

**ALASKA STATE LEGISLATURE**  
**HOUSE SPECIAL COMMITTEE ON WAYS AND MEANS**

February 15, 2022

11:35 a.m.

**MEMBERS PRESENT**

Representative Ivy Spohnholz, Chair  
Representative Andy Josephson  
Representative Calvin Schrage  
Representative Andi Story  
Representative Mike Prax

**MEMBERS ABSENT**

Representative Adam Wool, Vice Chair  
Representative David Eastman

**COMMITTEE CALENDAR**

PRESENTATION(S): COST OF HEALTH CARE TO STATE OPERATIONS

- HEARD

PRESENTATION(S): COST OF CHILD ABUSE AND NEGLECT IN ALASKA

- HEARD

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."

- HEARD & HELD

**PREVIOUS COMMITTEE ACTION**

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 RPT 3DP 3DNP 1NR
02/14/22	(H)	DP: HOPKINS, STORY, DRUMMOND
02/14/22	(H)	DNP: PRAX, GILLHAM, CRONK
02/14/22	(H)	NR: ZULKOSKY
02/14/22	(H)	EDC AT 8:00 AM DAVIS 106
02/14/22	(H)	Moved HB 259 Out of Committee
02/14/22	(H)	MINUTE(EDC)
02/15/22	(H)	W&M AT 11:30 AM DAVIS 106

**WITNESS REGISTER**

CAROLINE SCHULTZ, Chief Policy Analyst  
Office of Management & Budget  
Juneau, Alaska

**POSITION STATEMENT:** Provided a PowerPoint presentation, titled "Health Care in the State Budget," dated 2/15/22.

TREVOR STORRS, President and CEO  
Alaska Children's Trust  
Anchorage, Alaska

**POSITION STATEMENT:** Provided a PowerPoint presentation on the Cost of Child Abuse and Neglect in Alaska.

MEGAN HOLLAND, Staff  
Representative Ivy Spohnholz  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** Presented a sectional analysis of HB 259 on behalf of Representative Spohnholz, prime sponsor.

TOM KLAAMEYER, President  
National Education Association of Alaska  
Anchorage, Alaska

**POSITION STATEMENT:** Provided invited testimony during the hearing on HB 259.

LISA SKILES PARADY, PhD, Executive Director  
Alaska Council of School Administrators  
Juneau, Alaska

**POSITION STATEMENT:** Provided invited testimony during the hearing on HB 259.

LON GARRISON, Executive Director  
Association of Alaska School Boards

Juneau, Alaska

**POSITION STATEMENT:** Provided invited testimony during the hearing on HB 259.

**ACTION NARRATIVE**

[11:35:31 AM](#)

**CHAIR IVY SPOHNHOLZ** called the House Special Committee on Ways and Means meeting to order at 11:35 a.m. Representatives Josephson, Story, Schrage, Spohnholz were present at the call to order. Representative Prax arrived as the meeting was in progress.

**PRESENTATION(S): Cost of Health Care to State Operations**

[11:36:35 AM](#)

CHAIR SPOHNHOLZ announced that the first order of business would be a presentation on the Cost of Health Care to State Operations.

[11:36:48 AM](#)

CAROLINE SCHULTZ, Chief Policy Analyst, Office of Management & Budget, provided a PowerPoint presentation, titled "Health Care in the State Budget" [hard copy included in the committee packet]. Ms. Schultz presented about how much is spent on health care in the state budget in Alaska. The state budget finances the largest single share of health care costs in Alaska. Much of this is federally funded through the Medicaid program, but because it is funneled through the state budget, it is worth mentioning. The largest portion of health care costs are through the Medicaid program, followed by state employee health care, public employee retiree health care, school district employee health care, Alaska reinsurance program, pioneer homes, Alaska Psychiatric Institute, public health nursing, among many others. In reference to a bar graph on slide 4 she mentioned that health care costs dwarf all other budgets throughout the state including Department of Education and even Department of Health when the Medicaid program is removed from the equation. A pie chart in slide 5 shows that the Department of Health makes up 20 percent of direct health care agency spending, state employee healthcare makes up 4 percent, and Department of Family and Community Services combined with Department of Corrections make up another 4 percent.

MS. SCHULTZ related that after breaking down health spending fund sources over time, shown on slide 6, the state's contribution including unrestricted general funds and designated general funds, has remained largely unchanged since 2015, while federal contributions have increased, largely due to Medicaid expansion. Slide 7 shows that the percent of unrestricted Gross Fund agency operations spent on health care has remained relatively unchanged between fiscal year 2015 (FY 15) and FY 23. In response to a question from Representative Schrage, she said that the increase in designated general funds in FY 21 was due to the Alaska Reinsurance program.

**PRESENTATION(S): The Cost of Child Abuse and Neglect in Alaska**

[11:42:39 AM](#)

CHAIR SPOHNHOLZ announced that the next order of business would be a presentation on the Cost of Child Abuse and Neglect in Alaska.

[11:43:26 AM](#)

TREVOR STORRS, President and CEO, Alaska Children's Trust, provided a PowerPoint presentation on behalf of the Alaska Children's Trust on the Cost of Child Abuse and Neglect in Alaska [hard copy included in the committee packet]. He stated that children are our most valuable resource and Alaska's prosperity depends on our ability to improve the well-being of families of the next generation. Alaska has one of the highest rates of child abuse and neglect per capita in the nation. When parents don't have the knowledge, skills, support or resources it puts strain on them that can lead to child abuse and neglect. In 2021, Alaska was ranked 43rd out of 50 states for overall child well-being. Alaska ranked 49th in education, 22nd in family & community, 47th in economic well-being, and 44th in health. The rate of planned suicide attempts by high school students in Alaska has increased in the past year by over 30 percent for males and nearly 70 percent for females.

[11:48:08 AM](#)

MR. STORRS emphasized that there are significant economic impacts of child abuse and neglect. The following estimated costs are based on the Office of Children's Services numbers from 2019 with 3100 cases of child abuse. Usually, costs are just calculated by looking at the investigative or judicial

costs. Doing so leaves out the damaging effects that victims deal with throughout their lifetimes which hurt the health and quality of life of individuals and imposes costs on society. Victims of child abuse and neglect experience more health care complications than the general population. It costs \$86,044 per victim which equates to over \$200 million for the victims of 2019. Abuse or neglect in childhood is correlated with decreased earnings over the course of a lifetime. Victims of maltreatment earn nearly \$7,000 less than their peers each year which totals nearly 165,000 over each individual's lifetime. Children who experience abuse or neglect are more likely to be arrested and charged with crimes which cost Alaska over \$12,000 per victim and nearly \$30 million in total. Victims often experience delays in their educational progress which requires more frequent special education services. This costs Alaska nearly \$22,000 per victim and over \$50 million in total. It costs Alaska nearly \$15,000 per victim for child welfare costs resulting in about \$35 million in total.

MR. STORRS mentioned that another way to look at the cost of child abuse and neglect is through the cost of trauma. Adverse childhood experiences can lead to poor mental health, physical health, and socio-economic status in adulthood. Adverse childhood experiences can impact the neurodevelopment of a child which can lead to social, emotional and cognitive impairment. These impairments can lead to an adoption of high-risk behaviors like drugs use which can later cause disease, disability and social problems like homelessness and incarceration. The Alaska Mental Health Board did a study showing the cost of trauma to our state. They found that 41 percent of Medicaid enrollment in Alaska can be linked back to adverse childhood experiences (ACEs) linked to trauma, which cost \$360 million. 32 percent of Alaskan smokers, likely smoke due to ACEs at an estimated cost of \$190 million. 24 percent of non-gestational diabetes cases are linked with ACEs which costs \$110 million. 14 percent of people with obesity in Alaska are linked with ACEs with a total cost of \$31 million. Binge drinking linked with ACE's costs Alaskans \$70 million.

[11:53:15 AM](#)

MR. STORRS emphasized many solutions including the creation of a sustainable budget that reduces costs. A sustainable budget is not achievable in one or two years. It requires up front investments and a change in current methodologies in how we ensure children, families and communities, gain knowledge,

skills, support, and resources to thrive. When they thrive, the risk of child abuse and neglect is greatly reduced and many of the issues plaguing our state can be reduced which results in major savings. Alaska dedicates 30 percent of its spending to children and families. The total, the Children's Budget is nearly 13 percent (\$400 million) smaller compared to average spending earlier in the decade. The departmental operating budget is down by 13 percent (\$90 million) compared to FY 11-14 average. The non-departmental operating budget, capitalization not through the departments, is 36 percent (\$140 million) smaller than FY 11-14. The capital budget is down more than 95 percent compared to FY 11-14. Capital is related to hard materials including school buildings, equipment, computers, et cetera.

[11:56:19 AM](#)

MR. STORRS emphasized the importance of investing early. A child's early years lay a foundation for their success. For every \$1 invested in early childhood education, there is a \$7-\$13 return on investment. The Heckman curve, shown on slide 30, demonstrates that the highest rate of economic returns comes from the earliest investment in children. It illustrates the reality that society tends to invest too much in later development when it is too late to provide great value. Alaska spends less than 1 percent of its general fund on early childhood investment.

[11:59:48 AM](#)

MR. STORRS highlighted the necessity to invest in primary prevention. By creating a single point of entry to social programs, families can be screened for eligibility for a myriad of programs which will help to save on administrative costs and reduce barriers to families and give them access to the support and resources they need to beat poverty. Strengthening the safety net increases economic mobility and stability. 14 percent of children in Alaska live in poverty. Families begin having children when they are likely earning the lowest income in their adult life. Nearly 50 percent of Alaska's child abuse and neglect cases occur when the child is under the age of 5. The most common form of abuse is neglect, which is strongly associated with poverty. Therefore, financial strain on young families can lead to neglect.

MR. STORRS said primary prevention also includes ensuring that all Alaskan children have primary health coverage. Alaska has

the third highest rate of uninsured children at 9.4 percent. When they are uninsured, they are more likely to have unmet health needs that can lead to greater costs in the future. Children with insurance experience higher educational attainment and other positive long-term outcomes. Through Denali Kid Care and Medicaid, the federal government covers most, if not all, of medical expenses for children, especially Native children although, Native children are often not enrolled in these programs. The benefits of enrolling as many children as possible in health insurance programs for preventative healthcare outweighs the cost of potential future costs for tertiary coverage for adults. Using technology, the state could create a central single point of entry that assesses what families are eligible for, with the effort of helping people out of poverty in a more streamlined manner to remove barriers to access. Mr. Storrs relayed that 75 percent of child abuse and neglect in Alaska is neglect which is largely associated with poverty.

[12:11:15 PM](#)

MR. STORRS stressed that some parents don't have the knowledge, skills, support, or resources needed to converse with teens about reproductive health. From 2009 to 2019 there has been a 58 percent decline in teen births. However, even with this progress, Alaska teen birth rates are consistently higher than the national average. This is important to the prevention of child abuse and neglect. Researchers have found that unintended pregnancy is an important risk factor in predicting an addressing child maltreatment. Births that result from unintentional or closely spaced pregnancies are associated with adverse maternal and child health outcomes including mental health, risk of physical violence during pregnancy and increased risk of child abuse and neglect. Implementation of comprehensive human development classes in school can help children understand their bodies and learn skills to manage the changes they will experience as they grow. He further emphasized the benefits of increased voluntary access to long-acting reversible contraception.

[12:13:27 PM](#)

MR. STORRS asked the committee to imagine if we provided knowledge, skills, support and resources to families before child abuse reached the level requiring intervention from Office of Childrens Services. Research shows that the likelihood of a family being reported increases after each subsequent report.

If issues causing neglect were addressed prior to OCS intervention, Alaska could save hundreds of thousands of dollars annually. Reducing repeat maltreatment would better protect children and in turn reduce OCS' case load.

[12:20:02 PM](#)

MR. STORRS said that tribal compacting could help to promote indigenous values and customs, promote greater community involvement and create protective factors that families and communities need to address their traumas and build resilience.

MR. STORRS underscored the necessity of strengthening data driven decisions. Data can help detect issues sooner and thus result in cost savings. A recommendation offered included conducting the Youth Risk System Survey in middle school and not just high school. Data collection should be "opt out" instead of "opt in" to provide for a broader and deeper assessment of risky behaviors among Alaska's youth. Making it "opt out" instead of "opt in" will result in a higher number of data points and therefore more valuable data. Data management is not just about collecting data, it's about educating people about the data, analyzing, and sharing it.

[12:23:59 PM](#)

MR. STORRS, in response to Representative Story's question about opioids, mentioned that the data suggests that over 80 percent of child abuse and neglect is associated with alcohol. In response to Representative Story's request to provide recommendations with the highest return on investment, he referred to the committee packet. He also emphasized investing in early childhood, pre-kindergarten and mental health for youth. He encouraged committee members to ask their colleagues and fellow legislators, "What are you doing for primary prevention?"

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

[12:27:25 PM](#)

CHAIR SPOHNHOLZ 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."

[12:27:46 PM](#)

The committee took a brief at-ease.

[During the at-ease, Chair Spohnholz passed the gavel to Representative Josephson.]

[12:28:53 PM](#)

REPRESENTATIVE JOSEPHSON noted those who are available to answer questions.

[12:29:32 PM](#)

CHAIR SPOHNHOLZ, as prime sponsor of HB 259, paraphrased the sponsor statement [included in committee packet], which read as follows [original punctuation provided]:

For nearly a decade, Alaska has suffered structural budget deficits that have impacted every facet of the state. In 2018, the legislature achieved great progress through the passage of the percent of market value (POMV) draw on the permanent fund's earnings, which 1) resolved two thirds of our deficit, 2) provides stable and predictable revenues to the state, and 3) caps the amount spent from the Permanent Fund annually to 5% of the Permanent Fund's total value during the first five of the last six years. As a result, our state's revenue situation has dramatically improved. However, the uncertainty of one its largest annual expenditures, dividends from the Permanent Fund (PFDs) for Alaskans, continues to hinder the fiscal health of our state, strains the legislature's ability to meet its constitutional obligations, stands in the way of many other important policy efforts, and creates fiscal uncertainty for Alaskans.

HB 259 proposes to solve this impasse by rewriting the formula for PFDs as a percentage of the POMV draw, which provides significant and growing PFDs, stable and growing funding for public education, (one of a few constitutionally mandated state funding items), and other essential government services.

This legislation splits the annual POMV draw from the Permanent Fund as follows:

- 25% to dividends, which would produce a \$1,302 dividend in FY24 that would increase each year after that as the fund's value grows.
- 75% available in unrestricted general funds for essential government services split as follows:
  - o 50% to the public education foundation formula and pupil transportation, and;
  - o 50% to general fund for funding other essential state services like public safety, road maintenance, the court system, state match for federal infrastructure funds, and more.

This designated funding stream for public education is critical because when adjusted for inflation, in FY22 the state spends \$500 less per child to educate Alaska's children than we did in FY2008. We are no longer doing more with less; we are simply doing less with less and our educational outcomes are starting to reflect that. In addition to providing predictable PFDs and stable funding for other essential state operations, the statutory split of the POMV draw proposed by this legislation ensures Alaskan schools a stable and growing fund source so we can invest our state's greatest natural resource - our kids.

[12:33:58 PM](#)

CHAIR SPOHNHOLZ began the PowerPoint presentation, titled "HB 259; Update Permanent Fund funding for Dividends, Education, and other Essential State Services" [hardcover included in committee packet]. She began on slide 2 and spoke to the headlines provided, which related to education funding. She advanced to slide 5 and pointed out that Article 7, Section 1 of the Alaska State Constitution outlines the state's obligation to public schools. She offered her understanding that the permanent fund is a stable source of income, and that oil and gas is a volatile source. She said the graph on the slide 6 depicts a history of the state's per-capita unrestricted general fund (UGF) revenue. She moved to slide 7 to detail the impact of dividend formulas to Alaska's budget past fiscal year 2023 (FY 23). She discussed which formulas would provide the state with a budget surplus

[12:38:06 PM](#)

CHAIR SPOHNHOLZ moved to slide 8, which read as follows [original punctuation provided]:

HB 259: Rewrites the Dividend Formula and Creates a Stable and Growing Dividend for Alaskans

The 5% Percent of Market Draw from the Permanent Fund will be split as follows:

- 25% to dividends, producing a \$1,301 dividend in FY24.
- 75% UGF available for essential government services
- 50%\* to the public education fund for foundation formula and pupil transportation
- 50% to general fund

CHAIR SPOHNHOLZ guided members through a diagram on slide 9 that details how HB 259 works. She moved to slide 10 to present a graph of what dividends would be under 259 past FY 24. She moved to slide 11, which showed UGF spending in the administration's proposed FY 23 budget. She explained that a statutory dividend would be more than what the state spends in UGF for operations.

[12:42:11 PM](#)

CHAIR SPOHNHOLZ concluded the PowerPoint on slide 12, which featured a chart that outlined how HB 259 would create a stable, growing fund source for Alaska's public education.

[12:43:48 PM](#)

MEGAN HOLLAND, Staff, Representative Ivy Spohnholz, Alaska State Legislature, presented a sectional analysis of HB 259 [included in the committee packet], on behalf of Representative Spohnholz, prime sponsor, which read as follows [original punctuation provided]:

Section 1: Amends AS 14.17, if the amount appropriated under section six of the bill is not sufficient to satisfy foundation formula funding for K-12 education, the remaining need may be met via appropriation by the general fund.

Section 2: Amends AS 37.13.140, to ensure the amount available for appropriation may not exceed the balance of the earnings reserve account. Repeals the old formula for calculating permanent fund dividends.

Section 3: Creates a statutory split of the annual point of market value (POMV) draw as follows: 25% to the dividend fund for distribution for PFDs and 75% to

the general fund. Of the 75% distributed to the general fund, no less than 50% may go to the public education fund for state aid to school districts to satisfy the foundation formula.

Section 4: Amends AS 37.13.145(c), clarifying that an appropriation is required to move funds from the earnings reserve account to the principal of the permanent fund for purposes of inflation proofing.

Section 5: Amends AS 37.13.145(d), relating to the Amerada Hess settlement funds, which are not included in the calculation of the POMV, to clarify that the POMV draw is appropriated, not transferred.

Section 6: Adds a new subsection providing that at least half of the portion of the POMV draw distributed to the general fund (75%), may go to the public education fund for state aid to school districts to satisfy the foundation formula. In the case that this portion of the POMV for education exceeds the minimum amount required by the formula, the excess may be distributed directly to school districts according to the same formula.

Section 7: Amends AS 37.13.300(c), relating to income from the mental health trust fund. This section is a conforming change referencing the calculation for the POMV under AS 37.13.140(b).

Section 8: Amends AS 37.14.031(c) relating to the requirement that the Alaska Permanent Fund Corporation calculate the net income of the mental health trust fund annually on the last day of the fiscal year, excluding any unrealized gains or losses. This is a technical change removing the a [sic] reference to language that already exists under this section.

Section 9: Amends AS 43.23.025(a), clarifying that funds must be appropriated to the dividend fund, rather than transferred as current statute provides.

Section 10: Repeals AS 37.13.145(e) and (f). These sections prohibited appropriations from the earnings reserve account to the general fund that exceed funds available for appropriation. This language was moved

to AS 37.13.140 under sections two and three of the bill by the legal drafter.

Section 11: Effective date of July 1, 2023.

[12:48:21 PM](#)

TOM KLAAMEYER, President, National Education Association of Alaska, began invited testimony. He said the pandemic exacerbated existing problems in Alaska's education system; annual risk of pink slips due to state budget fights; class sizes, and essential student services, such as counselors. He reported that, according to a Newsweek article, 55 percent of educators are considering leaving the profession sooner due to the effects of the pandemic. He said that, in Alaska, turnover is driven by several factors: the worst retirement in the country; annual risks of pink slips, flat funding, and rising class sizes. He stated that he is excited about the impact HB 259 would have on schools, as it seeks to resolve the state's fiscal crisis. He said recent analysis done by the Economic Policy Institute showed that, since the pandemic began, the state's public education workforce went down by 17.5 percent, and that, since 2008, the same workforce has fallen by 20 percent.

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REPRESENTATIVE PRAX asked about teachers not in social security system, how that happened, and whether it can be undone.

MR. KLAAMEYER answered that the decision was made in 1951 when retirement was considered adequate, and they felt they didn't need social security. He explained that a school board could authorize a vote to opt back in, or it could occur via statewide vote, which requires approval of the governor. He stated that there is no definitive answer currently.

[12:56:53 PM](#)

LISA SKILES PARADY, PhD, Executive Director, Alaska Council of School Administrators, began invited testimony. She emphasized the state of crisis and the critical need to provide predictable reliable revenue for schools, per the proposed legislation. Early notification of funding is critical to allow districts to plan accordingly with more certainty. She concluded by referencing Dr. Weiss, who indicated that her district had the greatest education staff turnover and recruitment crisis in

history. She indicated that the problem is worse in Alaska because of its reliance on recruitment from the Lower 48, which is also experiencing workforce shortage. Dr. Parady cited a study on increased education spending and the implications over 20 states. She said she is encouraged by the committee's consideration of HB 259.

[1:05:24 PM](#)

REPRESENTATIVE PRAX agreed that everyone wants to see stability. He asked what the incentive is to consider new ideas, like incorporating the Internet, if the focus is on guaranteed funding.

DR. PARADY said that the Internet is also an area of instability, as most outer reaching rural areas still lack Internet, and encouraged considering the equity involved. She said that no increase in the base student allocation (BSA) and the lack of inflation proofing put the state in a difficult position.

[1:09:20 PM](#)

REPRESENTATIVE JOSEPHSON commented that adequate funding is not consistent with having new ideas.

[1:09:57 PM](#)

The committee took an at-ease from 1:09 p.m. to 1:11 p.m.

[1:11:12 PM](#)

LON GARRISON, Executive Director, Association of Alaska School Boards, read the written testimony from the Association of Alaska School Boards [included in committee packet], which read as follows:

The Association of Alaska School Boards is in support of HB 259. AASB's Delegate Assembly has several long-standing resolutions supporting the elements of this legislation. These include:

- Belief Statement #B.7 EDUCATIONAL PROGRAMS AND FUNDING AS TOP PRIORITY,
- Resolution #2.1 SUSTAINED, RELIABLE AND ADEQUATE STATE FISCAL PLAN AND EDUCATIONAL FUNDING FOR ALASKA'S STUDENTS THROUGH A NON-VOLATILE FUNDING SOURCE

- Resolution #2.2 URGING EARLY, ADEQUATE, EQUITABLE, AND PREDICTABLE FUNDING OF PUBLIC EDUCATION
- Resolution #2.14 PUPIL TRANSPORTATION
- Resolution #2.23 FUNDING FOR SCHOOLS BY ESTABLISHING THE BASE STUDENT ALLOCATION IN ADVANCE
- Resolution #2.50 INFLATION-PROOFED BASE STUDENT ALLOCATION (BSA) INVESTMENTS

Each year school board members and education advocates plead for education funding. And you routinely remind yourselves and the public of your constitutional responsibility contained in Alaska's constitution. Article 7, Section 1 requires your support and funding of a public school system. And you have never failed to fund education, however, the Base Student Allocation has not been increased from the current \$5,930 since FY 17. Six years with no increase seems disingenuous to expect constant improvement in instruction and increasing standardized test scores. Utilities, supplies, transportation, fuel, salaries, maintenance, freight, food, instructional materials, communications, Internet, and a myriad of other supplies and services necessary for operating a school system have all increased. It seems as if the cost for everything has increased. About the only thing that hasn't increased is the BSA. The proposed new language in HB 259 has provisions that address those times when the formula draw does not meet the BSA and also when the formula draw goes beyond the BSA need. This seems to be a responsible solution.

The proposed language in HB 259 would remove education from competition with all other appropriations and fulfill the responsibility of Article 7, Section 1 of Alaska's Constitution. The legislature could then concentrate on the remainder of other services that provide for Alaska's citizens and make our state such a wonderful place to live and raise families.

HB 259 directly addresses several recommendations of the Legislative Fiscal Work Group. Creating a workable and reasonable solution to funding the PFD will remove that ongoing debate and allow the legislature to focus on public policy affecting all Alaskans. Additionally, it would provide that stable funding source for education and allow districts to concentrate on educational innovation to improve student outcomes rather than continually reducing programs due to

erosion of the buying power of a flat funded Base Student Allocation.

AASB encourages your support of HB 259 as a way of further support Alaska's public school system and Alaska's future through the education of its young people.

REPRESENTATIVE JOSEPHSON announced that HB 259 was held over.

[1:19:38 PM](#)

#### **ADJOURNMENT**

There being no further business before the committee, the House Special Committee on Ways and Means meeting was adjourned at 1:19 p.m.