

ALASKA STATE LEGISLATURE  
SENATE EDUCATION STANDING COMMITTEE

April 19, 2018

8:00 a.m.

**DRAFT**

**MEMBERS PRESENT**

Senator Gary Stevens, Chair  
Senator John Coghill  
Senator Tom Begich  
Senator Shelley Hughes

**MEMBERS ABSENT**

Senator Cathy Giessel

**COMMITTEE CALENDAR**

HOUSE BILL NO. 339

"An Act relating to the base student allocation; and providing for an effective date."

- HEARD & HELD

**PREVIOUS COMMITTEE ACTION**

BILL: HB 339

SHORT TITLE: INCREASE BASE STUDENT ALLOCATION

SPONSOR(S): REPRESENTATIVE(S) GARA

02/09/18	(H)	READ THE FIRST TIME - REFERRALS
02/09/18	(H)	EDC, FIN
02/16/18	(H)	EDC AT 8:00 AM CAPITOL 106
02/16/18	(H)	Heard & Held
02/16/18	(H)	MINUTE(EDC)
02/21/18	(H)	EDC AT 8:30 AM CAPITOL 106
02/21/18	(H)	Heard & Held
02/21/18	(H)	MINUTE(EDC)
02/28/18	(H)	EDC AT 8:00 AM CAPITOL 106
02/28/18	(H)	-- MEETING CANCELED --
03/07/18	(H)	EDC AT 8:00 AM CAPITOL 106
03/07/18	(H)	Heard & Held
03/07/18	(H)	MINUTE(EDC)
03/14/18	(H)	EDC RPT 4DP 1DNP

03/14/18 (H) DP: ZULKOSKY, SPOHNHOLZ, PARISH,  
DRUMMOND

03/14/18 (H) DNP: KOPP

03/14/18 (H) EDC AT 8:00 AM CAPITOL 106

03/14/18 (H) Moved HB 339 Out of Committee

03/14/18 (H) MINUTE(EDC)

04/10/18 (H) FIN AT 9:00 AM ADAMS ROOM 519

04/10/18 (H) Heard & Held

04/10/18 (H) MINUTE(FIN)

04/11/18 (H) FIN AT 1:30 PM ADAMS ROOM 519

04/11/18 (H) Scheduled but Not Heard

04/11/18 (H) FIN AT 5:00 PM ADAMS ROOM 519

04/11/18 (H) Moved HB 339 Out of Committee

04/11/18 (H) MINUTE(FIN)

04/12/18 (H) FIN RPT 7DP 4AM

04/12/18 (H) DP: GARA, KAWASAKI, GRENN, ORTIZ,  
GUTTENBERG, SEATON, FOSTER

04/12/18 (H) AM: WILSON, PRUITT, THOMPSON, TILTON

04/13/18 (H) BEFORE HOUSE IN SECOND READING

04/15/18 (H) TRANSMITTED TO (S)

04/15/18 (H) VERSION: HB 339

04/17/18 (S) READ THE FIRST TIME - REFERRALS

04/17/18 (S) EDC, FIN

04/19/18 (S) EDC AT 8:00 AM BUTROVICH 205

**WITNESS REGISTER**

REPRESENTATIVE LES GARA  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** Sponsor of HB 339.

SANA EFIRD, Deputy Commissioner  
Department of Education and Early Development (DEED)  
Juneau, Alaska

**POSITION STATEMENT:** Testified on HB 339.

SANDRA DAWS, Chief Financial Officer  
Kodiak Island School District  
Kodiak, Alaska

**POSITION STATEMENT:** Supported HB 339.

MONICA GOYETTE, Ph.D., Superintendent  
Matanuska-Susitna School Borough  
Palmer, Alaska

**POSITION STATEMENT:** Supported HB 339.

DEENA BISHOP, Ph.D., Superintendent  
Anchorage School District (ASD)  
Anchorage, Alaska  
**POSITION STATEMENT:** Supported HB 339.

NOAH WILLIAMS, Representing Self  
Juneau, Alaska  
**POSITION STATEMENT:** Supported HB 339.

KAREN BARNARD, Representing Self  
Anchorage, Alaska  
**POSITION STATEMENT:** Supported HB 339.

GENE RANDALL, Representing Self  
Juneau, Alaska  
**POSITION STATEMENT:** Supported HB 339.

#### **ACTION NARRATIVE**

[8:00:50 AM](#)

**CHAIR GARY STEVENS** called the Senate Education Standing Committee meeting to order at 8:00 a.m. Present at the call to order were Senators Hughes, Coghill, Begich, and Chair Stevens.

#### **HB 339-INCREASE BASE STUDENT ALLOCATION**

[8:01:08 AM](#)

CHAIR STEVENS announced the consideration of HB 339.

CHAIR STEVENS noted that lots of education bills were in motion near the end of the session--HB 287, early funding to solve the pink slip issue; SB 26, attaching more money to education; SB 216, dealing with consolidation of schools; SB 104, \$30 million for curriculum; SB 102, dealing with the Internet; and SB 185, the retiree rehire bill.

REPRESENTATIVE LES GARA, Alaska State Legislature, sponsor of HB 339. He said the reality is that education has become the same thing that public safety has become and even snow plowing in Anchorage. Streets are not cleared better with fewer snow plows. Communities are not protected better with fewer police officers. The Anchorage School District has lost over 500 educators in the last few years--teachers, counselors, nurses, support staff, and English-as-a-second-language teachers at a time when Alaska is becoming more diverse. Whatever criticism folks have of the education system, children cannot be taught in a more vibrant

way with fewer teachers, bigger class sizes, and less curriculum. The impacts have ranged from the bigger schools losing teachers and counselors to the smaller schools losing school days. The Lake and Peninsula School District has cut 20 school days.

[8:03:39 AM](#)

REPRESENTATIVE GARA quoted Nelson Mandela: "Education is the most powerful weapon we can use to change the world." The question they have to decide is what level of education.

He stated that HB 339 is a modest increase of 1.7 percent to the Base Student Allocation (BSA) from last year. It will not replace all the positions lost, and in some districts, it will barely help them keep even. HB 339 would increase the BSA by \$100 to \$5,930. To keep up with inflation since 2009, the BSA would be \$6,568. That is \$500 more than proposed by HB 339.

[8:04:46 AM](#)

REPRESENTATIVE GARA quoted Juneau School District Superintendent Mark Miller:

Over the past five years, the BSA has been nearly flat. Over that same time, my operating expenses from the general fund have increased nearly 10 percent . . . We have used our general fund balance to survive the last couple of years . . . we are now being forced to consider severe cuts to try to fill a \$3 million hole.

[8:06:03 AM](#)

REPRESENTATIVE GARA said that according to the Division of Legislative Finance, education funding is \$90 million behind FY 15 when adjusted for inflation. He pointed out that \$43 million added to education funding in FY 15 was deleted from the budget in FY 16 and FY 17.

He said that Fairbanks is facing an \$8.2 million shortfall for 2018-2019, which equates to 50 full-time equivalent (FTE) positions. He quoted Lisa Pierce, Chief Financial Officer for the Fairbanks School District: "Have sliced and diced to the point that we are unable to continue to make horizontal cuts. We are looking at program cuts now." Fairbanks has eliminated 231 positions since 2009. The state should not be surprised at declining achievement numbers.

REPRESENTATIVE GARA said Anchorage has lost nearly 400 FTE positions since 2013, 216 of which were teachers. Classroom sizes have increased and will continue to do so.

8:08:00 AM

SENATOR HUGHES said that Anchorage has lost students. She asked what the student loss has been and the impact of that.

REPRESENTATIVE GARA replied the loss of teachers and staff has been disproportionately large compared to the decline in students. That is a reason that class sizes are increasing. Factoring in inflation, the amount provided for each student has gone down ten percent since 2009.

8:09:12 AM

CHAIR STEVENS suggested Senator Hughes ask that question of Anchorage Superintendent Deena Bishop during invited testimony.

8:09:25 AM

REPRESENTATIVE GARA said that one year career and guidance counselors were laid off to prevent teacher layoffs, which he found alarming. In Anchorage, enrollment of students with intensive needs is up, which is only partially covered by the formula funding.

He said the estimated cuts with flat funding in Anchorage is 91 more FTE teachers in FY 19 and 107 more in FY 20. He shared that one teacher told him that she was having trouble teaching 28 students in her classroom and then the classroom size increased to 32. She said she cannot teach individual students who need help.

8:10:48 AM

REPRESENTATIVE GARA said that Juneau has had \$11 million in cuts since 2011 and 92 FTE positions have been eliminated. Juneau faces a \$3.5 million hole for the coming year with flat funding.

He said that Mat-Su is the opposite but the same. They cannot keep up the number of staff needed for a growing population of students. They fell 87 positions behind in FY 18 to maintain the same level of education. Mat-Su Superintendent Monica Goyette warned that "further budget cut threaten the quality of education."

He reported that Nome expects to cut 10 positions next year. The Kenai Peninsula and Kodiak have been losing staff and will lose more staff next year with flat funding.

8:13:05 AM

REPRESENTATIVE GARA shared a quote from Lake and Peninsula Superintendent Ty Mase:

Simply put, with each year of flat funding, we are offering a less comprehensive education to our students. We have cut our inefficiencies and niceties, and now it is simply core services that are left, services that honestly cannot be cut.

8:14:07 AM

REPRESENTATIVE GARA said that in Sitka class sizes may increase up to 60 percent with flat funding. Their health care costs are substantial, which is not uncommon for a small district. The looming question for Sitka is how many teacher positions to cut.

8:14:45 AM

REPRESENTATIVE GARA said the story is the same around the state. He shared a quote from Sarah Birrmans, BP Teacher of Excellence 2017.

Nine years ago, when I started teaching in Anchorage, I saw 65 students a day. I was full-time. This year I see 108 students a day and I am a .6 part-time employee with no insurance. My husband and I are both award-winning educators. We are leaving in 2-3 years if things don't improve. Teachers and students need relief. Please help.

REPRESENTATIVE GARA referenced an opinion piece in the day's Anchorage Daily News from a teacher who said she was leaving the state because of lack of support for education. His neighbors say they don't know if they want to raise children in Alaska without a commitment to public education.

8:16:07 AM

REPRESENTATIVE GARA shared a quote from Jen Huvar, a teaching assistant in Anchorage.

While budget cuts are felt to some degree every year, this year they feel especially dramatic--like we've reached a tipping point. Class sizes across core subjects now exceed 30 students in many cases. I was assigned to one science class with 34 students . . . with tables and chairs for only 30. The classes are simply too big for optimal learning . . . or even adequate learning.

REPRESENTATIVE GARA reported that a high school student in Wrangell cannot take three years of foreign language, which is required by some colleges. The student said, "Consequently, I take noninteractive, online courses and watch videos with no teacher engagement."

He said educational opportunities lost are lost forever. Students cannot come back to repeat the fourth grade once they fix the budget crisis. Academy opportunity is simply lost. They can afford to fix the fiscal crisis.

8:17:54 AM

REPRESENTATIVE GARA said superintendents and many education organizations are in support of an increase across the state. Districts are sounding the alarm over flat funding. He heard from colleagues that flat funding is even funding and that as long as education is not cut, everything is okay. Flat funding is a cut. They will lose teachers, they will increase class sizes, and they will lose curriculum. They lose programs that keep kids interested in school.

He quoted Benjamin Franklin, "An investment in knowledge pays the best interest." A student in Cordova said that chemistry is taught every other year. Because of a full sophomore class load, she could not take it until her senior year, which impacts her college applications. They need a fiscal plan, but they can afford an increase of \$100 to the base student allocation. It will prevent more damage.

8:20:16 AM

SENATOR BEGICH brought up HB 287, which the Senate voted on and the House concurred with. The bill had the equivalent of \$117 to the BSA in grants. He asked Representative Gara to explain the difference between funding education within the BSA and outside of the BSA.

8:20:46 AM

REPRESENTATIVE GARA responded that they needed to look at the bill passed in 2014 to see what happens when education is funded outside of the base student allocation. The promise of \$30 million outside of the BSA in 2016 never happened. The promise of \$25 million in FY 17 was cut. The 2014 legislature could not control the 2015 and 2016 legislature. They cannot control future legislatures. One-time funding is spent inefficiently. School districts cannot spend as much on hiring staff if it is only for one year. They can rely on and plan for money in the BSA. The same dollar is worth more.

[8:22:47 AM](#)

SANA EFIRD, Deputy Commissioner, Department of Education and Early Development (DEED), testified on HB 339. She said they are acutely aware of the state's fiscal crisis, but children cannot wait. The administration is supportive of an increase in the BSA accompanied by a responsible budget and a sustainable use of fiscal resources. Additionally, Commissioner [Michael] Johnson will be requesting a lot from districts based on the Alaska Education Challenge and the Every Student Succeeds Act accountability plan. A BSA increase will be important as districts work to meet those expectations to help improve the achievement of all students

[8:24:35 AM](#)

SENATOR BEGICH said he has spoken to the commissioner about the importance of BSA because the state cannot get to these places they need to go unless there is predictability represented by a known increase in the BSA. The state cannot get to the key components unless stabilization of school funding is addressed. He asked if that is a fair representation.

[8:25:22 AM](#)

MS. EFIRD said that is a fair representation. Districts cannot base long-term planning on a one-time appropriation. HB 339 would give them the opportunity for a five-year, ten-year plan to meet the needs of students.

[8:26:11 AM](#)

SENATOR BEGICH responded that it is critical that the signal to school districts is to show an understanding of what they are facing to get to solutions that some senators in the committee have identified. For distance learning, it doesn't help if the legislature does broadband grants and the schools don't have the capacity to integrate that into programs at the school level.

[8:27:01 AM](#)

SENATOR HUGHES commented that since she has lived in rural areas, she has a real concern and heart for rural students. She wondered when they last looked at the foundation formula, 2004 or 2006. She could tell from the slide presentation that urban schools are being hit substantially, and rural schools are very challenged with recruitment. The last time the formula foundation was opened up, there was an increase for rural schools because of the recruitment issue, but that hasn't solved that problem. She is a firm believer that they need to come into the 21st century model for education. The Alaska Education

Challenge is going down the correct path. To her, urban schools seem to be taking a disproportionate hit. She wonders whether it's time to look at the formula overall. That is a big task and there is no time for it this session.

She asked where the department stands on that. They need to do some rebalancing. Alaska is second in the nation per student spending. It is a large state with extra expenses, but the NAEP (National Assessment of Educational Progress) results are very troubling. It may surprise people, but she would like to see the formula corrected and then adjusted for inflation. The legislature needs to address health care costs. One rural and one urban district told her that 18 to 20 percent of their funding goes to health care. One district was expecting an 11 percent premium increase. Another was expecting a 15 percent increase. That is millions of dollars that could go into the classroom. She would like to see teachers paid more. She believes in the Finland model of elevating teachers, on par with doctors and attorneys. They need to regard teachers that way and expect excellence. Her main concern is about whether the formula should be looked at and whether DEED has a position on that.

[8:31:28 AM](#)

MS. EFIRD responded that she does not have an official position from the commissioner, but she has heard the commissioner say he would welcome an opportunity for a conversation around the formula. Every district faces its own individual challenge. Alaska is proud of local control, but they need to look across the districts and see how they are fairly accounted for and help each achieve the goals it wants for its students.

[8:32:22 AM](#)

CHAIR STEVENS said he was in the legislature 12 years ago when they opened up the foundation formula. The big issue at the time was area cost differential, which he thought they dealt with properly. He agreed that it is time to open it again. It takes a great deal of effort from both houses, but it is an important issue that needs to be revisited.

[8:32:43 AM](#)

SENATOR BEGICH referred to the Augenblick study [Review of Alaska's School Funding Program prepared for the Alaska State Legislature by Augenblick, Palaich and Associates] from four years ago. The study concluded that the foundation formula was fundamentally sound, but it contained a disincentive to consolidation. A first step in looking at the formula is to review the Augenblick study to see what it suggests. It gave

some warning signs as well. It is worth reflecting on. He thought it also addressed the issue of geographic cost differential.

[8:34:37 AM](#)

CHAIR STEVENS noted that the committee moved SB 216, which allows districts to consolidate schools if they choose to. An incentive is offered so they don't lose money.

SANDRA DAWS, Chief Financial Officer, Kodiak Island School District, supported HB 339. She said Kodiak Island School District has 2,400 students. The past year they have seen a large reduction of \$2.1 million for salaries and supplies, including eighteen teaching positions and classified staff. They have asked their borough for an additional \$1 million for their FY 19 budget, which could lead to a mill increase when the community is facing a challenge with the fishing industry. If they not able to get additional funding, they will cut more teachers and classified staff and delay building maintenance. Larger class sizes put a lot of stress on everybody. Their superintendent, Larry LeDoux, says these cuts have faces that they see every day. The cuts affect the students with the most needs. They see more hunger and more stress in their students than ever before. They have done tremendous things to reduce costs. Almost the entire district has been moved to a high-deductible plan. By 2020, the entire classified staff will be on a high-deductible plan. An increase in the BSA will be a \$500,000 increase to Kodiak in FY 19. Keeping quality teachers is the most important variable for student success.

[8:38:05 AM](#)

CHAIR STEVENS announced that he will lose the committee quorum at 5 till 9. A lot of people have signed up for public testimony. Since there won't be enough time, he urged them to send emails or letters.

[8:38:45 AM](#)

MONICA GOYETTE, Ph.D., Superintendent, Matanuska-Susitna School Borough, supported HB 339. She said Mat-Su is a large school district of 19,000 students with a \$250 million budget. During three years of flat funding they have had \$8 million in salary increases, and their insurance premiums over three years have gone up 35 percent. They share that burden with employees. With these increases over three years with flat revenue, they have had to cut eight percent of staffing, which is significant in light of enrollment going up by 3 percent. This is a widening gap. Mat-Su has the highest PTR [pupil-teacher ratio] in the

state. High school core classes have 35 to 40 students. They kept all kindergarten classes under 30 this fall with no aides, which is incredibly challenging. Their poverty rates and students with disabilities have increased. Flat funding has resulted in significant decreases for them.

[8:41:52 AM](#)

DEENA BISHOP, Ph.D., Superintendent, Anchorage School District (ASD), supported HB 339. She said Alaskans need this legislation. They need to come together for education. Anchorage has experienced shifting demographics and population changes. They had a decrease of 1,000 students the last five years. That has meant decreasing funding, but expenses don't go down at same rate. During the last five years, the district has made staffing cuts of 394 FTEs, mostly classroom teachers. ASD education programs and innovation methods are scaleable. Staffing follows students and resources follow students. This year they are reducing by 48 teachers, counselors, and administrators. Last year it was 90 certificated staff. Exponentially the losses are increasing greater than the loss of students. With their negotiations, if anyone gets paid more, that means fewer people in that unit. The last four negotiated contracts have zero increases. State funding through the BSA is not keeping up with costs. Anchorage pays 100 percent of the allowable local contribution. They support their schools. It takes every Alaskan working together to provide the best education for every child in every school every day. She said Lower Yukon Superintendent Rob Picou says, "We need to have one heartbeat. All of us."

[8:46:00 AM](#)

CHAIR STEVENS noted that over 30 people have asked to testify. He will not get to everyone. He asked them to send in their testimony. He reminded everyone that the state has over a \$2 billion-dollar hole in the budget. Several bills are in motion as they speak: HB 339 that is before the committee; HB 287, early funding to eliminate the problem with pink slips; SB 26, which would add one time funding of \$30 million outside of the BSA, equal to \$117 to the BSA; SB 216, school buildings consolidation incentive; SB 104, \$30 million for curriculum, \$10 million for three year; SB 102, Internet assistance for school districts; and SB 185, the retiree rehire bill.

[8:47:59 AM](#)

NOAH WILLIAMS, Representing Self, supported HB 339. He shared that he is a senior at Juneau-Douglas High School. He displayed the laptop he uses as a web developer. It was really expensive, painfully expensive, but as a web developer, he cannot afford to

not have the right tool. Any person who uses tools will give the same answer, whether it is a wrench for a mechanic or antireflective glasses for a pilot. They cannot buy cheap tools and expect they won't fail. They cannot pay for cheap schools and expect students will not fail. An increase to the base student allocation is necessary. Flat funding is actually a cut. Even the amount in HB 339 won't go far enough. They miss the unknown unknowns, the potential for expansion. One that he sees is that coding and computer science are not part of education today. Students do not have the opportunities they could have to expand into one of the fastest growing vocations. He concluded, "Please don't buy cheap tools or cheap schools. Help us out."

[8:50:43 AM](#)

KAREN BARNARD, Representing Self, supported HB 339. She said she went to school in Anchorage and was in youth symphony and sports. These provided positive peer pressure and kept her out of trouble. They also had school nurses and counselors and small classes. Small classes win because they engage the students. Forty-four percent of students in Alaska come from low-income families. Suicide and the opioid epidemic indicate that people are self-medicating. Cutting counselors contributes to the epidemic. The Kodiak High School's World Bridge Team won the NASA World Wind Europa Challenge two years in 2015 and 2016. They won because of small classes, mentors, and projects that are relevant. They need small classes. She ended by saying stop cutting teachers, restore the teachers that have been cut, and have classes of 15 to 20, not 31 in high school.

[8:54:04 AM](#)

GENE RANDALL, Representing Self, supported HB 339. He shared that he has taught in Alaska for the last 13 years. He worked with the B.E.S.T. (Behavior Education Support Team) program in Juneau. Recently the state had bad news about students overall and some of their scores being low [National Assessment of Educational Progress], but there are successes to be reported. In 2016, in his program at Thunder Mountain High School, he helped a team of paraeducators support special education teens and students with behavioral problems. That year, 100 percent of Alaska Native students graduated at Thunder Mountain, which was unprecedented. Many were in the program. In 2017, his last year of teaching, the students in his program had a 100 percent pass rate of all their classes. Without the support of B.E.S.T, those teens would not have been successful. So many parents came up to him or the paraprofessionals to thank them for helping their students graduate. He urged the committee to support HB 339.

8:56:28 AM

CHAIR STEVENS held HB 339 in committee.

8:56:50 AM

There being no further business to come before the committee, Chair Stevens adjourned the Senate Education Standing Committee at 8:56 a.m.