

**ALASKA STATE LEGISLATURE
HOUSE EDUCATION STANDING COMMITTEE**

March 6, 2023

8:08 a.m.

MEMBERS PRESENT

Representative Jamie Allard, Co-Chair
Representative Justin Ruffridge, Co-Chair
Representative Mike Prax
Representative CJ McCormick
Representative Rebecca Himschoot
Representative Andi Story

MEMBERS ABSENT

Representative Tom McKay

OTHER LEGISLATORS PRESENT

Representative Ashley Carrick
Representative Alyse Galvin

COMMITTEE CALENDAR

CONFIRMATION HEARING(S)

University of Alaska Board of Regents

Scott Jepsen - Anchorage

- CONFIRMATION(S) ADVANCED

HOUSE BILL NO. 71

"An Act relating to education; and relating to a school district online checkbook."

- HEARD & HELD

HOUSE BILL NO. 65

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

- HEARD & HELD

PREVIOUS COMMITTEE ACTION

BILL: HB 71

SHORT TITLE: SCHOOL DISTRICT ONLINE CHECKBOOK

SPONSOR(s): REPRESENTATIVE(s) RAUSCHER

02/13/23	(H)	READ THE FIRST TIME - REFERRALS
02/13/23	(H)	EDC
03/06/23	(H)	EDC AT 8:00 AM DAVIS 106

BILL: HB 65

SHORT TITLE: INCREASE BASE STUDENT ALLOCATION

SPONSOR(s): REPRESENTATIVE(s) ORTIZ

02/08/23	(H)	READ THE FIRST TIME - REFERRALS
02/08/23	(H)	EDC, FIN
02/20/23	(H)	EDC AT 8:00 AM DAVIS 106
02/20/23	(H)	Heard & Held
02/20/23	(H)	MINUTE(EDC)
03/06/23	(H)	EDC AT 8:00 AM DAVIS 106

WITNESS REGISTER

SCOTT JEPSEN, Appointee
University of Alaska Board of Regents
Anchorage, Alaska

POSITION STATEMENT: Testified as appointee to the University of Alaska Board of Regents.

REPRESENTATIVE GEORGE RAUSCHER
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: As prime sponsor, presented HB 71.

RYAN MCKEE, Staff
Representative George Rauscher
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Gave the sectional analysis for HB 71 on behalf of Representative George Rauscher, prime sponsor.

REPRESENTATIVE DAN ORTIZ
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: As prime sponsor, presented HB 65.

CAROLINE HAMP, Staff

Representative Dan Ortiz
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Provided answers on HB 65 on behalf of Representative Ortiz, prime sponsor.

ELWIN BLACKWELL, School Finance Manager
Department of Education and Early Development
Juneau, Alaska

POSITION STATEMENT: Gave invited testimony in support of HB 65.

ACTION NARRATIVE

[8:08:40 AM](#)

CO-CHAIR JUSTIN RUFFRIDGE called the House Education Standing Committee meeting to order at 8:08 a.m. Representatives Prax, McCormick, Himschoot, Story, Allard, and Ruffridge were present at the call to order.

CONFIRMATION HEARING(S) **University of Alaska Board of Regents**

[8:09:51 AM](#)

CO-CHAIR RUFFRIDGE announced that the first order of business would be the confirmation hearing for the governor's appointee to the University of Alaska Board of Regents.

[8:10:04 AM](#)

SCOTT JEPSEN, Appointee, University of Alaska Board of Regents, joined via teleconference and gave a summary of his professional experience followed by his interest in continuing to serve on the Board of Regents.

[8:14:34 AM](#)

REPRESENTATIVE STORY asked Mr. Jepsen to share something strategic he had worked on that shaped the university in a positive way.

MR. JEPSEN replied that one of the issues critical to the university are the enrollment numbers and what caused the drop in enrollment from 2014 to 2022. He explained his focus on moving forward is having the conversation at every meeting to elevate the importance of it. Another prime issue of focus is

how to raise additional funds and to consistently raise this issue at the Board of Regents' level.

8:19:08 AM

REPRESENTATIVE STORY inquired about Mr. Jepsen's relationships with faculty and staff as a regent.

MR. JEPSEN responded he has met with governance groups on promoting open communication with faculty and staff. He feels the open-door relationship has worked out and it continues to be an important element for the university and Board of Regents.

8:20:06 AM

REPRESENTATIVE PRAX asked what kind of opportunities Mr. Jepsen sees going forward with the drone program at the university.

MR. JEPSEN replied that the goal of the drone program at the University of Alaska Fairbanks (UAF) is to pioneer technology, and one task is that it would allow the transport of goods to remote villages, but right now it is fairly expensive. His hope is to make drone technology more reliable and less expensive, and that it holds a lot of promise for aviation in general.

8:22:03 AM

REPRESENTATIVE HIMSCHOOT asked Mr. Jepsen when he thinks of the university, what "keeps him up at night."

MR. JEPSEN replied that tackling deferred maintenance is a concern. There is approximately \$1.5 billion backlogged and even though not all is critical, the university must come up with a way to try to address this.

8:23:40 AM

REPRESENTATIVE PRAX asked about any plans for the university to increase interface with the K-12 education system and other vocational programs.

MR. JEPSEN replied the university has two regents that are on the post-secondary education council, and that is where the primary interaction with K-12 lies. There is not, he explained, a specific mission or focus on K-12 other than through the university's relationship with other commissions for the state.

[8:24:45 AM](#)

CO-CHAIR ALLARD asked Mr. Jepsen what his stance is on school choice.

MR. JEPSEN replied that his perspective on it is a personal one, not to be confused with Board of Regents' policies. It is not something that regents have addressed.

CO-CHAIR ALLARD asked about the possibility of students not coming to the UAA system, or any other college system in Alaska, based on the fact they did not go to a traditional brick and mortar public school.

MR. JEPSEN replied that he did not follow the connection between school choice and the university system.

[8:26:55 AM](#)

CO-CHAIR RUFFRIDGE inquired about students attending or graduating from the UAA system - in relation to Alaska's workforce - and how many students attend the system and then stay in Alaska to work.

MR. JEPSEN responded he does not have the percentage currently but can go back and get the data if it exists. He observed that students hired from the UAA system tend to stay, as opposed to those hired from out of state.

[8:28:33 AM](#)

CO-CHAIR ALLARD encouraged Mr. Jepsen to look at the question of school choice and understand its importance as a regent member.

MR. JEPSEN replied he will look into it.

[8:29:22 AM](#)

CO-CHAIR RUFFRIDGE stated the House Education Standing Committee has reviewed the qualifications of the governor's appointee and recommends that the following name be forwarded to a joint session for consideration: Scott Jepsen, University of Alaska Board of Regents. He said that signing the report regarding appointments to boards and commissions in no way reflects an individual member's approval or disapproval of the appointee, and the nomination is merely forwarded to the full legislature for confirmation or rejection.

[8:29:41 AM](#)

The committee took an at-ease from 8:29 a.m. to 8:32 a.m.

HB 71-SCHOOL DISTRICT ONLINE CHECKBOOK

[8:32:02 AM](#)

CO-CHAIR RUFFRIDGE announced that the next order of business would be HOUSE BILL NO. 71, "An Act relating to education; and relating to a school district online checkbook."

[8:32:29 AM](#)

REPRESENTATIVE GEORGE RAUSCHER, Alaska State Legislature, as prime sponsor, presented HB 71. He explained the school districts around Alaska spend millions of dollars each year without a clear understanding of where the money goes. It is believed it goes to everything from office supplies to teachers' salaries, administration, and hopefully the students and the classrooms themselves. A tool like an online checkbook would help the governor and the legislature understand where the deficits are and where funding is needed. Public accountability helps ensure funds are spent wisely, and the public is entitled to understand where the funds actually go. The intent of the online checkbook is to create a searchable website that provides Alaskans with easy access to details and comprehensive information on school district spending.

[8:34:17 AM](#)

RYAN MCKEE, Staff, Representative George Rauscher, Alaska State Legislature, on behalf of Representative Rauscher, prime sponsor, provided a sectional analysis of HB 71 [included in the committee packet], which reads as follows [original punctuation provided]:

Section 1 AS 14.17.910(a)

This section adds that each school district shall make the financial records available on an internet website that is accessible and free to the public.

[8:34:50 AM](#)

REPRESENTATIVE HIMSCHOOT observed a zero fiscal note and questioned whether the expense would fall to the districts.

[8:35:13 AM](#)

The committee took a brief at-ease at 8:35 a.m.

[8:35:39 AM](#)

REPRESENTATIVE HIMSCHOOT reiterated her question and asked if there is software involved that needs to be purchased by the districts.

REPRESENTATIVE RAUSCHER replied that when he said "free" he meant to the public. It would also not cost the state anything, and it may cost the school system whatever it may be to get their information transferred into the checkbook.

[8:37:27 AM](#)

REPRESENTATIVE PRAX explained he had looked at the state online checkbook, and it did not provide information he found helpful. He asked who is expected to use this information.

REPRESENTATIVE RAUSCHER suggested that legislators and the governor would, and school board members may have some use for it as well.

[8:39:34 AM](#)

CO-CHAIR ALLARD asked if there is a timeframe for implementation.

REPRESENTATIVE RAUSCHER replied there is no direct timeline, or 90 days from passage of HB 71.

[8:40:47 AM](#)

REPRESENTATIVE STORY stated she thought the bill had merit but was concerned about the amount of personnel time, ease, and cost involved in transferring the information.

REPRESENTATIVE RAUSCHER replied he will get back to the committee on a future date with information addressing the concerns.

[8:42:19 AM](#)

CO-CHAIR RUFFRIDGE asked if each district would have its own dedicated website, instead of being found on the department's website.

REPRESENTATIVE RAUSCHER offered his understanding that each district would have its own website. He referred to an excerpt of line 4: "each district shall maintain complete financial records".

[8:45:04 AM](#)

CO-CHAIR RUFFRIDGE announced HB 71 was held over.

[8:45:15 AM](#)

The committee took an at-ease from 8:45 a.m. to 8:47 a.m.

HB 65-INCREASE BASE STUDENT ALLOCATION

[8:47:22 AM](#)

CO-CHAIR RUFFRIDGE announced that the final order of business would be HOUSE BILL NO. 65, "An Act relating to education; increasing the base student allocation; and providing for an effective date."

[8:47:43 AM](#)

REPRESENTATIVE DAN ORTIZ, Alaska State Legislature, as prime sponsor, presented HB 65. He reminded the committee that HB 65 would increase the base student allocation (BSA) by \$1,250 per eligible student. He acknowledged the widespread concern across the districts on which programs may need to be cut if the legislature is unable to reach a consensus on the need to provide a significant increase to the BSA. He moved to a PowerPoint slide, titled "Base Student Allocation History (FY22 dollars)", which is part of a four-page slideshow, showing a graphic depicting the BSA's history from fiscal year 2005 (FY 05) to FY 24. He pointed out that currently, the BSA is the lowest it has been in 20 years.

[8:50:03 AM](#)

REPRESENTATIVE ORTIZ moved to a slide, titled "Foundation Funding plus Additional Formula Funding and Pupil Transportation, FY05-24 (FY22 dollars)," and he pointed out that the impacts are the same even when you add the extra outside

funding. He reminded the committee that it is not only important to reach consensus to raise the BSA, but to do so in an expeditious manner.

[8:53:47 AM](#)

REPRESENTATIVE STORY questioned if Representative Ortiz and his staff had done analysis on the BSA and how much would be going to the fuel and property increases, the fixed costs for supplies, and what would be available for teacher salaries, and if there is any initiative for the Alaska Reads Act.

REPRESENTATIVE ORTIZ directed the question to Ms. Hamp, but first stated that the issues may be different from district to district, and everyone is impacted by inflation, but in terms of specifics he does not have the answer to that question at this time.

[8:56:08 AM](#)

CAROLINE HAMP, Staff, Representative Dan Ortiz, Alaska State Legislature, on behalf of Representative Ortiz, prime sponsor of HB 65, confirmed it differs by district and the fixed costs are unavoidable.

[8:57:05 AM](#)

ELWIN BLACKWELL, School Finance Manager, Department of Education and Early Development, provided invited testimony in support of HB 65. He acknowledged that the fixed type costs have been going up across the state, but as for specific numbers and percentages, he cannot provide the committee with details at this time.

[8:57:35 AM](#)

REPRESENTATIVE STORY mentioned a separate fund for pupil transportation and stated that this might be something to be increased outside the BSA. She also inquired as to when the last increase was.

MR. BLACKWELL replied that the last time the adjustments were made was 2012, there were some CPI adjustments that were applied in 2015, and there have been no additional increases since.

[8:59:07 AM](#)

REPRESENTATIVE STORY asked Representative Ortiz if he had considered adding a two-year provision in the bill that would "inflation proof the following year." She explained her concern is sending districts into a "rollercoaster" again after this year.

REPRESENTATIVE ORTIZ replied that the bill only addresses FY 24, but he is open to amendments to the bill and there are a lot of different options. The main thing is to address the issue.

[9:01:05 AM](#)

CO-CHAIR ALLARD brought up Representative Ortiz' reference to cutting teachers, and asked what guarantee there is that funds are going to stay in the classroom.

REPRESENTATIVE ORTIZ explained that he used the reference about cutting teachers and staff, because this is what is heard from the districts. In order for those districts to move forward without an increase to the BSA, it is unavoidable to not look at this.

[9:06:33 AM](#)

REPRESENTATIVE PRAX questioned if there should there be more control and accountability at the state level if funding is going to be provided by the legislature.

REPRESENTATIVE ORTIZ replied that the legislature needs to "tread lightly and go slowly" if it thinks that it is in the state's best interest for students and to have a more managerial role in how money is being spent at the local level.

[9:09:58 AM](#)

REPRESENTATIVE PRAX commented it seems like a flawed concept - there is a disconnect between the price and demand.

REPRESENTATIVE ORTIZ stated that [figuring out] the foundation formula and BSA, and how different factors impact the final number, is a "tall order" and may not get accomplished in the current or next session. He stressed that time is of the essence; the needs of students statewide are not being maintained.

[9:13:19 AM](#)

REPRESENTATIVE PRAX brought up the expense of upgrading Internet connectivity across the state that could provide a completely different delivery model of the education service.

REPRESENTATIVE ORTIZ replied that more broadband across the state is not a bad thing, but there is very little research and analysis the past 20 years comparing the impact of online format learning to direct human connections.

[9:17:23 AM](#)

REPRESENTATIVE PRAX commented on the necessity of adapting to change because there is no guarantee things will continue as is. He expressed appreciation for Representative Ortiz having initiated the discussion.

[9:19:21 AM](#)

REPRESENTATIVE HIMSCHOOT said she had read about Alaska funding schools higher than other states in terms of total contribution. She asked if counties in the Lower 48 are a funding body or funding in the Lower 48 is strictly state and local like in Alaska.

REPRESENTATIVE ORTIZ replied that he had not done analysis on that question.

REPRESENTATIVE HIMSCHOOT asked for confirmation that Alaska may spend more per student at the state level, but that it is possible that in the Lower 48 where there are counties, state spending is not as great percentage-wise because there is other funding.

REPRESENTATIVE ORTIZ mentioned a study, pertaining to the real level being funded, which showed that when things like cost differential are factored in, the state comes out "very low."

[9:23:09 AM](#)

CO-CHAIR RUFFRIDGE asked if at the current rate of the BSA and if it were to be increased, it seems there is not a mechanism currently by which teachers' salaries would be increased.

REPRESENTATIVE ORTIZ replied he believed strongly that there is, and most dollars that go to districts go to personnel costs. However, he cannot guarantee that money is going to go to help

teachers, but he cannot think of a better way to maintain retention.

[9:27:03 AM](#)

CO-CHAIR RUFFRIDGE stated he had been made aware that past legislatures had "worked themselves" into mandating school districts to do a lot of different things, and those things have a cost associated with them. He asked if anything has been done to help reduce some of the cost burden on school districts.

REPRESENTATIVE ORTIZ replied no, but he found during his nine years that there is always "a good task to be put upon our schools," and "those things do come up." For example, an unfunded mandate such as the Alaska Reads Act is well-intentioned and a good overall piece of legislation but puts an increased financial burden on teachers when they have "enough on their plates" already. He brought up other examples of unfunded mandates that exhibited good intentions.

[9:30:39 AM](#)

CO-CHAIR RUFFRIDGE questioned what the funding requirement is to make the Alaska Reads Act functional, and what the likely cost scenario is to make sure the bill succeeds.

REPRESENTATIVE ORTIZ responded he cannot provide any specific analysis from his district but gave a personal example of learning about the requirements of the Alaska Reads Act from a teacher, and the number of assessments that must take place. The student is then provided with an individual reading plan, but there is no compensation for the teacher even with the added workload, which poses great concern for the teachers.

[9:35:45 AM](#)

REPRESENTATIVE STORY gave examples of her time as a 15-year school board member.

[9:40:38 AM](#)

REPRESENTATIVE HIMSCHOOT asked for examples of where the legislature sets statute for requirements in reference to how people will spend their time doing their job within that department.

REPRESENTATIVE ORTIZ explained his work on other committees, and before the committee are listed projects. He gave examples of the communication required between the legislature and the departments so the projects can happen, or money needs to be moved. He noted that [the House and Senate Education Standing Committees] draw more attention from constituents than other committees.

[9:45:04 AM](#)

REPRESENTATIVE ORTIZ noted he had received word that there is a survey through the Alaska Superintendents Association (ASA) showing projected costs in adjusting to the Alaska Reads Act, and he hopes to see the results of this survey soon, which he will then pass along to the committee.

[9:47:53 AM](#)

CO-CHAIR RUFFRIDGE announced HB 65 was held over.

[9:48:34 AM](#)

ADJOURNMENT

There being no further business before the committee, the House Education Standing Committee meeting was adjourned at 9:49 a.m.