

HOUSE FINANCE COMMITTEE
April 13, 2022
1:34 p.m.

1:34:57 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 via teleconference
Representative Steve Thompson via teleconference
Representative Adam Wool

MEMBERS ABSENT

None

ALSO PRESENT

Representative Andi Story, Sponsor; Ariel Svetlik, Staff,
Representative Andi Story; Kelly O'Sullivan, Analyst,
Legislative Finance Division.

PRESENT VIA TELECONFERENCE

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

SUMMARY

HB 272 INCREASE BASE STUDENT ALLOCATION

CSHB 272(FIN) was REPORTED out of committee with three "do pass" recommendations, four "no recommendation" recommendations, and two "amend"

recommendations and with a new fiscal impact note by the Department of Education and Early Development and one previously published zero fiscal note: FN1 (EED).

HB 273 INCREASE BASE STUDENT ALLOC. INFLATION

CSHB 273(EDC) was REPORTED out of committee with five "do pass" recommendations, three "do not pass" recommendations, and one "no recommendation" recommendation and with one previously published zero fiscal note: FN1 (EED); and one previously published fiscal impact note: FN2 (EED).

Co-Chair Merrick reviewed the agenda for the meeting. The committee would resume with hearing amendments for HB 272.

#hb272

HOUSE BILL NO. 272

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

[1:35:33 PM](#)

Co-Chair Merrick indicated the committee had begun the amendment process on April 6, 2022.

[1:35:51 PM](#)

REPRESENTATIVE ANDI STORY, SPONSOR, wanted to discuss the amendments being offered. She opposed Amendment 1 because it changed the foundation formula without vetting the effects. She relayed that the Legislative Finance Division (LFD) estimated that the amendment would add \$11 million for correspondence to the cost of the bill. The intent of the bill was only to increase the Base Student Allocation(BSA) and not to open the formula. She proposed the increase due to the downward pressure of fixed costs that was eroding the base formula and to increase student achievement. She was unsure of the ramifications of changing the formula.

Co-Chair Merrick interjected that Co-Chair Foster and Representative Carpenter had joined the meeting.

Representative Story continued that the rest of the amendments were policy choices. She shared that even though inflation increased 8 percent since the last BSA increase (6 years prior) she only proposed an increase of 4 percent because the body was interested in making other strategic investments in certain areas such as reading. She had also heard discussions regarding increased investment in Career and Technical Education (CTE). Therefore, the 4 percent was a concession for the occasion to address fix costs but left money for other opportunities. She also emphasized the importance of a two-year funding mechanism or forward funding. She believed that forward funding education created stability and enabled school districts to plan with certainty and meet the special needs of students. She thanked the committee for hearing the bill. She thought education policy and investments in the children of Alaska was critical.

[1:41:08 PM](#)

Representative Wool noted that Representative Story had mentioned the inflation increase of 8 percent. He asked if she meant 8 percent cumulative inflation since the last increase. He was trying to better understand the formula calculation. Representative Story deferred the answer to her staff.

[1:42:34 PM](#)

ARIEL SVETLIK, STAFF, REPRESENTATIVE ANDI STORY, responded that the 8 percent inflation Representative Story referenced was the cumulative inflation between FY 2017 and FY 2022. She added that the bill proposed a 4 percent (3.8 percent) increase for FY 2023 with another 0.9 percent in FY 2024 that totaled \$71 million in FY 2024.

Co-Chair Merrick asked Representative Johnson to restate her amendment.

[1:43:19 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"

Co-Chair Merrick OBJECTED for discussion.

Representative Johnson reviewed the amendment. She explained that the amendment would fund correspondence at 100 percent of the current base formula instead of the current 90 percent. She maintained that the amendment did not change any elements to the formula; it was merely an increase. She offered that roughly 19 thousand students were in correspondence programs in Alaska, which saved the state funding. She explained that certain multipliers were not applied to correspondence students. She thought that the hybrid model of instruction was working well. Students were spending more time at home. She argued that it made sense for the money to follow the student.

[1:46:06 PM](#)

Vice-Chair Ortiz asked for the source of Representative Johnson's comment that Amendment 1 would not change the

formula. He commented that brick-and-mortar schools had inherently higher costs. He noted that correspondence and home school students often benefitted from the brick-and-mortar schools by participating in activities sponsored by the schools, engaging in sports, and in the use of the facilities. The school district paid for the costs of coaches, activity directors, utilities, etc. Representative Johnson offered that her staff could speak to the formula. She agreed that students were using the school facilities. She indicated that the homeschool funding was "set by the district" and not by the state therefore the district could retain more money for utilities. Some schools had more local students and others had more remote students. She surmised that school districts had found ways to meet students' needs across the state. Some school districts offered its own correspondence programs. She stated that remote students were able to use their allotted money on coaches or other activities offered at the local school. Therefore, the increase made sense.

Co-Chair Merrick asked if Vice-Chair Ortiz wanted to hear from LFD. Vice-Chair Ortiz replied in the affirmative.

[1:51:00 PM](#)

KELLY O'SULLIVAN, ANALYST, LEGISLATIVE FINANCE DIVISION, asked Vice-Chair Ortiz to restate his question. Vice-Chair Ortiz restated his question and asked whether Amendment 1 would affect the formula. Ms. O'Sullivan understood that it only changed one portion of the formula. Vice-Chair Ortiz suggested that she was saying that it changed the formula. Ms. O'Sullivan responded in the affirmative.

[1:52:29 PM](#)

Representative Wool understood that the amendment did not change the BSA number it only changed the amount from 90 percent to 100 percent. He opposed the amendment. He agreed that correspondence students saved money. He deduced that the student teacher ratio was much different and there were no building costs. He noted that remote students participated in sports and activities at the local school. He was concerned that the amendment would add to the budget rather than decreasing the amount because funding for brick-and-mortar schools was not being decreased as an offset. He spoke to hearing from school districts that they were in dire need financially. He believed that

correspondence schools were currently very profitable because of the COVID pandemic, and he had not heard testimony from them that they needed additional funding. He observed that in Fairbanks, every correspondence student received \$2,000 or \$2,500 in order to purchase curriculum, music, and other activities. He was concerned that with increased funding more families would take their children out of brick-and-mortar schools. He supported a robust education in traditional schools.

Co-Chair Merrick invited Ms. O'Sullivan to comment.

Ms. O'Sullivan indicated that Representative Wool was correct, and the amendment added to the cost of education.

Representative Wool asked about the impact of going from 90 percent funding to 100 percent for 19 thousand children. Ms. O'Sullivan responded that the amount would be \$11.5 million.

Representative Josephson asked about the impact per student. Ms. O'Sullivan had not done the math. Representative Josephson suggested that it would be about \$579 per student. He suggested the bill currently provided about \$280 per student. Ms. O'Sullivan asked if he was asking what the BSA increase was. Representative Josephson restated that the bill increased the BSA by \$280 per student. Ms. O'Sullivan answered in the affirmative and added that in the first year the increase was \$223 and in the second year it increased to \$278 per student. Representative Josephson deemed that the correspondence increase doubled the amount per student. Ms. O'Sullivan responded that the amount per correspondence student was \$593. Representative Josephson suggested that if the bill passed the correspondence also gained an increase via the BSA increase and it would be a benefit on top of a benefit. Ms. O'Sullivan replied in the affirmative

Representative Carpenter asked what portion of the student allotment the correspondence programs would receive. Ms. O'Sullivan deferred the answer to the Department of Education and Early Development (DEED).

[1:59:53 PM](#)

HEIDI TESHNER, DIRECTOR, FINANCE AND SUPPORT SERVICES,
DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT (via

teleconference), responded that it would be up to the school district to determine whether they would change the student allotment or provide more services directly to the correspondence students.

Representative Carpenter deduced that the district determined what portion of the 90 percent for correspondence students went to the students. Ms. Teshner responded, "That's correct."

Representative Johnson commented that the amendment was not an either or option and was not attempting to take away anything from students. She noted the teacher shortage in the state in relation to the benefits of correspondence.

[2:01:28 PM](#)

AT EASE

[2:02:20 PM](#)

RECONVENED

Representative Johnson highlighted that the district still received the funding and would decide how the money was distributed and spent because it was under local control. She emphasized that correspondence was not in competition with brick-and-mortar schools. The amendment provided additional funding to districts and would allow for a hybrid system. She argued that it was a huge commitment to home school children, and she did not anticipate a huge increase in homeschoolers due to the increase. Correspondence did not take away the responsibility of the districts. She thought correspondence was the way of the future and the amendment leveled the playing field. She indicated that the Matanuska - Susitna (MAT-Su) School District had a truancy rate of 30 percent. She opined that the pandemic had changed things and the traditional brick-and-mortar model might become a hybrid. All students were equal, and the state was trying to educate them in the unique environment of Alaska. She wanted to see a level playing field for students. She had done correspondence as a child and thought that Alaska had offered it first in the nation. The amendment would bring more money into the district. It was evident during the pandemic that correspondence school was positive for some. She noted that the Mat-Su school district had created its own correspondence school as a response to demand. She maintained that the model was working.

[2:06:48 PM](#)

Representative Carpenter asked Ms. Teshner to speak to the cost-sharing arrangements between brick-and-mortar schools and correspondence programs.

Ms. Teshner responded that if a student was enrolled in both models splitting the time evenly, the brick-and-mortar school would get 50 percent of the formula and for correspondence they would receive 50 percent of the 90 percent funding. Representative Carpenter was aware that his district had both brick-and-mortar schools and correspondence programs. He deduced that if a child moved into a homeschool program the district received the reduction in funding. Ms. Teshner replied that since the student was no longer served by the brick-and-mortar the cost of providing the services shifted but she agreed that he was relatively correct because the brick-and-mortar cost more to run than correspondence. Representative Carpenter restated his question. He was talking about the per student allocation; the BSA. He surmised that if a student decided to participate in correspondence and leave the brick-and-mortar school, the district would realize a reduction in funding. Ms. Teshner suggested that if a student was enrolled in a brick-and-mortar school at the time of the count and shifted to a correspondence program after the count, the student would be generating less money for the district. However, it depended on when the shift happened if it happened after the 20 day count period-the brick and mortar BSA would apply. Representative Carpenter assumed that the change happened between years. He calculated that the BSA did not change in the first year. In the following year, if they switched to a correspondence course the school district would receive 90 percent of the BSA. Ms. Teshner replied that he was correct.

[2:12:26 PM](#)

Representative LeBon deduced that a student who was enrolled in certain courses and sports and received his core classes via correspondence the funding associated with the non-correspondence activities followed the district. He asked if his statement was true.

Ms. Teshner indicated the student would be jointly enrolled in brick-and-mortar and correspondence and funding would come from both correspondence and traditional education.

Representative LeBon concluded that the money did follow the school district.

2:14:26 PM

AT EASE

2:22:49 PM

RECONVENED

Representative Johnson pointed out that the district would still manage the funding and determine what share was distributed to a correspondence program. She offered that if a student spent half a day or more in the brick-and-mortar school and half a day at correspondence it counted as full-time student at a district as far as the district receiving the add-ons or cost adjustment factors to the BSA. The other BSA factors were not being changed at all. However, for any correspondence student doing more than half of their education in correspondence, the district did not receive the additional BSA funding for the student. She ascertained that correspondence was beneficial to the district. She claimed that Amendment 1 brought students into parity and did not harm the district.

2:25:20 PM

Representative Wool cited Representative Carpenter's scenario and indicated that a student enrolling in correspondence in a following year was a decrease to the district since the multipliers were lost; it was a significant reduction. The largest recipients of the 10 percent increase were the Idea, Raven, and Mat-Su programs. He argued that the simplest solution would be to raise the BSA, and all children would receive an equal increase. He reiterated that he did not believe correspondence was "broken" and they were not requesting increases like the brick-and-mortar schools. He could not justify the increase.

Representative Johnson relayed that Amendment 1 did not change the formula. The formula amounts stayed the same but merely brought correspondence student into parity with other students. She opined that there was a "new way of teaching and learning" and that people had adapted. The increase was not significant. She calculated that the projected education spending total was \$1.19 billion, and the amendment increased the total to \$2.06 billion. She

argued that the amendment would pay dividends for districts and students.

Co-Chair Merrick MAINTAINED the OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Thompson, Carpenter, Johnson, LeBon, Foster
OPPOSED: Ortiz, Wool, Edgmon, Josephson, Merrick

The MOTION FAILED (5/5). Amendment 1 FAILED to be ADOPTED.

[Representative Rasmussen was absent from the vote.]

[2:29:40 PM](#)

Representative LeBon MOVED to ADOPT Amendment 2, 32-LS1365\I.1 (Marx, 3/14/22) (copy on file):

Page 1, line 5:
Delete "\$6,153"
Insert "\$6,181"

Page 1, lines 7 - 9:
Delete all material.

Page 1, line 10:
Delete "Section 1 of this"
Insert "This"

Page 1, line 11:
Delete all material.

Representative Josephson OBJECTED for discussion.

Representative LeBon reviewed the amendment. He informed the committee that the amendment increased the BSA from \$5.93 thousand per student by approximately \$251 to \$6.18 thousand. The second proposal eliminated the increase in FY 2024. The effective date for the change was July 1, 2022. He commented that school districts were asking for immediate relief and the amendment increased the amount in HB 272. The increase was less than 5 percent and was more immediate for the school districts.

[2:31:18 PM](#)

Vice-Chair Ortiz asked for the overall fiscal impact. He wanted the net effect since the amendment increased the first year increase but eliminated the second year increase. Representative LeBon indicated that the amount would be \$7.1 million. Vice-Chair Ortiz asked if the total increase would be over 2 years. He understood the increase in the first year but wanted Representative LeBon to factor in the elimination of the second year increase. He discerned that there would be a net decrease from the original bill. Representative LeBon explained that he was splitting the difference between the increased amounts for FY 23 and FY 24.

[2:33:38 PM](#)

AT EASE

[2:35:29 PM](#)

RECONVENED

Representative Josephson argued that the bill was not enough to meet the districts' needs and the amendment was a cut to the bill which he could not support.

Representative Carpenter agreed that the amendment was a cut to the bill. He calculated that the amendment cut the amount from \$71 million to \$64.2 million. He delineated that FY 2025 through FY 2028 would each be \$6.9 million less than the original bill but still offered an increase to the current BSA. He ascertained that if the amendment passed the BSA increase would continue into the out years.

[2:37:13 PM](#)

Representative Wool felt that it was an increase to current law but a decrease to the bill. He would not support the amendment. He heard from his school districts that they were in need and the bill was not enough. He opposed the amendment.

Representative LeBon understood he was proposing a reduction to the bill proposal. He voiced that next year if the legislature chose to increase the BSA they could. He thought giving the districts some more relief in the present was the benefit of the amendment.

Representative Josephson MAINTAINED the OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Thompson, Carpenter, Johnson, LeBon

OPPOSED: Wool, Edgmon, Josephson, Ortiz, Foster, Merrick

The MOTION FAILED (4/6). Amendment 2 FAILED to be ADOPTED.

[Representative Rasmussen was absent from the vote.]

[2:39:23 PM](#)

Representative Josephson MOVED to ADOPT Amendment 3, 32-LS1365\I.3 (Wallace/Marx, 4/2/22) (copy on file):

Page 1, line 8:

Delete "\$6,208"

Insert "\$6,376"

Representative LeBon OBJECTED for discussion.

Representative Josephson reviewed the amendment. He commended the bill's sponsor for her leadership on increasing the BSA. He communicated that the issue was a math problem and the BSA was not raised since 2017. He voiced that there was a sense in the legislature that inflation was not real. He recounted testimony from March 7, 2022, from the Fairbanks School District (FSD) Superintendent, Andy Degras, and Chief Operating Officer. He highlighted several of his important points. He relayed that Mr. Degras stated that the FSD deficit for FY 23 was \$19 million and the two year deficit was \$23 million. He was going to deploy a step down approach and would be executing draconian cuts. The COVID related relief did not cover deficits and would be 90 percent exhausted by June 1 of 2023. The district was closing 3 schools. He furthered that cuts would be made to the classroom, counselors, e-learning staff, instructional aides, administrative staff and assistant principals, and activities coordinators. He also cited utility and other increases and that fuel alone cost \$1 million. In FY 23, the district would receive \$5.3 million from HB 272. In the following year it would only offer the district an increase of \$3 million. He added that salary increases were not included in the numbers.

Representative Josephson continued that he supported full funding of oil tax credits in the amount of over \$500 million. He was aware of the availability of State and

Local Fiscal Recovery Funds (SLFRF) funds [under the American Rescue Plan Act (ARPA)] that could supplant other funding needs. He believed that the \$57 million increase was affordable for the state, and he appealed to Mr. Degras' testimony regarding the factual need for the funding increase.

[2:45:28 PM](#)

Representative Wool agreed with Representative Josephson. He believed that school funding should be adjusted for inflation. He supported the amendment.

Representative Josephson provided wrap-up. He asked for the committee's support and noted that the amendment took the amount up to 7.8 percent match for inflation but, inflation had been about 9 percent.

[2:47:12 PM](#)

AT EASE

[2:47:35 PM](#)

RECONVENED

Representative LeBon MAINTAINED the OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Thompson, Wool, Josephson, Ortiz, Foster
OPPOSED: Carpenter, Edgmon, Johnson, LeBon, Merrick

The MOTION FAILED (5/5). Amendment 3 FAILED to be ADOPTED.

[Representative Rasmussen was absent from the vote.]

[2:48:32 PM](#)

Representative Josephson MOVED to ADOPT Amendment 4, 32-LS1365\I.4 (Wallace/Marx, 4/2/22) (copy on file):

Page 1, line 8:
Delete "\$6,208"
Insert "\$6,285"

Representative LeBon OBJECTED for discussion.

Representative Josephson reviewed the amendment. He indicated that the amendment would increase the BSA over FY 22 and spread it over two years. The increase was more incremental but valuable.

Representative Wool noted that the amount was less than the previous amendment. He asked for a brief explanation of the methodology.

Co-Chair Merrick noted Representative Rasmussen had joined the meeting.

Representative Josephson responded to Representative Wool's question and noted that in the first year the 4 percent increase was close to the bill sponsor's increase and the second year increase was larger than the proposal in the sponsor's bill. The total amount in FY 24 was roughly \$85 million.

[2:50:47 PM](#)

Representative Wool asked if FY 23 would be left the same as the original bill. Representative Josephson responded in the affirmative.

[2:51:00 PM](#)

AT EASE

[2:53:16 PM](#)

RECONVENED

Representative Josephson provided wrap-up comments. He offered that the amendment would increase the second year funding. He did not know what both bodies would support. He asked the committee to look at the facts and decide.

Representative LeBon MAINTAINED the OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Wool, Josephson, Ortiz, Foster

OPPOSED: Carpenter, Edgmon, Johnson, LeBon, Rasmussen, Thompson, Merrick

The MOTION FAILED (4/7). Amendment 4 FAILED to be ADOPTED.

[2:55:03 PM](#)

Co-Chair Merrick MOVED to RECIND action on Amendment 3.

There being NO OBJECTION, it was so ordered.

Co-Chair Merrick asked for a roll call on Amendment 3.

A roll call vote was taken on the motion on Amendment 3.

IN FAVOR: Edgmon, Josephson, Ortiz, Wool, Foster

OPPOSED: Carpenter, Johnson, LeBon, Rasmussen, Thompson, Merrick

The MOTION FAILED (5/6). Amendment 3 FAILED to be adopted.

2:55:56 PM

AT EASE

2:59:05 PM

RECONVENED

Representative Johnson MOVED to RECIND action on Amendment 1.

There being NO OBJECTION, it was so ordered.

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"

Representative Josephson OBJECTED.

Representative Johnson reiterated her explanation of Amendment 1.

[3:00:40 PM](#)

Representative Josephson pointed out that he had not received any requests or letters asking for the increase. He understood that the formula had been 80 percent but was increased to 90 percent and felt that the need for the increase was not established. He related that the committee had just rejected an increase of \$355 per year and the increase in the amendment was \$579. He did not see the logic in the amendment. He opposed the amendment.

Representative Wool wanted to help all students as well. He countered that an increase to the BSA would help all students. Correspondence schools received 90 percent but had much less expenses and overhead. He noted that the Galena School District would receive \$3.2 million and had 7.3 thousand students enrolled in its correspondence program. The school district had fewer buildings than in Anchorage but was receiving much more funding. He stated that Fairbanks had a lot of in person students and would only receive \$380 thousand from the amendment. He noted that the Mat-Su School District would receive \$1.6 million and had 2000 students in its district correspondence school. He reiterated that correspondence costs were lower. He would rather increase the BSA for all rather than "picking a few winners and losers." He opposed the amendment.

[3:04:19 PM](#)

Vice-Chair Ortiz associated himself with the remarks of the two previous speakers. He offered that how the amendment would impact districts and homeschool students was highly variable. He opposed the amendment.

Representative Carpenter cited Representative Johnson's data that 19,366 students were affected by the amendment. He surmised that the number of correspondence students affected a number of schools in the state. Correspondence had the "highest growing demand" in the state's school system, and they were being denied 10 percent of the funding. He interpreted the amendment as whatever method the parents decided for their children the schools would be held harmless. He felt that the amendment was fair.

Representative Wool suggested that 19,000 students in correspondence represented students and not schools. He argued that they were not in brick-and-mortar schools and the overhead was much less. The cost of operating a school with a 25 to 1 teacher to student ratio was much different and it was unfair to suggest the amendment leveled the playing field. A correspondence school had one teacher to 150 students and was not equal to a brick-and-mortar school. He emphasized that correspondence schools were making money, or they would ask for more. He stressed that correspondence was not for every child and many hated remote learning during the pandemic. He wanted to maintain brick-and-mortar schools. He continued to argue that correspondence schools were making money.

Representative Johnson wanted to address the numbers. She voiced that anyone from any of the districts could be using their opportunity to join another district through correspondence and the programs were diverse throughout the state. She thanked Idea and the Galena School District for educating students around the state. She restated that the school district still received money for correspondence students and chose the amount to dispense to the parents for correspondence. For those participating in a hybrid system the district still received some amount of funding. She felt strongly about the issue. She had seen the correspondence programs grow and change over the years. She reiterated that the state had an attendance issue it needed to address. Society was changing and hybrid education was becoming more common. What was not changing was the desire to educate Alaska's students at the same level and with

high standards. The school districts maintained the responsibility and worked with correspondence students.

[3:12:47 PM](#)

Representative Josephson MAINTAINED the OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Johnson, LeBon, Rasmussen, Thompson, Carpenter, Foster

OPPOSED: Edgmon, Josephson, Ortiz, Wool, Merrick

The MOTION PASSED (6/5). Amendment 1 was ADOPTED.

[3:13:36 PM](#)

Representative Josephson MOVED to ADOPT Amendment 5, 32-LS1365\I.5 (Wallace/Marx, 4/2/22) (copy on file):

Page 1, line 5:
Delete "\$6,153"
Insert "\$6,285"

Page 1, lines 7 - 9:
Delete all material.

Renumber the following bill sections accordingly.

Page 1, line 10:
Delete "Section 1 of this"
Insert "This"

Page 1, line 11:
Delete all material.

Co-Chair Merrick OBJECTED for discussion.

Representative Josephson reviewed the amendment. He explained that the amendment aligned with Representative LeBon's comments that the school districts needed immediate help. The amendment offered a 6 percent increase in one year beginning on July 1, 2022. He noted that in his district the Anchorage School District was doing well in FY 23 due to COVID relief money that would run out in the following year. He cared that other districts around the state were struggling. He was perplexed that the Fairbanks

School District was not fully funded when he knew the state had enough resources in the current year. He implored the committee to adopt the amendment and warned of a lawsuit if it did not pass.

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[3:16:02 PM](#)

Representative Wool calculated that Amendment 5 added about \$132 per student to the BSA and the prior amendment added roughly \$600 per student. He believed that the amendment provided the same opportunity as the prior amendment did for the brick-and-mortar school students, which were the majority of children in the state. He continued to offer his support for the amendment. He thought the increase in Amendment 5 was modest when compared to the increase for correspondence students.

Co-Chair Merrick indicated that the \$132 per student was in addition to the increase in the bill. She asked whether the statement was correct.

Representative Wool answered in the affirmative.

Co-Chair Merrick MAINTAINED the OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Josephson, Ortiz, Wool, Edgmon, Foster
OPPOSED: Johnson, LeBon, Rasmussen, Thompson, Carpenter, Merrick

The MOTION FAILED (5/6). Amendment 5 FAILED to be ADOPTED.

Representative LeBon MOVED to RECIND action on Amendment 2.

There being NO OBJECTION, it was so ordered.

Representative LeBon MOVED to ADOPT Amendment 2, 32-LS1365\I.1 (Marx, 3/14/22) (copy on file):

Page 1, line 5:
Delete "\$6,153"
Insert "\$6,181"

Page 1, lines 7 - 9:
Delete all material.

Page 1, line 10:
Delete "Section 1 of this"
Insert "This"

Page 1, line 11:
Delete all material.

Co-Chair Merrick OBJECTED for discussion.

Representative LeBon explained that his amendment would address the immediate need of school districts. He urged the committee to adopt Amendment 2.

[3:19:37 PM](#)
AT EASE

[3:30:01 PM](#)
RECONVENED

Representative Josephson could not support the amendment because it was a cut to the overall bill. The opportunity to increase the BSA was rare, and he did not want to approve an increase that was not granted in perpetuity.

Representative LeBon provided wrap-up comments. He commented that the previous speaker had painted a dire picture for the Fairbanks School District. He restated that his amendment addressed the immediate need. The state would know more about its financial position in the following year.

Representative Josephson MAINTAINED the OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: LeBon, Rasmussen, Thompson, Carpenter, Johnson
OPPOSED: Josephson, Ortiz, Wool, Edgmon, Merrick, Foster
The MOTION FAILED (5/6). Amendment 2 FAILED to be ADOPTED.

[3:32:46 PM](#)

Co-Chair Foster MOVED to report CSHB 272(FIN) out of Committee with individual recommendations and the accompanying fiscal notes.

There being NO OBJECTION, it was so ordered.

CSHB 272(FIN) was REPORTED out of committee with three "do pass" recommendations, four "no recommendation" recommendations, and two "amend" recommendations and with a new fiscal impact note by the Department of Education and Early Development and one previously published zero fiscal note: FN1 (EED).

[3:33:15 PM](#)

AT EASE

[3:34:37 PM](#)

RECONVENED

#hb273

HOUSE BILL NO. 273

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

[3:34:46 PM](#)

Co-Chair Merrick indicated there were no amendments offered for HB 273.

REPRESENTATIVE ANDI STORY, SPONSOR, relayed the purpose of the bill. She voiced that the HB 273 linked the BSA directly to the Consumer Price Index (CPI) for urban Alaska over a three year rolling average with a gap year. The gap year was necessary because the official inflation figures from the US Census Bureau arrived after districts sent its budgets to its municipalities. She delineated that the effective date of the bill was on July 1, 2024. Passage of the bill would signal to communities that the legislature realized that school districts faced fixed costs. The bill also created a steady and predictable budget for the whole school community and system. She felt that it was a modest amount that allowed the legislature to invest in other educational initiatives as well.

Co-Chair Foster MOVED to report CSHB 273(EDC) out of Committee with individual recommendations and the accompanying fiscal notes.

There being NO OBJECTION, it was so ordered.

CSHB 273(EDC) was REPORTED out of committee with five "do pass" recommendations, three "do not pass" recommendations, and one "no recommendation" recommendation and with one previously published zero fiscal note: FN1 (EED); and one previously published fiscal impact note: FN2 (EED).

[3:37:54 PM](#)

AT EASE

[3:38:34 PM](#)

RECONVENED

Co-Chair Merrick reviewed the agenda for the following morning meeting.

#

ADJOURNMENT

[3:38:53 PM](#)

The meeting was adjourned at 3:38 p.m.