

HOUSE FINANCE COMMITTEE  
January 25, 2018  
9:02 a.m.

9:02:56 AM

CALL TO ORDER

Co-Chair Foster called the House Finance Committee meeting to order at 9:02 a.m.

MEMBERS PRESENT

Representative Neal Foster, Co-Chair  
Representative Paul Seaton, Co-Chair  
Representative Les Gara, Vice-Chair  
Representative Jason Grenn  
Representative David Guttenberg  
Representative Scott Kawasaki  
Representative Dan Ortiz  
Representative Lance Pruitt  
Representative Steve Thompson  
Representative Cathy Tilton  
Representative Tammie Wilson

MEMBERS ABSENT

None

ALSO PRESENT

Representative Paul Seaton, Sponsor; Arnold Liebelt, Staff, Representative Paul Seaton; Alexei Painter, Analyst, Legislative Finance Division; Amy Lujan, Alaska Association of School Business Officials; Mark Miller, Superintendent, Juneau School District, Juneau; Lisa Parady, Executive Director, Alaska Council of School Administrators; Kathie Wasserman, Executive Director, Alaska Municipal League; Representative Justin Parish, Sponsor.

PRESENT VIA TELECONFERENCE

David Piazza, Superintendent, Southwest Region School District, Dillingham; Sean Dusek, Superintendent, Kenai Peninsula School District, Kenai; Deena Bishop, Superintendent, Anchorage School District, Anchorage; David

Nees, Alaska Policy Forum, Anchorage; John Kelly, District 9 Member, State Board of Education, Homer; Kelly Cooper, Self, Homer.

SUMMARY

HB 213 PUBLIC SCHOOL TRUST FUND

HB 213 was HEARD and HELD in committee for further consideration.

HB 287 APPROP: EDUCATION/STUDENT TRANSPORTATION

HB 287 was HEARD and HELD in committee for further consideration.

Co-Chair Foster reviewed the meeting agenda.

#hb287

HOUSE BILL NO. 287

"An Act making appropriations for public education and transportation of students; making appropriations under art. IX, sec. 17(c), Constitution of the State of Alaska, from the constitutional budget reserve fund; and providing for an effective date."

9:04:12 AM

REPRESENTATIVE PAUL SEATON, SPONSOR, explained the bill's intent was to complete an education budget prior to completion of the remainder of the operating budget. He explained the idea for the bill had come from a convention of school superintendents in Seward. He shared that he had been invited to serve on a panel at the convention as the co-chair of the House Finance Committee responsible for the operating budget. Additional attendees had included Senator Peter Micciche and Representative Mike Chenault. Superintendents had communicated the inefficiency of developing two or more budgets. He pointed to problems and delay experienced by the districts the previous year [due to the delayed passage of a budget by the legislature]. He detailed that the schools had to give termination notices to all nontenured teachers by May 15. Subsequently, almost every district lost good teachers because they took jobs elsewhere due to employment uncertainty.

Co-Chair Seaton elaborated that superintendents had requested a solution to the problem. He had communicated that like the previous year, the House Majority would not cut basic education. He elaborated that Senator Micciche had also communicated that the Senate would not cut education in the current year. Representative Chenault had remarked that the state could choose to pass every state agency budget separately as some other states did. He elaborated that Representative Chenault understood that would be a very difficult process. Consequently, there had been discussion about providing early funding for the agency that needed it because the state required in statute that people get terminations from their contracts.

Co-Chair Seaton furthered that once it was evident the House Majority and Minority and Senate were aligned he had considered how to accomplish the early funding; the result was HB 287. The bill would early fund basic education; it used the governor's proposed funding level, which he had taken from the previous year's budget. The bill would fund all basic education that would require any teacher layoffs including the Base Student Allocation (BSA), pupil transportation, and boarding schools (Mt. Edgecumbe included).

[9:08:40 AM](#)

ARNOLD LIEBELT, STAFF, REPRESENTATIVE PAUL SEATON, provided a PowerPoint presentation titled "HB 287 Education and Pupil Transportation: An Early and Stand-Alone Appropriation Bill" dated January 25, 2018 (copy on file). The legislation was an appropriation bill, which was different from other bills. The bill carved out education going to school districts through the Department of Education and Early Development (DEED) from the regular operating budget. The bill was written like any other appropriations bill. Section 1 was the numbers section, which appropriated the funds for boarding home grants, youth in detention, special schools, the Mount Edgecumbe boarding school, Mount Edgecumbe facilities and maintenance, and part of the foundation program. Section 2 of the bill identified funding for DEED. Section 3 identified the funding sources and amounts. Section 4 was the language section, which pertained to the use of the Constitutional Budget Reserve (CBR) at a fixed amount of \$1.2 billion and an estimated amount of \$67 billion from the Statutory Budget Reserve (SBR). He explained that the

portion of the operating budget included in the bill would move through the budget process more quickly than the operating budget.

9:11:03 AM

Mr. Liebelt moved to slide 2 and continued to explain the bill. The bill would avoid the unnecessary teacher layoff notices due to the passage of state operating budgets after school districts plan their budgets. The amount requested in HB 287 reflected the same amount in the governor's budget request. He reiterated that the bill would appropriate a fixed amount of \$1.2 billion and an estimated amount from the SBR.

Mr. Liebelt turned to slide 3 showing the allocations for education funding [from FY 15 to present]; HB 287 was shown in the last column on the right. The amount requested matched the amount requested by the governor and was substantially similar to the FY 18 management plan. He clarified the bill did not request a different funding level but identified a funding source and aimed at moving the education budget through the process more quickly.

Mr. Liebelt addressed slide 4 titled "Why use the CBR and SBR?" He reviewed that education was required by the constitution and was a high priority program supported by legislators. The bill proposed the use of the CBR because it earned a lower interest rate when compared to other funds used for generating revenue. He detailed that the Permanent Fund Earnings Reserve Account (ERA) earned substantially more revenue. Consequently, if the ERA was considered for generating revenue for future high priority programs, it made sense to use \$1 billion from the CBR (leaving a remaining balance exceeding \$1 billion) and preserving the ERA to generate additional revenue for state programs.

Mr. Liebelt communicated that the CBR and the ERA were the only accounts with sufficient funding for education and pupil transportation. He expounded that undesignated general fund (UGF) revenue was estimated at about \$2 billion in the current year, which was not sufficient as a fund source. He believed it was fair to say there was recognition the CBR would need to be used in some manner to pass the budget. The governor had proposed \$400 million, which the Legislative Finance Division put closer to \$425

million. If the legislature was looking at using the CBR to get a budget passed and if there was broad support for funding education, HB 287 was a solution to doing so. The bill used a funding source that would be required to get the budget through and made timely decisions for the state's school districts.

Co-Chair Foster recognized Representative Justin Parish in the audience.

[9:14:28 AM](#)

Mr. Liebelt noted that the next several slides had been prepared by LFD [slides 5 through 7]. Slide 5 showed a bar chart depicting end of year savings balances for the CBR and SBR from FY 15 to FY 19. The last column on the right showed that if the bill passed in its current form, over \$100 million would remain in the SBR and over \$1 billion would remain in the CBR.

Mr. Liebelt advanced to a bar chart on slide 6 showing earnings comparisons between the CBR (shown in blue) and the Permanent Fund (shown with stripes). He detailed that FY 17 earnings were shown on the left and the 10-year earnings projection was shown on the right. The 10-year projection estimated the CBR would earn about 2.38 percent per year, while the Permanent Fund would earn approximately 6.5 percent per year. In the long-term there was greater revenue generating capacity [by the Permanent Fund]. In FY 17 the Permanent Fund had earned 12.89 percent, while the CBR had earned 1.83 percent. The bill proposed the use of the CBR in order to preserve the earning capacity of other high earning funds.

[9:16:08 AM](#)

Mr. Liebelt turned to slide 7 and discussed the effect of earnings rate on \$1.2 billion. A bar chart showed a 10-year projection comparing the CBR and Permanent Fund starting at the requested \$1.2 billion in year 1. The Permanent Fund would earn \$650 million (at a 6.5 percent return) compared to the CBR's projected return of \$238 million (at a 2.3 percent return). He noted the figures were a forecast only and the actual performance in some of the years would be much higher or lower, primarily for the Permanent Fund. He added that the CBR figures would be more stable as it was

designed to be much more liquid to serve as a shock absorber for the state operating budget.

Mr. Liebelt addressed slide 8 titled "Late Passage of Operating Budget." The bill aimed to avoid funding uncertainty caused in previous years by budgets being passed late in the year. He explained funding uncertainty could be very energy intensive and emotional for school districts and superintendents trying to put their budgets together in a timely manner and trying to hold off on the issuance of layoff notices for tenured and nontenured teachers. He read from slide 8:

In 2015, the state needed to come back in special session to pass a second operating budget that included education funding. This special session bill passed the legislature on June 11 and was signed by the Governor on June 29.

In 2016, the state operating budget was passed by the legislature on May 31 and signed by the governor on June 28.

Last session, the state operating budget did not pass the Legislature until June 22 and was signed by the Governor on July 1.

Mr. Liebelt stated that it was a very difficult time and there was significant debate on how to reach a balanced budget. The bill provided a solution to the problem for school districts. He elaborated that districts were trying to do their job, keep their teachers, and other. He explained that if the legislature could address the education appropriation portion of the budget it would better serve school districts and the state in the long-term. He read the remaining portion of slide 8:

Funding uncertainty forces school districts to draft multiple budgets. Anticipating low appropriations requires districts to give termination notices (pink slips) to tenured teachers by May 15 and to non-tenured teachers by the last day of school.

[9:19:22 AM](#)

Mr. Liebelt concluded the presentation on slide 9:

Education is one of the highest priority programs for the state and educators are shaping future generations.

HB 287 reflects the importance of education to our state.

Mr. Liebelt summarized that the appropriations bill was fairly straight forward and was funded by the CBR. The goal was to get the bill through the budget process in advance of the operating budget. He added that Alexei Painter from LFD was available for questions.

Representative Wilson pointed to slide 3 and noted that funding for Mount Edgecumbe increased approximately \$806,000 or \$2,000 per student, whereas, the foundation program funding for all other students was decreased.

Mr. Liebelt deferred to Mr. Painter.

ALEXEI PAINTER, ANALYST, LEGISLATIVE FINANCE DIVISION, answered that two things contributed to the increase. First, was the addition of the Mount Edgecumbe boarding school facilities maintenance allocation, which represented a structure change from previous years. Previously, the maintenance had been included in the overall departmentwide state facilities maintenance appropriation. Second, in previous years the department had used unbudgeted interagency receipts for part of the funding for the Mount Edgecumbe boarding school allocation to cover federal and foundation funds. The funds had not been in the budget. He underscored there was no increase in general funds to Mount Edgecumbe; the numbers reflected a budget true-up. He deferred to DEED for further detail.

[9:21:54 AM](#)

Representative Wilson stated it was hard to know the difference between federal and UGF funds included in the chart.

Mr. Painter replied there were no UGF funds going to Mount Edgecumbe in the governor's budget or HB 287. There had been some funds included in FY 17 and before, but that portion had been switched to the Public School Trust Fund; however, that amount was unchanged between FY 18 and FY 19. The difference was interagency receipts of \$250,000 and

federal funds of \$250,000. He believed he was missing one other non-GF fund source for the remaining balance.

Representative Wilson expressed confusion about a decrease in the formula for the rest of the schools (excluding Mount Edgecumbe). She asked for the breakdown via email showing what the schools thought they were going to receive and what they did not receive to see whether there was an increase or merely a difference in the funding. She asked for the student count statewide for the previous year compared to the current year.

Mr. Painter responded that the average daily membership for non-correspondence students in FY 19 was 16,814. He did not have the FY 18 numbers on hand, but the figure had been slightly higher; therefore, DEED was anticipating a slight decline between FY 18 and FY 19. He noted there was a larger decline between FY 17 and FY 18.

[9:24:25 AM](#)

Vice-Chair Gara remarked that in 2015 the legislature had passed a bill including BSA funds plus \$43 million in one-time separate funds that had been distributed as BSA money (shown in green in the bar reflecting FY 15 on slide 3). He detailed that two \$50 BSA increases had been added in FY 16 and FY 17. He asked if the loss of the \$43 million [in FY 16 and FY 17] and the addition of approximately \$30 million accounted for the slight decrease [shown on slide 3].

Mr. Painter answered in the affirmative. He pointed to the green portion of the bar in FY 15 reflecting the \$43 million figure allocated outside the formula funding. He detailed it reflected the amount after a supplemental took out the amounts for FY 16 and FY 17. The increases in FY 16 and FY 17 went up about \$30 million in the foundation program, which then declined slightly in subsequent years based on student count. The BSA in FY 17, FY 18, and FY 19 was the same.

Representative Pruitt stated there had been discussions in the past about using the CBR as a checking account - the money could be utilized as long as it was replenished by the end of the year. The bill would reduce the account from \$2.2 billion to about \$1 billion. He remarked the committee had been recently told by the Office of Management and Budget or the Department of Revenue that a \$1 billion

balance was their limit. He asked if there was the ability to use the Permanent Fund as a checking account scenario if the CBR was reduced below a recommended limit.

Mr. Painter replied that he was not the best person to answer, but \$1 billion was the recommended threshold for the CBR to maintain cashflow. He explained that in future years it would be possible to use the percent of market value (POMV) as part of the funding if there was a draw. He did not know the specifics. He added that no draws had been authorized to date; therefore, how the process would work was not currently known.

[9:27:11 AM](#)

Representative Pruitt stated that if the expectation was to pull \$1.2 billion from the CBR and the legislature had heard the need for the current year was around \$425 million, the account held about three times the draw. He asked if the expectation was to change the amount from the governor's budget and use some sort of POMV from the Permanent Fund through the budget. He wondered if the intent was to lower the draw from the Permanent Fund by \$800 million or draw the full POMV amount out in the budget. He believed it would mean funding would be about \$800 million more than necessary for the current year.

Co-Chair Seaton responded that the idea was to recognize the need to maintain \$1 billion in the CBR. A pot of money needed to be available if the education budget was to be passed early. There was basically no money in the General Fund at the end of the year. The CBR contained a known amount of money to fund the education portion of the budget. The expectation was there would be a similar POMV draw from the budget reserve to fund the overall budget. The legislature would decide where it chose to access funds to balance the budget. The draw would allow the POMV done at the lower rate that the Permanent Fund had identified as sustainable at 6.5 percent instead of 6.95 percent. He noted the Alaska Permanent Fund Corporation (APFC) had recently adopted the 6.5 percent projected rate of return.

[9:30:18 AM](#)

Representative Pruitt thought he had heard Co-Chair Seaton state the expectation that the legislature would not draw more than what was necessary to complete the remaining

budget if the bill was passed. He surmised the \$800 million cushion in the ERA would not be drawn and would earn more interest.

Co-Chair Seaton clarified there always had to be some headroom in the budget whether it came from the CBR or another fund source. The bill did not use headroom from the CBR; it would fund the education budget (as required) with a fixed amount [from the CBR] of \$1.2 billion. The CBR draw would not provide any headroom for the remainder of the budget. He elaborated that the budget would require headroom for supplementals otherwise it would require a special session to handle any supplemental items for things like wildfires. He explained that CBR draws in the past had always included some headroom to pay the bills if needed. He did not anticipate taking the budget and zeroing it out, because if there was any money needed exceeding that amount it would not be available. He did not intend to draw more than necessary for the budget and headroom. The idea was not to draw the 5.25 percent, but 4.5 percent [from the Permanent Fund] because the education budget would be funded with the CBR.

Representative Pruitt surmised it sounded like the need for the bill had arisen from the legislature's failure to meet a budget deadline at the end of session. He underscored that the legislature was currently only 11 days into session. He noted that the bill only applied to the current year. He wondered if the bill implied there was an expectation that the legislature would not accomplish its work within the 90-day session or by May 15 or 31 (when pink slips had to be disseminated). He questioned whether the bill was planning for failure. He anticipated getting finished within 90 days, which was plenty of time before the pink slip date of May 15 for nontenured teachers. He explained the pink slip date had been moved to May 15 a couple of years earlier to take some of the pressure off the local communities (the previous date had been in March).

[9:34:10 AM](#)

Co-Chair Seaton answered that there was a bill in the Senate looking at telling the next legislatures what to do. He explained HB 287 aimed to accomplish early funding of education. He speculated there would be amendments to a bill currently in the Senate and perhaps from the House

Finance Committee. He stated it was necessary to figure out what to do in the future, but he did not want to put off addressing the current year. The only way to address the issue in the current year was to pass an early funding bill. The only other appropriation the legislature could use for education funding was from the ERA, which was a high earning account and he did not believe the legislature wanted to do. He believed the legislature was trying to avoid ad hoc draws from the ERA. He continued that HB 287 would take funds from the CBR as the sole pot of money available to fund education. He noted there would be other decisions the legislature had to make. He had met with Representative Mike Chenault and Senator Peter Micciche and there had been general agreement to move forward with an early funding bill. The CBR was the only available pot of money without deciding on an ad hoc draw from the ERA. He reasoned if there was consensus among the House and Senate and their caucuses, he believed it was possible to go forward and accomplish the goal of early education funding.

Co-Chair Foster recognized Representative Harriet Drummond in the audience.

Vice-Chair Gara reported he had initially wondered if the bill could be funded with general funds; however, he understood from LFD that until action was taken to fix the deficit, any general fund money went out to pay bills from FY 18. There was no general fund balance to early fund education. The only two options to early fund education were the CBR or ERA. He did not want to use the ERA.

Co-Chair Foster provided the House Finance Committee email address for public testimony.

[9:38:43 AM](#)

AT EASE

[9:39:35 AM](#)

RECONVENED

DAVID PIAZZA, SUPERINTENDENT, SOUTHWEST REGION SCHOOL DISTRICT, DILLINGHAM (via teleconference), spoke in support of the bill. School districts needed to know the budget in order to finalize their own budgets in the spring. He noted that although the Southwest Region School District did not send out pink slips to employees the past year, the district hesitated on making early hiring decisions. He

spoke to vacancies in the district that had remained into the summer. The pool of candidates had still contained quality individuals, but the number of candidates was limited. The district supported measures by the legislature to secure funding early to help public school systems including DEED and local schools to plan effectively and efficiently. He reiterated support for the bill.

[9:41:46 AM](#)

SEAN DUSEK, SUPERINTENDENT, KENAI PENINSULA SCHOOL DISTRICT (via teleconference), KENAI, testified in strong support of the legislation. He underscored the importance of the discussion on a fiscal plan, but it had resulted in the late passage of the operating budget. By statute, school districts were required to make staffing decisions no later than mid-May. He stressed there was a disconnect between school related statute and recent legislative budget development practice. It had forced districts to lay off staff or delay hiring staff. The district had to make many difficult decisions over the past few years due to fiscal problems. The bill provided certainty for districts to work with local communities through the budget process in a timely manner. He supported the budget process in a timely manner that would allow the hire of qualified teachers. He noted that additional items needed to be addressed including funding for the Public Employees' Retirement System (PERS) and Teachers' Retirement System (TRS), school bond debt reimbursement, and healthcare. He stressed that a full funding package would allow districts to plan.

[9:44:11 AM](#)

DEENA BISHOP, SUPERINTENDENT, ANCHORAGE SCHOOL DISTRICT, ANCHORAGE (via teleconference), spoke in support of the legislation. Early funding would help avoid unnecessary layoff notices. The statutory deadline for teacher layoff notices was May 15 for tenured teachers and the last day of school for nontenured teachers. During the past legislative session, state budget negotiations had gone past the aforementioned statutory deadline. The district had been forced to issue layoff notices to 223 teachers. Some legislators at the time had been calling for a 3 to 5 percent cut to K-12 education. The risk for the district had been too high to avoid issuing the layoff notices. Most of the notices had been recalled, but there was significant loss of morale. She appreciated the committee's support for

public education. The bill would take the guess work out of the school districts' budget process.

[9:46:01 AM](#)

DAVID NEES, ALASKA POLICY FORUM, ANCHORAGE (via teleconference), stated that the bill solved part of the problem, but it created a problem as well. He stated the bill would fund everything in the education including superintendents. The bill aimed to solve the problem of sending pink slips to teachers. He believed the early funding would probably solve the problem, but it did not directly address it. He stated the bill did not state that the legislature would fund teachers early in order for the districts to decide when they wanted to do the rest of their budget. He stressed the need to provide and designate a specific funding level for teachers. He explained it meant teachers could be retained and would not receive pink slips. He suggested passing the specific funds annually prior to the end of the 90-day session. He believed that the block grant education system was the problem. He explained pulling the teacher funding component out with a separate block grant, perhaps including transportation, it would result in a good system. He stated that the bill would solve the problem, but it created a precedent that could include other agencies in the future. He cited early funding for state troopers as an example. He recommended funding teachers early.

[9:49:03 AM](#)

Co-Chair Foster recognized Representative Chris Tuck in the audience.

JOHN KELLY, DISTRICT 9 MEMBER, STATE BOARD OF EDUCATION, HOMER (via teleconference), spoke in support of the legislation. The bill would assist the school district in retaining talented staff and teachers. Additionally, the bill would help protect the district's investment in professional development resources. He understood the current fiscal environment and was willing to make the most of the funding proposal with the certainty of securing its budget in time to reduce the number of pink slips it had to pass out in the spring.

[9:50:24 AM](#)

KELLY COOPER, SELF, HOMER (via teleconference), spoke in support of the bill. She relayed that the entire state was painfully aware of the fiscal issues the state was facing. She appreciated that legislators understood education could not sustain additional cuts. The future of the state relied on the success of current students. As a member of the Kenai Peninsula Borough Assembly, school district funding was the largest portion of their budget. She explained the difficulty of working off of different budget scenarios when developing the district's budget. She planned to sponsor a resolution from the borough in support of the legislation at an upcoming meeting. Forward funding the education budget was critical to all school districts. She spoke to the benefits of early funding. She asked committee members to think about what would happen if they could not determine their family budgets.

[9:52:42 AM](#)

AMY LUJAN, ALASKA ASSOCIATION OF SCHOOL BUSINESS OFFICIALS, spoke in strong support of the bill's intent for early funding of education. The association was asking for timely funding for education to ensure sound financial management. She spoke to the nationwide teacher shortage. She emphasized the difficulty of recruiting teachers when the budget was not known until the last minute. Additionally, implementing a class curriculum took advanced work. She asked members to imagine flying teachers in for the last minute with no time for training. She stated it was setting up for failure. The situation was impacting the ability for quality education. She referenced prior testimony by Mr. Nees and stressed it was not possible to fund one portion of a budget - it would not really solve a problem. Never before had the legislature directed funding to districts in that way. She did not believe the solution was workable. She spoke in support of the legislation.

[9:56:29 AM](#)

Vice-Chair Gara asked if somewhere around 10,000 pink slips went out if funding was not provided in a timely manner.

Ms. Lujan replied that she did not know. She elaborated the number depended on the financial picture in individual districts (e.g. tenured versus nontenured positions and other). She noted there were certainly that many teachers

that the pink slips could impact. The uncertainty was also detrimental to morale.

Representative Ortiz referenced Ms. Lujan's testimony about a lack of time for teacher recruitment. He asked about the number of unfilled positions in the current year.

Ms. Lujan answered that she did not track those specific statistics, but she believed Dr. Lisa Parady or DEED would have the information. She heard the unfilled positions were in the hundreds at the beginning of the school year.

[9:58:07 AM](#)

MARK MILLER, SUPERINTENDENT, JUNEAU SCHOOL DISTRICT, JUNEAU, testified in favor of the bill. He communicated that flat funding in recent years had caused the district to budget on a razor-thin margin. There was no wiggle room in the district's budget. The district's end fund balance was less than one half of 1 percent of its total budget. If he had to keep the schools open for two more days, he would not have money for payroll. The amount the district received from the state determined the amount it received from the city because it was funded to the cap. Until the district knew what it would get from the legislature it did not know what it would get from the city and it still had to have a budget done in March. There were statutory requirements to pink slip tenured teachers by May 15. He stated that part of the issue depended on the amount of money the district received in the budget and whether the cut reached the threshold. He noted that in May he had been told that the district would have to cut its non-tenured teachers, which he communicated the district would not do. He stressed that he would not pink-slip those teachers to have them leave for other districts. Fortunately no cuts had occurred. He believed the bill was a good first step in moving in the right direction.

[10:00:41 AM](#)

LISA PARADY, EXECUTIVE DIRECTOR, ALASKA COUNCIL OF SCHOOL ADMINISTRATORS, spoke in favor of the bill. She thanked Co-Chair Seaton and cosponsors for listening to the pleas from the administrators. She provided information about the Alaska Council of School Administrators. She brought a handout for members reflecting the organization's joint position statements. She pointed out the highest priority,

which was priority funding for education. She stressed that reliable, timely, and predictable funding for schools was the highest priority, which helped schools make sound financial management decisions required by the legislature. She underscored the importance of quality educators, which could not be secured without funding. She stressed the unparalleled national crisis with education staffing. She expounded that an insufficient number of individuals were going into education and the state had lost competitiveness in attracting teachers from the Lower 48. She emphasized the importance of allowing districts time to get contracts out to retain qualified teachers was a high priority. The organization saw the bill as a way to provide stability to districts.

Ms. Parady replied to an earlier question by Representative Ortiz. She reported that in December there had been almost 100 special education positions open across the state. She remarked that the positions were being filled with substitutes, which was not what was wanted for the state. She could provide further detail later.

[10:05:43 AM](#)

KATHIE WASSERMAN, EXECUTIVE DIRECTOR, ALASKA MUNICIPAL LEAGUE, testified in favor of the bill. The issue impacted municipalities as well. She stated that the inability to plan was a backbreaking issue for the districts. She stressed the importance of being able to plan and be successful. She thought the issue had become a political football at the end of session, which she believed was very sad. She noted that it was not really possible to hold on to teachers under the situation. She encouraged the passage of the bill.

Co-Chair Foster CLOSED public testimony. He relayed that amendments were due on Monday, January 29, 2018 by 5:00 p.m. The bill would be heard again on Tuesday, January 30.

HB 287 was HEARD and HELD in committee for further consideration.

[10:08:42 AM](#)

AT EASE

[10:09:49 AM](#)

RECONVENED

#hb213

HOUSE BILL NO. 213

"An Act relating to the investment, appropriation, and administration of the public school trust fund."

10:09:56 AM

REPRESENTATIVE JUSTIN PARISH, SPONSOR, explained that the bill would achieve greater efficiency in government. He detailed it would allow the state to manage the Public School Trust Fund in a way that would realize greater earnings and would allow more to be sustainably spun off to support public education statewide. He characterized the details of the bill as a bit esoteric. He explained it would modernize the way the fund was managed. All of the analyses he had seen had supported the change. The bill would switch from the current antiquated model to a more modern industry standard of a Percent of Market Value (POMV) draw. The bill proposed a conservative POMV draw of 4.75 percent and would include a 10-year lookback.

Co-Chair Foster relayed the committee would recess to a call of the chair [note: the meeting never reconvened].

HB 287 was HEARD and HELD in committee for further consideration.

10:12:23 AM

RECESSED

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ADJOURNMENT

11:54:43 AM

The meeting was adjourned at 11:54 a.m.