

HOUSE FINANCE COMMITTEE  
FIRST SPECIAL SESSION  
May 20, 2019  
5:00 p.m.

5:00:06 PM

CALL TO ORDER

Co-Chair Wilson called the House Finance Committee meeting to order at 5:00 p.m.

MEMBERS PRESENT

Representative Neal Foster, Co-Chair  
Representative Tammie Wilson, Co-Chair  
Representative Jennifer Johnston, Vice-Chair  
Representative Dan Ortiz, Vice-Chair  
Representative Andy Josephson  
Representative Gary Knopp  
Representative Bart LeBon  
Representative Ben Carpenter  
Representative Kelly Merrick  
Representative Colleen Sullivan-Leonard  
Representative Cathy Tilton

MEMBERS ABSENT

NONE

ALSO PRESENT

Vikki Jo Kennedy, Gramma Brigade, Juneau; Norm Wooten, Executive Director, Association of Alaska School Boards, Juneau; Chris Cairns, Information Technology Staff, Juneau School District; Paul Kelly, Self, Juneau; Dr. Lisa Parady, Alaska Council of School Administration, Juneau.

PRESENT VIA TELECONFERENCE

Howard Tricky, Coalition For Education Equity, Anchorage; Matt Singer, Coalition For Education Equity, Anchorage; Marilyn Menish-Meucci, Self, Petersburg; Chris Reitan, Craig School District, Craig; Dave Jones, Assistant Superintendent, Kenai Peninsula Borough School District, Kenai; Shawn Arnold, Valdez City Schools, Valdez; Katie

Botz, Self, Juneau; Patrick Mayer, Superintendent, Yakutat School District, President, Alaska Council of School Administrators, Yakutat; Laura Bonner, Self, Anchorage; Mary Fulp, Superintendent, Mat-Su School District; Melissa Linton, Self, Soldotna; Gary McDonald, Self, Anchorage.

SUMMARY

HB 1001      APPROP: 2020 EDUCATION FUNDING/REPEAL

HB 1001 was HEARD and HELD in committee for further consideration.

#hb1001

HOUSE BILL NO. 1001

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

[5:00:40 PM](#)

^PUBLIC TESTIMONY

Co-Chair Wilson OPENED Public Testimony

[5:00:43 PM](#)

HOWARD TRICKY, COALITION FOR EDUCATION EQUITY, ANCHORAGE (via teleconference), had represented school districts for several years. In his testimony he would address the attorney general's opinion dated, May 8, 2019, that contended the appropriation to forward fund education was unconstitutional. He had three points to convey to members. He characterized what the legislature had done with the appropriation as a forward funding appropriation or an appropriation with a delayed effective date. He argued that the forward funding of education was different from the dedicated fund cases that had been struck down cited by the attorney general in his opinion. In the prior cases considered by the Supreme Court, the court had considered a situation where the legislature created a dedicated revenue stream or source, such as a special tax or assessment, and assigning those funds to a specific purpose. The Alaska Supreme Court considered the mix of special revenues and dedicated expenditures to determine, in those particular cases based on specific revenues identified and dedicated

to a specific purpose with a commitment of future revenues, that they were inappropriate dedicated funds. He continued that the action of the legislature with regard to the forward funding of education was not the same as violating the dedicated funds clause in the Alaska Constitution. In contrast to the cases cited, forward funding of education was subject to the normal appropriation process. Forward funding was a routine appropriation approved by the legislature and the former governor, Governor Walker. The only difference between the appropriation for forward fund education and other appropriations passed in the prior year was that it applied to FY 20 rather than FY 19. A one-year delayed appropriation seemed very different to him, from a constitutional perspective, than a dedicated fund where the legislature earmarked certain revenue from specific sources and dedicated those funds to be used for a specific purpose indefinitely.

Mr. Tricky continued that the forward funding appropriation for education did not tie the hands of the current legislature. One of the concerns in the cases by the Supreme Court was that there was a lack of legislative flexibility in the future regarding appropriating funds. Regarding the forward funding of education, the current legislature was free to amend or repeal the forward funding appropriation from the previous year. The legislature decided not to do so. The attorney general's opinion was critical of the forward funding measure as having cut the governor out of the annual appropriation process and had violated the governor's right to veto on an annual basis. He argued that the attorney general's opinion was not accurate, as it did not cut out the governor, Governor Walker (not Governor Dunleavy). The appropriation had been subject to the normal appropriation process involving the legislature and the governor. He did not think attorney general's opinion was correct as a matter of law. He asserted that the opinion was erroneous, and the forward funding measure would be upheld by the courts if challenged.

Mr. Tricky wanted to point out to the committee that while the attorney general's opinion cited in footnote 8 the 2016 case, State versus Ketchikan Gateway Borough School District, it did not analyze the effects of the case. If the matter went to court, while he thought that the dedicated fund cases that the court had decided could be distinguished and that the forward funding did not violate

any of the decided cases, the Ketchikan case carved out an exception for education which the attorney general did not analyze in his opinion letter. He thought it was a significant oversight because it was controlling authority.

[5:07:31 PM](#)

MATT SINGER, COALITION FOR EDUCATION EQUITY, ANCHORAGE (via teleconference), argued that HB 1001 was not necessary because the legislature had already made the appropriation. He discussed the Ketchikan Gateway School District court case in which the anti-dedication clause was found to have no standing regarding education funding. He believed the current governor was obligated to distribute funding.

[5:09:19 PM](#)

MARILYN MENISH-MEUCCI, SELF, PETERSBURG (via teleconference), strongly opposed HB 1001. She spoke of the benefits resulting from forward funding.

[5:10:06 PM](#)

CHRIS REITAN, CRAIG SCHOOL DISTRICT, CRAIG (via teleconference), spoke in favor of forward funding education and noted that it allowed sound financial management. He thanked legislators for their past efforts to ensure forward funding.

[5:11:00 PM](#)

DAVE JONES, ASSISTANT SUPERINTENDENT, KENAI PENINSULA BOROUGH SCHOOL DISTRICT (KPBSD), KENAI (via teleconference), spoke in favor of forward funding education. He spoke of a previous discussion in an earlier meeting about fund balances at the end of the year. He thought it was believed that the size of the cuts proposed by the governor were because the districts had unassigned fund balances that could make up for the proposed reductions. He had sent members a chart showing the KPBSD FY 18 ending fund balance. It was important for people to understand that the school district ended the year with a little over \$14 million. However, only a portion of the balance could be used - a large portion of the amount was already dedicated. He further explained that the school district had a minimum fund balance policy committing \$4,289,271. The school district had an unassigned fund

balance of \$1,600,218. At the end of FY 18 it had a large sum [Note: the audio cut out the number] in fund balance that his board could use to address the problems discussed in the district's fund balance policy.

Mr. Jones asserted that when looking at the governor's proposed cuts to KPBSD it was targeted with \$20,957,000 in cuts - far exceeding the amount of fund balance the school district had. He also noted that districts needed to have some minimum fund balance to address revenue volatility that they faced. Some of the revenue volatility included governor vetoes, mayor vetoes, and student enrollment dips. It was imperative for school districts to maintain a fund balance to address their fiscal responsibilities. He thanked the committee for its intention to forward fund education.

[5:14:23 PM](#)

SHAWN ARNOLD, VALDEZ CITY SCHOOLS, VALDEZ (via teleconference), did not support or oppose HB 1001, but supported forward funding education. He spoke of the importance or predictability in order to operate efficiently and effectively. Unstable environments created chaos. He asked members to ensure forward funding to enhance predictability and financial soundness.

[5:16:34 PM](#)

KATIE BOTZ, SELF, JUNEAU (via teleconference), thought the legislature should be done with its work including forward funding education. She wanted to sure her nieces and nephews were receiving a proper education.

[5:18:25 PM](#)

VIKKI JO KENNEDY, GRAMMA BRIGADE, JUNEAU, had attended the previous hearing. She asserted that the governor was playing a game. She relayed talking to a Senator who told her she was buying into the governor's lie. She wondered what was true. She thought she had heard previous testimony by employees from the Office of Management and Government that the governor wanted to fully fund education.

[5:20:55 PM](#)

NORM WOOTEN, EXECUTIVE DIRECTOR, ASSOCIATION OF ALASKA SCHOOL BOARDS, JUNEAU, thanked the legislature for its work and the challenges members faced. He reported that AASB had passed a resolution urging the legislature to forward fund education for the sake of planning and predictable.

[5:23:09 PM](#)

CHRIS CAIRNS, INFORMATION TECHNOLOGY STAFF, JUNEAU SCHOOL DISTRICT, thought it was important for members to hear from school district employees. He noted that when the governor's budget first came out, it was very difficult to hear about. He talked about the flexibility he had experienced resulting from forward funding. He thought the school district had been diminished due to inflation. He thought the teachers educating Alaska's children should be paid fairly. He urged the committee to forward fund education.

[5:25:55 PM](#)

PATRICK MAYER, SUPERINTENDENT OF YAKUTAT SCHOOL DISTRICT, PRESIDENT, ALASKA COUNCIL OF SCHOOL ADMINISTRATORS, YAKUTAT (via teleconference), thanked members for their willingness to steer the course for forward funding education. He spoke of a study that had been commissioned showing that the majority of people thought education was underfunded. He spoke of the planning issues school districts would encounter with budget decisions being made late.

[5:27:59 PM](#)

LAURA BONNER, SELF, ANCHORAGE (via teleconference), talked about her daughter being a special education student. She mentioned the difficulty of education being funded at the last minute. She opposed any repeal of forward funding for education. She also argued against the governor pursuing a lawsuit. She asked for members to forward fund education.

[5:29:29 PM](#)

MARY FULP, SUPERINTENDENT, MAT-SU SCHOOL DISTRICT (via teleconference), talked about her experience attracting and retaining educators. She asked the legislature to put Alaska kids first. She thought what was currently happening was negatively affecting young people. She thought the state needed to do more and to do better.

[5:31:22 PM](#)

MELISSA LINTON, SELF, SOLDOTNA (via teleconference), was an educator for the Kenai Peninsula School District. She and her husband loved Alaska. They had previously had confidence in education in Alaska. She spoke of the negative effects of not passing a budget and not forward funding education. She talked about educators leaving the state and taking their children with them. She asked members to invest in the future of Alaska's kids. She asked the committee to do the right thing.

[5:34:19 PM](#)

PAUL KELLY, SELF, JUNEAU, asked members to oppose HB 1001.

[5:35:08 PM](#)

DR. LISA PARADY, ALASKA COUNCIL OF SCHOOL ADMINISTRATION, JUNEAU, thanked members for their service and attention to public education. She also thanked members for forward funding education. Alaska was in the worst educator shortage in Alaska and in the nation. Uncertainty was the enemy to stability and that pink slips would cause an uproar. She spoke of Article 7, Section 1 of the Alaska Constitution. She noted the governor's position and a veto override. Educators supported education and forward funding education. She noted all of the previous testifiers who talked about the importance of predictability within education. She spoke of the importance of retaining good educators. She wanted to see educators committed and contracted to provide the following year's education.

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AT EASE

[5:39:38 PM](#)

RECONVENED

GARY MCDONALD, SELF, ANCHORAGE (via teleconference), opined that there was a significant amount of whining and believed school districts were getting the money they needed.

Co-Chair Wilson CLOSED Public Testimony.

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ADJOURNMENT

5:41:03 PM

The meeting was adjourned at 5:41 p.m.