's attention to the table, in the committee packet, titled "National Center for Education Statistics" [Table 1.] In 2006, audited revenues from local,

state, and federal sources indicate that Alaska is ranked number five nationally, with 24.3 percent of its revenue for education coming from local sources. This percentage includes operating and special revenue funds, but not capital expenditures such as bond reimbursement.

[9:04:01 AM](#)

CHAIR SEATON clarified that Alaska ranks five from the top of the states with the least local effort [towards supporting education.]

[9:04:49 AM](#)

REPRESENTATIVE WILSON asked for a comparison to other states that takes into account the fact that Alaska does not have a state income tax.

MR. JEANS stated that the formulas across the nation vary and there is no easy means for comparison; however, it is clear that when comparing local support for public schools, Alaska ranks fifth in the nation. In response to a question, Mr. Jeans confirmed that the last column of the table indicates the [17.0] percentage of federal support received by Alaska.

[9:06:39 AM](#)

CHAIR SEATON asked whether this percentage includes Federal Impact Aid.

MR. JEANS said that the percentage includes all federal sources, Federal Impact Aid, and special revenues.

[9:07:07 AM](#)

REPRESENTATIVE BUCH requested Alaska's ranking of state and federal support for education.

MR. JEANS said that the department will provide that information.

[9:07:39 AM](#)

CHAIR SEATON asked whether there are calculations on what the FY 10 spreadsheet would look like if "we carried it forward one year or two years."

MR. JEANS offered to provide a projection; however, he opined that a one-year "look-back [is] going to be around the four [or] five million dollars, just like the first year was. If you add a two-year look-back, it's going to be somewhere around ten [and] fifteen."

9:09:06 AM

CHAIR SEATON theorized on how a new borough, formed in 1999, would not have a tax base. He asked whether, in that case, the new borough would only be paying on 45 percent of the assessed valuation "forever."

MR. JEANS agreed that it appears the statute would require a 4 mill contribution; clearly, such a scenario would require guidance from the legislature.

CHAIR SEATON further asked whether this situation is the same as the annexation of new property.

MR. JEANS said no, and stipulated that with annexation, the borough already has a base; therefore, the annexed property would only provide 50 percent of the increased value.

9:10:36 AM

REPRESENTATIVE WILSON observed that Wrangell became a borough last year and asked whether its contributions will be changed.

MR. JEANS answered no, because Wrangell's property values will be rolled forward.

9:11:44 AM

CHAIR SEATON spoke of the \$100 increase in the base student allocation and asked for the projected cost of that increased allocation.

MR. JEANS noted that the \$100 increase per student amounts to a little over \$22 million annually. Additionally, there are increases scheduled for FY 10 and FY 11.

CHAIR SEATON surmised that the relative impact is that this change requires approximately four times the amount of state funding than does the increase in the base student allocation.

MR. JEANS agreed, and pointed out that the funding increases in the base student allocation, cost differentials, and intensive needs total \$57 million.

CHAIR SEATON stressed that education funding should be a statewide component that is fair across the state, and he encouraged discussion of the philosophy of education funding. The Education Funding Task Force is counting on this committee to review this complicated issue and determine a fair and equitable plan for all of Alaska's children, he said.

[9:15:24 AM](#)

MR. JEANS concluded his presentation and then referred to a letter to the governor from Mr. Dan Bockhorst, Borough Manager, Ketchikan Gateway Borough. In summary, the letter explains that when boroughs were [incorporated] in the state they were promised not to be penalized [monetarily] by the incorporation. Mr. Brockhorst stated that "required local effort" is a broken promise and the Ketchikan Gateway Borough has been disadvantaged in the amount of over \$5 million - the amount of the required local contribution to schools. Although the governor's response to the letter is unknown, Mr. Jeans recalled that in 1988 the Matanuska-Susitna Borough brought an unsuccessful lawsuit against the state over a similar provision. He opined that the required local contribution is legal. Moreover, taking the required local effort out of the formula would leave the state with two options: 1) providing additional state money to make up the difference or 2) prorating to school districts the remaining amount of money. Mr. Brockhorst's suggestion to remove required local contributions would reduce the education budget by approximately \$290 million; \$230 million of local funds, and \$60 million in Federal Impact Aid.

[9:18:36 AM](#)

CHAIR SEATON referred to the response from Lynne Smith, Special Staff Assistant, Department of Commerce, Community & Economic Development (DCCED), to Mr. Brockhorst and asked Mr. Jeans to determine whether the letter includes a request for a legal opinion [on the legality of the required local contribution.] He further asked for a comprehensive explanation of Federal Impact Aid, its philosophy, the source of funding, and its distribution, percentages, and caps, if any.

[9:20:03 AM](#)

MR. JEANS said that Federal Impact Aid is in lieu of local property taxes. The federal government pays to support schools in areas of the state that are non-taxable due to federal laws or regulations, such as communities in lands that were conveyed under the Alaska Native Claims Settlement Act (ANCSA), or communities within the Tongass National Forest. Federal funds contribute to public schools on behalf of residents living on non-taxable land, based on the resident student population. Payment is made directly to school districts and is treated as a local contribution, with some restrictions. About \$60 million statewide is received through this program for a total of \$120 million to school districts; however, the department does not consider the \$60 million as a local contribution under the funding formula.

[9:22:24 AM](#)

CHAIR SEATON assumed that military bases are considered non-taxable and asked where that funding is reflected.

MR. JEANS clarified that military base funding is counted in the state funding formula and "is in addition to the 4 mills." The department budget starts with [the amount of] basic need, subtracts [the payments of] required local effort and impact aid, and the remaining balance is the amount of state aid. He reminded the committee that Federal Impact Aid is non-taxable and, as such, has nothing to do with the 4 mill local tax.

[9:23:52 AM](#)

REPRESENTATIVE GARDNER asked for an explanation of school districts that have no mill rate requirements as shown on the chart titled Mill Equivalent Change.

MR. JEANS explained that the areas that do not have a mill number are the Regional Education Attendance Areas (REAs) that are not organized and do not have taxing authority. Clearly, there are REAs in the state that do have tax bases; however, they are not incorporated and are not required to make a local contribution. In response, Mr. Jeans further explained that there are also areas that do not receive Federal Impact Aid because they do not qualify or they have elected not to apply.

[9:25:26 AM](#)

CHAIR SEATON observed that the percentage of aid for Haines [shown on page 9 of the Public School Funding Program Overview, Updated January 2009] seemed to be a conflict.

MR. JEANS assured the committee that the information provided in the overview will be clarified during the Foundation Formula 101 presentation. In response to a question, he said the ratio calculation, based on the actual local contribution and divided by the required local contribution, is required by the federal government.

[9:27:41 AM](#)

MR. JEANS, in further response, informed the committee that the state can deduct 90 percent of the eligible impact aid. An REAA is one category of the nineteen unorganized school districts within the state; there are fifty-three school districts in all.

[9:28:18 AM](#)

REPRESENTATIVE BUCH observed that the committee must face the dilemma of an economically and geographically diverse state. He expressed his hope that members will be able to raise their understanding of the capabilities of each region.

[9:29:17 AM](#)

REPRESENTATIVE KELLER asked for the definition of "impact aid percent."

MR. JEANS responded that the impact aid percentage is the required local contribution divided by the actual local revenue collected to support public education in those communities. For example, he noted that the Aleutians East Borough is eligible for \$718,000. Its impact aid percentage - the required local effort divided by the actual local contribution - yields 35.72 percent. The department multiplies \$718,000 by 35.72 percent, then multiplies the product by 90 percent to arrive at the deducted amount of \$230,000. Furthermore, if the Aleutians East Borough were an REAA, the calculation would be \$718,000 multiplied by 90 percent. He then remarked:

Because they make a local contribution above what they're required to do, we calculate that ratio, that ratio is extended over to the impact aid, so they get the same benefit under the impact aid program that they get with their own local revenue.

REPRESENTATIVE KELLER observed that a local contribution serves to lower the percentage, and also as an indicator that the local residents are "kicking in."

[9:32:29 AM](#)

REPRESENTATIVE BUCH turned the committee's attention to the influence of energy costs on school district's budgets and requested information from the Alaska Energy Authority (AEA) regarding its findings on local energy costs. He suggested that the committee obtain a more comprehensive view of possible long-term local impacts on the cost of education.

CHAIR SEATON informed the committee that a task force mission has been identified to scrutinize energy costs and the foundation formula. He stated his intent to bring up this issue at a later date.

[9:35:37 AM](#)

REPRESENTATIVE EDGMON asked whether the 2004 Institute of Social and Economic Research (ISER) study, that investigated the energy cost differential, could be reviewed by the committee.

MR. JEANS advised that the energy component within the geographic cost differential is to measure the relative difference in costs throughout the state, not to compare the rising costs of energy. Therefore, addressing increasing energy costs and its effect on the cost of education is better accomplished by supplemental appropriations.

REPRESENTATIVE EDGMON brought up the question of the energy cost environment for 2009.

MR. JEANS offered to provide statewide energy cost data and to explain how it fits as a component in the overall operating budget. Energy costs routinely represent between less than 5 percent and up to 17 percent of the total operating budget.

REPRESENTATIVE BUCH reiterated the previous point that the impact of energy costs on different regions must be part of the overall view.

CHAIR SEATON added that high fuel costs punish Bush communities for the year after purchase, whether the price of oil goes down or not.

[9:39:56 AM](#)

REPRESENTATIVE MUNOZ asked whether there have been community incentives for energy efficiency in school projects through Capital Improvement Projects and Debt Reimbursement grants.

MR. JEANS answered that grant programs are available for energy efficiency efforts; unfortunately, those projects are not ranked as high as projects for life, safety, and code upgrades, on the department's priority list.

CHAIR SEATON asked whether new schools are required to be built to an energy efficiency code level.

MR. JEANS said no, however, districts tend to employ architects who have energy efficiency in mind. One issue that arises is that new schools are generally larger than the ones being replaced, and energy costs increase due to the expanded size of the facility even though it is built to be energy efficient.

[9:42:21 AM](#)

REPRESENTATIVE WILSON expressed surprise that larger schools are being built considering the current loss of population.

MR. JEANS assured the committee that every school construction project is based on student population and projected population; some schools are presently operating at 200 percent of building capacity.

CHAIR SEATON noted the points of discussion for future meetings.

[9:44:09 AM](#)

ADJOURNMENT

There being no further business before the committee, the House Standing Committee on Education meeting was adjourned at 9:44 a.m.