

**ALASKA STATE LEGISLATURE
HOUSE EDUCATION STANDING COMMITTEE**

April 13, 2022

9:04 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

HOUSE BILL NO. 413

"An Act relating to facilities constituting a school; and providing for an effective date."

- HEARD & HELD

PRESENTATION: University of Alaska pre-teaching instruction, including reading and early childhood education

- SCHEDULED BUT NOT HEARD

PREVIOUS COMMITTEE ACTION

BILL: HB 413

SHORT TITLE: FACILITIES CONSTITUTING A SCHOOL

SPONSOR(s): EDUCATION

04/04/22	(H)	READ THE FIRST TIME - REFERRALS
04/04/22	(H)	EDC
04/06/22	(H)	EDC AT 8:00 AM DAVIS 106
04/06/22	(H)	Heard & Held
04/06/22	(H)	MINUTE (EDC)
04/13/22	(H)	EDC AT 8:00 AM DAVIS 106

WITNESS REGISTER

ELWIN BLACKWELL, School Finance Manager

Department of Education and Early Development
Juneau, Alaska

POSITION STATEMENT: Provided invited testimony during the hearing on HB 413.

GENE STONE, Superintendent
Lower Kuskokwim School District
Mountain Village, Alaska

POSITION STATEMENT: Answered questions during the hearing on HB 413.

ANDREW LEAVITT, Chief Business Officer
Lower Kuskokwim School District
Mountain Village, Alaska

POSITION STATEMENT: Answered questions during the hearing on HB 413.

ACTION NARRATIVE

[9:04:01 AM](#)

CO-CHAIR ANDI STORY called the House Education Standing Committee meeting to order at 9:04 a.m. Representatives Hopkins, Cronk (via Teams), Prax, Gillham, Drummond, and Story were present at the call to order.

HB 413-FACILITIES CONSTITUTING A SCHOOL

[9:04:55 AM](#)

CO-CHAIR STORY announced that the only order of business would be HOUSE BILL NO. 413, "An Act relating to facilities constituting a school; and providing for an effective date."

CO-CHAIR STORY noted that since the last hearing on HB 413 [on 4/6/2022], the committee received the [Hooper Bay School average daily membership and funding chart, included in the committee packet], in response to questions sent by the committee, and she said representatives of the Department of Education and Early Development (DEED) would provide clarification regarding the chart.

[9:08:11 AM](#)

ELWIN BLACKWELL, School Finance Manager, Department of Education and Early Development, concerning HB 413, reviewed the chart on the funding for the Hooper Bay School. He provided that, before

the charter school opened, in fiscal year 2019 (FY 19) and (FY 20), the Hooper Bay School was receiving two adjustments: an adjustment for grades K-6 and an adjustment for grades 7-12. He stated that in those two years the basic need generated over \$8.3 million and \$9 million, respectively. He continued that when the charter school opened in FY 21, the Hooper Bay School went back to receiving only one adjustment for grades K-12 in the regular school. After this change the funding dropped to \$7.2 million in FY 21 and \$7.5 million in FY 22. He pointed out that the charter school generated just under \$900,000 in revenue in FY 21 and again in FY 22. In FY 21 the two schools collectively generated a total funding of \$8.1 million. Using the same calculation, funding for FY 22 resulted in \$8.4 million. Comparing these numbers with funds generated in FY 19 and FY 20, the total basic need amount fell just less than \$800,000 [per year]. He stated that the chart represents actual years, and no projected numbers are listed for FY 23.

[9:11:35 AM](#)

REPRESENTATIVE PRAX expressed the opinion that, at some point in the distant past, the school funding formula made sense to the legislature, and "now it does not make sense for Hooper Bay." He questioned whether this would be a permanent solution, or the basic formula would need to be reconsidered because of this unique situation. He stated that a change had been made within the formula, but [the situation with Hooper Bay] is "not the fault of the legislature." He said that creating the charter school may have seemed like a good idea, but perspective changes when the legislature is obligated to provide the funding. He questioned whether the proposed legislation would create consequences for school funding in the entire state.

MR. BLACKWELL responded that the situation is fairly unique and most likely not an overlook by the legislature. He explained that an unforeseen situation occurred when a remote community with a single school opened a charter school. While the charter school statute has been in existence for some time, no new charter schools opened in remote areas of the state [until in Hooper Bay]. He stated that the situation is unique because Hooper Bay School is one of the largest schools in a rural area with a single facility for grades K-12. He asserted that the proposed legislation would correct [Hooper Bay School's funding situation] and not likely affect another school for many years.

MR. BLACKWELL noted that a community with an average daily membership (ADM) from [at least] 101 but under 425 were to open

a charter school, in accordance with the statute, then the community's K-12 school would still get the two adjustments. He stated the issue is that Hooper Bay School is over 425 ADM. He stated that the K-12 school already existed when the charter school opened; thus, under the statute, Hooper Bay School is seen as administering two schools, like a facility within a facility. He stated that two schools are being administered at one facility, and "that is where the rub has come in within this part of the statute." He stated that because the regular K-12 school no longer gets two adjustments, there is a funding shortfall for that facility.

REPRESENTATIVE PRAX said, "It appears that there is an assumption that the state is required to fund whatever programs a school district wants to develop." He argued that, at some point, there will be a limit to the amount of available funds. He continued that opening another school in Hooper Bay increased the funding per student in that district and took away money that would be available in other districts. He expressed the belief that the problem is "the legislature apparently is expected to fund what somebody else is requesting, and we really don't have control over the funding." He expressed concern over the basic problem of expectation. He continued that the expectation is unrealistic because [oil revenues] are supplying less funding than it did 10 or 15 years ago.

[9:17:49 AM](#)

CO-CHAIR STORY stated that the Lower Yukon School District (LYSD) and community members put forth the request to start the charter school. She said it is provided in statute that a local school board could refuse to grant a charter school. If the local school board refuses, then community members could request the charter school through DEED. She stated that there are a couple ways charter schools can be authorized, but she was not certain where this request originated. She stated that DEED sponsored the proposed legislation, but there are also letters of support from LYSD.

MR. BLACKWELL expressed the understanding that the community would go to its school board, and if the school board rejected the idea, the community could then go to the State Board of Education for approval, and the charter school could be created through that mechanism. He offered that he is not an expert on charter schools.

CO-CHAIR STORY explained that she reviewed the statute that outlines what constitutes a school. She said the statute provides that, when the ADM is greater than 425, only one school can be administered in one facility; thus, the Hooper Bay facility does not qualify as having separate schools. She offered her understanding that the situation is unique because areas with a larger population usually have more than one facility. She stated that the proposed legislation would change the statute to exclude charter schools, so Hooper Bay [would not be penalized for] having two different schools in one facility.

MR BLACKWELL responded in the affirmative.

[9:21:42 AM](#)

CO-CHAIR STORY related that online research shows the economic makeup of the community of Hooper Bay is within the ninety-ninth percental of low economic social indicators, but then the community was also considered to be at a medium poverty level. She posed the question how a low economic rating equated with a medium poverty level.

MR. BLACKWELL stated that he is unfamiliar with that information. He deferred to the school district representative.

[9:22:54 AM](#)

GENE STONE, Superintendent, Lower Kuskokwim School District, responded that he does not know how these ratings were derived. He stated that there is a number of factors that would differentiate poverty levels, such as housing and unemployment. He deferred to Andrew Leavitt.

[9:23:35 AM](#)

ANDREW LEAVITT, Chief Business Officer, Lower Kuskokwim School District, stated that the entire district is under the community eligibility provision (CEP) and above 100 percent for the school lunch program. In other words, he stated that 100 percent of the district would be considered low income.

[9:24:28 AM](#)

MR. STONE, in regard to Representative Prax's previous comment, clarified that choosing to have a charter school would not require additional funds. He stated that for charter schools, funding follows the students, so the funding would be there. He

continued that the school district was penalized. He argued that the district would not be seeking any more than what was previously supplied. He stated that the multiplier for grades 7-12 was lost, and the school would like that restored to its regular funding formula. He indicated that, in actuality, the charter school has not cost the state anything, but rather it has cost the district \$2 million. He deduced that, over the past two years, the state has had a surplus of \$2 million.

[9:25:54 AM](#)

REPRESENTATIVE DRUMMOND questioned the impact on the [K-12 regular school] when the funding was reduced. She conjectured that the school lost staff, and its bills were unpaid. She also questioned whether the charter school contributes to the cost of the facility in which both schools are housed.

MR. STONE responded that three teachers in the traditional school were lost because of the program shift and students moving to the charter school. He stated that the remainder of cost was distributed throughout the district. He stated that the result across the district was a reduction in staff, which was a combination of a classified reduction and a certified reduction. He stated that 83 percent of the school district's budget is human resource driven, so personnel was primarily where the funding was lost.

[9:28:05 AM](#)

CO-CHAIR STORY set an amendment deadline.

[HB 413 was held over.]

[9:28:34 AM](#)

ADJOURNMENT

There being no further business before the committee, the House Education Standing Committee meeting was adjourned at 9:28 a.m.