

SENATE FINANCE COMMITTEE  
February 23, 2018  
9:01 a.m.

[9:01:12 AM](#)

CALL TO ORDER

Co-Chair MacKinnon called the Senate Finance Committee meeting to order at 9:01 a.m.

MEMBERS PRESENT

Senator Lyman Hoffman, Co-Chair  
Senator Anna MacKinnon, Co-Chair  
Senator Click Bishop, Vice-Chair  
Senator Peter Micciche  
Senator Donny Olson  
Senator Gary Stevens  
Senator Natasha von Imhof

MEMBERS ABSENT

None

ALSO PRESENT

Tim Lamkin, Staff, Senator Gary Stevens; Representative Paul Seaton, Sponsor.

SUMMARY

SB 131 EDUCATION FUNDING; BUDGET

SB 131 was HEARD and HELD in committee for further consideration.

HB 287(brf sup maj fld)

APPROP: PUPIL TRANSPORTATION; EDUCATION

HB 287(brf sup maj fld) was HEARD and HELD in committee for further consideration.

#sb131

SENATE BILL NO. 131

"An Act relating to a separate appropriation bill for operating expenses for public education and establishing a date by which the bill must be passed by the legislature and transmitted to the governor each year; relating to the budget responsibilities of the governor; and providing for an effective date."

[9:02:17 AM](#)

SENATOR GARY STEVENS, SPONSOR, introduced the bill.

[9:03:05 AM](#)

TIM LAMKIN, STAFF, SENATOR GARY STEVENS, explained that the bill would early fund the formula program that was currently set in statute. He thought that the creation of the formula had been an attempt to depoliticize education funding in the state. He noted that education had been very important to the founders of the state and had been one of the first major policy issues they put forward.

[9:04:48 AM](#)

Mr. Lamkin outlined the Sectional Analysis (copy on file):

**Section 1:** Requires the governor to submit to the legislature a separate appropriation bill for public education, formula funding for schools. The legislature is directed to pass and transmit to the governor by April 1 a bill making appropriations for formula funding for the following fiscal year.

**Section 2:** Is a technical change to the Executive Budget Act, to accommodate the provision for a separate appropriations bill for formula funding public education.

**Section 3:** The effective date of the Is July 1, 2018, so a separate appropriations bill for formula funding public education would be first required for the FY 2020 budget.

[9:05:43 AM](#)

Co-Chair MacKinnon understood that the concept of the legislation had been heard before.

Senator Stevens said that he had introduced it in 2002 but that at that time districts had not been interested. He hoped that the legislation would be effective in solving the issue of teachers in the state receiving pink slips and the overall uncertainty faced by school districts regarding funding for education.

[9:06:44 AM](#)

Co-Chair MacKinnon expressed concern that an early funding of education appropriation bill could be used to fund things outside of education. She was also concerned that once education was taken care of in the basic formula, there remained the fight for additional money in the Operating Budget.

[9:07:39 AM](#)

Co-Chair MacKinnon asked how the school at Mount Edgecumbe and pupil transportation would be addressed.

Mr. Lamkin said that the bill focused on the statutes that pertained directly to the foundation formula. He said that opening the formula to allow for inclusion was not out of the question but could be difficult.

[9:08:55 AM](#)

Senator Olson asked about early childhood program outside of basic school funding. He wondered whether the bill would affect teachers in early childhood education.

Mr. Lamkin reiterated that inclusivity of programs outside of K-12 could be challenging but was not impossible.

SB 131 was HEARD and HELD in committee for further consideration.

[9:10:40 AM](#)

AT EASE

[9:12:38 AM](#)

RECONVENED

Co-Chair MacKinnon handed the gavel to Co-Chair Hoffman.

#hb287

HOUSE BILL NO. 287(brf sup maj fld)

"An Act making appropriations for public education and transportation of students; and providing for an effective date."

[9:13:21 AM](#)

REPRESENTATIVE PAUL SEATON, SPONSOR, offered a brief history on the genesis of the legislation.

[9:15:54 AM](#)

Representative Seaton discussed the presentation, "HB 287 Pupil Transportation and Education: An Early and Stand-alone Appropriation Bill" (copy on file).

Representative Seaton highlighted Slide 2, "HB 287-Comparison":

**HB 287 - As Introduced**

**Section 1** - Appropriates \$50,853,100 for Foundation Program, Boarding Home Grans, Youth in Detention, Special Schools, and Mt. Edgecumbe Boarding school.

**Section 2** - Sets out funding by agency.

**Section 3** - Sets out funding for appropriations in Section 1.

**Section 4** - Appropriates \$1.2 billion of CBR to the public education fund. Appropriates an estimated \$67.8 million from the SBR for student transportation.

**HB 287 - As passed by the house**

**Section 1** - Unchanged

**Section 2** - Unchanged

**Section 3** - Unchanged

**Section 4** - \$1.2 billion of CBR funding is removed from the bill.

Without the CBR funding, the "estimated to be" of SBR funding now needed for student transportation is \$78.2 million.

[9:17:07 AM](#)

Representative Seaton displayed Slide 3, "HB 287 - Intent of the bill":

- Stand-alone education appropriations bill.
- Allow school districts to know their level of state aid in advance of passage of the state operating budget.
- Avoid unnecessary teacher layoff notices.
- Same level of funding as the Governor's request.
- Use \$1.2 billion from CBR and about \$67.8 million from SBR.

[9:17:52 AM](#)

Representative Seaton addressed Slide 4, "K-12 Funding History - All Funds (FY15-19). The slide depicted a bar graph that listed the funding for K-12, broken down by Mount Edgecumbe Boarding School Facilities Maintenance, Mt. Edgecumbe Boarding School, Special Schools, Youth in Detention, Boarding Home Grants, Additional Foundation Funding, Pupil Transportation, and Foundation Program.

[9:18:49 AM](#)

Co-Chair MacKinnon noted that the green chunk on the first bar for the FY 15 final budget was not additional funding but was one-time money that had been distributed through the formula to create an equitable spread.

Representative Seaton agreed.

[9:19:57 AM](#)

Representative Seaton highlighted Slide 5, "End-of-Year Savings Balances - FY 15-19. The slide showed a bar graph

that end-of-year savings balances for the Statutory Budget Reserve and the Constitutional Budget Reserve (CBR).

[9:20:45 AM](#)

Representative Seaton addressed Slide 6, "Earnings Comparisons - CBR and Permanent Fund." The slide offered earnings comparisons of the FY 17 earning of the CBR and the 10-year earning projection of the Permanent Fund.

[9:21:27 AM](#)

Representative Seaton discussed Slide 7, "Effect of Earnings Rate on \$1.2 Billion." The slide reflected a difference of \$632 million in 10 years between the CBR and the Permanent Fund.

[9:21:58 AM](#)

Representative Seaton looked at Slide 8:

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.

[9:22:22 AM](#)

Co-Chair Hoffman said that discussions about education were always heated and that every legislator claimed that education was a top priority. He said that the bill would be discussed during caucus.

[9:22:54 AM](#)

Senator Stevens queried the dangers of a live appropriation bill between the House and the Senate.

Representative Seaton said that it would take agreement by both bodies to pass something.

[9:24:09 AM](#)

Senator Micciche hoped that the legislature could work to make Alaskans feel more secure in the financial health of the state.

[9:25:11 AM](#)

Representative Seaton stated that he was willing to work with other funding sources for the bill and was eager to work with the Senate on a successful piece of legislation.

[9:26:08 AM](#)

Co-Chair MacKinnon noted that there was an assertion that \$1 billion in the CBR was adequate, which she believed was debatable. She hoped that a funding source could be agreed upon by both bodies. She believed that a draw from the earnings account should not happen without a structured draw.

[9:28:39 AM](#)

Vice-Chair Bishop expressed appreciation for the legislation.

[9:28:56 AM](#)

Co-Chair Hoffman discussed housekeeping.

HB 287(brf sup maj fld) was HEARD and HELD in committee for further consideration.

#

ADJOURNMENT

[9:29:32 AM](#)

The meeting was adjourned at 9:29 a.m.