

**ALASKA STATE LEGISLATURE
HOUSE EDUCATION STANDING COMMITTEE**

February 14, 2022
8:07 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. 259

"An Act relating to use of income of the Alaska permanent fund; relating to the amount of the permanent fund dividend; relating to the duties of the commissioner of revenue; relating to funding for state aid for school districts, the state boarding school, centralized correspondence study, and transportation of pupils; and providing for an effective date."

- MOVED HB 259 OUT OF COMMITTEE

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
 02/09/22 (H) Heard & Held
 02/09/22 (H) MINUTE(EDC)
 02/14/22 (H) EDC AT 8:00 AM DAVIS 106

BILL: HB 259

SHORT TITLE: PERMANENT FUND DIVIDEND; 25/75 POMV SPLIT
 SPONSOR(S): REPRESENTATIVE(S) SPOHNHOLZ

01/18/22 (H) PREFILE RELEASED 1/7/22
01/18/22 (H) READ THE FIRST TIME - REFERRALS
01/18/22 (H) EDC, W&M, FIN
02/04/22 (H) EDC AT 8:00 AM DAVIS 106
02/04/22 (H) Heard & Held
02/04/22 (H) MINUTE(EDC)
02/14/22 (H) EDC AT 8:00 AM DAVIS 106

WITNESS REGISTER

SENATOR TOM BEGICH
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: As prime sponsor, offered a brief introduction to CSSB 10(FIN) am.

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

POSITION STATEMENT: Reviewed the fiscal note for CSSB 10(FIN) am on behalf of Senator Begich, prime sponsor.

SANA EFIRD, Executive Director
Alaska Commission on Postsecondary Education
Department of Education and Early Development
Juneau, Alaska

POSITION STATEMENT: Addressed the fiscal note for CSSB 10(FIN) am.

REPRESENTATIVE IVY SPOHNHOLZ
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: As prime sponsor, offered a brief overview of HB 259.

ACTION NARRATIVE

[8:07:28 AM](#)

CO-CHAIR ANDI STORY called the House Education Standing Committee meeting to order at 8:07 a.m. Representatives Drummond, Zulkosky, Hopkins, and Story were present at the call to order. Representatives Gillham, Cronk, and Prax arrived as the meeting was in progress.

SB 10-FREE/REDUCED TUITION FOR ESSENTIAL WORKER

[8:08:53 AM](#)

CO-CHAIR STORY 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."

[8:09:32 AM](#)

SENATOR TOM BEGICH, Alaska State Legislature, as prime sponsor, offered a brief introduction to CSSB 10(FIN) am.

[8:10:35 AM](#)

LÖKI TOBIN, Staff, Senator Tom Begich, Alaska State Legislature, staff for Senator Begich, prime sponsor, reviewed the fiscal note for CSSB 10(FIN) am and noted the program's operating budget will be attributed to the federal COVID relief funds.

[8:12:13 AM](#)

SANA EFIRD, Executive Director, Alaska Commission on Postsecondary Education, Department of Education and Early Development, observed the original fiscal note pointed to general funds but this would change. To administer the grant program, Alaska Commission on Postsecondary Education (ACPE) assumed it would need one and a half full-time equivalent financial aid operations analysts to oversee and process the awards, at \$187,500 for the first year. After initial set-up, for the next two years, only one half-time position is needed at \$63,200. This cost does not represent new positions, but a realignment of duties to administer the program. She pointed out the attached companion fiscal note addresses funding for the Alaska Student Loan Corporation. The corporation's positions are currently funded by loan corporation receipts, but if the positions assume new duties associated with the grant program, the funding source switches to the funds supporting the grant program. Ms. Efird said the start-up of the grant program would use the current student aid application portal, needing a one-time cost to retool the portal, plus an additional annual maintenance cost for the next two years, of \$10,000. Additionally, the fiscal note adds \$6,000 for legal costs and \$2,500,000 per fiscal year for grants.

[8:16:54 AM](#)

CO-CHAIR DRUMMOND moved to adopt Amendment 1 to CSSB 10(FIN)am, labeled 32-LS0127\N.A.1, Marx, 2/10/22, which read as follows:

Page 1, line 10:
Delete "2021"
Insert "2022"

Page 4, line 11:
Delete "2025"
Insert "2026"

Page 4, line 12:
Delete "2026"
Insert "2027"

[8:17:09 AM](#)

REPRESENTATIVE HOPKINS objected for the purpose of discussion.

CO-CHAIR DRUMMOND explained the amendment updates the deadlines contained in CSSB 10(FIN)am, as the original dates in the legislation had passed.

[8:18:00 AM](#)

REPRESENTATIVE HOPKINS withdrew his objection. There being no further objection, Amendment 1 was adopted.

[8:18:35 AM](#)

CO-CHAIR STORY announced that CSSB 10(FIN), as amended, was held over.

HB 259-PERMANENT FUND DIVIDEND; 25/75 POMV SPLIT

[8:19:03 AM](#)

CO-CHAIR STORY announced that the final order of business would be HOUSE BILL NO. 259, "An Act relating to use of income of the Alaska permanent fund; relating to the amount of the permanent fund dividend; relating to the duties of the commissioner of revenue; relating to funding for state aid for school districts, the state boarding school, centralized correspondence study, and transportation of pupils; and providing for an effective date."

[8:19:44 AM](#)

REPRESENTATIVE IVY SPOHNHOLZ, Alaska State Legislature, as prime sponsor, offered a brief overview of the two problems HB 259 seeks to solve: underfunding of education and the fiscal instability of the state.

[8:20:50 AM](#)

CO-CHAIR STORY requested any further comments on HB 259 before going forward with a motion to move the bill from committee.

[8:21:03 AM](#)

REPRESENTATIVE CRONK said he is not sure the legislation belongs in the House Education Standing Committee, as this is a "huge budget bill" to determine how to spend the percent of market value (POMV) draw. He went on to say there is a continual request for funding for education, but no one has an answer why more money is needed. He asked the question, "How does more money relate to better education?" He would like to see everyone join the discussion, namely the teacher's union and the school districts. Representative Cronk argued that "until we are ready to have the hard conversations together," he is not ready to support increased spending for education. Plus, he said this legislation is bigger than just funding for education, as it determines whether a permanent fund dividend (PFD) will be paid.

[8:22:52 AM](#)

REPRESENTATIVE ZULKOSKY opined the legislation would be a good conversation starter aimed at efforts to find a nexus between Alaska's fiscal issues and how those fiscal issues impact various essential services, notably education.

[8:23:33 AM](#)

CO-CHAIR STORY agreed that with another POMV split, these are very important conversations to have going to the House Finance Committee. She said a critical piece of the proposed legislation frees fixed expenses to pay for gaps in public services. She said she was pleased with the priority of essential services to education proposed under HB 259. In example, she mentioned pupil transportation has not had an increase in funding to districts in many years, instead, it takes from the general fund. As inflation was up 10 percent over the last decade, she said a 4 percent increase in funding for education in the first year was realistic. She added that

other essential public services would still be covered along with, in her estimation, a substantial PFD.

[8:25:52 AM](#)

CO-CHAIR DRUMMOND noted a large percentage of schoolboard experience among members of the committee, and with this experience comes the knowledge that schoolboards struggle every year with cuts to their budgets. She sees nothing wrong with the House Education Standing Committee dealing with a funding bill. She stated her support of HB 259.

[8:26:55 AM](#)

REPRESENTATIVE GILLHAM agreed with Representative Cronk. He said that his biggest issue is any change to the PFD should be put to a public vote.

[8:27:26 AM](#)

REPRESENTATIVE SPOHNHOLZ explained HB 259 was referred to the House Education Standing Committee because it creates an education funding stream for public education. She said while costs have gone up, Alaska now spends \$500 less per child on education than in fiscal year 2008. Nationwide, students in Alaska show a lower ranking, but comparing student performance metrics, she observed Alaska's ranking has not fallen, but other states' rankings have risen due to strategic investment and innovations those states have made in educational programs. If Alaska creates "stable and growing funding for education," she said the state could start making investments and innovations in proven programs.

REPRESENTATIVE SPOHNHOLZ said HB 259 will be forwarded to the House Special Committee on Ways and Means and to the House Finance Committee to look at the fiscal impacts, including discussion of the PFD formula.

[8:29:41 AM](#)

CO-CHAIR DRUMMOND moved to report HB 259 out of committee with individual recommendations and the accompanying fiscal notes.

[8:29:54 AM](#)

REPRESENTATIVE CRONK objected.

[8:29:54 AM](#)

A roll call vote was taken. Representatives Zulkosky, Hopkins, Drummond, and Story voted in favor of the motion to report HB 259 out of committee with individual recommendations and the accompanying fiscal notes. Representatives Cronk, Gillham, and Prax voted against it. Therefore, HB 259 was reported out of the House Education Standing Committee by a vote of 4-3.

[8:30:58 AM](#)

The committee took an at-ease from 8:31 a.m. to 8:35 a.m.

[8:35:05 AM](#)

CO-CHAIR STORY announced the amendment deadline for upcoming bills.

[8:36:07 AM](#)

ADJOURNMENT

There being no further business before the committee, the House Education Standing Committee meeting was adjourned at 8:36 a.m.