

**ALASKA STATE LEGISLATURE
HOUSE EDUCATION STANDING COMMITTEE**

February 20, 2013
8:02 a.m.

MEMBERS PRESENT

Representative Lynn Gattis, Chair
Representative Lora Reinbold, Vice Chair
Representative Gabrielle LeDoux
Representative Dan Saddler
Representative Paul Seaton
Representative Peggy Wilson
Representative Harriet Drummond

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

HOUSE BILL NO. 27

"An Act relating to student counts, unreserved school operating fund balances, restrictions on school district money, and estimates for public school funding; and providing for an effective date."

- MOVED CSHB 27(EDC) OUT OF COMMITTEE

PREVIOUS COMMITTEE ACTION

BILL: HB 27

SHORT TITLE: STUDENT COUNT ESTIMATES

SPONSOR(S): REPRESENTATIVE(S) FEIGE, COSTELLO, GATTIS

01/16/13	(H)	PREFILE RELEASED 1/7/13
01/16/13	(H)	READ THE FIRST TIME - REFERRALS
01/16/13	(H)	EDC, FIN
02/04/13	(H)	EDC AT 8:00 AM CAPITOL 106
02/04/13	(H)	Heard & Held
02/04/13	(H)	MINUTE (EDC)
02/06/13	(H)	EDC AT 8:00 AM CAPITOL 106
02/06/13	(H)	Scheduled But Not Heard
02/20/13	(H)	EDC AT 8:00 AM CAPITOL 106

WITNESS REGISTER

REPRESENTATIVE ERIC FEIGE
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Presented the committee substitute (CS) for HB 27, as sponsor.

MICHAEL PASCHALL, Staff
Representative Eric Feige
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Responded to questions on HB 27, on behalf of Representative Feige, sponsor.

LUKE FULP, Chief Financial Officer (CFO)
Matanuska-Susitna Borough School District
Anchorage, Alaska

POSITION STATEMENT: Testified in support of HB 27.

ELIZABETH SWEENEY NUDELMAN, Director
School Finance and Facilities Section
Department of Education and Early Development (EED)
Juneau, Alaska

POSITION STATEMENT: Responded to questions during the hearing on HB 27.

ACTION NARRATIVE

[8:02:44 AM](#)

CHAIR LYNN GATTIS called the House Education Standing Committee meeting to order at 8:02 a.m. Representatives Seaton, Reinbold, Saddler, LeDoux, Drummond and Gattis were present at the call to order. Representative P. Wilson arrived as the meeting was in progress.

HB 27-STUDENT COUNT ESTIMATES

[8:03:21 AM](#)

CHAIR GATTIS announced that the only order of business would be HOUSE BILL NO. 27, "An Act relating to student counts, unreserved school operating fund balances, restrictions on school district money, and estimates for public school funding; and providing for an effective date."

[8:03:23 AM](#)

REPRESENTATIVE SEATON moved to adopt the proposed committee substitute (CS) for HB 27, labeled Version 28-LS0171\N, Mischel, 2/19/13, as the working document.

REPRESENTATIVE LEDOUX objected for purpose of discussion.

8:03:58 AM

REPRESENTATIVE ERIC FEIGE, Alaska State Legislature, sponsor of HB 27, directed attention to the proposed CS for HB 27, Version N. He referred to page 7 line 21, and explained that the citation read subparagraph "(A)" in the original bill, but was changed to subparagraph (D) in Version N. On page 7, lines 17-29, subparagraph (D) applies to factors and adjustments to the school count results. The final number is multiplied by the base student allocation (BSA), which is more representative of the actual funds that the school district receives. Page 7, line 22, previously read "200 students" but using 200 seems more accurate since this figure has been multiplied by so many different factors. The next change is on page 7, line 30 of Version N. The current statute provides that when a school's student count drops over five percent it will trigger a hold harmless clause and adjusts the funding level based on the student count. However, under HB 27, the overall funding level is based on the prior year's count [conducted in October 2014, certified in January 2015], so the hold harmless clause is no longer necessary. Finally, on page 9, line 11, Version N contains conforming language to renumber the subparagraphs.

8:08:24 AM

REPRESENTATIVE FEIGE continued with the handout titled, "Possible Changes in Funding Based upon Direction of Student Population Change Comparison of Given Year With or Without HB 27" and said this highlights the basic concept of the bill. He referred to the Adjusted Average Daily Membership (AADM) and explained that basically four things could happen. First, if the student count stays the same there is no funding change. Second, if the numbers drop, the school would receive more funding than under the current funding structure. Third, if the student count increases by greater than 3 percent or 200, the school would receive additional funding, but it would equal the funding under the current statutes. Thus this change would be fiscally neutral. Finally, if the student count rises, but does not rise to the threshold, the school would receive slightly less funding. The purpose is to allow the school district to retain more money in its reserve account so the bill raises the

cap from 10 to 15 percent to cover the cash flow in the event of an increase. He offered that some disagreement arose with respect to the fiscal note, but he anticipated the department will prepare a new fiscal note which will correlate to the proposed CS, Version N. By his calculation he anticipated the forthcoming fiscal note will be slightly negative. He indicated the differences are illustrated on the bar chart titled, "Funding Change with HB 27." He said the fiscal note compared three years of funding [FY 10, FY 11, and FY 12] to the current funding and with proposed funding under Version N. He pointed out the effect amounts to slight decreases from year to year.

[8:11:14 AM](#)

REPRESENTATIVE LEDOUX withdrew her objection. There being no further objection, Version N was before the committee.

REPRESENTATIVE SEATON related a scenario in which a school closed and under the current formula would not receive any funding. He asked whether the bill contains a mechanism so the school district will not receive funding based on the prior year's enrollment.

[8:12:14 AM](#)

MICHAEL PASCHALL, Staff, Representative Eric Feige, Alaska State Legislature, on behalf of the sponsor, commented that the changes in Version N did not change the statutory provisions with respect to school closures. He offered his belief that the existing statutes would cover this although he offered to confirm with the EED the schools that close prior to the fall semester would not receive funding.

REPRESENTATIVE SEATON reiterated that under the current formula if a school closes the school district would not be eligible for funding so he wanted to be certain that under the proposed CS, Version N, that would still apply. He asked the sponsor to confirm this as the bill moves forward to ensure the bill doesn't create an unintended consequence.

[8:13:07 AM](#)

REPRESENTATIVE REINBOLD expressed her concern that if oil prices drop the state would suffer a significant loss of funding and this bill, which is forward funding, may place the state in a difficult situation since she was unsure of the effects of the bill.

MR. PASCHALL clarified that HB 27 would represent a minor change in the actual expenditures for the state. Currently, the state funds education through allocation, which is divided among school districts based on the adjusted ADM for each school district. He said if the amount of funds allocated from the legislature to the department for funding is not sufficient, the reductions would also be evenly divided based on percentages among all school districts, which is what currently happens and would continue to be the case.

[8:15:01 AM](#)

CHAIR GATTIS asked for clarification of the intent of the bill.

REPRESENTATIVE FEIGE emphasized the importance of school districts to have certainty on the amount of minimum funding for education for planning purposes. For example, a small rural school district may have fluctuations in student populations and need to hire teachers or certain types of teachers [such as special education teachers]. Under this bill, the school districts will know at the outset of the budget process - in November or December - the amount of allocated funding for the following year. Further, the approach taken in HB 27 would also allow school districts to hire or dismiss staff. Currently, school districts must plan for a range of possibilities since the level of funding is uncertain and in some cases this practice may even lead to inflation in budget figures. Further, at the end of the school year, school districts may not have sufficient student counts and revenue streams to hire staff for the next year. In those instances, teachers are given pink slips with an indication that the school district anticipates sufficient student counts to rehire them in the fall. In turn, some of these teachers may subsequently look for employment with a guarantee rather than wait to see if their current district will rehire them. Finally, the current funding process creates turmoil in Bush districts, especially from a personnel retention perspective.

REPRESENTATIVE FEIGE offered that HB 27 would provide administrators and principals a better idea on the level of funding for the beginning of the school year. If the student counts increase, provisions are included in the bill to allow school districts an opportunity to request supplemental funding. Additionally, school districts can retain sufficient reserves to cover cash flow shortages. Further, in the event the student count rises above the three percent threshold, these school

districts can also apply directly to the Department of Education and Early Development (EED) for additional funding to meet their financial needs. Finally, the fiscal note is minor.

8:18:40 AM

REPRESENTATIVE P. WILSON offered her support for the proposed CS for HB 27, Version N. She said she has many rural communities in her district and it is difficult for them to plan for the next year. She anticipated that HB 27 will make a huge difference in school districts throughout the state. She offered her belief that the current system is not fair.

8:19:46 AM

REPRESENTATIVE SEATON stated his support for Version N. He expressed an interest in achieving stable known funding for school districts. Of course, he still would like to be certain the details are addressed to be sure the system works as envisioned. He recalled Version N also includes intensive needs and correspondence students in the student counts. He recalled previously, concern has been raised about subsequent relocation of intensive need students during a school year. He asked for clarification on how funding would work when intensive needs students move between school districts under Version N. However, he stated he did not wish to hold up the bill in the event any changes need to be made.

REPRESENTATIVE FEIGE responded that several scenarios could occur. First, an intensive needs student could leave a school district and that district would receive additional funding for the intensive needs student. This funding could balloon the school district's reserve account; however, this amount would be capped at 15 percent so anything above that amount would be returned to the state. In the event the school district receiving the intensive needs student was a small district, it would certainly run the adjusted ADM above the 3 percent threshold, in which case the supplemental funding in Version N would apply. If another situation arose, such that this school district did not have sufficient reserve funds to cover the shortage in cash flow, provisions also would allow the school district to apply to EED for supplemental funding. He said he did not "micromanage" the bill to cover all situations.

8:24:23 AM

MR. PASCHALL added that in most cases the school districts will only receive funding for an intensive needs student for the year in which the student is enrolled in the district. Thus if the student is enrolled in the school district this year, that district will receive funding next year for the student unless the school district justified supplemental funding. He assumed the EED's review of the process would consider whether sufficient reserve funding exists to cover this situation. He reported that the sponsor held discussions with the EED about intensive needs students. He recalled these students do not tend to move often since the nature of the disabilities requires their homes to be modified. He further recalled some students in his district also have a special bus route. He concluded that the intensive needs students are fairly stationary compared to the general population; however, he offered to research this further to ensure the bill doesn't create any unintended consequences.

REPRESENTATIVE SEATON hoped the department could supply a model that tracks the intensive needs students and as this bill moves forward the question can be answered about the lack of movement by intensive needs students. He then asked about the correspondence programs and whether any special impact will occur with correspondence students.

REPRESENTATIVE FEIGE responded that the factor for the correspondence students is found on page 7, line 18, in subparagraph (D) of Version N. He said this language pertains to the existing formula and this bill does not seek to change how correspondence students are handled.

REPRESENTATIVE SEATON requested further information regarding this sector of students as this bill moves along.

[8:27:42 AM](#)

CHAIR GATTIS said the charter school students should also be included in any report.

REPRESENTATIVE FEIGE agreed.

The committee took an at-ease from 8:28 a.m. to 8:33 a.m.

[8:33:02 AM](#)

LUKE FULP, Chief Financial Officer (CFO), Matanuska-Susitna Borough School District (MSBSD), said the MSBSD has been

encouraged by the proposed committee substitute (CS) for HB 27, Version N. The MSBSD believes HB 27 would positively affect funding for K-12 public education since it would remove one more variable in the budgeting process, which is projected enrollment. The bill would also bring the school district certainty since the funding level would be based on the prior year's student count. He addressed the fiscal note concern raised and said the crux of the bill addresses a funding lag and timing issue related to the school district's funding. He offered support for the main provision, which is that the bill would allow school districts to hold adequate fund balances. Therefore a lag in funding would not be detrimental to a growing school district such as the ones in the MSBSD. He addressed the intensive needs student question, in which the school district receives funding for an intensive needs student in one year but the student moves. The receiving school district would cover costs for the intensive needs student from its reserves, which would subsequently be replenished the following year. He characterized this as a timing issue on cash flow; however, overall the bill would alleviate problems with respect to the budget process since it would create additional certainty for school districts than at present.

[8:36:41 AM](#)

REPRESENTATIVE SADDLER referred to the fiscal note of \$7.1 million beginning in FY 16 and continuing through FY 19. He expressed concern over the ongoing \$7.1 fiscal impact.

REPRESENTATIVE FEIGE said he raised this issue with the EED and anticipates a new fiscal note for the committee substitute [Version N] will be forthcoming. He suggested that the fiscal impact shouldn't be significant per his analysis.

[8:38:08 AM](#)

ELIZABETH SWEENEY NUDELMAN, Director, School Finance and Facilities Section, Department of Education and Early Development (EED), said a fiscal note has not been calculated for the proposed CS; however, HB 27 changes the student count process such that the EED would use the current year's student count for the succeeding year's funding level. When there are increases in the student count, the bill would allow an opportunity for funding two times: once in the current year as a supplemental, and next, in the following year when the count is applied. The department's current fiscal note is based on

the supplemental funding cost. She offered to provide a fiscal note for the proposed CS for HB 27, Version N.

[8:39:29 AM](#)

REPRESENTATIVE P. WILSON noted that the student counts fluctuate in areas but usually balance out overall statewide. In response to Ms. Nudelman, she restated her question. She said when the student count increases in the MSBSD, a corresponding decrease would also occur in another school district. She questioned whether this could be considered neutral over time.

MS. NUDELMAN explained the process the EED uses to calculate the fiscal note for the public school funding education formula, which is to isolate the provision in the bill to determine how the factor affects the cost of public school education. In the fiscal note for HB 27, the EED isolated the impact of the supplemental funding, but the department did not attempt to compare the changes in relation to other components.

REPRESENTATIVE P. WILSON questioned the validity of this approach, generally, in terms of fiscal notes since it's important to consider ramifications of proposed bills. She suggested if the EED performed that type of analysis, the department would find the school districts' funding would balance out over time.

MS. NUDELMAN responded that what is presented in the department's fiscal note is the impact of the proposed change. The fiscal note does not include variables or other impacts that may occur elsewhere in the education funding formula; instead, the fiscal note isolates the changes in the bill [and quantifies the change.]

REPRESENTATIVE P. WILSON understood; however, the EED's practice also tells her that she can't trust the department's fiscal note since, in reality, it is inaccurate. Even though the fiscal note is not inaccurate in terms of the department's view of the isolated fiscal impact, the committee must consider the overall ramifications, she said.

MS. NUDELMAN reiterated that the fiscal note accurately projects the cost of the supplemental [funding] but it does not account for other occurrences.

[8:43:45 AM](#)

REPRESENTATIVE SADDLER offered his belief that the department analyzes the fiscal impact on the supplemental funding mechanism so the committee can see the impact. However, Representative P. Wilson pointed out that the fiscal note does not provide the net impact. He asked whether there is an associated decrease elsewhere that the EED has not calculated in the fiscal note.

MS. NUDELMAN emphasized that EED's fiscal notes present the effects to the education funding formula. She suggested if this change had been presented several years ago when the hold harmless provision was added, the EED's fiscal note would reflect the dollar amount if the bill passed. The fiscal note would not have included any estimates for changes in population or the base student allocation (BSA), but would have limited its analysis to changes in the component that would affect the foundation formula.

REPRESENTATIVE SADDLER responded that is a fair answer. He highlighted that the committee considers this information; however, he reiterated the committee must also consider whether any corresponding decrease will occur. For example, when a student moves from one district to another it results in an increase to the incoming school district but also a decrease to the outgoing school district so the net balance is zero. He asked whether his portrayal is accurate and further asked whether the fiscal note reflects both changes.

MS. NUDELMAN replied that when she prepared the fiscal note for HB 27 she did not find any reductions to the public education formula. She recalled the MSBSD previously testified that the changes in HB 27 represent a lag in how school districts receiving funding. However, she said the supplemental [funding] is the only piece that is not a lag. Instead, supplemental funding is additional funding in the year it is triggered or otherwise applied for, she explained.

REPRESENTATIVE SADDLER asked whether the effect of the bill would be a \$7.1 million increase in the cost of public education ad infinitum or if there would be a decrease at some point.

MS. NUDELMAN responded that the answer would be different each year since the supplemental amount under the bill will depend on the circumstances. For example, if a school district experienced an increase of five intensive needs students, which would be paid for the following year, the school district also would need funding for the current year so it would trigger supplemental funding. Thus, the EED will pay for the students

twice, once in the supplemental funding and again when the student count is applied in the following year.

REPRESENTATIVE SADDLER asked whether it would be a fair assumption that a balance in funding will occur since there will be a corresponding loss of funding for an intensive needs student in the "sending" school district sometime in the future or if it will only represent an increase. In response to Ms. Nudelman, Representative Saddler repeated his question in terms of the costs to transfer an intensive needs student from the ["sending" to the "receiving"] school district.

MS. NUDELMAN answered that "two years out" there could be a decrease in funding. She clarified if the intensive needs student is not in the count "two years out" that the school district would not be funded for the intensive needs student.

REPRESENTATIVE SADDLER asked whether that factor is reflected in the fiscal note.

MS. NUDELMAN answered yes.

REPRESENTATIVE SADDLER questioned this rationale, noting he has a fundamental problem in understanding [the department's approach].

[8:48:29 AM](#)

REPRESENTATIVE REINBOLD acknowledged the importance of the ability of school districts being able to plan ahead. She related a scenario in which an intensive needs student, with a multiplier of 13, moves from one school district to another, whether it would take two years for the funding to follow the student.

MS. NUDELMAN answered that once an intensive needs student left a school district, it would take two years for the funding to be removed from that school district.

REPRESENTATIVE REINBOLD asked whether it would take two years for the receiving school to receive the funding.

MS. NUDELMAN answered the receiving school could apply for supplemental funding [in the year the intensive needs student transferred to the school district.]

[8:49:51 AM](#)

REPRESENTATIVE SEATON asked whether any spreadsheets have been distributed to the committee. In response to the Chair, he identified the spreadsheet in question as spreadsheet number 2.

MS. NUDELMAN interjected that the EED received some specific questions from Representative Seaton and responded by generating spreadsheets and distributing them to the bill sponsor and to Representative Seaton.

REPRESENTATIVE SEATON suggested the spreadsheets be made part of the bill packet.

[8:51:17 AM](#)

REPRESENTATIVE LEDOUX asked for clarification how the funding would follow a student and whether unused funding is returned to the state or to the organized borough.

MS. NUDELMAN answered that current law allows school districts to retain 10 percent of their operating expenditures and fund balances. In the event school districts go over that amount, the districts are required to return the funding to the state. Thus far school districts have not returned money to the state, and instead have found other necessary expenditures or have experienced a lower local contribution.

REPRESENTATIVE LEDOUX wondered whether an assumption could be made that school districts would find other uses for the funding rather than returning it to the state and that appears to be the answer.

[8:53:27 AM](#)

REPRESENTATIVE SEATON remarked he was encouraged by the MSBSD's superintendent that the school district would use its reserve fund for the incoming student in anticipation of future funding. He expressed concern whether the department would use the same criteria. For example, if a school district has an incoming intensive needs student, would the EED acknowledge that this school district will receive its funding for the incoming student in the next year and acknowledge it would be appropriate for the district to use its reserve account for the current year. He further asked whether it is likely that the department would recognize the incoming intensive needs student as an unexpected outlay and accept it as a reasonable request for supplemental funding in the current year.

MS. NUDELMAN answered that these discussions have not ensued with respect to supplemental funding requests and regulations may need to be drafted to implement [these situations].

REPRESENTATIVE SEATON suggested a current mechanism might exist to allow funding to occur, but it would lag a year. He expressed his concern that intensive needs students moving between school districts could result in automatic double funding. However, he acknowledged he is more comfortable with these situations since a mechanism exists in which the department can inform school districts that they will receive funding for their intensive needs students, but funding would simply lag a year behind.

CHAIR GATTIS clarified for the record that Mr. Fulp is the MSBSD's chief financial officer and not the superintendent.

[8:56:33 AM](#)

REPRESENTATIVE P. WILSON asked how contracts are handled in instances in which school districts contract for one-to-one staff for an intensive needs students but the students move to other school districts.

MS. NUDELMAN deferred to the school district to answer.

REPRESENTATIVE P. WILSON maintained her question since she believes it's important to know if school districts losing intensive needs students must pay for the contract or whether a contractual clause will address this issue.

[8:58:01 AM](#)

REPRESENTATIVE LEDOUX remarked that the hanging point on this bill appears to be how it addresses intensive needs students. She wondered about the overall level of funding for intensive needs students and whether this represents a significant problem or if it may just be an occasional issue.

REPRESENTATIVE SADDLER said it might be helpful when the EED prepares the new fiscal note for the department to review changes in student counts over three or four years to determine the funding effects as the intensive needs student changes work through the system. He suggested this would make him feel more comfortable about the net effect [of intensive needs students transferring between school districts].

[8:59:32 AM](#)

REPRESENTATIVE REINBOLD also thought it might help the committee to consider the overall cost. She estimated that an intensive needs student multiplier is 13 times the BSA of \$6,000 or \$78,000 annually and \$156,000 biennially. She suggested that this amount is significant. She recalled that the multiplier increases to 15 in FY 15 and to 17 in FY 17 for an intensive needs student. For example, in FY 17, she estimated the cost of one intensive needs student would be [\$102,000] per year or [\$204,000]. She offered her belief this will impact the students. She asked for the number of intensive needs students statewide and whether federal funding is provided on a monthly or annual basis. Additionally, she asked how often the intensive needs students move between school districts. She emphasized that the funding should follow the student immediately and should not lag a year. She emphasized her interest is in the students.

MS. NUDELMAN offered to prepare a further fiscal note.

REPRESENTATIVE LEDOUX remarked that student movement between districts, with anticipated funding for the incoming students should not negatively impact any given child. She identified her focus as being on the changes in the state's spending process. She agreed that further information, as requested, would be helpful in sorting through the issues.

[9:02:27 AM](#)

REPRESENTATIVE DRUMMOND suggested it's not really possible to predict decisions families will make with respect to their children. She hoped that families would coordinate with the school districts by giving them advance notice of anticipated moves. Additionally, if the funding follows the intensive needs students the other school districts will need to find specialized aides to serve these students. Obviously, it's not reasonable to expect the specialized aides to move from the previous school district to the new location, she said.

[9:03:19 AM](#)

REPRESENTATIVE SEATON suggested that the committee has veered off the track, especially with respect to contracts. He expressed his concern on the effect of an intensive needs students moving between school districts, but reminded the

committee what the Version N adjustment proposes to fund. He suggested the movement of intensive needs students during a school year should not be a weighty conversation since it doesn't apply to HB 27. He outlined the committee's goal is to contemplate any unintended consequences, and if so, to address them. He maintained he did not wish to amend the bill or hold up the bill [since further discussion can occur as the bill proceeds through the process].

[9:05:32 AM](#)

REPRESENTATIVE DRUMMOND reported that she received a pertinent comment from the Anchorage School District (ASD) superintendent, Jim Browder, and paraphrased from the written statement, which read:

The increase of fund balance retention to 15 percent matches best practice for governmental accounting and would allow ASD to maintain reserves at similar levels to our national peer districts.

REPRESENTATIVE DRUMMOND asked whether Alaska is out of compliance with best practices in governmental accounting.

MS. NUDELMAN explained that a range of best practices exists and Alaska's current amount is acceptable but moving up on the range is also acceptable.

[9:07:00 AM](#)

REPRESENTATIVE LEDOUX understood that if intensive needs students move mid-year that the same glitch would occur. She asked for further clarification.

REPRESENTATIVE SEATON responded that the mid-year movement of intensive needs students is not being considered under the bill. Instead, the issue pertains to funding for an intensive needs students when the students moves and whether the ["sending"] school districts will receive funding for the students in the following year. Currently, the language in Version N provides funding in the following year based on the current level. The question remains on how to address this specific aspect, which will be refined as the bill moves forward. He said he did not want to see the bill held up since he views HB 27 as a good bill. In fact, it's simply the future funding of [an intensive needs student] who is no longer there that is at issue. He acknowledged it's important to consider various aspects of costs

and whether any unintended consequences exist, but he did not think the bill should be held up.

[9:09:21 AM](#)

REPRESENTATIVE FEIGE stated that the special needs students are included in the student counts. He pointed out that only a few school districts have significant attendance fluctuations from year to year. Under the bill, funding for education will basically remain unchanged without an unreasonable impact on the state. He said most school districts don't experience changes in enrollment of more than three percent, although it does sometimes happen. He suggested that little difference exists when considering the cost of public education now as compared to the cost of public education under the bill. However, the benefits are high, especially regarding district level budget planning, he said.

REPRESENTATIVE SADDLER noted the \$7.1 million yearly increase in the fiscal note and asked for further clarification.

REPRESENTATIVE FEIGE stated his understanding that any school districts with an increase in funding needs of more than three percent would be eligible for supplemental funding. The difference in cost - with or without the bill - is a consideration. He explained that school districts receive money when enrollment increases. The fiscal note does not represent an additional cost to the state, beyond entitlement, he said.

[9:13:31 AM](#)

REPRESENTATIVE SEATON moved to report the proposed committee substitute (CS) for HB 27, labeled Version 28-LS0171\N, Mischel, 2/19/13, out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, CSHB 27 (EDC) was reported from the House Education Standing Committee.

[9:14:24 AM](#)

ADJOURNMENT

There being no further business before the committee, the House Education Standing Committee meeting was adjourned at 9:14 a.m.