

**ALASKA STATE LEGISLATURE  
SENATE EDUCATION STANDING COMMITTEE**

January 30, 2012

8:02 a.m.

**MEMBERS PRESENT**

Senator Kevin Meyer, Co-Chair  
Senator Joe Thomas, Co-Chair  
Senator Bettye Davis, Vice Chair  
Senator Gary Stevens

**MEMBERS ABSENT**

Senator Hollis French

**COMMITTEE CALENDAR**

SENATE BILL NO. 171

"An Act increasing the base student allocation used for public school funding; and providing for an effective date."

- MOVED SB 171 OUT OF COMMITTEE

**PREVIOUS COMMITTEE ACTION**

BILL: SB 171

SHORT TITLE: INCREASE BASE STUDENT ALLOCATION

SPONSOR(s): EDUCATION

01/20/12	(S)	READ THE FIRST TIME - REFERRALS
01/20/12	(S)	EDC, FIN
01/27/12	(S)	EDC AT 8:00 AM BELTZ 105 (TSBldg)
01/27/12	(S)	Heard & Held
01/27/12	(S)	MINUTE(EDC)
01/30/12	(S)	EDC AT 8:00 AM BELTZ 105 (TSBldg)

**WITNESS REGISTER**

LORRAINE "SAMMY" CRAWFORD, Member  
Kenai Peninsula Borough School Board  
Kenai, Alaska

**POSITION STATEMENT:** Supports SB 171.

SUNNI HILTS, Member  
Kenai Peninsula Borough School Board  
Seldovia, Alaska

**POSITION STATEMENT:** Supports SB 171.

LON GARRISON, President  
Sitka District School Board  
Sitka, Alaska

**POSITION STATEMENT:** Supports SB 171.

STEVE BRADSHAW, Superintendent  
Sitka School District  
Sitka, Alaska

**POSITION STATEMENT:** Supports SB 171.

BRUCE JOHNSON, Director  
Alaska Council of School Administrators  
Juneau, Alaska

**POSITION STATEMENT:** Supports SB 171.

DEBBIE LOWENTHAL, Member  
Gastineau Site Council  
Gastineau Community School  
Juneau, Alaska

**POSITION STATEMENT:** Supports SB 171.

JOHN ALCANTRA, Director  
Government Relations  
National Education Association-Alaska  
Anchorage, Alaska

**POSITION STATEMENT:** Supports SB 171.

BILL MCCLOUD, Superintendent  
Dillingham City School District  
Dillingham, Alaska

**POSITION STATEMENT:** Supports SB 171.

RUSSELL NELSON, Director of Facilities  
Dillingham City School District  
Dillingham, Alaska

**POSITION STATEMENT:** Supports SB 171.

CARL ROSE, Executive Director  
Association of Alaska School Boards  
Juneau, Alaska

**POSITION STATEMENT:** Supports SB 171.

PETE LEWIS, Superintendent  
Fairbanks North Star Borough School District  
Fairbanks, Alaska

**POSITION STATEMENT:** Supports SB 171.

MARY HAKALA, representing herself  
Juneau, Alaska

**POSITION STATEMENT:** Supports SB 171.

ANNE KILKENNY, representing herself  
Matanuska-Susitna Borough, Alaska

**POSITION STATEMENT:** Supports SB 171.

ELIZABETH NUDELMAN, Director  
School Finance  
Department of Education and Early Development  
Juneau, Alaska,

**POSITION STATEMENT:** Neutral on SB 171, responded to questions.

#### **ACTION NARRATIVE**

[8:02:10 AM](#)

**CO-CHAIR JOE THOMAS** called the Senate Education Standing Committee meeting to order at 8:02 a.m. Present at the call to order were Senators Stevens, Davis, Co-Chair Meyer and Co-Chair Thomas.

#### **SB 171-INCREASE BASE STUDENT ALLOCATION**

[8:02:50 AM](#)

**CO-CHAIR THOMAS** announced the continued consideration of SB 171.

[8:04:36 AM](#)

LORRAINE "SAMMY" CRAWFORD, Kenai Peninsula Borough School Board, said dropout rates were decreasing and test scores were increasing. She said the bill would provide needed revenue for maintaining staff, keeping successful programs and assisting budget planning.

[8:06:49 AM](#)

SUNNI HILTS, Kenai Peninsula Borough School District, said forward funding would be beneficial for maintaining successful programs and planning future budgets.

[8:08:47 AM](#)

LON GARRISON, President, Sitka District School Board, said an increase in the Base Student Allocation (BSA) was important to cover budget shortfalls due to a decline in local and federal funding. He said school boards were facing average budget cuts of seven percent or greater.

[8:12:51 AM](#)

STEVE BRADSHAW, Superintendent, Sitka School District, said a \$320 BSA increase for FY13 was justified but unrealistic. He said funding from the bill over three years was appreciated.

[8:15:36 AM](#)

BRUCE JOHNSON, Director, Alaska Council of School Administrators, said the bill would assist with forward-funding as the BSA grows over three years.

[8:17:47 AM](#)

DEBBIE LOWENTHAL, Member, Gastineau Site Council, Gastineau Community School, said the bill would help maintain smaller class sizes, allow for continued special education and help retain school nurses.

[8:19:16 AM](#)

JOHN ALCANTRA, Director, Government Relations, National Education Association-Alaska (NEA-Alaska), said the bill's annual funding increase would average 2.2 percent over three years while the annual inflation rate was projected to be near 3 percent. He said districts face budget shortfalls even with added funds from the bill. He noted that a \$320 BSA increase would not be an unprecedented amount as higher rates were approved in the past.

[8:23:52 AM](#)

BILL MCCLLOUD, Superintendent, Dillingham City School District, said an increased BSA with forwarding-funding would be welcomed. He said Dillingham's current budget faced a \$225,000 increase in health insurance and higher energy bills without added assistance from the state. He said the district benefited last year when the state provided \$98,000 to help defray energy costs.

[8:26:18 AM](#)

RUSSELL NELSON, Director of Facilities, Dillingham City School District, said a BSA increase would help the district pay for higher facility and energy costs. He said the district was cost conscious and kept custodial staffing 50 percent below the national standard for personnel suggested for square foot coverage. He noted that the district recently spent \$15 million to improve schools' energy efficiency.

[8:27:58 AM](#)

CARL ROSE, Executive Director, Association of Alaska School Boards, said enrollment funding does not correlate with actual operating costs unless the BSA keeps pace. He said any business that generates less revenue than operating costs faces either deficit operations or closing. He welcomed the BSA increase and emphasized proper BSA calculation as the lynchpin for funding public education.

8:30:50 AM

PETE LEWIS, Superintendent, Fairbanks North Star Borough School District, said the district faced significant cuts to personnel and programs. He said the bill's BSA increase would not cover all costs, but would help to maintain staff and reasonable class sizes. He said forward-funding would allow for proper budget planning.

8:32:40 AM

MARY HAKALA, representing herself, Juneau, said the bill was a step in the right direction and believed more was required to cover escalating costs. She noted that without a separate appropriation similar to last year's \$20 million for energy costs, the net gain to schools for the first year was \$11 million, not \$31 million.

8:37:07 AM

ANNE KILKENNY, representing herself, Matanuska-Susitna Borough, said the bill would allow the district to retain 32 teachers from the projected cutback of 162 teachers and reduce class size increases from 6.5 to 5.2 students. She said staffing accounts for 80 percent of a school's operating budget and recommended a BSA formula that was not based upon the consumer price index. She noted that intrastate competition for teachers increased costs and recommended oversight for statewide contract negotiations.

8:42:50 AM

SENATOR STEVENS said the bill's BSA was the wisest strategy to realistically attain passage.

8:44:14 AM

ELIZABETH NUDELMAN, Director, School Finance, Department of Education and Early Development, said the bill's fiscal note incorporated increases of \$30.613 million for FY13, \$31.837 million for FY14 and \$33.062 million for FY15. She said the BSA would be \$5,805 for FY13, \$5,935 for FY14 and \$6,070 for FY15. She said a second fiscal note was included for the Alaska

Military Youth Academy's BSA formulated funding with increases of: \$190,000 for FY13, \$198,000 for FY14 and \$206,000 for FY15.

[8:46:33 AM](#)

CO-CHAIR MEYER asked if transportation was funded from the BSA formula and if special education would receive added funding.

[8:46:57 AM](#)

MS. NUDELMAN answered that transportation funding was formulated separately. She noted that special education funding would receive added funding based upon the BSA increase.

[8:47:52 AM](#)

CO-CHAIR MEYER asked if the department had suggestions for funding education beyond grants or formula based means.

MS. NUDELMAN answered no.

[8:50:08 AM](#)

SENATOR STEVENS asked if last year's \$20 million funding for energy costs was a onetime allocation.

[8:50:24 AM](#)

MS. NUDELMAN answered correct. She said all operational costs would come from BSA foundation funding.

SENATOR STEVENS asked if funding was district specified.

MS. NUDELMAN answered no.

[8:51:32 AM](#)

SENATOR STEVENS commented that it was important to address the total funding of education.

CO-CHAIR THOMAS agreed that it was important to address the higher energy costs due to severe weather from this past winter.

[8:52:05 AM](#)

CO-CHAIR MEYER commented that individuals from Anchorage did not testify. He said added funding for education was important to Anchorage and recommended the bill be moved.

CO-CHAIR THOMAS commented that he had heard from a lot of people from Anchorage who supported added funding.

SENATOR DAVIS said Anchorage supported increased funding for education and encouraged members to move the bill as fast as

possible to help districts with their budget planning. She said flat-funding education was not acceptable and the BSA increase was not actual forward-funding, but a starting point for added funds over a three year period. She said citizens need to be involved with the process to fully understand the facts to properly fund public education.

[8:56:44 AM](#)

CO-CHAIR MEYER moved to report SB 171 from the committee with individual recommendations and attached fiscal note(s).

[8:57:05 AM](#)

CO-CHAIR THOMAS announced that without objection, SB 171 moved from the committee.

[8:57:28 AM](#)

There being no further business to come before the committee, Co-Chair Thomas adjourned the meeting at 8:57 a.m.