

HOUSE FINANCE COMMITTEE

April 1, 2022

9:06 a.m.

9:06:31 AM

CALL TO ORDER

Co-Chair Merrick called the House Finance Committee meeting to order at 9:06 a.m.

MEMBERS PRESENT

Representative Neal Foster, Co-Chair (via teleconference)
Representative Kelly Merrick, Co-Chair
Representative Dan Ortiz, Vice-Chair (via teleconference)
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

ALSO PRESENT

Representative Andi Story, Sponsor; Emily Ferry, Self, Juneau.

PRESENT VIA TELECONFERENCE

Norm Wooten, Director of Advocacy, Association of Alaska School Boards, Texas; Douglas Gray, Alaska Association for Elementary School Principals, Anchorage; Katie Botz, Self, Juneau; Tom Klaameyer, National Education Association Alaska, Anchorage; Jennifer Sonne, Self, Anchorage; Josh Branstetter, Self, Anchorage; Barb Jewell, Cordova School District, Cordova; Bessie Weston, Lower Kuskokwim School District, Board Member, Mekoryuk; Andy DeGraw, Chief Operations Officer, Fairbanks North Star Borough School District, Fairbanks; Marla Statscewich, Self, Fairbanks;

Kelly Lessens, Anchorage School Board, Anchorage; Bill Hill, Superintendent, Bristol Bay School District, Naknek; Rick Dormer, Principal, Petersburg High School, Petersburg; Clayton Holland, Superintendent, Kenai School District and Superintendent Association, Soldotna; Nathan Erfurth, History Teacher, Kenai; Bridget Weiss, Superintendent, Juneau School District, Juneau; Elisabeth Nadin, Self, Fairbanks; Margo Bellamy, Anchorage School Board, Anchorage; David Boyle, Self, Anchorage; Katie Parrott, Business Manager, Ketchikan Gateway Borough School District, Ketchikan; Rebecca Ingalls, Teacher's Union, Bristol Bay School District, Naknek.

SUMMARY

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 HEARD and HELD in committee for further consideration.

Co-Chair Merrick reviewed the agenda for the meeting. She indicated the committee would be hearing public testimony on HB 272 and HB 273 together.

#hb272

#hb273

HOUSE BILL NO. 272

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

HOUSE BILL NO. 273

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

[9:07:17 AM](#)

REPRESENTATIVE ANDI STORY, SPONSOR, explained that HB 272 would increase the base student allocation (BSA). She reminded members that the BSA increase was for only two years and was a modest increase to help with fixed expenses. It would allow school districts to plan for the future and prevent laying off teachers. It would also allow legislators to invest in certain initiatives for education. She suggested that a modest BSA increase would help districts focus on students' needs.

Representative Story explained that HB 273 allowed for an inflation increase. It would set a three-year inflation average with a one-year lag. There was a large spike in inflation in 2021 and the bill would help smooth out large spikes like this. The bill also recognized that costs would increase over the years. She thought the bill would give some stability to school districts and help legislators meet the constitutional obligation to maintain the state's schools. She thought the legislature had been falling behind on this obligation. The BSA had remained a flat funding since fiscal year (FY) 17 which had put downward pressure on education as schools had been forced to cut classroom services to cover fixed costs. She emphasized that members had received over 60 letters of testimony supporting the bill. The letters spoke about the impacts of the loss of programs that were main motivators for kids, such as music and art. She wanted Alaska to have a strong workforce and attract and retain families to the state.

[9:11:57 AM](#)

Co-Chair Merrick OPENED public testimony.

EMILY FERRY, SELF, JUNEAU, noted that she worked with the Association of Alaska School Boards (AASB). She had three middle school aged children that were directly impacted by school funding. She compared the reduction in school funding to a person going into hypothermia because schools were forced to conserve resources and cut "extremities" to save funds for the most important things. The impacts of low school funding were felt throughout the state. She relayed that Alaska's post-secondary outcomes were the lowest in the nation. Students from Alaska were enrolling in and completing college at the lowest rate in the nation. Other states were investing in things like school counselors and advisors to increase students' workplace readiness, while the schools in Alaska had been cutting

counselors. She spoke of the high rates of attempted suicide in her son's class. She relayed that two students in her son's class of 30 students had attempted suicide in the current year, and that it was a long-term crisis.

Representative Wool asked what grade her son was in.

Ms. Ferry responded that her son was in eighth grade.

[9:15:48 AM](#)

NORM WOOTEN, DIRECTOR OF ADVOCACY, ASSOCIATION OF ALASKA SCHOOL BOARDS, TEXAS (via teleconference), spoke in support of HB 272 and HB 273. He indicated that the BSA was placed into Alaska's educational foundation funding formula to meet the statutory requirement to maintain a system of public education. It was designed to create a standard for the legislature to ensure that education would be adequately funded each year. However, the BSA had not been adjusted since 2017 to account for cost-of-living increases and other changes. It was unfair to expect an increase in student achievement while continuing to cut programs. As costs continued to rise, classrooms were impacted and students suffered. He thought it seemed reasonable to increase the BSA to reflect rising costs based on an accepted standard. He indicated that AASB had several resolutions with regard to HB 272 and HB 273 and he would provide the information to the committee in writing.

[9:18:15 AM](#)

DOUGLAS GRAY, ALASKA ASSOCIATION FOR ELEMENTARY SCHOOL PRINCIPALS, ANCHORAGE (via teleconference), spoke in favor of HB 272 and HB 273 as a way to increase and inflation-proof the BSA. He explained that there had been significant learning loss in schools during the COVID-19 pandemic. One of the ways to address this loss was to implement a system of multiple tiers of support, which was a research-based approach to address students' needs by identifying and imparting skills for success. In many cases, students were able to gain the necessary skills in less than a year by engaging in the tiered system. Unfortunately, schools were being forced to prioritize funds that could erode the effectiveness of the model as class sizes increased and staff decreased due to budget cuts. These two factors alone had significantly impacted schools' ability to establish schedules to provide the targeted instruction that was so

important for student improvement. He urged members to support both bills.

Co-Chair Merrick asked for clarification that he was with a group that represented elementary school principals.

Mr. Grey responded in the affirmative.

Co-Chair Merrick asked if there were other groups that represented middle and high school principals.

Mr. Grey responded that there was an association that represented secondary school principals.

9:21:20 AM

KATIE BOTZ, SELF, JUNEAU (via teleconference), spoke in support of HB 272 and HB 273. She was concerned with the students' wellbeing coming out of the COVID-19 pandemic. She was a school bus driver and had witnessed the effect of the pandemic. She wanted to know that students were receiving the support that they needed. She urged support for both bills.

9:23:10 AM

TOM KLAAMEYER, NATIONAL EDUCATION ASSOCIATION ALASKA, ANCHORAGE (via teleconference), supported the passage of HB 272 and HB 273. He suggested that funding education was the single most important constitutionally mandated appropriation by the legislature. Increasing the BSA and protecting it against inflation was long overdue. He thought that the logic that the state could not increase funding until it had better financial outcomes was fundamentally flawed. He stated that it could not be ignored that other states that were doing fundamentally well were investing in education. He agreed that Alaska's outcomes relative to other states had decreased in recent years, but he thought that should not be surprising considering that was the same timeframe during which the state "gutted" teacher retirement and flat funded education. When the state was investing in education, it ranked competitively amongst other states. He noted that other states had improved student outcomes by investing further in education. He thought Alaska should attract and retain high-quality educators and administrators necessary to support the academic success of students. He suggested

that rather than just provide for basic needs, the state should invest in education to inspire students to explore their creativity and become successful members of society. He thought expecting increased student performance was futile unless the state increased investment in education. He urged passage of both bills.

[9:25:28 AM](#)

JENNIFER SONNE, SELF, ANCHORAGE (via teleconference), supported HB 272 and HB 273. She noted that with the cost-of-living increases in the state, the cost of education had risen as well. Without proper funding, impossible choices would arise, such as deciding whether a school should designate money towards rising costs of heating the building, towards keeping class sizes down, or towards retaining counselors. She thought schools should be able to fund all of these items, but it was not currently possible. She urged members to support both bills.

[9:26:52 AM](#)

JOSH BRANSTETTER, SELF, ANCHORAGE (via teleconference), was a parent of a child in the Anchorage School District (ASD). He was also a member of the Coalition for Neurodivergent Students. There were many neurodivergent students in the district including his son who was autistic and had dysgraphia. He explained that it was difficult to navigate his son's needs when the schools did not have adequate resources. He had talked to several parents that agreed that when schools faced reductions, the cuts resulted in an adverse educational experience for students like his son. He thought accommodating for inflation was necessary, and that having extra resources in the classroom was a step in the right direction. He thought the moderate increases in the bill would make a huge difference. He urged passage of both bills.

[9:29:22 AM](#)

Co-Chair Merrick asked Mr. Branstetter to repeat the name of the coalition he mentioned.

Mr. Branstetter responded the Coalition for Neurodivergent Students.

[9:29:40 AM](#)

BARB JEWELL, CORDOVA SCHOOL DISTRICT, CORDOVA (via teleconference), spoke in support of HB 272 and HB 273. She thought the bills would begin to address gaps that had been created due to long-term flat funding of education. There had been significant negative impacts to the students of the state. The state had experienced difficulty in recruiting and retaining teachers and maintaining the school buildings. In Cordova, the flat funding of the BSA had resulted in a higher number of students in the classrooms and fewer staff in the building. The school no longer had a librarian or a pre-school. The cost of doing business in Alaska was more expensive than in other states, and the cost of education was also higher. She noted that the BSA had not been increased since 2017, and that HB 272 and HB 273 would start to address the impacts of this stagnation. She urged members to pass both bills.

[9:32:45 AM](#)

BESSIE WESTON, LOWER KUSKOKWIM SCHOOL DISTRICT, BOARD MEMBER, MEKORYUK (via teleconference), indicated that the school district needed every penny it could get. Her community of Mekoryuk had a total of 41 students in kindergarten through twelfth grade (K-12). She relayed that HB 272 and HB 273 would provide an extra \$2,255 to the school, which was low but would still be helpful. The increase in fuel prices would be about 60 percent according to quotes she received from the local government in Mekoryuk. She recalled that the average annual inflation parentage was about two percent, but she was confident that the percentage would spike and would have crippling effects on the educational system. She reiterated her support for both bills and thanked the legislators sponsoring the bills.

[9:35:29 AM](#)

ANDY DEGRAW, CHIEF OPERATIONS OFFICER, FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT, FAIRBANKS (via teleconference), spoke in support of both bills. He noted that there had been much discussion within the districts about an impending fiscal cliff and expressed that schools in Fairbanks were already going "down the side of the mountain." He noted that the district was going through a two-year step-down approach due to the fiscal deficit. He relayed that the district's FY 23 budget included the

closure of three schools within the district and would require laying off 130 employees. Many schools in the district were already experiencing fiscal challenges prior to COVID-19 due to the lack of increase to the BSA. Many of the fixed cost pressures the district was facing were in the areas of transportation, technology, and utility increases. Health insurance was also a constant stressor on the budget and constituted about 20 percent of the district's budget. He relayed that the district was not looking for a handout and it had already made significant reductions. He urged support of both bills.

Co-Chair Merrick asked if Mr. DeGraw had seen a significant loss in students in Fairbanks.

Mr. DeGraw responded that there was an initial decrease due to the pandemic, but the district had recouped about half of the students lost. There had been significant student decline prior to the pandemic, but he suggested that the pandemic brought the issue to a head.

[9:39:43 AM](#)

MARLA STATSCEWICH, SELF, FAIRBANKS (via teleconference), urged support of the passage of HB 272 and HB 273. She was a parent of two elementary school children. She noted how the BSA had not been increased for more than five years and needed to increase to keep up with the cost of living. She spoke of the importance of retaining quality teachers in the state. She encouraged members to pass both pieces of legislation.

[9:40:51 AM](#)

KELLY LESSENS, ANCHORAGE SCHOOL BOARD, ANCHORAGE (via teleconference), was a parent of two children in ASD and the chair of the Anchorage School Board's finance committee. She supported HB 273 and HB 272 but emphasized that the two bills would not address the full needs of the district without the additional passage of HB 259. The low teacher to student ratio could only be addressed through adequate funding. Without federal funding as a "band-aid" solution, ratios would have been much worse. The student to teacher ratio would have been 40 to 1 in ASD without the federal funding. The district was projected to lose 60 teachers according to the following year's budget. She reviewed the schools that would be losing teachers. Since

the BSA had been adjusted, ASD had implemented efficiencies including closing two schools. Flat funding in the face of inflation and enrollment changes meant that students have had to "do more with less." Increased class sizes would not facilitate educational goals. She thought it was telling that every one of the three finalists for superintendent stressed grave concerns about the state of ASD's fiscal cliff. She asked members to support student learning by passing both bills.

9:44:10 AM

BILL HILL, SUPERINTENDENT, BRISTOL BAY SCHOOL DISTRICT, NAKNEK (via teleconference), testified in support of HB 272 and HB 273. He assured members that the Bristol Bay School District had taken great care in spending the monies that the state provided to ensure that students would receive the best education possible. He reviewed the multiple tactics the district had used to make the best use of the funding it received, such as reducing staffing by combining elementary classes and reducing district office staffing by 50 percent. He stressed that the district was running out of creative solutions and he advocated for stable funding. The high teacher turnover was significantly affecting the classrooms and had a direct negative impact on student performance. New teachers often left the state by the fifth year of their employment with the district and recruiting new staff had become a crisis. Forward funding was necessary in order to provide stable funding and allow for schools to plan for upcoming school years. He hoped that members would support both bills.

Co-Chair Merrick asked how many schools and how many students were in the school district in Naknek.

Mr. Hill responded that there were two schools housed under the same roof. There were just over 100 students attending in person and another dozen students attending via correspondence.

9:47:24 AM

RICK DORMER, PRINCIPAL, PETERSBURG HIGH SCHOOL, PETERSBURG (via teleconference), testified in support of HB 272 and HB 273. He expressed that the schools in Petersburg were battling increased costs and flat funding. The school building also housed other community events, such as an

assembly in the prior week to support veterans. He thanked members for looking at the legislation and appreciated both pieces of legislation.

9:49:12 AM

CLAYTON HOLLAND, SUPERINTENDENT, KENAI SCHOOL DISTRICT AND SUPERINTENDENT ASSOCIATION, SOLDOTNA (via teleconference), supported both bills. The Kenai School District (KSD) had a strong history of providing great outcomes to students despite facing staffing difficulties, COVID-19, and an ongoing opioid crisis. He expressed commitment to improving literacy rates and increasing career and technical education opportunities. However, there needed to be consistent and predictable funding in order to make improvements. The impacts of inflation had been felt acutely due to the lack of a BSA increase. He noted that KSD would have had to cut many more teachers if it did not receive federal funding. He suggested that strong schools correlated with a strong economy. Predictable and stable funding was necessary to cultivate strong schools and he urged support for both bills.

Co-Chair Merrick commented that it was disheartening to hear that KSD was experiencing problems with opioid use among students.

Mr. Holland clarified that students were growing up in households that were impacted by opioids. There was a lot of work to be done for students who had been in dysfunctional situations.

Co-Chair Merrick thanked him for his clarification.

9:52:27 AM

NATHAN ERFURTH, HISTORY TEACHER, KENAI (via teleconference), spoke in favor of HB 272 and HB 273. He relayed that he has watched the opportunities available to his students dwindle, such as music, sports, and classes beyond the bare minimum required to graduate. He thought that the state was now "cutting into the muscle" because the teacher workforce was not being replaced as teachers retired. He had heard legislators repeat the phrase, "we deserve a better return on our investment." He stated that this argument relied on testing scores, but a child's learning was unquantifiable in many ways. However, there

was no other measure other than testing available at this time. Standardized tests were not a test of competency and were constantly changing. He argued that children thrived in a stable educational environment with a richness of opportunity and inquiry, not a scarcity. Students would not thrive when they were shuffled in and out of schools to learn the bare minimum of education and take tests. Students and schools cut to bone would perform accordingly, and students' mental health would suffer. When properly funded, schools were full of qualified experts ready, willing, and able to change lives. He urged members to raise the BSA for the children.

[9:55:06 AM](#)

BRIDGET WEISS, SUPERINTENDENT, JUNEAU SCHOOL DISTRICT, JUNEAU (via teleconference), supported HB 272 and HB 273 as a means to achieve adequate funding and stability. She was a product of the Juneau School District herself. She shared that she had a strong emotional reaction to Ms. Botz's earlier testimony when Ms. Botz relayed the impacts she had seen as a school bus driver. The required expenses of schools continued to increase which meant that valuable support programs had to be cut. There had been many cuts to schools in Juneau, such as middle school counselors. There was currently one middle school counselor for 550 students in Juneau. Class size had increased, and the district had made cuts in every way possible to manage declining funding. The need was significant, and the expectations put upon teachers had increased. She noted that the state was obligated by statute to provide the schools with regular and adequate funding. She appreciated the sponsor of the bills for bringing them forward. She appreciated members support for both bills.

Co-Chair Merrick noted she was also a product of the Juneau School District.

Ms. Weiss responded positively and expressed that she wanted to facilitate successful careers for students.

[9:58:38 AM](#)

ELISABETH NADIN, SELF, FAIRBANKS (via teleconference), called to support HB 272 and HB 273. She had two children in school in Fairbanks. She emphasized that she would like to see better financial support of local schools. She had

seen a focus on supporting alternative programs like homeschool programs but would like to see more of a focus on the public school system. Every year there seemed to be an additional stressor on the schools with the constant possibility of pink slips. She thought the constant stress made education seem like an unsecure future for potential teachers. She thought the conversation should be about how the state and local community could do better to support the schools, not the other way around. She reiterated her support for both bills.

10:01:31 AM

MARGO BELLAMY, ANCHORAGE SCHOOL BOARD, ANCHORAGE (via teleconference), testified in support of HB 272 and HB 273. She wanted to emphasize that all children in the state deserved a great education. She relayed that ASD had three strategic goals: reading proficiency, math proficiency, and college and career readiness. The bills would provide the needed funds to begin implementing multiple-year improvements. The pathway in meeting ASD's goals necessitated a partnership with the legislature. She was thankful to the bill sponsor for bringing both bills forward. The legislature had provided one-time funding twice in the past five years which had helped the district avoid large-scale reductions. However, this was not sustainable. The federal funds and one-time relief funds had hidden a structural deficit of \$10 to \$12 million per year. She provided examples of actions the school district had taken to meet budget constraints, such as closing and merging schools and discontinuing programs. She thought it was time for Alaska to implement an inflation proofed BSA in order to allow the district to implement multi-year improvement strategies. Reliable funding was the key to improving student outcomes by stabilizing schools and reducing teacher turnover.

10:05:14 AM

DAVID BOYLE, SELF, ANCHORAGE (via teleconference), did not support HB 272 but supported HB 273. He recalled earlier conversations on the use of standardized tests to quantify the return on investment. He thought tests measured how well students understood and comprehended material. He argued that rewarding effective classroom teachers would help to improve classroom outcomes. He argued there were no cost controls within the school districts. He suggested

that school districts negotiated their own contracts and would then ask the legislature to pay for the increased costs in the contracts. All of the previous testifiers were affiliated with the schools in one way or another. He advocated for improving results in reading and math and tying test results to the legislation.

[10:07:43 AM](#)

KATIE PARROTT, BUSINESS MANAGER, KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT, KETCHIKAN (via teleconference), supported HB 272 and HB 272. She had met with superintendents around the state and one of the superintendents expressed that she wished she was able to spend more time in the classroom and less time acting as a financial manager and budget advocate for the school budget. She indicated that seven years of flat funding meant that schools were now doing "less with less." She noted that health insurance costs in Ketchikan had doubled over the past several years, and that Alaska had the highest healthcare costs in the nation. She expressed that there was a recruitment and retention crisis in the state, and the number of unfilled positions was terrifying. She thanked the committee for considering the bills and urged support.

[10:11:43 AM](#)

REBECCA INGALLS, TEACHER'S UNION, BRISTOL BAY SCHOOL DISTRICT, NAKNEK (via teleconference), spoke in support of HB 272 and HB 273. She indicated there had not been an increase to the BSA in over five years, yet education costs increased every year. Schools were battling retention and recruitment issues in addition to ever-increasing utility costs. She explained that the schools in Bristol Bay had to consolidate classrooms in order to maintain educational standards. There were so few substitute teachers that when a teacher was out sick, other teachers were adding students to their classrooms in order to cover. She reiterated her support for both bills.

Co-Chair Merrick indicated there was no one else online.

[10:13:48 AM](#)

Co-Chair Merrick CLOSED public testimony.

Co-Chair Merrick indicated amendments were due to her office by the following day, April 2, 2022, by 6:00 p.m.

[10:14:17 AM](#)

Representative Thompson asked about a bill on the schedule for the following week. It appeared to be a new bill. He wondered if it would replace the current capital budget.

[10:15:04 AM](#)

AT EASE

[10:15:46 AM](#)

RECONVENED

Co-Chair Merrick responded that the bill was a governor's bill that had not been introduced yet.

Co-Chair Merrick relayed the following meeting agenda and noted the time change of 1:00 p.m.

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

HB 273 was HEARD and HELD in committee for further consideration.

#

ADJOURNMENT

[10:16:43 AM](#)

The meeting was adjourned at 10:16 a.m.