

**ALASKA STATE LEGISLATURE
HOUSE EDUCATION STANDING COMMITTEE**

April 15, 2011

8:05 a.m.

MEMBERS PRESENT

Representative Alan Dick, Chair
Representative Eric Feige
Representative Paul Seaton
Representative Peggy Wilson
Representative Sharon Cissna

MEMBERS ABSENT

Representative Lance Pruitt, Vice Chair
Representative Scott Kawasaki

OTHER LEGISLATORS PRESENT

Representative Chris Tuck

COMMITTEE CALENDAR

PRESENTATION(S): BRISTOL BAY BOROUGH SCHOOL DISTRICT (BBSD)
SUPERINTENDENT

- HEARD

HOUSE BILL NO. 143

"An Act providing an increase and an inflation adjustment to the base student allocation used in the formula for state funding of public education; requiring a review and recommendation for future adjustments to the base student allocation; and providing for an effective date."

- HEARD & HELD

HOUSE BILL NO. 145

"An Act establishing the parental choice scholarship program to be administered by school districts for the purpose of paying the cost of attending grades kindergarten through 12 at public and private schools; and providing for an effective date."

- SCHEDULED BUT NOT HEARD

PREVIOUS COMMITTEE ACTION

BILL: HB 143

SHORT TITLE: ADJUST BASE STUDENT ALLOCATION: INFLATION

SPONSOR(S): REPRESENTATIVE(S) PETERSEN

| | | |
|----------|-----|---------------------------------|
| 02/04/11 | (H) | READ THE FIRST TIME - REFERRALS |
| 02/04/11 | (H) | EDC, FIN |
| 04/06/11 | (H) | EDC AT 8:00 AM CAPITOL 106 |
| 04/06/11 | (H) | Heard & Held |
| 04/06/11 | (H) | MINUTE(EDC) |
| 04/08/11 | (H) | EDC AT 8:00 AM CAPITOL 106 |
| 04/08/11 | (H) | Scheduled But Not Heard |
| 04/15/11 | (H) | EDC AT 8:00 AM CAPITOL 106 |

WITNESS REGISTER

JACK WALSH, Superintendent
Bristol Bay Borough School District (BBBSD)
Naknek, Alaska

POSITION STATEMENT: Presented a PowerPoint overview of the Bristol Bay Borough School District.

REPRESENTATIVE PETE PETERSEN
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Testified during discussion of HB 143, as the sponsor of the bill.

DAVID DUNSMORE, Staff
Representative Pete Petersen
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Testified during discussion of HB 143, on behalf of the bill sponsor, Representative Pete Petersen.

CARL ROSE, Executive Director
Association of Alaska School Boards (AASB)
Juneau, Alaska

POSITION STATEMENT: Testified during discussion of HB 143.

BARB ANGAIK, President
NEA-Alaska
Anchorage, Alaska

POSITION STATEMENT: Testified in support of HB 143.

PETE LEWIS, Superintendent
Fairbanks North Star Borough School District

Fairbanks, Alaska

POSITION STATEMENT: Testified in support of HB 143.

LESLIE HAJDUKOVICH, Board Member
Fairbanks North Star Borough School District
Fairbanks, Alaska

POSITION STATEMENT: Testified in support of HB 143.

REPRESENTATIVE CHRIS TUCK
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Testified during discussion of HB 143, as a co-sponsor of the bill.

DON SMITH, Board Member
Anchorage School District
Anchorage, Alaska

POSITION STATEMENT: Testified during discussion of HB 143.

ACTION NARRATIVE

[8:05:05 AM](#)

CHAIR ALAN DICK called the House Education Standing Committee meeting to order at 8:05 a.m. Representatives Dick, P. Wilson, Cissna, and Seaton were present at the call to order. Representative Feige arrived as the meeting was in progress.

[8:05:54 AM](#)

**PRESENTATION(S): Bristol Bay Borough School District (BBBSD)
Superintendent**

CHAIR DICK announced that the first order of business would be a presentation from the superintendent of the Bristol Bay Borough School District (BBBSD).

[8:06:23 AM](#)

JACK WALSH, Superintendent, Bristol Bay Borough School District (BBBSD), reported that the Bristol Bay Borough School District served three communities, Naknek, King Salmon, and South Naknek, in Southwest Alaska. He presented a PowerPoint, titled "Bristol Bay Borough School District." [Included in members' packets] He discussed the district mission, "To provide learning opportunities to all students, enabling them to secure the

essential knowledge and skills necessary to become positive and productive members of society." He pointed out that Bristol Bay was the first Borough formed in Alaska, and an important consideration was "to provide a quality education for all the students that lived there and all the families that would move there one day." He discussed the upcoming district priorities, noting that these were similar to the past, and included improvement of student achievement and performance, recruitment and retention of the best teachers with a continuance of professional development for all the staff, and expansion and improvement of the vocational and career planning programs.

[8:09:21 AM](#)

MR. WALSH reviewed the progress of the students, pointing out that the school district had attained the required Adequate Yearly Progress (AYP). He reported that the Alaska Native students, as a group, had achieved the highest level of proficiency, 93 percent, among all districts during the past school year, and 92 percent of the other students had achieved proficient or above status during the prior year testing. He proudly reported that the school district was one of the top performing in the state. He stated that the graduation rate was 80 percent, and that the dropout rate was 2.7 percent. He expressed that the district goal was for students to be better prepared for life after high school.

[8:13:49 AM](#)

MR. WALSH warned that, by the year 2014, AYP student proficiency was required to be 100 percent. Each year the bar for proficiency would be raised by seven percent, and it became more difficult to attain each year. He allowed that math was a big challenge for the district, and that science was well below where the district would like it to be. He spoke about a two year school district project with the National Science Resource Center.

[8:16:27 AM](#)

MR. WALSH described a slide titled "Bristol Bay Students," which reflected the district student percentage of proficiency in Language Arts and Math compared to the state target. He pointed out that math was an area that needed improvement.

[8:18:13 AM](#)

MR. WALSH reported on the declining enrollment of communities in rural Alaska, and stated that the BBBSD enrollment, once over 300 students, was currently 160 students. He proudly described the new clubs and activities, which included Future Educators of Alaska, Running Club, and other after school programs. He directed attention to the federal Native Education Grant which supported cultural activities, summer school programs, and a school counselor. He reported on some of the vocational programs, which included culinary arts and auto work. He spoke about the loss of the Head Start program, but he described the new pre-school programs that had recently been started.

[8:23:20 AM](#)

MR. WALSH summarized, stating that the Bristol Bay Borough School District regularly asked of itself: who we are, what we do for children, and how we could be better. He stated that the school district was always looking for ways to improve and to provide greater opportunities for children.

[8:24:25 AM](#)

REPRESENTATIVE P. WILSON asked how the district handled the rapid increase in operational costs.

MR. WALSH replied that these were challenges over which the district did not have control, but that staff and other budget cuts had occurred. He spoke about cost saving measures, such as cost efficient lighting.

[8:26:28 AM](#)

CHAIR DICK declared that the students appeared to be doing well academically, and he asked what was attributed to this success. He asked if a strong community work ethic was an indicator.

MR. WALSH agreed that it was a hard working, industrious community, and that parents were engaged and acted as school volunteers. He said that the families, the community, the school staff, and the Borough Assembly were all supportive of the school. He reported that most of the families wanted the children to be prepared for any post secondary opportunities that would arise.

[8:28:32 AM](#)

REPRESENTATIVE SEATON inquired about the structure of the pre-K program and its percentage of participation.

MR. WALSH replied that it emulated the Head Start program and that parents supported and promoted home learning. He pointed to the involvement with Imagination Library and other programs, sharing that the school district was considering work with Best Beginnings.

[8:30:31 AM](#)

REPRESENTATIVE SEATON asked what other programs had been considered.

MR. WALSH reported on a group of parent trainers from Southeast Regional Resource Center (SERRC). He agreed that Parents as Teachers and similar programs would also be pursued in the near future.

[8:32:03 AM](#)

REPRESENTATIVE CISSNA asked if there was a focus for the education of locals so they would remain in the community.

MR. WALSH recounted the social work interns, student teachers, and the Future Educators program as indicators of the progress toward recruitment within the community.

[8:34:59 AM](#)

REPRESENTATIVE CISSNA asked about the classroom opportunities for expanded local programs, such as value added to the fisheries, energy development, or local environmental issues.

MR. WALSH, in response to Representative Cissna, said that fisheries had sustained the area for thousands of years, and now the Pebble Mine Project and Shell Oil had become sponsors of educational forums and opportunities. He spoke about the alternative sources of energy at the school, and the search by the local utility company for a geo-thermal energy source.

[8:39:27 AM](#)

REPRESENTATIVE CISSNA suggested that there be a focus on the renewable resources in order to make the community sustainable for many years.

[8:40:05 AM](#)

REPRESENTATIVE SEATON, addressing the graduation rate and its sole focus on four year graduation, said that the quantitative aspect, graduation rates which included five and six year students, was also important to report to the committee. He praised the presentation by the Consortium on Digital Learning (CDL) which had introduced the iPad as a learning tool, and he suggested that the superintendent consider this approach.

MR. WALSH replied that the district was aware of the CDL. He reported that two of his students taking the most recent graduation test were in the mid-thirties, and he recounted stories of others in the community who were interested in finally completing the high school graduation requirements.

[8:44:22 AM](#)

HB 143-ADJUST BASE STUDENT ALLOCATION: INFLATION

CHAIR DICK announced that the next order of business would be HOUSE BILL NO. 143, "An Act providing an increase and an inflation adjustment to the base student allocation used in the formula for state funding of public education; requiring a review and recommendation for future adjustments to the base student allocation; and providing for an effective date."

[8:45:44 AM](#)

REPRESENTATIVE PETE PETERSEN, Alaska State Legislature, explained that the proposed bill would inflation proof educational funding.

[8:46:38 AM](#)

REPRESENTATIVE SEATON asked if there was a proposed amendment to be distributed.

DAVID DUNSMORE, Staff, Representative Pete Petersen, Alaska State Legislature, explained that the proposed amendment [Included in members' packets] was in response to a concern voiced by Representative Seaton with regard to negative fluctuations of the Consumer Price Index (CPI). He reported that research had shown an increase in the CPI for Anchorage since 1962.

[8:48:40 AM](#)

CARL ROSE, Executive Director, Association of Alaska School Boards (AASB), reflected that the issue of inflation proofing had been around for quite some time. He shared an anecdote regarding the beginning teacher salary of \$13,000 in 1974. He reported that, since that time, there were at least four foundation formula changes, which in turn changed the calculations. At one time the instructional unit, calculated as any portion of 15 students, was used. The school also received instructional units for its operations, as part of a complicated calculation. He pointed out that the current formula was based on per student. He reported that the foundation formula had changed, with a change of calculation for crediting school sites. He detailed a change for Kenai in 1998, which resulted in a drastic budget cut. He said that Senate Bill 36, in 1998, had reflected a loss from inflation of almost 35 percent over the prior 25 years. After this bill was implemented, there was not an increase in the base student allocation for five years. He said that from 1999 to present, there had been a 28.8 percent loss in buying power. He called inflation "a thief in the night that robs you blind," with a profound impact. He pointed out that inflation was not just annual, but had serious impacts on buying power over time. He explained the devastating impact from inflation when it was combined with a change in the foundation formula which did not catch up with inflation. He stated support for HB 143 as a piece of the solution for school funding.

[8:56:25 AM](#)

REPRESENTATIVE CISSNA observed that most legislators did not easily grasp the economic impacts and effects of inflation.

[8:57:31 AM](#)

MR. ROSE offered assistance to educate the legislature. He stated that the issue was not just about funding, but about understanding the needs of the students and the school districts. He reflected on the changes in the classroom over the next ten years. He pointed out that technology was leading education in a new direction. He opined that HB 143 should include an annual review.

[8:59:43 AM](#)

REPRESENTATIVE P. WILSON described the loss of 5,000 timber jobs in her district, and its impact on school funding and teaching jobs. She emphasized that funding had still not recovered.

[9:02:33 AM](#)

REPRESENTATIVE SEATON reported that the consumer price index (CPI) for Anchorage, the basis of the funding formula, was not always correct in the adjustment of the base student allocation (BSA) for all school districts. He cautioned that only using an inflation adjustment would not adequately provide for the schools as many programs, including vocational programs, were not yet fully functional. He cautioned that, since 2001, the schools would have been financially worse if there had only been an adjustment for inflation. He offered his belief that the Anchorage CPI was not a sufficient gauge for financing educational opportunities across Alaska.

[9:06:44 AM](#)

MR. ROSE agreed that inflation proofing was only one component necessary for school funding. He stated, however, that the cumulative effect was obvious, especially in hindsight, when it was not addressed. He offered his belief that it was necessary "to identify what those needs are, and appropriate accordingly." He stated that inflation proofing would not address "the needs and the challenges that you have with providing a quality education for all the children of the state." He announced that the two necessary components for funding were inflation proofing and meeting the student needs, which was the reason for the base student allocation.

CHAIR DICK agreed that it was necessary for the legislature to connect with the teacher reality and to be mindful of "this constant reminder where we're just expecting superintendents to perform magic."

[9:09:02 AM](#)

BARB ANGAIK, President, NEA-Alaska, stated support for HB 143 with inflation proofing and increased BSA components. She reflected on the excellent public education that her daughter had received in Bethel, and she noted that many of these programs no longer existed. She questioned the current focus for meeting the guidelines of "an artificially set standard on a test, instead of educating the whole child, instead of meeting the needs of those children as they grow and as they develop."

She noted the loss of music and physical education instruction in the schools. She agreed with the theme based teaching approach and its ability to connect relationships of life and classroom. She opined that the insistence of obtaining a product from an educational investment was "going down a bad, bad path." She stated the necessity of a greater investment in education for success to be realized.

[9:15:04 AM](#)

REPRESENTATIVE FEIGE asked if the educational investment should come solely from the state.

MS. ANGAIKAK replied that property taxes were an important contribution, but that tax payers were not as big a beneficiary of the investment in education as the state.

MS. ANGAIKAK, in response to Representative Feige, explained that the state was the beneficiary of money from oil and other resource revenues while individual tax payers did not necessarily reap those benefits.

[9:16:21 AM](#)

CHAIR DICK shared an anecdote about his early music classes and expressed agreement with the need for music and other programs for a good quality of life.

[9:17:06 AM](#)

REPRESENTATIVE CISSNA asked for more information regarding the valuable effects of music on the brain.

[9:17:31 AM](#)

MS. ANGAIKAK pointed to the research which showed an increase in creative thoughts and logic when the arts were taught.

[9:18:11 AM](#)

REPRESENTATIVE P. WILSON directed attention to other educational areas that were routinely cut, including the vocational education and home economics programs. She offered her belief that "the schools aren't doing a good enough job." She expressed agreement with the difficulty as schools had to continue to cut expenses. She pointed out that although overall

funding had been increased, all the schools had not necessarily seen additional funds.

[9:21:22 AM](#)

REPRESENTATIVE FEIGE asked for recommendations as to which state programs should be decreased in order to increase school funding.

MS. ANGAIK replied that "fundamentally, the most important investment that the legislature makes is in educating our kids." She declined to offer any suggestions for budget cuts.

[9:23:17 AM](#)

REPRESENTATIVE FEIGE asked if NEA-Alaska had spoken with the municipalities regarding an increase of property taxes to fund education.

MS. ANGAIK replied that NEA-Alaska had regular communication with the state communities to ensure that funding for education was the highest priority.

[9:23:48 AM](#)

REPRESENTATIVE SEATON, pointing to page 2, line 3, asked whether the stated CPI inflation proofing of 1.8 percent would cover the general teacher contracts.

[9:24:39 AM](#)

MS. ANGAIK, in response, said that the 1.8 percent did not cover the contracts. She stated that Alaska had a difficult time recruiting and retaining teachers. She reported that Alaska needed about 900 teachers per year, and only produced about 250-300 teachers. She said that the competition in the teacher pool was with other states where the salaries were on the rise, and the "cost of living is much, much lower."

[9:25:34 AM](#)

REPRESENTATIVE SEATON clarified that he did not believe that the teacher salaries were exorbitant. He explained that as proposed HB 143 had January, 2010 as the reference base index for inflation proofing, and that 85 percent of district costs were salaries, it would be necessary to cover the contractual increases. He stated his concern for tying school funding to

inflation proofing, and indicated a need for the legislature to add additional money for contractual inflation to keep the school districts from "going backwards every year."

[9:27:49 AM](#)

REPRESENTATIVE FEIGE asked if the contracts were multi-year and allowed for pay increases over the course of years. He asked if there were provisions in the contracts that made the salary agreements contingent upon legislative funding.

[9:28:46 AM](#)

MS. ANGAIKAK replied that some contracts had provisions for re-openers for limited purpose, which could include salaries.

[9:29:17 AM](#)

PETE LEWIS, Superintendent, Fairbanks North Star Borough School District, stated support for HB 143, and said that doing nothing would only result in falling further behind. He stated that the BSA could "make a dent in inflation."

[9:30:38 AM](#)

LESLIE HAJDUKOVICH, Board Member, Fairbanks North Star Borough School District, stated support for HB 143, and said that the BSA was the most important funding piece in their budget. She encouraged the legislature to prioritize educational funding.

[9:32:14 AM](#)

REPRESENTATIVE CHRIS TUCK, Alaska State Legislature, explained that he was a co-sponsor of the bill. He described the far reaching effects of educational funding, as students eventually become working members of the community, as well as elected officials. He pointed out that flat funding in education would lead to the reduction in programs. He indicated that career and technical education were important, requiring specialized classrooms, equipment, and instructors. He spoke about the influence of Greek mathematics on modern architecture and music. He opined that teachers were the inspiration for students to become successful adults. He declared that the governor did not include a budget item, but that HB 143 would provide something to the school districts.

[9:38:07 AM](#)

REPRESENTATIVE PETERSEN explained that another section of the proposed bill required EED to conduct a study of the statewide educational needs in order to provide an essential understanding of what more was needed for full funding of education.

[9:39:38 AM](#)

REPRESENTATIVE P. WILSON asked about an earlier statute that required a bi-annual EED report for suggested educational adjustments. She opined that this report had never been written.

[9:40:44 AM](#)

[Due to technical difficulties, part of the testimony was not recorded.]

MR. DUNSMORE referred the committee to the fiscal note for HB 143, which required that the aforementioned report be submitted.

[9:41:45 AM](#)

REPRESENTATIVE SEATON stated his concern for establishing an actual cost parameter, as some school districts would have other means of revenue.

[9:42:34 AM](#)

REPRESENTATIVE PETERSEN recognized that some districts would contribute more revenue for education, and that was the reason for the differential funding.

[9:43:32 AM](#)

REPRESENTATIVE SEATON reflected on the need for the actual cost of education per student in each district. He spoke of various detailed independent studies, none of which had been able to determine the exact cost in each district, as school districts would spend all the money that they were given. He asked if there were any other parameters to the proposed study before it was written into the legislation.

[9:45:14 AM](#)

MR. DUNSMORE explained that the intent was to review teacher costs, energy costs, and other objective factors not considered in the Anchorage CPI.

[9:46:25 AM](#)

REPRESENTATIVE P. WILSON reported that she had recently requested EED to provide school utility costs and that the information was available. She opined that the Institute of Social and Economic Research (ISER) had indicated that \$350,000 was not enough to complete a comprehensive study. She pointed out that most superintendents kept some school district money in reserve for unexpected expenses.

[9:49:09 AM](#)

REPRESENTATIVE CISSNA, expressing her wonder at the scope of the problems in the schools, questioned whether the bill addressed long term outcomes throughout the state, or was merely a solution to some of the immediate issues which were only a small part of the problem.

[9:51:58 AM](#)

REPRESENTATIVE PETERSEN agreed that HB 143 was not a final solution for educational problems, but he declared that the proposed bill was "a short term stop gap measure to keep the lights on." He explained that HB 143 would also buy some time for a study and the development of a long term plan. He noted that either EED or Legislative Legal and Research Services had suggested the amount of the fiscal note.

[9:53:23 AM](#)

CHAIR DICK offered his belief that there was a desire for the success of education, and a willingness to fund for success, but he stated that "No Child Left Behind is actually end up with Every Child Left Behind when it comes to music programs, and art and everything else." He opined that the legislature wanted better results, but the problem was that "the results are on a track that is, really, nobody wants and nobody ever wanted. It's becoming very sterile, very in the box, everybody's teaching to the test, and it's really counterproductive to everything that we all believe in."

[9:55:10 AM](#)

REPRESENTATIVE PETERSEN said that he would be amenable to a conceptual amendment.

REPRESENTATIVE SEATON explained that he had decided to not yet offer a conceptual amendment, but that one would be necessary for a change in direction.

9:56:19 AM

DON SMITH, Board Member, Anchorage School District, reported that the Anchorage School District budget for 48,000 children was \$811.9 million. He reported that the budget would have to increase by a minimum of \$30 million in the upcoming year, just to cover salary and benefit increases to school district employees. He expressed the need for an increase in the investment into technology in the classroom. He pointed out that these expenditures would need to come from the operating budget, as bonds would not cover short term products, such as electronic tools. He suggested the creation of a \$100 million revolving loan fund for higher education and technology improvements to school districts. He suggested that borrowing from such a fund would allow the immediate purchase of technology, which would result in "an incredible change in education."

10:00:31 AM

REPRESENTATIVE SEATON, in response to Representative Cissna, pointed out that the lack of a quorum would not allow the bill to be moved from committee.

[HB 143 was held over.]

ADJOURNMENT

There being no further business before the committee, the House Education Standing Committee meeting was adjourned at 10:01 a.m.