

HOUSE FINANCE COMMITTEE
April 6, 2022
1:34 p.m.

1:34:00 PM

CALL TO ORDER

Co-Chair Merrick called the House Finance Committee meeting to order at 1:34 p.m.

MEMBERS PRESENT

Representative Neal Foster, Co-Chair
Representative Kelly Merrick, Co-Chair
Representative Dan Ortiz, Vice-Chair
Representative Ben Carpenter
Representative Bryce Edgmon
Representative DeLena Johnson
Representative Andy Josephson
Representative Bart LeBon
Representative Sara Rasmussen
Representative Steve Thompson
Representative Adam Wool

MEMBERS ABSENT

None

PRESENT VIA TELECONFERENCE

Heidi Teshner, Director, Finance and Support Services,
Department of Education and Early Development

SUMMARY

HB 170 ENERGY INDEPENDENCE PROGRAM & FUND: AIDEA

HB 170 was SCHEDULED but not HEARD.

HB 272 INCREASE BASE STUDENT ALLOCATION

HB 272 was HEARD and HELD in committee for further consideration.

HB 273 INCREASE BASE STUDENT ALLOC. INFLATION

HB 273 was SCHEDULED but not HEARD.

Co-Chair Merrick reviewed the meeting agenda.

#hb272

HOUSE BILL NO. 272

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

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Co-Chair Merrick indicated that the committee last heard HB 272 on April 1, 2022 and would consider amendments.

1:35:03 PM

Representative Johnson MOVED to ADOPT Amendment 1, 32-LS1365\I.2 (Marx, 3/31/22) (copy on file):

Page 1, line 1, following "education;":
Insert "relating to funding for correspondence programs;"

Page 1, following line 3:
Insert a new bill section to read:
"* Section 1. AS 14.17.430 is amended to read:
Sec. 14.17.430. State funding for correspondence study. Except as provided in AS 14.17.400(b), funding for the state centralized correspondence study program or a district correspondence program, including a district that offers a statewide correspondence study program, includes an allocation from the public education fund in an amount calculated by using [MULTIPLYING] the ADM of the correspondence program reported under AS 14.17.500(a) and 14.17.600(a) [BY 90 PERCENT]."

Page 1, line 4:
Delete "Section 1"
Insert "Sec. 2"

Renumber the following bill sections accordingly.

Page 1, line 10:
Delete "Section 1 of this Act takes"

Insert "Sections 1 and 2 of this Act take"
Page 1, line 11:
Delete "Section 2"
Insert "Section 3"

Vice-Chair Ortiz OBJECTED for discussion.

Representative Johnson explained the amendment that she believed would level the playing field for correspondence students. Currently, statute limited correspondence students to 90 percent of the funding of brick and mortar students. The education formula funded schools on a per student basis calculated on the Average Daily Membership (ADM) for each school as of the last Friday of October over a 20-day count period. She ascertained that due to the pandemic more students in traditional schools were taking some classes from home and some correspondence students were attending some classes in traditional schools. She thought the line between both methods of attending school was "blurring." She opined that funding correspondence students at the same level as traditional students was "fair and timely." She spoke about the value of remote learning in the school system and hoped that all students would be counted in the same way.

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Co-Chair Foster believed the amendment would include the IDEA correspondence program. Representative Johnson answered in the affirmative and added that it applied to all correspondence programs in the state. Co-Chair Foster noted that IDEA was headquartered in Galena. He supported the amendment.

Representative Josephson requested to read a statement from his district on the amendment from the Office of Management and Budget of the Anchorage School District. He read the following:

By including correspondence students at the beginning of the foundation formula the amendment would create and inherent inequity in funding between brick and mortar schools and correspondence schools based on the costs associated with the instructional delivery model. The cost associated with providing education at a comprehensive high school that provided gyms and fields for sports auditoriums, for music and theatres,

shops for Career Technical Education (CTE) Courses, and kitchens with cafeteria spaces to feed students were not comparable to a correspondence school that could operate in limited space and scale up or down the number of students without a need to adjust building sizes. Additionally, there was considerably more staffing in both direct instruction and ancillary supports necessary to provide face to face services than through a correspondence model. Yet the amendment would provide the same funding to each.

Representative Josephson emphasized that for the reasons stated he opposed the amendment.

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Representative Wool opposed the amendment. He did not want an expedited discussion merely due to the short meeting time. He believed that the topic was too important. He agreed with Representative Josephson's concerns. He countered that the mass migration of traditional students to correspondence due to the COVID 19 pandemic had decreased the amount of money school districts receive and brick and mortar schools were more costly to operate. He stressed that the student-to-teacher ratio was disparate between the two types of schools, and correspondence schools did not have to maintain facilities. He noted that the formula funding was complicated; it began with the Base Student Allocation (BSA) and had multipliers for various things. The correspondence schools were not funded at 100 percent for many reasons that was established and set in the formula. He wanted an evaluation of correspondence programs before the formula was changed.

[1:42:00 PM](#)

Vice-Chair Ortiz opposed the amendment and agreed with the previously stated opposition. He shared his personal experience with the topic as his wife was a home school coordinator for a school district. He indicated that he was very familiar that the school districts received 90 percent of the formula funding and maintained that it was "for good reason." The costs were significantly different for brick-and-mortar schools. He indicated that his wife would be opposed to the amendment because she also had worked as a classroom teacher.

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Representative Carpenter thought the correspondence program had the highest demand increase in the last number of years. He wanted to understand why more parents were choosing correspondence. He believed that the amendment recognized that the largest growth in the school system was not fully funded and was demanded by parents and thought that it was a "wise" step to take. He did not understand what the dollars associated with the change would be and shared some concern over the cost issue.

[1:44:57](#)

Co-Chair Foster asked for verification that the amendment would not take away money from brick and mortar schools and increased the size of the overall pie; correspondence programs would merely receive increased funding.

HEIDI TESHNER, DIRECTOR, FINANCE AND SUPPORT SERVICES, DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT (via teleconference), answered in the affirmative and confirmed that the amendment would increase the pie and bump up correspondence to 100 percent ADM. Co-Chair Foster noted that the amendment would not harm brick and mortar schools. He furthered that correspondence funding was used for things like providing students music lessons and was much more than just lessons taught at home.

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Representative Edgmon agreed with the comment that it was a very impactful amendment that could have far reaching ramifications. He asked if the increase in the BSA amounting to \$57 million that was currently a budgetary item would be stretched further and compete with traditional school funding at a 100 percent threshold. He wondered whether his assessment was correct. Ms. Teshner replied that the \$57 million on-time funding would be adjusted based on the ADM and the correspondence increase to 100 percent would be part of that. Representative Edgmon commented that the prohibition against state dollars spent on private schools was clearly delineated in the constitution. He asked if some of the schools were private schools and whether there was any risk with correspondence funding.

Ms. Teshner responded that 29 school districts were projecting correspondence ADM, and all were public schools.

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Representative Edgmon deduced that the amendment was purporting to change a formula that had been in law since 1998. The amendment gave correspondence schools that provided much less than brick and mortar schools the same funding. Ms. Teshner answered that the current correspondence formula had been put in place in 1999 and increased to 90 percent from 80 percent. She clarified that the amendment changed the correspondence formula from 90 percent to 100 percent but did not offer formula factor adjustments like the special needs adjustments, etc.

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Representative Edgmon thought it was necessary to have the formula provided to members to further understand the effects of the amendment.

Co-Chair Merrick noted that the discussion merited further conversation.

HB 272 was HEARD and HELD in committee for further consideration.

Co-Chair Merrick reviewed the schedule for the following day.

#

ADJOURNMENT

[1:51:44 PM](#)

The meeting was adjourned at 1:51 p.m.