

**ALASKA STATE LEGISLATURE
HOUSE EDUCATION STANDING COMMITTEE**

April 8, 2022

8:05 a.m.

MEMBERS PRESENT

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

MEMBERS ABSENT

Representative Tiffany Zulkosky

COMMITTEE CALENDAR

PRESENTATION: ALASKA PER PUPIL K-12 SPENDING ANALYSIS

- HEARD

PREVIOUS COMMITTEE ACTION

No previous action to record

WITNESS REGISTER

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

POSITION STATEMENT: Co-presented a PowerPoint, titled "Alaska Per Pupil K-12 Spending Analysis."

MATTHEW BERMAN, PhD, Professor
Institute for Social and Economic Research
University of Alaska Anchorage
Anchorage, Alaska

POSITION STATEMENT: Co-presented a PowerPoint, titled "Alaska Per Pupil K-12 Spending Analysis."

ACTION NARRATIVE

[8:05:12 AM](#)

CO-CHAIR HARRIET DRUMMOND called the House Education Standing Committee meeting to order at 8:05 a.m. Representatives Story, Gillham, Hopkins, and Drummond were present at the call to order. Representatives Cronk and Prax arrived as the meeting was in progress.

**PRESENTATION: Alaska Per Pupil K-12 Spending Analysis by The
Institute of Social and Economic Research**

[8:06:06 AM](#)

CO-CHAIR DRUMMOND announced that the only order of business would be a presentation on Alaska's per pupil K-12 spending analysis.

[8:06:53 AM](#)

DAYNA DEFEO, PhD, Director, Center for Alaska Education Policy Research; Research Professor, Institute for Social and Economic Research (ISER), University of Alaska Anchorage, co-presented a PowerPoint, titled "Alaska Per Pupil K-12 Spending Analysis" [hard copy included in the committee packet]. She pointed out it is often heard that "Alaska spends a lot per pupil on education." She stated that, for the analysis, data from the U.S. Census Bureau's Annual Survey of School System Finances was used. Adjustments were applied to the data to accommodate for community-cost differentials and cost of living indices. The data shows that Alaska spends \$18,394 on average per pupil, grades K-12, which is the sixth highest in the nation. She said it is 39 percent higher than the national average and 46 percent higher than in 2017. She said "raw dollars" show that Alaska spends about \$5,000 more per student than the national average; however, the data is skewed by the high cost of living in Alaska compared to the average U.S. cost of living, as seen on Slide 6. She stated that adjusting "raw dollars" to "Anchorage dollars" explains the difference between Alaska's spending and the national average. Because the cost of living in Anchorage is higher than the national average, the dollars were then adjusted to reflect the cost of living.

[8:19:27 AM](#)

MATTHEW BERMAN, PhD, Professor, Institute for Social and Economic Research, University of Alaska Anchorage, co-presented

the PowerPoint, titled "Alaska Per Pupil K-12 Spending Analysis" [hard copy included in the committee packet]. He explained that utilizing data from the census has helped to accurately analyze the differences between all 50 states. He added that data from the National Center for Education Statistics was also used. Because of the impacts of the COVID-19 pandemic on school budgets in 2020 and 2021, he advised that 2019 was a better year to sample.

[8:22:18 AM](#)

DR. DEFEO explained that data from the U.S. Census Bureau is publicly available. She explained that, because the cost of goods varies throughout the state, the cost differentials relative to Anchorage were used. The geographic-cost differential was weighed by the district average daily membership, which leveled the differences in cost within Alaska. She described the community-cost differentials on slide 8, which showed that rural school districts costs are 1.5 times that of Anchorage's school district costs. She said that not only are costs significantly different between districts, but Anchorage has a higher standard of living than other cities in the nation. She continued that the final step of adjustments involved using the cost-of-living index created by the Council for Community and Economic Research. After applying the adjustments, she pointed out that the final number was \$12,281 per pupil, which is 7 percent lower than the 2019 U.S. average.

[8:26:50 AM](#)

DR. DEFEO gave a comparison of private school tuition, including a figure of \$18,800 per year per pupil from the Pacific Northern Academy. She said that private schools operate differently from public schools and can receive donations, which can offset tuition costs. She also noted that private schools are not required to provide funds for transportation and special education.

[8:34:17 AM](#)

DR. BERMAN pointed out that Alaska has a high rate of correspondence students, which brings costs down slightly relative to other states. For the purposes of consistency and transparency, when adjusting the per-pupil spending data, correspondence students were factored in the same way the state adjusts funding.

[8:35:26 AM](#)

DR. DEFEO noted that Alaskans pay more for education, whether the numbers are adjusted or not. She stated that the drivers of these costs include small schools, health care, energy, and geographic costs. She emphasized that the cost is not driven by teacher salaries; in fact, teachers are paid 15 percent below what is needed, which impacts retention. She said that Alaska has 443 "regular schools." Of these schools, 13 percent have fewer than 25 students and 8 percent have 26 to 50 students. She stated that the state has a legal and ethical responsibility to provide public education to all students; therefore, despite being more costly to operate, small schools are required to be funded. She explained that small schools do not benefit from economies of scale in capital costs. Even though they have relatively small class sizes, they have higher turnover rates for teachers and principals. She compared this with Alaska's healthcare costs, which are the highest in the country. She explained that Alaskans pay more for benefits, but they do not necessarily have better benefits. Concerning the costs of smaller schools, she continued that energy is expensive and highly variable, as costs fluctuate over time and by geography. Districts have different capacities to negotiate competitive fuel prices, and in remote places, schools do not benefit from the Power Cost Equalization Program. She stated that schools must have heat and light in buildings, regardless of how many students are enrolled. When including other costs, such as fuel, healthcare, and goods, she said school costs in Alaska go beyond education policy; therefore, comparatively, other states are investing more in public education. She added that Alaska is not producing the number of teachers needed, so the state must compete with the national market for teachers. She argued that, before Alaska can invest in its students and their futures, working conditions, salaries, and benefits for teachers must be competitive.

[8:47:46 AM](#)

DR. DEFEO, in response to a question from Co-Chair Story, said there are many measures beyond per-pupil investment, which could contribute to achievement outcomes for students. These include income, parents, communities, and other variables.

[8:49:45 AM](#)

DR. BERMAN advised that, in order to study the impact of per-pupil costs, desired specific outcomes should be identified. He

said the state of the art among economics involves using lifetime earnings as a metric of success. He explained that this metric creates a complex discussion, requiring careful consideration in answering the committee's question about how to study student outcomes based on funding.

[8:51:10 AM](#)

DR. DEFOE added that there is research which shows there are other impacts outside of the family. She suggested that good teachers make a difference in educational outcomes. She added that there is evidence which relates good salaries and good working conditions attract good teachers.

[8:55:14 AM](#)

CO-CHAIR DRUMMOND said when fixed costs, such as energy and healthcare increase, downward pressure is put on the rest of the budget, and this causes salaries and teachers to be cut. With a higher pupil-to-teacher ratio found in urban areas of Alaska, individual students are not given adequate attention. High teacher turnover is more common in rural parts of Alaska, and this results in lower student outcomes.

[8:56:52 AM](#)

DR. DEFEO, in reference to studies about teacher turnover, stated that in rural Alaska teachers have small classrooms, teaching multiple grades in multiple subjects, which can be outside of their training. She stated that small class sizes are linked to better outcomes; however, in the case of rural schools in Alaska, challenging teaching conditions exempt these schools from this statistic. She recommended conducting an adequacy study. Instead of looking at dollars, it should look at resources and the minimum adequate threshold of education services. She stated that an adequacy study was called for by the legislature around 2014, but the study has not yet been conducted.

[9:03:42 AM](#)

DR. BERMAN confirmed that ISER study utilized data from the U.S. Census Bureau. He said the education spending figures incorporated all forms of spending, including local, state, and federal sources. The capital costs are also included. He advised it would be difficult to pull out results from the census to determine each district's spending on each item listed

in the census questionnaire. However, he asserted that the census data was a better source to cite when compared with the National Education Association's school statistics.

[9:20:44 AM](#)

DR. DEFEO, in response to a question from Co-Chair Story, mentioned that 2020 data has recently been made available; however, because of the pandemic, it may not be as valuable to study for the purpose of analyzing per-pupil spending in Alaska.

[9:24:23 AM](#)

DR. BERMAN, in response to a comment made by Representative Hopkins, stated that it is possible to compare Alaska's adjusted numbers to other states with similar education costs. There are studies which have attempted to adjust other states to the national average. To do so there must be a price index which applies to all states. He stated that this method does not work for Alaska. He said that the Bureau of Economic Analysis has a regional price parity index with numbers for every state; however, it shows prices in Alaska are only 5 percent higher than the national average. He stated that when analyzing how the percentage is computed, it is evident some items are not reported, such as the cost of housing and healthcare; instead, the national average is used for these. He related that the national adjustment does not adequately reflect Alaska and will provide a skewed number if used to compare Alaska's per-pupil spending to another state with similar education spending.

[9:32:23 AM](#)

DR. DEFEO said graduation minimums were standardized in 2015; however, there can still be some differences between districts concerning requirements for graduation. When rules are changed, so are outcomes, which makes it difficult to compare one year to the next. Attempting to measure student outcomes with any degree of certainty is difficult due to a myriad of complexities. She referred to a graduation rate study in Anchorage and discussed fifth-year rate improvements. In the study, she cited there was a significant gap between low-income students and economically stable students. The gap between students of color and white students was pronounced as well. She concluded that Alaska graduation rates have increased since 2015, but there are many intricacies to consider.

[9:35:36 AM](#)

DR. BERMAN anecdotally compared Texas to Alaska and mentioned that Texas is a large state with urban and rural areas. Texas is also an oil state and has a permanent fund that is constitutionally dedicated to education, which creates some equity between districts throughout the state.

[9:55:56 AM](#)

CO-CHAIR DRUMMOND thanked the speakers.

[9:56:26 AM](#)

ADJOURNMENT

There being no further business before the committee, the House Education Standing Committee meeting was adjourned at 9:56 a.m.