

**ALASKA STATE LEGISLATURE
HOUSE EDUCATION STANDING COMMITTEE**

March 22, 2023

8:05 a.m.

MEMBERS PRESENT

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

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

HOUSE BILL NO. 65

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

- MOVED CSHB 65(EDC) OUT OF COMMITTEE

PREVIOUS COMMITTEE ACTION

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
03/06/23	(H)	Heard & Held
03/06/23	(H)	MINUTE(EDC)
03/21/23	(H)	EDC AT 5:15 PM DAVIS 106
03/21/23	(H)	Heard & Held
03/21/23	(H)	MINUTE(EDC)
03/22/23	(H)	EDC AT 8:00 AM DAVIS 106

WITNESS REGISTER

REPRESENTATIVE DAN ORTIZ
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: As prime sponsor, reintroduced HB 65.

ACTION NARRATIVE

[8:05:51 AM](#)

CO-CHAIR JUSTIN RUFFRIDGE called the House Education Standing Committee meeting to order at 8:05 a.m. Representatives Prax, McCormick, McKay, Himschoot, Story, Allard, and Ruffridge were present at the call to order.

HB 65-INCREASE BASE STUDENT ALLOCATION

[8:06:49 AM](#)

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

[8:07:10 AM](#)

REPRESENTATIVE DAN ORTIZ, Alaska State Legislature, as prime sponsor, reintroduced HB 65 and reminded the committee that HB 65 would increase the Base Student Allocation (BSA) by \$1,250 per eligible student. He said that through public testimony, it is evident that it is a much needed and strongly supported bill. He pointed out that since 2012, inflation has increased by at least 24 percent, while the BSA has only increased 4.2 percent. He noted the requirements of legislators to support adequate funding and maintain support for education, adding that the bill gives the opportunity to follow through with that requirement.

[8:09:40 AM](#)

CO-CHAIR RUFFRIDGE invited questions from the committee. Seeing none, he noted there were two amendments received from Representative McKay, and Representative Story. He entertained a motion for amendments.

[8:10:11 AM](#)

REPRESENTATIVE MCKAY moved to adopt Amendment 1 to HB 65, labeled 33-LS0423/A.14\Marx 3/16/23, which read:

Page 1, line 5:

Delete "\$7,210"

Insert "\$6,110"

REPRESENTATIVE STORY objected.

[8:10:28 AM](#)

REPRESENTATIVE STORY stated that her concern was the amount, the compelling testimony she had heard, and that schools would still be underfunded.

[8:11:24 AM](#)

REPRESENTATIVE MCKAY spoke to Amendment 1. He noted that the vast majority of testifiers last night consisted of "paid school district employees of some sort." He explained there are two components: the BSA, and the foundation formula, the latter of which he felt needs to be reformed, as it is out of date and does not put the money where it is needed.

[8:14:21 AM](#)

REPRESENTATIVE MCKAY explained that the receipt of the spring revenue forecast was "quite a bit lower," which results in more pressure on the current year's budget. He gave brief examples of the supplemental budget for fiscal year 2023 (FY 23). He stated it is time to make hard decisions and question the largest budget item of all, which is education. In an earlier committee hearing, he explained that there was a conversation about COVID-19 funds being used for expenses, including salary raises and bonuses for staff. He also suggested administrators get recertified to work as teachers to get them back in the classroom. He stressed that there are budget reductions in the long-term fiscal plan that will have to be dealt with.

[8:19:03 AM](#)

REPRESENTATIVE HIMSCHOOT asked how much is spent on the permanent fund dividend (PFD). She pointed out that the amount budgeted for the PFD is larger than the amount budgeted for education.

REPRESENTATIVE MCKAY replied that it depends on the dividend formula one follows. He stated that after he gets solid numbers that ensure accuracy, he can follow up with the information.

[8:20:21 AM](#)

REPRESENTATIVE PRAX expressed his support for the amendment.

[8:22:57 AM](#)

CO-CHAIR ALLARD commented on public testimony, indicating that it is vital that the legislative body hear all testimony. She gave a public apology to anyone who was unable to testify. She opined that increasing the BSA to \$1,250 does not seem reasonable right now, adding that [the legislature] needs to be fiscally sound.

[8:24:48 AM](#)

REPRESENTATIVE HIMSCHOOT pointed out that school districts are required to keep enough money in reserves to remain solvent in the event of a catastrophe.

[8:25:20 AM](#)

REPRESENTATIVE MCCORMICK commented on how much the BSA means to rural Alaska. He said he appreciated consideration of fiscal responsibility from other representatives, noting that there is room for more broad discussion. He added that more thought should be directed towards the subject of cutting the education system.

[8:27:11 AM](#)

CO-CHAIR RUFFRIDGE appreciated the testimony given last night. He agreed that there is reform needed on the foundation formula, but altering the formula does not necessarily alter the amount a school district needs in order to function. Funding issues still remain within Alaska school districts, he said, adding that he is behind returning responsibility to Alaska communities. He stated that he is not in support of Amendment 1.

[8:31:26 AM](#)

REPRESENTATIVE MCKAY commented that conversations are needed and that there must be situational awareness about the budget. He urged approval of Amendment 1.

[8:32:09 AM](#)

REPRESENTATIVE STORY maintained her objection.

A roll call vote was taken. Representatives Prax, McKay, and Allard voted in favor of Amendment 1. Representatives McCormick, Himschoot, Story, and Ruffridge voted against it. Therefore, Amendment 1 failed by a vote of 3-4 .

[8:32:48 AM](#)

REPRESENTATIVE STORY moved to adopt Amendment 2 to HB 65, labeled 33-LS0423/A.15\Marx 3/17/23, which read:

Page 1, line 5:
Delete "\$7,210"
Insert "\$7,110"

Page 1, line 7:
Delete all material and insert:
"*** Sec. 2.** AS 14.17.470, as amended by sec. 1 of this Act, is amended to read:
Sec. 14.17.470. Base student allocation. The base student allocation is \$7,458 [\$7,110].
*** Sec. 3.** Section 1 of this Act takes effect on the effective date of sec. 26, ch. 40, SLA 2022.
*** Sec. 4.** Section 2 of this Act takes effect July 1, 2024."

CO-CHAIR ALLARD objected.

[8:33:17 AM](#)

CO-CHAIR ALLARD spoke to her objection to Amendment 2. She stated it is "something we can't afford" as the second largest budget in the state, which is education.

REPRESENTATIVE STORY explained that Amendment 2 would increase the BSA by an additional \$1,150.00 for the upcoming school year, and add a two-year funding increase. She gave examples of the buying power in previous education funding. She noted that increasing the BSA floats all of the public school choice options, and stated that it is critically important that as the

House Education Standing Committee, schools are set up for success. She encouraged the committee to show that they value education in Alaska and prioritize education funding.

[8:39:28 AM](#)

REPRESENTATIVE MCKAY pointed out that Amendment 2 results in a BSA increase of \$1,492 over two years, which would be doubled by the foundation formula, totaling an approximate \$381 million. He stressed that adding this much money to the budget was a huge decision, and a commitment that would continue well into the foreseeable future.

[8:40:34 AM](#)

REPRESENTATIVE PRAX spoke in favor of the proposed amendment.

[8:40:55 AM](#)

REPRESENTATIVE HIMSCHOOT appreciated the foresight to make the investment to show the legislature's commitment to education, and give districts a sense of the future as they go through their budget process.

[8:42:30 AM](#)

CO-CHAIR RUFFRIDGE said he supported the idea of looking ahead but was concerned with the end result numbers. He shared his belief that there was a very real dilemma facing this body as to how to fund the budget in the next couple of months. He moved to amend a conceptual amendment to Amendment 2, to change the number on line 3 from \$7,110 to \$6,640 and alter line 8 from \$7,458 to \$6,760.

[8:44:05 AM](#)

CO-CHAIR ALLARD objected, stating that she does not support the conceptual amendment.

[8:44:22 AM](#)

REPRESENTATIVE MCKAY sought to clarify the changes proposed by Co-Chair Ruffridge.

[8:44:34 AM](#)

CO-CHAIR RUFFRIDGE reiterated the numbers in his proposal.

[8:45:06 AM](#)

REPRESENTATIVE STORY asked Co-Chair Ruffridge about his rationale for the numbers.

CO-CHAIR RUFFRIDGE responded that there is not a fiscal plan in place yet, but during testimony, it was apparent that school districts are in need of additional funding. He described the \$680 figure as "personal" because it would help one of his school districts maintain their education without increasing class sizes. He stated that his intention is to look into the foundation formula during the interim and offer solutions on how to better fund education moving forward.

[8:47:11 AM](#)

REPRESENTATIVE MCCORMICK reiterated that he represents school districts that lack basic needs, adding that the proposed reduction makes him uncomfortable.

[8:48:11 AM](#)

REPRESENTATIVE ORTIZ appreciated the intent of the conceptual amendment to Amendment 2 and the supportive comments. He stated that legislators do not only represent their own districts, and stressed that there are real education needs throughout Alaska that are greater than that.

[8:51:33 AM](#)

REPRESENTATIVE PRAX supported the direction the conceptual amendment was going. He noted that some services, such as education and social services, are discussed in isolation without considering the overall picture.

[8:53:02 AM](#)

The committee took an at-ease from 8:53 a.m. to 8:54 a.m.

[8:54:43 AM](#)

CO-CHAIR RUFFRIDGE sought comments and questions on the conceptual amendment to Amendment 2.

[8:54:59 AM](#)

REPRESENTATIVE STORY commented on the support for two-year funding, stating that it is good education funding policy. She said she did not agree entirely with the lower number, but would support the conceptual amendment, being that it is important to address budget concerns. She expressed her hope that the House Finance Committee could "wrestle with the numbers" and ultimately pick a higher number.

[8:58:18 AM](#)

REPRESENTATIVE ALLARD recanted her discussion with the president of the Cordova School Board. She noted that during testimony it was reiterated over and over that the BSA needs to be increased for various reasons, but no one had addressed the buildings that aren't being used to capacity, or the overhead with administrations that need to be cut down. She expressed her concern about excess going out, and not enough coming in. There is no guarantee, she said, that this BSA increase will stay in the classrooms. She stated she would not support the conceptual amendment to Amendment 2.

[8:59:52 AM](#)

CO-CHAIR RUFFRIDGE emphasized that he appreciated local control of Alaska school districts. Members from the communities are elected to be school board members to help direct how education is funded, and it is imperative that is maintained, he said. He stated that during the interim, his intention would be to look into unfunded mandates.

[9:03:41 AM](#)

REPRESENTATIVE STORY encouraged the committee to remember that there are many fixed costs districts have to pay, which was one of the intended reasons to increase the BSA to a significantly higher number. She maintained her concern about the amount of money being purposed in the conceptual amendment. She encouraged members to attend school board budget meetings.

[9:07:28 AM](#)

REPRESENTATIVE PRAX commented on unfunded mandates and The Alaska Reads Act being used as an example of how we [legislators] are not thinking correctly about providing the service.

[9:09:34 AM](#)

The committee took an at-ease from 9:09 a.m. to 9:13 a.m.

[9:13:02 AM](#)

CO-CHAIR RUFFRIDGE sought final comments or questions on the conceptual amendment to Amendment 2.

[9:13:20 AM](#)

A roll call vote was taken. Representatives Prax, McCormick, McKay, Himschoot, Story, and Ruffridge voted in favor of Conceptual Amendment 1 to Amendment 2. Representative Allard voted against it. Therefore, Conceptual Amendment to Amendment 2 passed by a vote of 6-1.

[9:14:00 AM](#)

CO-CHAIR RUFFRIDGE returned attention to Amendment 2, as amended.

[9:14:10 AM](#)

CO-CHAIR ALLARD maintained her objection to Amendment 2.

[9:14:15 AM](#)

A roll call vote was taken. Representatives Story, Prax, McCormick, Himschoot, and Ruffridge voted in favor of Amendment 2, as amended. Representatives Allard and McKay voted against it. Therefore, Amendment 2, as amended passed by a vote of 5-2.

[9:15:27 AM](#)

The committee took an at-ease from 9:15 a.m. to 9:21 a.m.

[9:21:25 AM](#)

CO-CHAIR RUFFRIDGE clarified, for the record, that Amendment 2 passed, as amended, by a vote of 5 yeas, 2 nays. He announced that the committee would return to HB 65, as amended. He invited Representative Ortiz to give closing comments.

[9:21:57 AM](#)

REPRESENTATIVE ORTIZ said he had no closing comments but thanked the committee for their consideration and discussion.

[9:22:17 AM](#)

REPRESENTATIVE STORY commented on the dollars in districts, and explained that there are new requirements of districts in relation to, for example, The Alaska Reads Act.

[9:24:17 AM](#)

REPRESENTATIVE MCCORMICK said he was glad to see HB 65 move out of committee but disappointed that it had been drawn down to the number it was.

[9:25:58 AM](#)

REPRESENTATIVE PRAX commented on unfunded mandates, and at times not being able to sort out "invalid arguments."

[9:27:13 AM](#)

REPRESENTATIVE STORY clarified a misstatement. She said she hoped that when the House Finance Committee looks at the bill, they would significantly increase it.

[9:27:49 AM](#)

REPRESENTATIVE HIMSCHOOT stated that she was happy to get the bill moving but was counting on the House Finance Committee to "give a really close look."

[9:28:24 AM](#)

REPRESENTATIVE MCCORMICK moved to report HB 65, as amended, out of committee with individual recommendations and the accompanying fiscal notes.

[9:28:50 AM](#)

REPRESENTATIVE MCKAY objected.

[9:29:01 AM](#)

A roll call vote was taken. Representatives Himschoot, Story, Prax, McCormick, and Ruffridge voted in favor of reporting HB 65, as amended, out of committee. Representatives Allard, and McKay voted against it. Therefore, CSHB 65 (EDC) was reported out of the House Education Standing Committee by a vote of 5-2.

9:29:43 AM

The committee took an at-ease from 9:29 a.m. to 9:34 a.m.

9:34:02 AM

CO-CHAIR RUFFRIDGE invited any final comments and briefly discussed future business.

9:34:43 AM

ADJOURNMENT

There being no further business before the committee, the House Education Standing Committee meeting was adjourned at 9:35 a.m.