

**ALASKA STATE LEGISLATURE
HOUSE EDUCATION STANDING COMMITTEE**

April 28, 2023

8:01 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

OTHER LEGISLATORS PRESENT

Representative Dan Ortiz

COMMITTEE CALENDAR

HOUSE BILL NO. 111

"An Act relating to public school students who are deaf or have a hearing impairment."

- MOVED CSHB 111(EDC) OUT OF COMMITTEE

PRESENTATION(S): ALASKA'S EDUCATION FUNDING

- HEARD

PREVIOUS COMMITTEE ACTION

BILL: HB 111

SHORT TITLE: EDUCATION FOR DEAF & HEARING IMPAIRED

SPONSOR(S): REPRESENTATIVE(S) ALLARD

03/13/23	(H)	READ THE FIRST TIME - REFERRALS
03/13/23	(H)	HSS, EDC
03/22/23	(H)	HSS REFERRAL REMOVED
03/22/23	(H)	BILL REPRINTED
04/24/23	(H)	EDC AT 8:00 AM DAVIS 106
04/24/23	(H)	Heard & Held

04/24/23 (H) MINUTE (EDC)
04/26/23 (H) EDC AT 8:00 AM DAVIS 106
04/26/23 (H) Heard & Held
04/26/23 (H) MINUTE (EDC)
04/28/23 (H) EDC AT 8:00 AM DAVIS 106

WITNESS REGISTER

LINDSEY CAUSER, Staff
Representative Jamie Allard
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: On behalf of Representative Allard, prime sponsor, presented the summary of changes for HB 111, Version S.

ED KING, Staff
Representative Tom McKay
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Gave the PowerPoint presentation, titled "Alaska's Education Funding."

CONOR BELL, Analyst
Legislative Finance Division
Legislative Affairs Agency
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Answered questions during the PowerPoint presentation, titled "Alaska's Education Funding."

ACTION NARRATIVE

[8:01:00 AM](#)

CO-CHAIR JAMIE ALLARD called the House Education Standing Committee meeting to order at 8:01 a.m. Representatives Prax, McKay, Himschoot, Story, Ruffridge, and Allard were present at the call to order. Representative McCormick arrived as the meeting was in progress.

HB 111-EDUCATION FOR DEAF & HEARING IMPAIRED

[8:02:12 AM](#)

CO-CHAIR ALLARD announced that the first order of business would be HOUSE BILL NO. 111, "An Act relating to public school students who are deaf or have a hearing impairment." [Before

the committee, adopted as the work draft on 4/24/23, was the proposed committee substitute (CS) for HB 111, Version 33-LS0504\S, Marx, 4/22/23, ("Version S").]

[8:02:40 AM](#)

LINDSEY CAUSER, Staff, Representative Jamie Allard, on behalf of Representative Allard, prime sponsor, paraphrased from the summary of changes for HB 111, Version S, which read as follows [original punctuation provided]:

Section 1 was not in version A

This section allows parents to determine the child's chosen method of communication, requires school district to provide information regarding the tools and resources available to the child, inform the parents of their rights and the school districts duties and provide services for their chosen method of communication. It also includes key term definition.

Section 1 of version A is now Section 2 of version S:

This section will codify the existence of a centralized school of the deaf, moving it from Admin Code to Statute.

Section 2 of version A has now been deleted.

MS. CAUSER stated that the term "least restrictive environment" is no longer in Version S. She continued that Legislative Legal Services had been referred to on the differences between "administrative code" and "statute," and it was explained that an item in administrative code could be changed at any time by the department, while statute would provide more security. She continued that by putting the proposed legislation in statute it would give the deaf community more security.

[8:05:09 AM](#)

REPRESENTATIVE STORY questioned why "least restrictive environment" was removed from Version S.

MS. CAUSER responded that the initial iteration of the bill had caused concern that deaf and hard of hearing students would be forced to go to school in Anchorage, while Version S would allow more clarity concerning parental rights.

[8:06:24 AM](#)

The committee took an at-ease from 8:06 a.m. to 8:15 a.m.

[8:16:03 AM](#)

REPRESENTATIVE STORY expressed appreciation for the explanation that "least restrictive environment" did refer to an education environment.

REPRESENTATIVE STORY questioned whether there had been a consideration to add a provision for parental training on the chosen teaching methods. She stated that parents have related to her that school districts have not helped them learn sign language or pay for an interpreter.

MS. CAUSER replied that on page 1, line 5 to line 15 of the proposed bill, the school districts would be directed to provide information, including giving directions on different methods of communication. She then directed attention to page 2 of the bill, line 3 to line 6, which would also require that districts provide services. She stated that the intention is standard information and training would be provided, so parents would understand the different methods of communication to choose from.

REPRESENTATIVE STORY questioned whether districts would be required to provide training to parents on the teaching method. She expressed the opinion that this is missing from Version S.

CO-CHAIR ALLARD expressed disagreement.

[8:19:50 AM](#)

REPRESENTATIVE RUFFRIDGE moved to report CSHB 111, Version 33-LS0504\S, Marx, 4/22/23, out of committee with individual recommendations and the accompanying fiscal notes. There being no objections, CSHB 111(EDC) was reported out of the House Education Standing Committee.

[8:20:06 AM](#)

The committee took an at-ease from 8:20 a.m. to 8:21 a.m.

[8:21:07 AM](#)

CO-CHAIR ALLARD reiterated that CSHB 111(EDC) was reported out of the House Education Standing Committee.

[8:21:15 AM](#)

The committee took an at-ease from 8:21:15 a.m. to 8:23 a.m.

[8:23:52 AM](#)

PRESENTATION(S) : Alaska's Education Funding

[8:24:15 AM](#)

CO-CHAIR ALLARD announced that the final order of business would be the review of Alaska's education funding.

[8:25:06 AM](#)

ED KING, Staff, Representative Tom McKay, gave a PowerPoint presentation, titled "Alaska's Education Funding" [hard copy included in the committee packet]. He stated that the presentation will address the different funding mechanisms for the districts across Alaska, and it will answer two questions, as seen on slide 2. He stated that the first question concerns where the funding for education in the state comes from, while the second question addresses why this funding is higher than the average in the country. He reiterated that the presentation is an exploration and not based on statistical analysis.

MR. KING, in response to Co-Chair Allard, shared that he is a professional economist. He stated that he is currently the committee resources aide for Representative McKay. He stated that he is available to help in terms of his expertise on data. He continued that he is presenting available data to the public in different ways to "spark questions." He cautioned against taking the presentation as advice.

MR. KING moved to slide 4 and addressed the sources of the state's education funding in 2023. He pointed out that funds come from the local and the federal governments. He stated that the Foundation Formula and the base student allocation (BSA) calculation generates around 40 percent of all funding; however, he advised that it is more complicated than this. He pointed out that the 2023 funding estimate is \$2.7 billion.

[8:28:47 AM](#)

MR. KING moved to slide 5, showing 2020 data from the most recent national census report. From this data, which includes the Foundation Formula plus other grants, the state distributes to the school districts around \$1.2 billion. On top of this, the state also provides transportation funding and indirect funding, which are separate from the Foundation Formula, with a total of \$1.6 billion. He stated that local governments also contribute to districts and this totals \$516 million. He pointed out that most of the federal funding is impact aid, and this is funding for schools with children whose parents are federal employees. He stated that this plus other sources total \$381.8 million. In response to a committee question, he stated that the slide only shows revenue streams and not the cost of the actual program.

MR. KING, in response to a committee question, stated that on slide 5 school bond debt reimbursement and building maintenance are represented under "other funding." He reiterated that the slide is only showing revenue streams and not expenditures. Continuing, he stated that the total funding from slide 5 going to the school districts in 2020 was \$2.6 billion. He moved to slide 6, which showed a historic comparison of funding. He pointed out the difference between the 2021 budget and the budgeting for 2024, as there is an inflation value. He reminded the committee that because the level of funding has not increased, the funding represented is actually below this level. He concurred with a statement from Representative Himschoot, that if the total funding increases, it is not necessarily an increase in state funding, as it could be because of federal or local increases.

MR. KING pointed out the bump in funding in 2015, as seen on slide 7. He stated that the bump only concerns state funding, as everything else stayed flat. He explained that this was to reduce the districts unfunded liability to retirement accounts. He explained this further and pointed out that the fund transfer in 2015 was to reduce future payments to the unfunded liability, as after this the funding flattened.

[8:36:25 AM](#)

MR. KING concurred with Co-Chair Allard, that there was an increase in education funding from 2002 to 2020; however, he stated that this graph is not adjusted for inflation. In response to a follow-up question, he stated that BSA is included in the grant portion of the graph. He estimated that the

funding for education since 2002 is at an 80 or 90 percent increase.

MR. KING, in response to Representative Story, stated that the adjustment for inflation would be about 55 percent. He remarked that when oil prices rose in 2008 and 2009, there was a significant change to the Foundation Formula. He stated that considering this would change the rate relative to inflation. In response to a follow-up question, he reiterated that this is only looking at revenue taken in by districts. He added that the school districts have the capability to move funding streams through different categories of expenditures.

CO-CHAIR ALLARD suggested that if school districts do not have enough transportation funding, they can reallocate funds into transportation.

MR. KING stated that this might have been the case.

[8:40:12 AM](#)

MR. KING, in response to Representative Himschoot, stated that the district-cost factor was added in 1998, and the factors themselves have changed at least once since then.

MR. KING moved to slide 8 and pointed out the state funding for school districts is much greater than the local funding. He explained that this is one of the reasons used to explain why Alaska's state funding for education is higher than other states. He discussed the difference between state and local contributions for education and explained that Alaska's constitution requires the legislature to be the appropriating body, and this is why education funding in Alaska relies more heavily on state funding.

MR. KING, in response to Representative Prax, concurred that the state's constitution uses the term "maintain" for education, as opposed to the term "fund;" however, he expressed the understanding that the courts have interpreted the language to be defined to include funding.

MR. KING, in response to Representative Story, stated that slide 8 is not inflation proofed. He said that he would follow up with this information to the committee. In response to a question from Representative Prax, he stated that comparing the adjusted inflation in other industries would be beyond the scope of the presentation, and it would take considerable time.

REPRESENTATIVE STORY expressed the understanding that the Legislative Finance Division has made an adjustment for inflation, and it shows that the state's education system has lost "buying power." She expressed doubt that this has been done between different industries.

[8:46:34 AM](#)

CONOR BELL, Analyst, Legislative Finance Division, Legislative Affairs Agency, Alaska State Legislature, stated that when the finance division adjusts for inflation for education it uses the consumer price index (CPI) for all items; however, it has been acknowledged that the cost structure for school districts may be different, and not perfectly represented by CPI. He continued that it would be difficult to individualize all the items.

MR. KING, on the same topic, cautioned against evaluating inflation without understanding exactly what is being compared. He explained why this is important.

[8:49:06 AM](#)

MR. KING moved to slide 9, which looks at the state and local proportional funding since 2002. He pointed out that the state is the primary funder of education, and its share has increased slightly. He moved to slide 10, which looked at the wide range of state and local education funding splits in the country. He pointed out that Alaska has one of the higher rates of state funding at 74 percent.

REPRESENTATIVE HIMSCHOOT pointed out the adjustment for CPI applies mainly to Anchorage. She expressed the understanding that another adjustment beyond CPI needs to happen in rural places in the state.

MR. KING replied that this is one of the state's biggest problems. He explained that data for rural and small communities is lacking, so the information from the urban centers tends to overtake; however, because of the small size of population in the rural places, this data does not change the numbers very much. In addition, he added that there is an effect in the rural communities that is not captured in urban data. He stated that he would speak to this later in the presentation. In response to a follow-up question concerning county funding in the Lower 48, he stated that all funding from

the local level subunits is contained in the local funding category.

[8:52:56 AM](#)

CO-CHAIR ALLARD commented that in her research she has found states with higher state spending on education have poorer education results.

MR. KING replied that the whole point in visualizing data is to invite these questions. He continued that it is interesting; however, he would need to check the data for validity.

REPRESENTATIVE STORY responded that Minnesota [which has higher state spending on education] has a strong achievement record in education, but there is a high achievement gap in the subpopulations.

MR. KING, in response, stated that the key question would be how to fund government, whether the money stays where it is collected, or whether it should be distributed to other districts where it is needed.

[8:54:50 AM](#)

MR. KING, moving to slide 11, pointed out that Alaska receives more per capita in federal funding than any other state. In response to a question from Representative Story, he expressed the belief that the graphic shows the state receives more federal funding because of the military infrastructure and federal employees. In response to a follow-up, he stated that the state receives more federal funding in [other state departments as well], not just education.

REPRESENTATIVE HIMSCHOOT commented on the amount of national forests in the state and questioned whether funding in relation to this would go to the schools.

MR. KING replied there would be additional federal funding for federal lands in the jurisdiction, but this would not necessarily be tied to school funding, but as it is unrestricted, it could be used for this purpose.

[8:58:13 AM](#)

MR. KING moved to slide 13 to look at the large picture of how the state spends its educational funding. He noted that Alaska is a "high spending state" when it comes to education, and according to the most recent data this is \$18,313 per student in fiscal year 2020. To align with the average in the country, the state would need to cut around \$6 million in the budget. He pointed out that the high operating costs in Alaska create a per-student amount of \$1,020 above the national average. He expressed the understanding that the number of small schools contributes to these uncontrollable costs.

MR. KING, in response to Representative Story, stated that operating costs would cover maintenance, insurance, sewer, utilities, and major operations. He added that some salaries and benefits are included in this. Continuing with the presentation, he stated that Alaska has a higher cost of living than other states; therefore, even if it were at the national average, there still would need to be more funding. He stated that making this adjustment, as seen on slide 15, would explain around \$91 million of the additional funding. He added that the cost of rural areas also explains the additional amounts, but he does not have this data. He pointed out the differences between urban school funding and rural school funding on slide 16. It indicated that rural schools have a higher cost of operation.

MR. KING stated that if the higher operating costs and the cost of living are removed, there is still \$400 million in unexplained additional cost over the average. If this amount is separated between the data for instruction and the data for support, as seen on slide 17, he pointed out that about \$153 million is contributed to instruction, while \$240 million is for nonoperating support. He discussed these definitions and amounts in detail.

MR. KING, in response to a committee question, stated that paraprofessionals are included in the instruction category, as the support category would be the funding to send teachers to conferences. He stated that if it were direct training for instruction, it would be in the instruction category, while general training would be in the support category.

[9:07:57 AM](#)

MR. KING moved to slide 19, which compared data of the 50 states broken down into the individual categories of instruction versus support. The graph showed that, after a cost-of-living adjustment, Alaska is around the national average for the cost

of instruction; however, considering the need for a raise in pay for teachers in rural Alaska, he pointed out this actually should be considered lower than average pay for teachers. He indicated that the data shows that any additional education funding is not going to the teachers. He suggested that the higher cost of instruction in the state is because of the unfunded liabilities for retirement plans for teachers who have already retired.

MR. KING, in response to a committee question, stated that term benefits do include health care costs; however, he expressed uncertainty concerning how much of the benefits are health care costs. He stated that other state departments in Alaska also must account for the unfunded liability.

[9:11:38 AM](#)

MR. KING, moving to slide 21, remarked that if the state were to fund education on the national average, it would cost around \$1.8 billion in total funding from all sources. Amounts not included in this are \$135 million from the higher cost of operations and \$91 million from the higher cost of living. He surmised that not much could be done about either of these. He explained that teacher benefits, support, and some other things are somewhat controllable. He moved to slide 24 to show a breakdown of what contributes to higher-than-average education funding in the support category. He pointed out that general administrative costs are not higher than average, and he suggested gains cannot be made here. He stated that the two largest categories are pupil support and instructional staff support, and these could be reviewed. In response to a committee question, he reiterated that the graph on the slide only shows the additional expenditures in the support category, and the instruction category is not included.

MR. KING, discussing slide 25, indicated that the graph shows the cost of instruction support has grown much faster than any other category, and this could be of interest. In response to a committee question, he stated that classroom aides would be counted under instruction, not instruction support.

REPRESENTATIVE STORY suggested that because of the increase in training with technology, the growth in instruction support would "make sense."

MR. KING pointed out that, the way the chart of accounts is written, if you were delivering education directly as a teacher,

this would be counted as instruction, while using technology outside of the classroom would be counted as instruction support. He stated that it is of interest that the cost of instruction has grown; however, special education (SPED) instruction and support has grown at a faster rate. He moved to the next slide to show an up-close view of the change in cost of instructional support by district. He indicated that the rural areas have a more dramatic change. In response to a committee comment, he stated that the dramatic change in the funding for the Lower Kuskokwim School District could be because of the bilingual program, but it could also be contributed to the certified teacher program. He noted that special needs funding outpaced other instruction growth. In respect to what this means, he discussed how the Funding Formula addresses special needs funding with the average daily membership (ADM) multiplier and the intensive needs multiplier.

[9:25:40 AM](#)

REPRESENTATIVE HIMSCHOOT commented that federal law requires funding for SPED; however, much of SPED in the state is unfunded by the federal government.

MR. KING pointed out there are additional funds for SPED from other sources, in addition to the state funding. He added that, if overfunded, these funds could be used for other needs.

MR. KING, in response to a question from Representative Prax concerning tracking SPED funding, replied that it can be determined how much is being spent on the two categories of special needs instruction and special needs support. Continuing to slide 28, he pointed out that special needs funding is higher than expenditures. He advised that he is not making any policy recommendations; however, he noted that from a study in 2015, it was pointed out SPED funding is not tied to the number of students who require these needs. He stated that the study observed that some districts are over funded while others are underfunded. He discussed the variety of ways districts could be categorizing SPED students, which would create unverifiable data.

[9:30:59 AM](#)

MR. KING, in response to a committee question, replied that the graph on slide 28 should include English learners and gifted students; however, it would be up to district reporting. In response to a follow-up question, he stated that the expenditure

line on the graph contains two categories reported by districts. He added that he has made no analysis regarding this.

MR. KING, in response to a committee question, replied that the chart has not been inflation proofed. He explained that if both lines on the graph were inflation proofed, the distance between the lines would still be the same. He continued that he is unaware of a reported number of SPED students. He added that the number of intensive-needs students is reported, and the number of these students has increased.

[9:34:08 AM](#)

The committee took a brief at-ease.

[9:34:13 AM](#)

MR. KING, in response to a committee question concerning the number of students included in SPED, replied that districts report expenditures as special needs to the department; therefore, he does not have this information. In response to a follow-up question, he expressed the opinion that a SPED classroom would be a classroom where the teacher is a SPED instructor. In response, he stated that the funding for intensive special needs is included in the graph, combined with special needs funding.

[9:36:41 AM](#)

MR. KING, in addressing the next slide, observed that Alaska may not want to be average; therefore, the premise might not be correct that the state is spending more money than the average. He added that this would be a policy decision for the legislature. He pointed to the graph on slide 29 and stated that this shows all 50 states plotted per the proficiency of their fourth graders, compared to instruction spending, and adjusted for the cost of living per student. He stated that cost of operations was not included because it is distortive. He suggested that if more money were spent in the classroom for instruction, the results would be better. He explained that the states above the line on the graph may be outspending their results, while states below the line have better results than expected. He pointed out that Alaska is above the line because of the higher benefits and the unfunded liability, and once this is adjusted for, Alaska would be on the line, which represents the average. In response to a committee question, he explained that outcomes on this graphic represent the proficiency of the

fourth graders on the National Assessment of Educational Progress (NAEP) test. He continued that this shows the number of students who scored above basic. He moved to the last slide, which listed the takeaways from the presentation.

[9:40:10 AM](#)

REPRESENTATIVE HIMSCHOOT commented that a decision needs to be made on how to measure the success of Alaska's schools. She further discussed whether this should be with or without tests.

REPRESENTATIVE PRAX expressed agreement with Representative Himschoot on determining outcomes.

REPRESENTATIVE MCKAY expressed the importance of determining where this significant amount of money is going.

[9:43:09 AM](#)

REPRESENTATIVE STORY expressed appreciation that the presentation confirmed some other findings. She expressed interest in learning more about the support categories. She discussed some fixed costs and how these may be increasing.

CO-CHAIR ALLARD commented that BSA is not the only funding for education.

[9:45:43 AM](#)

MR. KING, in response to closing comments, stated that using the value metric was important because a common base of comparison should be used if there is going to be a comparison with other states. He allowed that it is not the only metric that could have been used. He stated that how the state wants to determine success is a decision the legislature should make. He suggested that whatever is measured should be measured over time. He commented that districts' cost factors have been static for decades; however, the cost of fuel is not static, so when the cost of fuel goes up, this comes out of the classroom. He suggested that there are better opportunities for the state to allocate its funding, as discussed in the presentation.

[9:47:08 AM](#)

ADJOURNMENT

There being no further business before the committee, the House Education Standing Committee meeting was adjourned at 9:47 a.m.