

**ALASKA STATE LEGISLATURE  
HOUSE EDUCATION STANDING COMMITTEE**

February 9, 2022

9:10 a.m.

**MEMBERS PRESENT**

Representative Harriet Drummond, Co-Chair  
Representative Andi Story, Co-Chair  
Representative Tiffany Zulkosky  
Representative Grier Hopkins  
Representative Mike Prax  
Representative Mike Cronk  
Representative Ronald Gillham

**MEMBERS ABSENT**

All members present

**COMMITTEE CALENDAR**

CS FOR SENATE BILL NO. 10 (FIN) AM

"An Act establishing a grant program to provide to essential workers and laid-off workers the tuition and fees to attend certain postsecondary institutions."

- HEARD & HELD

HOUSE BILL NO. 272

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

- HEARD & HELD

HOUSE BILL NO. 273

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

- SCHEDULED BUT NOT HEARD

**PREVIOUS COMMITTEE ACTION**

BILL: SB 10

SHORT TITLE: FREE/REDUCED TUITION FOR ESSENTIAL WORKER

SPONSOR(S): SENATOR(S) BEGICH

01/22/21           (S)           PREFILE RELEASED 1/8/21

01/22/21 (S) READ THE FIRST TIME - REFERRALS  
 01/22/21 (S) L&C, EDC, FIN  
 02/08/21 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)  
 02/08/21 (S) Moved SB 10 Out of Committee  
 02/08/21 (S) MINUTE(L&C)  
 02/10/21 (S) L&C RPT 4DP 1NR  
 02/10/21 (S) NR: COSTELLO  
 02/10/21 (S) DP: GRAY-JACKSON, STEVENS, HOLLAND,  
 REVAK  
 03/17/21 (S) EDC AT 9:00 AM BUTROVICH 205  
 03/17/21 (S) Heard & Held  
 03/17/21 (S) MINUTE(EDC)  
 03/22/21 (S) EDC AT 9:00 AM BUTROVICH 205  
 03/22/21 (S) Moved CSSB 10(EDC) Out of Committee  
 03/22/21 (S) MINUTE(EDC)  
 03/24/21 (S) EDC RPT CS 1DP 2AM SAME TITLE  
 03/24/21 (S) AM: HOLLAND, HUGHES  
 03/24/21 (S) DP: BEGICH  
 04/08/21 (S) FIN AT 9:00 AM SENATE FINANCE 532  
 04/08/21 (S) -- Invited & Public Testimony --  
 04/16/21 (S) FIN AT 9:00 AM SENATE FINANCE 532  
 04/16/21 (S) Heard & Held  
 04/16/21 (S) MINUTE(FIN)  
 04/20/21 (S) FIN AT 9:00 AM SENATE FINANCE 532  
 04/20/21 (S) <Bill Hearing Rescheduled to  
 04/21/2021>  
 04/21/21 (S) FIN AT 9:00 AM SENATE FINANCE 532  
 04/21/21 (S) Heard & Held  
 04/21/21 (S) MINUTE(FIN)  
 04/27/21 (S) FIN AT 9:00 AM SENATE FINANCE 532  
 04/27/21 (S) Moved CSSB 10(FIN) Out of Committee  
 04/27/21 (S) MINUTE(FIN)  
 04/28/21 (S) FIN RPT CS 4DP 2DNP SAME TITLE  
 04/28/21 (S) DP: BISHOP, HOFFMAN, WIELECHOWSKI,  
 OLSON  
 04/28/21 (S) DNP: WILSON, VON IMHOF  
 05/17/21 (S) TRANSMITTED TO (H)  
 05/17/21 (S) VERSION: CSSB 10(FIN) AM  
 05/18/21 (H) READ THE FIRST TIME - REFERRALS  
 05/18/21 (H) EDC, FIN  
 02/09/22 (H) EDC AT 9:00 AM DAVIS 106

BILL: HB 272

SHORT TITLE: INCREASE BASE STUDENT ALLOCATION

SPONSOR(s): REPRESENTATIVE(s) STORY

01/18/22 (H) PREFILE RELEASED 1/14/22

01/18/22 (H) READ THE FIRST TIME - REFERRALS  
01/18/22 (H) EDC, FIN  
02/09/22 (H) EDC AT 9:00 AM DAVIS 106

**WITNESS REGISTER**

SENATOR TOM BEGICH  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** As prime sponsor, presented CSSB 10(FIN) am.

LÖKI TOBIN, Staff  
Senator Tom Begich  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** Read the sectional analysis to CSSB 10(FIN) am on behalf of Senator Begich, prime sponsor.

SARAH PERMAN, Government Relations Manager  
University of Alaska  
Fairbanks, Alaska

**POSITION STATEMENT:** Gave a PowerPoint presentation during the hearing on CSSB 10(FIN) am.

DON ETHERIDGE, Lobbyist  
Alaska American Federation of Labor and Congress of Industrial Organizations  
Juneau, Alaska

**POSITION STATEMENT:** Testified in support of CSSB 10(FIN) am.

ARIEL SVETLIK, Staff  
Representative Andi Story  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** Addressed the sectional analysis and fiscal notes and answered questions during the hearing on HB 272 on behalf of Representative Story, prime sponsor.

DAYNA DEFEO, Director  
Center for Alaska Education and Policy Research  
Institute of Social and Economic Research  
University of Alaska Anchorage  
Anchorage, Alaska

**POSITION STATEMENT:** Presented a research summary document during the hearing on HB 272.

BILL HILL, Superintendent  
Bristol Bay School District  
Bristol Bay, Alaska

**POSITION STATEMENT:** Provided invited testimony in support of HB 272.

JAMIE BURGESS, Superintendent  
Nome School District  
Nome, Alaska

**POSITION STATEMENT:** Provided invited testimony in support of HB 272.

TERRI WALKER, Superintendent  
Northwest Arctic Borough School District  
Kotzebue, Alaska

**POSITION STATEMENT:** Provided invited testimony in support of HB 272.

SCOTT MACMANUS, Superintendent  
Alaska Gateway School District  
Tok, Alaska

**POSITION STATEMENT:** Provided invited testimony in support of HB 272.

BRIDGET WEISS, PhD, Superintendent  
Juneau School District  
Juneau, Alaska

**POSITION STATEMENT:** Provided invited testimony in support of HB 272.

CHRIS REITAN, Superintendent  
Craig City School District  
Craig, Alaska

**POSITION STATEMENT:** Provided invited testimony on another bill but related to HB 272.

CORY HUGHES, representing self  
Nunapitchuk, Alaska

**POSITION STATEMENT:** Testified in support of HB 272.

EMMA MELKERSON, Teacher  
McQueen School  
Kivalina, Alaska

**POSITION STATEMENT:** Testified in support of HB 272.

LON GARRISON, Executive Director  
Association of Alaska School Boards

Juneau, Alaska

**POSITION STATEMENT:** Testified in support of HB 272.

JESSIE EMBREE, Chair

Ketchikan Native Education Parent Committee

Ketchikan Gateway Borough School District

Ketchikan, Alaska

**POSITION STATEMENT:** Testified in support of HB 272.

KEVIN SHOVE, Member

Haines Borough School Board

Haines Borough School District

Haines, Alaska

**POSITION STATEMENT:** Testified in support of HB 272.

PETE HOEPFNER, Member

Cordova School Board;

President

Alaska Association of School Boards

Cordova, Alaska

**POSITION STATEMENT:** Testified in support of HB 272.

#### **ACTION NARRATIVE**

[9:10:05 AM](#)

**CO-CHAIR HARRIET DRUMMOND** called the House Education Standing Committee meeting to order at 9:10 a.m. Representatives Story, Cronk, Gillham, Prax, Zulkosky (via Teams), Hopkins, and Drummond were present at the call to order.

#### **SB 10-FREE/REDUCED TUITION FOR ESSENTIAL WORKER**

[9:10:53 AM](#)

**CO-CHAIR DRUMMOND** announced that the first order of business would be CS FOR SENATE BILL NO. 10(FIN) am, "An Act establishing a grant program to provide to essential workers and laid-off workers the tuition and fees to attend certain postsecondary institutions."

[9:11:11 AM](#)

**SENATOR TOM BEGICH**, Alaska State Legislature, as prime sponsor, presented CSSB 10(FIN) am. He first noted that if the bill progresses, some dates will need to be changed because "the dates have become quickly outpaced by the circumstances." He

emphasized that frontline workers have given so much [during the COVID-19 pandemic], and with the receipt of COVID-19 relief funds, comes the opportunity to give back to those workers. He gave examples of frontline workers as those delivering food, transporting people, and cleaning offices - all exposing themselves to COVID-19. He cited a study by The Occupational Environmental Medicine Journal reporting that over 20 percent of grocery store employees tested positive for the initial phase of COVID-19 when [non-frontline workers] were infected at rates of 1-3 percent. He pointed out that the lowest income workers were "required by the jobs office to stay in those jobs."

SENATOR BEGICH opined that CSSB 10(FIN) am, which would give free tuition to frontline workers, was the right step in expressing thanks to those workers. It would provide a "limited avenue for financial support" for those who wish to continue their education. He spoke about the correlation between higher education and higher earnings and offered some numerical comparisons. He stated that going to school in Alaska keeps people in Alaska. He spoke about paraprofessionals ready to advance their education and how the proposed legislation would help them to do so.

[9:15:00 AM](#)

SENATOR BEGICH highlighted the changes made to the proposed legislation by means of CSSB 10(FIN) am. First, language was updated to ensure the grant program would be available for all state-supported postsecondary education programs, such as the Alaska Vocational Technical Center (AVTEC) and the University of Alaska Certificates Program. Changes were made to the eligibility criteria to allow those laid off as a direct result of the pandemic to take advantage of the grant program. The legislation now references the definition of essential worker established under the administration's 3/27/20 Essential Services and Critical Workforce Infrastructure Order. Program report repeal dates were updated to reflect the limited nature of the grant program, with an application window of "a couple of years" and a period of use up to four years. He highlighted that there is a cap of \$2.5 million a year for up to four years. Further, the funding source is not the undesignated general fund (UGF) but rather COVID-19 resources. He emphasized that so often the legislature uses federal funding in ways that are "less than appropriate" because of the flexibility of the funds. He opined that the proposed legislation puts forth a way to use the funds appropriately, in a manner that would be understood and accepted by the public.

[9:18:08 AM](#)

LÖKI TOBIN, Staff, Senator Tom Begich, Alaska State Legislature, on behalf of Senator Begich, prime sponsor, read the sectional analysis to CSSB 10(FIN) am [available in the committee packet]. She echoed the need for an amendment to the effective date. The sectional analysis read as follows [original punctuation provided]:

Section 1.

Establishes an Essential Worker Grant Program as new uncodified law of the State of Alaska by directing the Alaska Commission on Postsecondary Education (ACPE) to establish a postsecondary tuition grant program for and award post-secondary tuition grants to essential workers employed at the start of or during the declared federal public health emergency or those who were temporarily or permanently laid off as a direct consequence of the declared federal public health emergency.

Directs ACPE to establish policies and procedures for application and admission to the program, including consulting the Department of Health and Social Services and reviewing the Alaska Essential Services and Critical Workforce Infrastructure Order in determining applicant eligibility.

Section 2.

Establishes an Essential Worker Grant Program Report as new uncodified law of the State of Alaska and directs ACPE to submit the report of program efficacy to the Alaska State Legislature on or before December 31st.

Section 3.

Repeals Section 1 on June 30, 2025.

Section 4.

Repeals Section 2 on June 30, 2026.

[9:20:52 AM](#)

SENATOR BEGICH, in response to Co-Chair Drummond, confirmed he would like the House Education Standing Committee to make the aforementioned amendment to the dates.

[9:22:39 AM](#)

REPRESENTATIVE PRAX opined that all workers are essential and questioned whether the scope of the bill was broad enough. He suggested that it may help people more to have access to skills training rather than a four-year college program, and he asked whether the bill sponsor had considered that.

SENATOR BEGICH responded that the short answer is yes, the bill was expanded to include vocational education; however, it does not apply to everyone. He explained that there are always limits to what can be encompassed. He said CSSB 10(FIN) am focuses on a limited amount of money and to aid those most deeply affected by the pandemic.

[9:25:45 AM](#)

MS. TOBIN directed attention to language on page 2, line 23, which provides for an individual who does not have a four-year degree to apply for funding to get vocational training.

REPRESENTATIVE PRAX surmised that it would be possible, under CSSB 10(FIN) am, for the Alaska Commission on Postsecondary Education (ACPE) to define "a program that helps you pass the insurance exams."

SENATOR BEGICH replied that he believed that is true.

[9:27:52 AM](#)

REPRESENTATIVE CRONK asked for conformation that the goal of the proposed legislation was "to get people an AA degree or a four-year degree."

SENATOR BEGICH answered yes. He added that a person would have to go for federal support before using the support proposed under the bill as a last means of support. In response to a follow-up question, he stated that there are criteria listed on page 2, beginning on line 18, outlining what a recipient of the fund must do, including maintaining a grade point average (GPA) [above a specified minimum], making satisfactory progress toward a degree, and maintaining enrollment as a half- or full-time student. Further, he said ACPE would be required to report back to the legislature regarding the progress of the program. He noted that the amount of money going into the program would be limited.

[9:31:05 AM](#)

REPRESENTATIVE HOPKINS, following up on the question from Representative Cronk, asked for confirmation that if a person does not graduate from a four-year program, for example, he/she does not have to repay the funds. He indicated that the skills developed to that point would still be of value.

SENATOR BEGICH confirmed that is correct. He said the proposed legislation acknowledges that "a grant is a grant."

REPRESENTATIVE HOPKINS pointed to bill language on page 2, lines 10-12, regarding a required qualification of an applicant to have "earned a cumulative grade point average of 2.0 or higher in high school" or to have "otherwise demonstrated an equivalent academic ability", and he asked whether a general education diploma (GED) would count.

SENATOR BEGICH answered that he believed it would count as a qualification. He noted a similar law in Michigan.

[9:35:05 AM](#)

CO-CHAIR DRUMMOND noted that GED was listed on page 2, line 9.

[9:35:19 AM](#)

CO-CHAIR STORY expressed appreciation for the acknowledgement that there are federal dollars to be used first. She commented on the shortage of skilled workers in Alaska, and said she views CSSB 10(FIN) as an answer.

SENATOR BEGICH advised that bi-partisan infrastructure legislation passed by Congress would result in federal money coming to Alaska in the next five years, and Alaska does not have the trained workforce necessary.

[9:37:36 AM](#)

CO-CHAIR DRUMMOND announced the committee would hear invited testimony.

[9:38:08 AM](#)

SARAH PERMAN, Government Relations Manager, University of Alaska, gave a PowerPoint presentation, titled "Reskilling &

Upskilling for Alaskans," [hard copy included in the committee packet], during the hearing on CSSB 10(FIN) am. She commented on the lack of skilled workforce in Alaska, and she said the University of Alaska (UA) views CSSB 10(FIN) am as an opportunity to train more Alaskans. She presented slide 2, which was an overview with a map of Alaska showing campus locations. She said UA is the most comprehensive workforce provider in the state, which is one of UA's core missions, as shown on slide 3. She pointed out the degrees offered by UA and that many of the degrees serve toward filling those gaps in the workforce. Slide 4 addressed the value of postsecondary education; high school graduates earn a median of \$35,000 annually, while those with professional degrees earn a median of \$77,000 annually. She also shared the correlation between higher education levels and lower unemployment rates.

[9:43:14 AM](#)

CO-CHAIR STORY pointed out that there are certificate programs that result in higher earnings starting out in the workforce compared to someone starting work with a bachelor's degree.

[9:44:03 AM](#)

MS. PERMAN acknowledged the point. She then continued to slide 5, which shows a snapshot of 18,000 UA graduates and their earnings upon graduation compared to five years later, from \$50,000 average to just under \$70,000 average, respectively. As shown on slide 6, she spoke about UA's work with the Department of Labor & Workforce Development (DLWD) to put together nine industry workforce supports in the areas of administration and finance, aviation, construction, fisheries and marine science, health, information technology, mining, oil and gas, and teacher education. Statistics gathered showed the number of people in those industries, the average wage, and the projected trend for those industries.

MS. PERMAN showed a 10-year projection, from 2018 to 2028, reflecting anticipated workforce needs, as shown on slide 7. She noted this information came out "before the infrastructure bill." She highlighted some of the services, and she emphasized the need to train people for the workforce. She said slide 8 shows to which industries UA graduates go in the first year following graduation. Ms. Perman showed slide 9 while expressing hope that the presentation underscored the value of higher education to the state. She reaffirmed that UA supports CSSB 10(FIN) am.

[9:48:56 AM](#)

MS. PERMAN, in response to Co-Chair Drummond confirmed that the job loss trajectory addressed on slide 7 is "a moving target."

[9:50:04 AM](#)

DON ETHERIDGE, Lobbyist, Alaska American Federation of Labor and Congress of Industrial Organizations (AK AFL-CIO), testified in support of CSSB 10(FIN) am. He said training people gives them "a hand up, not a handout." He related that he had supported a relative through journeyman training that he otherwise would not have been able to afford, and he said the proposed legislation would provide that opportunity to people. He emphasized there is already a shortage of skilled workers, and he opined that any time there is opportunity to train workers, that opportunity should be taken.

[9:52:31 AM](#)

CO-CHAIR DRUMMOND shared she had learned that every student that completes the programs at AVTEC has a job waiting; there are more jobs than students who complete the program.

[9:53:15 AM](#)

CO-CHAIR DRUMMOND opened public testimony on CSSB 10(FIN) am. After ascertaining there was no one who wished to testify, she closed public testimony.

CO-CHAIR DRUMMOND announced that CSSB 10(FIN) am was held over.

[9:54:01 AM](#)

#### **ADJOURNMENT**

CO-CHAIR DRUMMOND announced the House Education Standing Committee would recess to 3:30 p.m.

[3:37:29 PM](#)

CO-CHAIR DRUMMOND called the House Education Standing Committee back to order at 3:37 p.m. Present at the call back to order were Representatives Story, Cronk, Gillham, Prax, and Drummond.

#### **HB 272-INCREASE BASE STUDENT ALLOCATION**

[Contains discussion of HB 273.]

[3:38:22 PM](#)

CO-CHAIR DRUMMOND announced that the next order of business would be HOUSE BILL NO. 272, "An Act relating to education; increasing the base student allocation; and providing for an effective date."

[3:38:48 PM](#)

CO-CHAIR STORY, as prime sponsor, presented HB 272 via PowerPoint presentation, titled "BASE," a term she coined as an acronym for "Base Allocation for Student Excellence." The focus of HB 272 is to increase the base student allocation (BSA). As shown on slide 2, she noted that the Article 7, Section 1, of the Constitution of the State of Alaska states: "The legislature shall by general law establish and maintain a system of public schools open to all children of the State." She emphasized the words "maintain" and "all". Referring to slide 3, she said education is an economic investment, an infrastructure that requires maintenance to prevent its erosion. She emphasized that the state needs to invest in Alaska's children today in order to ensure the workforce of the future, noting that statistics show that Alaska's workforce is aging.

CO-CHAIR STORY showed slide 4 and said HB 272 "is not a major overhaul" or "a huge hike." It would provide a two-year planning window of predictability in terms of cost, which would allow districts a two-year planning window to predictability, with the ability to award contracts and avoid layoff notices. Referring to slide 5, she stated that while the legislature has increased the amount of education funding over time, that funding actually has decreased nearly 10 percent over the last decade when adjusted for inflation. As reflected on slide 6, she said the proposed increases would make up half of the lost education funding experienced since the BSA funding was last increased in fiscal year 2017 (FY 17). She explained that to arrive at the proposed amount for FY 23, the \$30 million outside of the formula and vetoed in FY 20 would be put back into the BSA, and FY 21 and FY 22 would be inflation-proofed; then that would be inflation-proofed for FY 24. She noted that the inflation-proofing would be based on the consumer price index for urban Alaska from the U.S. Bureau of Labor Statistics.

[3:43:14 PM](#)

CO-CHAIR DRUMMOND asked for confirmation that even though inflation has grown 8 percent since the BSA was last increased, HB 272 proposes a modest increase of only 5 percent.

CO-CHAIR STORY confirmed that is correct. She moved on to slide 7 and reported findings of the Institute of Social and Economic Research (ISER), sourced from the U.S. Census, that when the cost of living and remote geography are factored in, Alaska's average annual per pupil costs are about \$12,000 per student, which is slightly below the national average.

[3:44:55 PM](#)

REPRESENTATIVE PRAX asked for clarification.

[3:45:41 PM](#)

ARIEL SVETLIK, Staff, Representative Andi Story, Alaska State Legislature, on behalf of Representative Story, prime sponsor of HB 272, explained that the calculation is "inflation-adjusted" for Alaska's consumer price index (CPI) compared to the value of the dollar in the Lower 48. She noted there were representatives from ISER available to answer questions.

[3:47:43 PM](#)

CO-CHAIR STORY continued with the PowerPoint. She noted that a representative of ISER would be offering details regarding some of the slides. She turned to slide 9 and talked about cost drivers. She mentioned the Hootch v. Alaska case regarding the inadequacy of sending children to boarding schools and the resulting numerous small schools in rural Alaska. She advised that small schools do not benefit from power cost equalization (PCE), and all costs in Alaska are higher than in the Lower 48. She added that Alaska's health care costs are the highest in the nation. She next pointed to a pie chart on slide 10 and stated that an investment in Alaska's children is really an investment in the state's future workforce and meets the obligation of the Constitution of the State of Alaska. She concluded the presentation by urging her fellow committee members to support HB 272.

[3:50:55 PM](#)

MS. SVETLIK read the sectional analysis for HB 272 [available in the committee packet], which read as follows [original punctuation provided]:

Section 1: Amends AS 14.17.470, increasing the Student Base Allocation from \$5930 by \$223 to \$6,153.

Section 2: Amends AS 14.17.470, increasing the Student Base Allocation from \$6,153 by \$55 to \$6,208.

Section 3: Sets an effective date for Section 1 of July 1, 2022.

Section 4: Sets an effective date for Section 2 of July 1, 2023.

MS. SVETLIK moved on to highlight the fiscal notes. She noted one of them was a zero fiscal note from the Department of Education and Early Development (DEED). She turned next to "a Fund Capitalization fiscal note," which outlines how the BSA would increase over time. She said the first year would see an increase of approximately \$57 million in BSA spending in FY 23; beginning FY 24, the BSA would increase by \$71 million annually.

[3:53:17 PM](#)

REPRESENTATIVE PRAX opined that innovations in technology need to be considered when looking at inflation. He disagreed that to "maintain" a constitutional requirement means keeping it the same.

CO-CHAIR STORY explained her interpretation of "maintained" was aimed at providing necessary services to schools. She said, "When we keep the base student allocation flat, it eats into the services that they can provide for the kids." She noted there would be superintendents to testify.

REPRESENTATIVE PRAX challenged the assumption that it is beyond the control of the school district to make adjustments to address inflation.

CO-CHAIR STORY pointed to mandatory expenses, such as heating buildings and paying for insurance. Certainly districts can lower costs in some areas, she allowed.

[3:59:02 PM](#)

CO-CHAIR DRUMMOND offered her understanding that health care costs are rising at a higher rate, which effects those working in school districts.

[3:59:46 PM](#) late

CO-CHAIR DRUMMOND announced the committee would hear invited testimony.

[4:00:42 PM](#)

The committee took two consecutive at-eases from 4:00 p.m. to 4:04 p.m. to address technical issues.

[4:04:49 PM](#)

DAYNA DEFEO, Director, Center for Alaska Education and Policy Research (CAEPR), Institute of Social and Economic Research (ISER), University of Alaska Anchorage (UAA), drew attention to a six-page "Research Summary" document authored by herself, Matt Berman, [Alexandra Hill,] and Diane Hirshberg [included in the committee packet]. She said she had been asked to speak on public spending on K-12 education, and she would focus on what is paid compared to other states, as well as costs unique to Alaska. Ms. Defeo said the last time ISER compared Alaska's spending to other states was in 2019 when the statistics used were from 2017. Those statistics showed spending that was 46 percent higher than the national average - the sixth highest in the nation. The latest numbers from 2019 show Alaska is still in sixth place, but per pupil spending is now only 39 percent higher than the national average. She indicated this had to do with local economies growing faster in some other states.

MS. DEFEO said the question is whether Alaska pays more than the U.S. average. She said the answer, pertaining to "raw dollars," is yes; however, she pointed out that everything in Alaska costs more, exponentially so the smaller the community is. She explained that some adjustments must be made to compare Alaska's spending to that of other states. She said the ISER report shows two adjustments were made to the buying power of the dollars spent. First, ISER used the foundation formula's geographic cost differential, which is weighted by district average daily membership. That adjustment alone explained half the difference between Alaska and other states; Alaska spent 22 percent above the national average. Next ISER adjusted "Anchorage dollars" to the nation, which then reflected that Alaska's costs were actually 2 percent below the national

average. That was in 2017. By 2019 Alaska was falling further behind, she stated.

[4:07:57 PM](#)

MS. DEFEO highlighted that which drives the cost of public education in Alaska [as shown on page 4 of the report]. She echoed that the state has a legal obligation to provide education to its children, and she noted there have been three major cases between 1975 and 2004 that clearly define that responsibility. The first driver is the small size of Alaska's schools, which are costly to operate, because smaller communities do not benefit from economies of scale in terms of capital and labor costs. Another driver of cost is healthcare. She reported that Alaska has the highest per capita cost of healthcare in the U.S., which effects all sectors of the economy. The third driver of costs is energy. The cost of fuel varies based on area. She said the cost of electricity can be three to five times higher in smaller communities.

MS. DEFEO stated that Alaska is not overspending on public education. When the spending is readjusted to make a fair comparison to other states, Alaska actually spends less than the national average. She discussed the school funding formula, which has been analyzed, and though it needs updating, the formula works to distribute available funds equitably among Alaska's school districts. She indicated a study needs to be made as to what Alaska is spending its dollars on, to ensure the best possible education outcomes for teachers, students, schools, and communities.

[4:12:02 PM](#)

BILL HILL, Superintendent, Bristol Bay School District, provided invited testimony in support of HB 272. He emphasized the importance of providing students with what they need in order for them to have a good education. He expressed that flat incomes and flat costs challenge school districts to provide such an education. While there has not been an increase to the BSA in the last several years, costs have continued to escalate. He echoed the issue of high health insurance, which he said has increased by 24 percent since 2017. Additionally, it is challenging to recruit and retain teachers. He shared that his pay his first year teaching compared to current first-year salaries for teachers shows that an 11 percent increase would be needed "to catch up." He said one of the outcomes of reduced incomes and a lack of a defined benefit retirement system is

that many schools in Alaska have a high turnover in workforce, which he opined is detrimental to education. He said an increase to and stability of the BSA is a good start in correcting that and finding balance. Some decision making pertaining to lack of funds will compromise the education of students.

[4:15:33 PM](#)

JAMIE BURGESS, Superintendent, Nome School District, provided invited testimony in support of HB 272. She gave examples of how the flat funding system of the past six years has created the current budget crisis. Property insurance premiums are anticipated. She talked about the effects of climate change in her region, which has brought strong winds and bitter cold, resulting in high fuel bills, with anticipated rising costs in heating oil fuel in the years to come. She stated that the flattening of health costs during the pandemic were due to teachers putting off procedures; however, even with the pandemic continuing, healthcare costs are rising, and the expectation is for at least a 10 percent rise in premiums in the next school year.

MS. BURGESS said the cost of supplies and textbooks has risen, so the district gets less for the same amount of money. Ms. Burgess said the district used its COVID relief funding to incentivize, recruit, and retain staff, but that funding will soon be depleted. She talked about the fierce competition to acquire educators, and she said Alaska does not have the competitive edge it once had. She noted the district has moved some of its key student behavioral support positions into its COVID funding, but said that would be gone in two years, which means positions will disappear unless another source of funding can be found, or funding increased. She name vulnerable areas of the school's programs that are reliant on outside funding from the district's tribal partner, which questions why the positions are not funded out of the general fund. She talked about meeting the mandate while feeling that she is failing her district. She commended those teachers committed to ensuring students get a good education, and she said they deserve the support of the legislature, and she stated her belief that HB 272 is a great start in that direction.

[4:21:08 PM](#)

TERRI WALKER, Superintendent, Northwest Arctic Borough School District (NABSD), provided invited testimony in support of HB

272. She said the bill would inflation-proof the BSA, and she offered a definition of "inflation," calling it insidious and at a 40-year high. She said the current budget process does not account for inflation, which results in budget cuts. She said NABSD serves 13 schools in 11 communities. She reported that from fiscal year 2019 (FY 19) to FY 21, the district has seen the cost of freight to villages increase by about 10 percent; freight minimums have also increased by about 20 percent. From FY 21 to FY 22 to-date, there has been a 16 percent overall increase to the district's heating fuel expenses. She talked about bidding to buy fuel in bulk and the necessity to fly fuel in during winter months because there are no accessible roads. Some rivers are not deep enough to accommodate a barge. She said the district qualifies for funding to feed students; however, the U.S. Department of Agriculture (USDA) reimburses only 40 percent of the cost. Because of the continuous increased cost in food and shipping, the district supplements over \$1 million each year, and she said she is thankful for CARES Act and ARPA funds that allow the district to cover these funds through 2024.

MS. WALKER listed programs cut as a result of flat funding: pre-K, career and technical education (CTE); 50 percent of the district's counselors; and all elementary and middle school student activities. She said the district has greatly reduced funding for high school activities and has made cuts to administrative, teaching, and support staff positions. She emphasized the difficulty when faced with the choice of whether to feed or education students. With a decreasing value [of the dollar], students have fewer opportunities. She promoted discussion of inflation-proofing the BSA.

[4:28:33 PM](#)

SCOTT MACMANUS, Superintendent, Alaska Gateway School District, provided invited testimony in support of HB 272. He described his district's demographics. He shared a PowerPoint, titled "The Cost of Inflation," [included in the committee packet], and he directed attention to slide 2, which shows that the Alaska Gateway School District's (AGSD's) fixed costs have risen 19 percent since FY 17. Further, the CPI shows that the district has lost \$1.8 million in buying power since last year. He observed that the cost of a Ticonderoga pencil increased by 61 percent. He brought attention to slide 3, which shows a 9 percent increase in maintenance costs, and he remarked on deferred maintenance concerns. He reviewed the information on slides 4 and 5, regarding heat and [electricity], and spoke

about energy efficiency. In regard to slide 6, he reported that liability insurance was up 30 percent, and worker's compensation, shown on slide 7, was up 58 percent. He stated that health insurance, slide 8, rose 43 percent since FY 17. He said AGSD "went out to bid" and found a way to save some money, but [costs] are "still half a million dollars higher" than half a year ago.

MR. MACMANUS moved on to the final slide, regarding teacher salaries, to discuss recruitment and retention, which he said is "currently a hot topic in education." He said the district has a 90 percent retention goal, and although he reached 92 percent this year, meeting that goal requires addressing rising costs of meeting those teacher salaries. The average cost in FY 17 was \$65,000 a year, and that has risen to an average of \$79,000 a year this year. He underlined his dedication to expending money on retention of good teachers.

[4:35:39 PM](#)

REPRESENTATIVE CRONK, as a former teacher, acknowledged the continued rise of health coverage, and he asked whether "a total state group" has "stepped in" to determine where money could be saved in that area.

[4:36:57 PM](#)

MR. MACMANUS answered that a couple years ago, a study of that issue was conducted by the State of Alaska, and he described a proposal to remove a certain amount of money in exchange for buying into the state health insurance pool; however, the study done showed that would not save the school districts any money.

[4:38:05 PM](#)

The committee took an at-ease from 4:38 p.m. to 4:40 p.m.

[4:40:16 PM](#)

BRIDGET WEISS, PhD, Superintendent, Juneau School District, shared that she is also president elect for the Alaska Superintendents Association. She stated support for HB 272. She described the effects of inflation on the Juneau School District. With the 7.2 percent CPI increase last year, public schools must make tough decisions regarding funding. She said over the last five years, education has received flat funding, while the fixed costs of running schools has seen significant

increases. She said counselors and health team members have been lost. Class sizes have increased. The district has made many adjustments in its schools that are hurting students. She reported that in 2017, the price of water, sewer, and telephone services for the district was \$396,000; in FY 22, those same items cost \$464,000 - an increase of 17 percent. Likewise, the cost of electricity and heating oil in FY 17 was \$1,258,439; in FY 22, the cost was \$1,527,200 - an increase of 21 percent. She shared further increased costs, including a 64 percent increase in insurance coverage. She said projected costs for FY 23 are \$1.5 million - a 155 percent increase since FY 17, and a 55 percent cost increase over the last year.

MS. WEISS said the current budget proposal does not account for education. The district knows this results in a decline in funding, given basic costs. She said the district will be expected to find the funds to pay for the essential services and coverage, while ensuring staff has a living wage, all while receiving the same funding received in FY 17. She said the district has been doing "more with less" for years and [the legislature] is hurting Alaska's children - the state's future leaders - by not fully funding education and accounting for inflation. She talked about her commitment to education and asked the legislature to help districts continue to deliver a robust education.

[4:44:14 PM](#)

The committee took an at-ease from 4:44 p.m. to 4:45 p.m.

[4:45:18 PM](#)

CHRIS REITAN, Superintendent, Craig City School District, stated support for HB 273 [which was not on the agenda], but noted there were similarities in HB 272, which he indicated he also supported. In response to a question from Co-Chair Drummond, he said he had not explored the possibility of going in on orders with another district; Craig City School District gets most of its freight by barge.

[4:49:33 PM](#)

CO-CHAIR DRUMMOND opened public testimony on HB 272.

[4:50:00 PM](#)

CORY HUGHES, representing self, said his community is in the Lower Kuskokwim School District. He stated support for HB 272, and he emphasized its importance for rural schools, many of which have no local bureau or municipal support and rely on state funding. He echoed the effects of a stagnant BSA while prices have soared across every aspect of school needs. He said he has felt the loss, as the school he is involved in has lost two full-time educators and multiple aides, which has resulted in a drastic increase in class sizes, which is not the best environment for teaching. Mr. Hughes said an increase in the BSA would allow for after school activities, and he named activities where school busses are not an option and funding is necessary to transport students, such as sports travel, science, technology, engineering, and mathematics (STEM) camp, art competitions, and CTE activities that rely on other modes of transportation via planes, boats, or snow machines. He talked about rising costs in maintaining those vehicles. He noted that after school activities can pull at-risk children into school, and a transformation can occur once they are there. He implored the committee to move HB 272 out of committee. In response to Co-Chair Drummond, he confirmed he is a teacher.

[4:53:53 PM](#)

EMMA MELKERSON, Teacher, McQueen School, testified in support of HB 272. She said she teaches kindergarten and first-grade students. She spoke about her pride in watching students advance through K-12. She emphasized the increasing costs of operating a school and the cuts that have occurred in the Northwest Arctic Borough School District, including CTE, pre-K, health professionals, and activities. Educators are being asked to take on the role of teaching vital social emotional learning (SEL) skills with little training to do so. She emphasized the importance of basketball in the district and noted that the weekly games have been cut back to "just a handful." She asked the committee to imagine her kindergarteners coming to school without the exposure they would have had in pre-K. Teachers are being asked to do more with less, and children should have better than they are receiving. She asked the committee to pass HB 272.

[4:56:44 PM](#)

LON GARRISON, Executive Director, Association of Alaska School Boards, testified in support of HB 272. [He also stated support for HB 273, which was not on the agenda.] He pointed out the similarities between the school districts' and legislature's

processes of figuring out a budget and the effect of budgetary decisions on Alaska's students. He said the BSA is distributed through the Alaska Education Foundation formula. He said HB 272 would provide moderate increases in the BSA in the next two years to reverse the trend of flat funding education; it would create the opportunity for school boards and superintendents to consider decisions with lasting effects. He discussed the complex nature of education funding and urged the committee to support the proposed legislation.

[5:00:07 PM](#)

JESSIE EMBREE, Chair, Ketchikan Native Education Parent Committee, Ketchikan Gateway Borough School District, said she also works as an administrative assistant for the Ketchikan Gateway Borough School District (KGBSD), and she stated her support for HB 272. [She also stated support for HB 273, which was not on the agenda.] She said the district is experiencing staff shortages that affect the programs that support students. She offered her understanding that the current flat funding has not changed since 2017 and has not included adjustments for inflation. She talked about a cultural program in the district and collaboration between the district, the local tribal government, and allocation of federal grant funding through a Title VI grant. She said the current grant provides funding for a district cultural coordinator position, as well as partial funding for two preschool teacher salaries; it is a limited grant fund that relies on the district for support and growth. She talked about working with tribal governments in support of Native students, parenting, and cultural connectivity, and she expressed the need for support staff and funding to meet goals. She emphasized the need through the pandemic for added SEL and academic support services, provided through intervention programs. She asked the committee to support the proposed legislation.

[5:05:13 PM](#)

KEVIN SHOVE, Member, Haines Borough School Board, Haines Borough School District, stated support for HB 272 on behalf of the school board. [He also conveyed support for HB 273, which was not on the agenda.] He said his experience as manager of a supermarket gives him knowledge of the increased cost of products and services as a result of inflation, and specifically how the hike in fuel prices affects the price of goods. He opined that properly funding education is crucial to attracting educators to Alaska, and he emphasized the importance of

predictable funding for goal setting. Increasing the BSA and making it inflation-proof would help school boards plan budgets, he stated.

[5:08:31 PM](#)

PETE HOEPFNER, Member, Cordova School Board;, President, Alaska Association of School Boards, opined that adequately funded public education for Alaska's children needs to be a top priority for the legislature. There have been 15 years of steadily declining education funding, while costs have always been increasing. He named health insurance as one of the highest costs to a school district; that cost has risen to almost 20 percent of the Cordova School District's budget. He talked about the state's backing away from a promise to fund the school bond debt reimbursement. He said public schools are suffering across the state. The Cordova School District has limited administration, no assistants, only one counselor, no nurse, librarian, or reading specialist, no physical education teacher, a "highly overwhelmed" special education instructor, and increasing class sizes. He mentioned the goal of every student reading by third grade and said overcrowded classrooms are not supportive of that goal. He said the pre-K program had been cut. He stated support for HB 272 [and HB 273, although it was not on the agenda]. He said schools are at the mercy of funding choices made by the legislature, and he expressed appreciation for "this very first step" in addressing adequately funded education for children in Alaska.

[5:11:52 PM](#)

CO-CHAIR DRUMMOND explained she would leave public testimony open for a future meeting, and she announced that HB 272 was held over.

[5:12:16 PM](#)

#### **ADJOURNMENT**

There being no further business before the committee, the House Education Standing Committee meeting was adjourned at 5:12 p.m.