

HOUSE FINANCE COMMITTEE
March 30, 2023
1:38 p.m.

1:38:20 PM

CALL TO ORDER

Co-Chair Johnson called the House Finance Committee meeting to order at 1:38 p.m.

MEMBERS PRESENT

Representative Bryce Edgmon, Co-Chair
Representative DeLena Johnson, Co-Chair
Representative Julie Coulombe
Representative Mike Cronk
Representative Alyse Galvin
Representative Sara Hannan
Representative Andy Josephson
Representative Dan Ortiz
Representative Will Stapp
Representative Frank Tomaszewski

MEMBERS ABSENT

Representative Neal Foster, Co-Chair

ALSO PRESENT

Remond Henderson, Staff, Representative DeLena Johnson; Representative Dan Ortiz, Sponsor; Caroline Hamp, Staff, Representative Dan Ortiz; Heidi Teshner, Acting Commissioner, Department of Education and Early Development; Elwin Blackwell, School Finance Manager, Department of Education and Early Development; Representative Andi Story.

SUMMARY

HB 39 APPROP: OPERATING BUDGET/LOANS/FUND; SUPP

CSHB 39(FIN) was REPORTED out of committee with six "do pass" recommendations and four "amend" recommendations.

HB 41 APPROP: MENTAL HEALTH BUDGET

CSHB 41(FIN) was REPORTED out of committee with six "do pass" recommendations and four "amend" recommendations.

HB 65 INCREASE BASE STUDENT ALLOCATION

HB 65 was HEARD and HELD in committee for further consideration.

Co-Chair Johnson reviewed the meeting agenda.

#hb39

#hb41

HOUSE BILL NO. 39

"An Act making appropriations for the operating and loan program expenses of state government and for certain programs; capitalizing funds; amending appropriations; making reappropriations; making supplemental appropriations; making appropriations under art. IX, sec. 17(c), Constitution of the State of Alaska, from the constitutional budget reserve fund; and providing for an effective date."

HOUSE BILL NO. 41

"An Act making appropriations for the operating and capital expenses of the state's integrated comprehensive mental health program; and providing for an effective date."

[1:39:11 PM](#)

Co-Chair Johnson MOVED to ADOPT Amendment L 7, 33-GH1347\I.1 (Marx, 3/29/23) (copy on file):

Page 98, following line 29:

Insert a new subsection to read:

"(b) If, after the appropriation made in sec. 47 of this Act, the unrestricted state revenue available for appropriation in fiscal year 2024 is insufficient to cover the general fund appropriations that take effect in fiscal year 2024 that are made in this Act, as passed by the Thirty-Third Alaska State Legislature in the First Regular Session and enacted into law, and

the general fund appropriations that take effect in fiscal year 2024 that are made in a version of CSHB 41(FIN), as passed by the Thirty-Third Alaska State Legislature in the First Regular Session and enacted into law, the amount necessary to balance revenue and general fund appropriations that take effect in fiscal year 2024 that are made in this Act, as passed by the Thirty-Third Alaska State Legislature in the First Regular Session and enacted into law, and the general fund appropriations that take effect in fiscal year 2024 that are made in a version of CSHB 41(FIN), as passed by the Thirty-Third Alaska State Legislature in the First Regular Session and enacted into law, is appropriated to the general fund from the budget reserve fund (art. IX, sec. 17, Constitution of the State of Alaska)."

Reletter the following subsection accordingly.

Page 98, line 30:

Delete "The appropriation made in (a) of this section is"

Insert "The appropriations made in (a) and (b) of this section are"

Co-Chair Edgmon OBJECTED for discussion.

Co-Chair Johnson explained that she brought the amendment forward to ensure the committee passed a structurally balanced budget. She read from prepared remarks:

The budget originally proposed by the administration contained an over \$400 million deficit to start with. Until the spring forecast last week, committee substitute (CS) 1 proposed by this committee was a balanced budget that contained a surplus. As a result of the new forecast, however, the new CS before you now contains a deficit of \$401 million. I am proposing language Amendment 7, which is a draw from the Constitutional Budget Reserve (CBR) as a starting point from which to fill the deficit for this year's operating and mental health budgets. There's a lot of discussion yet to be had on the floor in this body and in the other body and in conference committee about how to fill that deficit this year and I look forward to the debate ahead. However, the legislature can not kick the can down the road any longer. A CBR draw is

only a band aid and one that we need to stop reapplying. Our constituents deserve certainty and the PFD, the essential services they rely on, a strong capital budget, as well as the preservation of our savings. The only sustainable way to achieve that is a complete fiscal plan. That means continued downward pressure on government spending, new revenue sources, and major structural reform. This committee has done its best with the budget that we were given, and I thank each and every one of you for that and all of the work that has been done. With the budget that we've been given, we've done our best given the poor market conditions and the many competing needs of our residents; however, Alaskan's deserve a fiscal plan to end the cycle of uncertainty in our budgeting and in our economy.

Co-Chair Johnson asked members to support the amendment. She noted her staff was available to answer any technical questions.

[1:41:55 PM](#)

Representative Hannan looked at the amendment and wanted to ensure she understood the language and its implications. She noted that the amendment was for HB 39 and also referenced HB 41. She noted it did not reference any other bills including the capital budget. She asked how it would be incorporated or covered by a future CBR vote if a CBR draw was required.

Co-Chair Johnson could not speak to the capital budget because it was not her area of expertise. She asked her staff to address the question.

REMOND HENDERSON, STAFF, REPRESENTATIVE DELENA JOHNSON, confirmed that the CBR language only covered the operating budget and the supplementals contained within. The language also mentioned the mental health budget because it was covered by those two budgets. The amendment did not include the capital budget. He explained that any amendments or draw required for the capital budget was in the hands of the other body "at this point."

[1:43:50 PM](#)

Representative Hannan asked how a CBR vote and draw worked if there were bills outside of the budget with substantive fiscal notes that were not incorporated into the operating budget at the time of its passage.

Co-Chair Johnson deferred the question to Mr. Henderson.

Mr. Henderson replied that the language would cover fiscal notes that attached funds to the operating budget.

Co-Chair Johnson clarified that the budget did not reference additional fiscal notes that had not yet been passed and did not include money to cover specific fiscal notes.

Representative Galvin asked for verification that the amendment language would be a normal piece to add to a bill when the legislature knew the budget was overdrawn.

Mr. Henderson agreed.

[1:45:34 PM](#)

AT EASE

[1:48:19 PM](#)

RECONVENED

Representative Josephson understood the language was fairly boiler plate. He shared that he had been in the majority in the past and recalled needing to borrow from other sources, which is what the amendment suggested may need to be done. However, he pointed out that the bill before the committee was the majority's budget as amended by the House Finance Committee. He highlighted that there had been a call by the majority for a fiscal policy and he looked forward to hearing a comprehensive fiscal policy. He remarked that it was almost April and fundamentally there were ways to balance the budget - one was an amendment by Representative Hannan - and committee members all knew the different valves that could be turned. He stated that "we're waiting to see if they will be turned and we're willing to be cooperative with that." He viewed the amendment as a failsafe or backstop and understood its purpose, but it was not advancing towards fiscal sustainability. He thought it was largely the requirement of both majorities to facilitate.

Representative Ortiz remarked that the committee had the ability for the amendment process to take action, which would not have necessitated sending over an unbalanced budget to the other body, but it had not taken the opportunity. He appreciated Co-Chair Johnson's opening comments about the need to adopt a fiscal plan and how the legislature could not continue to rely on draws from savings. He also appreciated the comments made by Representative Cronk about the same need the previous day on the House floor. He underscored that there would never be a good time to make the tough decisions. He highlighted that the committee could have made the tough decisions with the amendment offered by Representative Hannan, but it had not. He would support the amendment and would not object to reporting the bill out. He stressed that the situation would not get any easier. He reminded everyone that the tough votes needed to be made.

[1:51:32 PM](#)

AT EASE

[1:53:14 PM](#)

RECONVENED

Co-Chair Edgmon WITHDREW the OBJECTION Amendment L 7.

Co-Chair Johnson explained that the committee had gotten slightly ahead of itself and needed to adopt the new CS prior to adopting the proposed amendment.

Co-Chair Johnson MOVED to ADOPT the proposed committee substitute for HB 39, Work Draft 33-GH1347\I (Marx, 3/29/23).

Representative Galvin OBJECTED for discussion.

[1:54:32 PM](#)

AT EASE

[1:55:06 PM](#)

RECONVENED

Representative Galvin WITHDREW the OBJECTION.

There being NO further OBJECTION, the CS was ADOPTED.

Co-Chair Johnson MOVED to ADOPT Amendment L 7 (copy on file). [Note: see 1:39 p.m. for amendment details.]

Co-Chair Edgmon OBJECTED for discussion.

Co-Chair Johnson clarified that the new CS had been adopted and there was a motion to adopt Amendment L 7, which had been discussed earlier in the meeting.

Representative Tomaszewski addressed previous comments regarding a fiscal plan. He stated that the 31st or 32nd legislatures could have adopted a fiscal plan. He highlighted that there were 19 new freshmen in the House in the current year and current legislators were dealing with a budget and process they had been given by previous legislators. He relayed that they were working very hard on developing fiscal plans and it was his hope and goal for legislators to do it together. He had been working with different caucuses to facilitate a plan. He pointed out that taxing the Permanent Fund Dividend (PFD) and the people was not a fiscal plan. He elaborated that it was unsustainable and was a regressive tax on Alaskans. He agreed that it would be part of a fiscal plan, but there were many other components. He hoped legislators could collaborate to make a fiscal plan happen. He remarked that the amendment was not perfect; however, the committee needed to send over means to pay the state's bills. He did not come to the legislature to spend the bank accounts down to zero, but it was the budget the committee had been given and they would have to deal with that.

[1:58:52 PM](#)

Co-Chair Johnson noted there would be an opportunity to speak to the budget as a whole.

Representative Cronk stated it was his first year on the committee. He emphasized that cutting the PFD was not a fiscal plan. He thought if the legislature kept doing so there would be no money left. He encouraged everyone to work together on a multifaceted fiscal plan that would not merely cut the PFD and create a tax. He elaborated that a plan would include things people liked and things people did not like. He stated the people of Alaska deserved to know that the legislature would address the important issues impacting the daily lives of rural and urban

Alaskans. He stated once that was achieved the legislature could begin working on the efficiencies government needed.

[2:00:28 PM](#)

Representative Josephson requested to have his previous comments on Amendment L 7 reflected in the record as linked to the CS.

The OBJECTION was WITHDRAWN.

There being NO further OBJECTION, Amendment L 7 was ADOPTED.

[2:02:23 PM](#)

AT EASE

[2:04:25 PM](#)

RECONVENED

Co-Chair Edgmon explained that he would make a motion to report the bill from committee and would then object in order for members to make any closing remarks on the bill.

Co-Chair Edgmon MOVED to REPORT CSHB 39(FIN) out of committee with individual recommendations and that authorization be given to the Legislative Finance Division and Legislative Legal Services to make any necessary and technical and/or conforming changes.

Co-Chair Edgmon OBJECTED for discussion.

Representative Josephson appreciated it was a heavy lift to ask a body with 17 new members to present a fiscal plan. He was proud to pass a comprehensive "four pillar" fiscal plan in 2017 and 2018, which included an income tax, reform to the PFD formula, a percent of market value (POMV) draw, and significant cuts. He stated that the other body had rejected it summarily without giving it serious attention. He shared the information for context and explained that he had been there and was still present advancing bold measures and wanted to be cooperative with people who want to do that in a balanced way.

Representative Josephson noted that the bill did not include a full formula PFD and he respected the committee and its leadership for doing so. He agreed that the bill

should not include a full formula dividend because the state could not afford one. He stated that the bill already went some way to recognize it had to be done, short of raising revenue.

Representative Josephson thought the budget amendment process was incredibly fair and he thanked the chair for that; however, there were a number of investments the committee could have made that would have advanced a stable future for the state in terms of employment, diversity, and fiscal balance. He listed various areas such as daycare, childcare and helping youth grow strong to be productive. He viewed the budget as a respectable bill, but he believed more could have been done. He noted he was likely to make an amend recommendation [on the committee report].

[2:08:08 PM](#)

Representative Galvin thanked the chair and committee for their work on the amendment process. She stated it helped her to get a good picture of many other parts of the state and what other representatives were hearing from their constituents. She felt there had been a rush to get the amendments in and she felt it was difficult to account for public testimony in time for the deadline. She shared that the amendments had been received at 11:30 p.m. the night before discussing them in committee. She hoped the process could be worked through more comprehensively as the budget went to the floor. She stated that discussions on the items had been somewhat inconsistent in terms of being able to ask and answer questions. She believed the committee may have attained more consensus if there had been more opportunity to review the proposed amendments before voting on them.

Representative Galvin found the rolling of the supplemental budget into the operating budget via an amendment without advance notice combined with the lack of opportunity for discussion to be something she had not seen before and a little frustrating. She remarked that the overarching need to improve recruitment and retention and enhance the social safety net (i.e., education, childcare, mental health, low cost housing, and healthcare services for all Alaskans) had become clear in discussion. She believed an irresponsibly large PFD made it difficult to meet the needs of Alaskans and make their lives bearable at present.

Representative Galvin endorsed the co-chair's reaction to spending an embarrassing amount of time on something she believed was a small neighborhood issue related to a sign appropriation. She would have appreciated a discussion around a state problem of a lack of defense of public easements across private land. She found there had been too much time spent on the issue as opposed to other issues. She thanked the committee and leadership for "pulling us through" the overall process.

2:11:58 PM

Co-Chair Edgmon thanked the administration for providing a budget that was by in large fair. He stated that through time immemorial there would always be members who felt the budget lacked increments or cuts. He remarked that in the end a balance was struck. He noted that the budget had to go through the other body and come back to the House for concurrence. He remarked on the process of incorporating the supplemental budget into the operating budget. He elaborated that some items had been taken out and fast tracked in a different measure. He thanked members of the education community in the audience at present. He continued that in terms of balance, the committee still had the Base Student Allocation (BSA) for consideration.

Co-Chair Edgmon thanked staff doing a great job on their work. He appreciated the work done by Co-Chair Johnson as well. He was hopeful the committee could pass the budget out and get it to the House floor and the Senate.

Representative Hannan thanked Co-Chair Johnson for the efforts to keep the committee moving forward on the budget. She stated it was her first year on the House Finance Committee. She highlighted that the budget was lower than the FY 15 budget and that the downward pressure on the budget had been taking place for almost a decade. She had a town hall meeting the previous evening and she had a couple of constituents who were deaf who had asked if there was talk of restoring services to deaf individuals that had been cut in 2016. She stated the topic had not even been on her radar because the programs had been cut in the first swath of downward pressure and the legislature had not even looked back to think about restoring services like sign language interpreter referrals across the state. She remarked that they had been forgetting how many services that had been lost along the way that Alaskans needed. She

spoke to the need for a full fiscal plan and discussion on revenue. She shared that she had been an advocate for additional revenues and had sponsored an income tax bill that never received a hearing. She had also sponsored a small revenue bill on vape tobacco products that had made it through the legislature and had been vetoed [by the governor]. She supported a comprehensive fiscal plan to meet the needs for all Alaskans including services for deaf, blind, and physically disabled individuals. She stated that until those needs were included, the budget was not whole. She recognized the committee had a budget to send to the floor for the next fiscal year, which was a hurdle in itself. She thanked the committee leadership for moving the budget forward and she looked forward to continuing dialogues about the true fiscal needs of Alaska.

[2:16:10 PM](#)

Co-Chair Johnson relayed that she would save her remarks on the budget for the end of the meeting.

Co-Chair Edgmon WITHDREW the OBJECTION to the motion to report the bill from committee. There being NO further OBJECTION, it was so ordered.

CSHB 39(FIN) was REPORTED out of committee with six "do pass" recommendations and four "amend" recommendations.

[2:17:13 PM](#)

AT EASE

[2:20:29 PM](#)

RECONVENED

Co-Chair Johnson MOVED to ADOPT the proposed committee substitute for HB 41, Work Draft 33-GH1349\I (Marx, 3/29/23).

Co-Chair Edgmon OBJECTED for discussion.

Co-Chair Edgmon WITHDREW the OBJECTION.

There being NO further OBJECTION, it was so ordered.

Co-Chair Johnson MOVED to REPORT CSHB 41(FIN) out of committee with individual recommendations and that authorization be given to the Legislative Finance Division

and Legislative Legal Services to make any necessary and technical and/or conforming changes.

Co-Chair Edgmon OBJECTED for discussion.

Co-Chair Johnson thanked members, staff, the Legislative Finance Division, Legislative Legal Services, the Office of Management and Budget, and the administration for their work on the budget process. She remarked that the minority and majority had worked together towards a common goal of doing the right thing for Alaska.

[2:24:19 PM](#)

Co-Chair Edgmon WITHDREW the OBJECTION.

There being NO further OBJECTION, it was so ordered.

CSHB 41(FIN) was REPORTED out of committee with six "do pass" recommendations and four "amend" recommendations.

[2:24:59 PM](#)

AT EASE

[2:28:17 PM](#)

RECONVENED

#hb65

HOUSE BILL NO. 65

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

Co-Chair Edgmon announced that the committee would hear HB 65. He noted the meeting would end by 3:30 p.m.

[2:29:00 PM](#)

REPRESENTATIVE DAN ORTIZ, SPONSOR, provided a PowerPoint presentation titled "House Bill 65 "Increase the Base Student Allocation": House Finance Committee," dated March 30, 2023 (copy on file). He read from prepared remarks:

House Bill 65 will increase the Base Student Allocation (BSA) by \$680 for the first year for a total BSA of \$6,640 per eligible student. In the bill,

the second year calls for a BSA increase by an additional \$120 for a total increase of \$800 from the current BSA amount to a total BSA of \$6,760 per eligible student. As you can see with the recently updated fiscal notes, total cost of the proposed increase is \$174 million (almost \$175 million) and \$205 million in FY 25 and beyond.

Representative Ortiz stated the legislature had heard a lot about the needs across the state from almost all of the districts about the problems they were having with the current funding level. He was honored to sponsor the bill and looked forward to the important conversation the body needed to have about education funding. He continued to read from prepared remarks:

In the House Education Committee, they amended the bill to include a two-year step up approach, which I support. It will help us ease into a BSA increase during a current challenging revenue forecast and it will also help offset the ever increasing inflation experienced by school districts. Based on what we've heard from almost all of the 54 school districts and their residents across the state. The \$680 that would be added to the BSA under this bill, would significantly fall short of the real needs of many of our districts and particularly more rural districts. As the bill moves through the process in the committee, I would welcome any amendment that would increase the BSA up to \$800 rather than the \$680.

[2:31:49 PM](#)

Representative Ortiz moved to slide 2 and discussed increases in inflation with prepared remarks:

Since 2012, inflation has increased by at least 24 percent, while the BSA has only increased 4.2 percent. Although we have flat funded education, in recent years because of inflation spending power for education funding has actually decreased by almost 20 percent.

Representative Ortiz highlighted that the graph on slide 2 reflected that the real spending power of the BSA had decreased significantly. He stated it was quite clear the legislature needed to address the issue.

He turned to slide 3 and discussed increased costs throughout Alaska with prepared remarks:

In the Lower Kuskokwim, they have seen a 46 percent increase in fuel costs. In the Juneau School District, they have seen 155 percent increase since 2017 in property and liability, auto, and cyber insurance. In the Annette Island School District in the community of Metlakatla, electricity costs have gone up by 26 percent. In the Anchorage School District, medical coverage for employees' accounts for over 17 percent of their general fund expenditures and high inflation within the medical sector will necessitate increased district and/or employee contributions to health plans or a reduction in benefits. Some of these costs like freight and shipping are unique to Alaska. Taking into consideration Alaska's specific cost of living, Alaska spends less per pupil on public education than the national average. Yes, Alaska ranks six in the national per pupil K-12 funding in raw dollars, but in a study recently conducted by Institute of Social and Economic Research (ISER), they found that when 2019 education spending in Alaska was adjusted for the cost of living, Alaska was underfunding education in comparison to the national average. The actual study can be found in your bill packet.

[2:34:09 PM](#)

Representative Ortiz turned to slide 4 and discussed decreased services with prepared remarks:

As a result, school districts are having to make very difficult decisions to balance their budgets. Every district is cutting teachers and increasing classroom size. Counselors, librarians, custodians, and other support staff are currently on the chopping block. For example, in the Fairbanks North Star School District they have decided to close and restructure a couple of schools, increase class sizes, and eliminate over 130 positions including teachers, counselors, classroom aides, and other support staff. The Kenai Peninsula School District would have to eliminate 33 to 49 fulltime certified teachers, which would raise the student teacher classroom ratio by plus five per classroom. In the Annette Island School District, they

are looking at a 12 percent decrease in staffing to address their \$1.2 million shortfall this upcoming year. Anchorage is increasing their pupil to teacher ratio across the K-12 system by plus one and eliminating 62 fulltime teaching positions to save about \$7.3 million.

Fine arts programs, language classes, and even AP classes are at risk. After school and extracurricular activities are also being considered to be on the chopping block and we have heard anecdotally from students that losing programs they care about decreases their motivation to stay engaged. These are all potential and would become reality unless we do something to address the BSA this particular year.

Despite the decrease in services, school districts are still prioritizing funding for instruction. Instructional costs make up 74 percent of education funding expenditures, while administrative costs only make up about 14 percent of expenditures. As we debate the merits of an increase to the BSA, it is important to put that investment in context of the budget. Now that the Department of Health and the Department of Family and Community Services are two separate departments, the Department of Education and Early Development is the second largest budget item. Unfortunately, that makes it the easiest budget to target in times of budgetary challenges without necessarily taking into account the long-term impacts on children and our future workforce. Meanwhile, I'd like to note that our largest budget is the PFD as this particular slide denotes.

Representative Ortiz recognized that many Alaskans needed and could use the PFD. He thought Alaska was very unusual as a state to be supporting something like a PFD allotment for all of its residents and spending more on that than on education for its residents. He believed the situation had to be addressed.

[2:37:23 PM](#)

Representative Ortiz turned to slide 7 showing K-12 foundation formula funding and PFD appropriations. He highlighted that the state had not always spent more on the PFD than it had on education. He pointed out that in FY 13

the state had spent almost twice as much on education as it had on the PFD. The first time the state spent more on the PFD than education was in FY 16. He stated it had gone back down with the difficult decisions made by the administration at the time. He stated that it had been only in the past few years that the amount the state was spending on the PFD significantly outstripped the amount spent on education. He clarified that he was not underestimating the importance of the PFD; however, he believed it was a problem when the state was putting more towards the PFD than education. He believed the committee had heard loud and clear from many of the districts regarding the needs for the BSA. He concluded that the bill sought to address the issue. He looked forward to a debate on the topic.

[2:39:20 PM](#)

Co-Chair Edgmon recognized Representative Andi Story in the audience.

Co-Chair Johnson looked at slide 7 and was uncertain about the correlation between the PFD and BSA. She asked if the presentation was saying that a high PFD took away from education. She remarked there were other departments spending money and there were no claims that spending money in one area was taking away from another area.

Representative Ortiz responded that the presentation illustrated that education had been flat funded since FY 13, a period in which there had been substantial inflation. The presentation indicated that students across the state needed to keep on living with the support they had 11 to 12 years ago. He stated it was okay because the state was in a fiscal situation with declining oil revenues. However, at the same time, there had still been the ability to distribute record setting PFDs. He stated that the PFD in FY 23 and the proposed 50/50 PFD [for FY 24] were still substantially higher than what the state was spending on educating its children. He remarked that many other departments such as the Department of Commerce, Community and Economic Development had been significantly reduced. He explained that there had been cuts to education and health and human services, while the PFD had been increased.

Co-Chair Johnson noted the legislature had recently proposed \$16 million to the budget in a recent amendment by

the governor. She asked how it interplayed with the funding request in HB 65. She explained that the funding proposed by the governor went to teachers and some locality pay.

Representative Ortiz asked if Co-Chair Johnson was referring to teacher salary bonuses proposed by the governor.

Co-Chair Johnson agreed.

Representative Ortiz replied that he was aware of the proposals. He stated his understanding that the proposals were not a substitute for BSA funding. He would be supportive of more financial support for educators, but he had not heard details on the structure and whether the proposal would occur inside or outside of the BSA. Additionally, he did not know what kind of reception the proposal had received in the other body and whether there had been a bill hearing in the House Education Committee.

[2:44:52 PM](#)

Representative Tomaszewski looked at slide 7 and estimated the slide showed approximately \$1.3 billion in funding [in K-12 foundation formula funding]. He highlighted that the Department of Education and Early Development (DEED) had recently given a presentation to the committee and had reported \$1.991 billion for FY 23. He asked Representative Ortiz about the discrepancy in the numbers. He referenced FY 22 funding actuals for DEED of \$1.865 billion and a 6.5 percent increase to the \$1.991 billion in FY 23.

Representative Ortiz replied that the numbers referred to by Representative Tomaszewski included items outside the BSA such as pupil transportation and federal expenditures. He clarified that the blue lines in the graph on slide 7 reflected the BSA only.

Representative Tomaszewski pointed out a 6.5 percent funding increase for DEED from FY 22 to FY 23. He highlighted that an increase to education had occurred. He thought it looked like the budget would be pretty flat from the past year.

[2:47:38 PM](#)

Representative Galvin asked why the BSA was talked about so much and how it was so different than funding outside of the BSA. She asked how school districts and school boards looked at the funding differently as they made decisions. She remarked there were letters from many districts in the packets. She asked how Representative Ortiz had come up with the initial proposed number in the bill.

Representative Ortiz responded that the BSA was how the state supported the education of its youth. He elaborated that it was the primary chunk of money that went into education support. While there were other important facets including money for transportation and federal money, they played a relatively minor role overall. He explained that the BSA had been essentially flat for 11 to 12 years and due to inflation it was no mystery why the districts had stressed that a significant increase in the BSA was critical.

CAROLINE HAMP, STAFF, REPRESENTATIVE DAN ORTIZ, shared that the original version of the bill was an increase of \$1,250, which was an increase of about 20 percent. She explained the amount was about the size of the gap between inflation over the past ten years and the BSA.

[2:51:07 PM](#)

Representative Ortiz elaborated that the original number had been selected because it came close to catching up with inflation, but it still fell short. He relayed that the actual number put out by DEED or ISER was approximately \$1,350. He added that he had selected the number in light of the state's fiscal reality.

Representative Galvin had heard that because the dollars had gone through the formula for decades, [the BSA] was considered predictable for important decision making by school boards.

Representative Ortiz responded that he had previously been a teacher and had taught for 32 years. He stated it really was about the BSA. He relayed that every spring the local school boards were responsible for compiling a budget, which was based on the BSA number because it accounted for the largest portion of funding and was what districts had to go on to make estimates for the year ahead. Currently, because the school districts had not heard from the

legislature, some were laying their deficits out there and making decisions accordingly. He stated that some districts were hedging their bets and had heard it was likely the legislature would come up with a BSA increase, while at the same time they realized if an increase did not occur, they would need to make significant reductions. He stated that school districts would have to make reductions even with the proposed increase in the bill. He added that the legislature had heard loud and clear that the cost of doing business on a per student basis was much higher in rural areas and those districts were looking at some very tough choices. He thought the legislature needed to bump the number up to [an increase of] about \$800.

[2:54:19 PM](#)

Representative Stapp thanked Representative Ortiz for introducing the legislation and agreed on the importance of education in Alaska. He looked at slide 7 and noted that the slide showed funding for BSA only. He asked how much the legislature had appropriated for education outside of the formula in the past few years.

Ms. Hamp requested to hear from DEED.

HEIDI TESHNER, ACTING COMMISSIONER, DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT, replied that there had been \$57 million appropriated outside of the formula in FY 23. She relayed that there had been funding appropriated outside of the formula 11 times since 1999.

Co-Chair Edgmon looked at the chart on slide 7 in terms of overall foundation formula in addition to the increased costs for heating fuel, utilities, transportation, etcetera. He noted that slide 3 aligned with the swoop graph [showing the governor's FY 24 budget] on slide 6. He asked if the additional money addressed by Representative Tomaszewski and Representative Stapp went to other things.

Acting Commissioner Teshner replied it was her understanding that the blue bar [on slide 7] reflected the K-12 foundation formula only. She noted that Representative Tomaszewski had been referring to all of the additional funding that went to fund the department including pupil transportation, youth and detention residential schools, boarding homes, and other items.

Representative Stapp stated that sometimes it was confusing when it was stated that education was flat funded. He reasoned that it effectively meant that the foundation formula had been flat funded, although previous legislatures had appropriated education funding for other reasons. He referenced the ISER study in members' packets. He highlighted that the study discussed how Alaska's unadjusted per pupil spending and educator and employee benefits was 64 percent above the U.S. average. He noted the study also talked about high energy costs. He thought the real problem was that the inflationary costs of energy and healthcare were driving the reductions in education. He surmised that education funding was a symptom of an underlying problem, which was the increase in inflationary pressure and cost of living for Alaska.

[2:59:01 PM](#)

Representative Ortiz agreed. He remarked that everyone could remember what things used to cost. He recalled all of the things he could buy with 50 cents when he was a kid. He explained that most of the money for education came from the BSA and it had been relatively flat. He stated that the increments outside of the BSA that occurred a bit less than half of the years since 1999 did not necessarily keep [education funding] up with inflation or in a predictable way that enabled districts to plan. He explained that a one-year bump in funding did not enable schools to increase programs, implement programs, or plan for the funding in future years.

[3:02:09 PM](#)

Representative Josephson referenced the Coalition for Education Equity of Alaska that had been instrumental in the Kasayulie case (a capital budget disparity case for rural Alaska) and the Moore case 19 years ago (overseen by Judge [Sharon] Gleason). He referred to Judge Gleason's ruling that included four elements that spoke to the State of Alaska's constitutional responsibility for public education. He highlighted the element requiring adequate funding for schools to provide instruction in the standards. He noted that element appeared to be the most expensive of the four. He noted another requirement for adequate assessment systems. He looked at the flat funding for a decade shown on slide 7 and asked if the state was at risk of being taken to court for not meeting the elements

in Judge Gleason's ruling. He asked if Acting Commissioner Teshner had heard anything about that.

Ms. Teshner answered that she had not heard anything. She surmised it depended on how a person defined adequate. She stated that no two people would define it the same way. She thought part of the intent of HB 65 was to determine the adequate amount of funding needed for the BSA to meet the state's obligations through the two court cases mentioned by Representative Josephson.

Representative Josephson reasoned that a court may say that what was adequate 10 years ago was no longer adequate.

Representative Cronk shared that he was a former teacher of 25 years and for six of the years he received no salary increase. He also had experience serving on a regional school board, which was responsible for providing budgets. He noted that insurance costs were drivers. He asked if school districts were rallying around HB 21 to pool insurance to save money.

Representative Ortiz responded that he had heard talk about the proposal and at face value it seemed to make good economic sense; however, he knew the issue was more complicated than that. For example, the teachers' insurance program comingled with the borough employees in his district. He did not know how it would impact the borough's insurance pool if the teachers joined a statewide teacher pool. He did not know whether it would save the borough money. He believed there were all kinds of variations on what may happen to the overall cost of any particular school district if such a bill were adopted.

[3:06:54 PM](#)

Representative Cronk stated that part of the state's problem was it had been doing things for so long in a certain way that it did not look to change anything. He considered that it may not be the most beneficial for some, but overall it would benefit the majority of the state. He thought something should be looked at like the insurance pool proposal should be looked at to make the state's dollars go further. He considered perhaps it could be a bigger insurance pool where the borough benefitted as well.

Representative Coulombe looked at the resolutions in the packet from various school districts. She stated that the Anchorage School District wanted \$1,268 and the school board administrators wanted \$860. She highlighted various amounts requested including \$1,000, \$278, and \$860. She was struggling with settling on a number. She believed it was important. She elaborated that some of the resolutions referred to inflation rates, which varied. She preferred a one-time outside the formula increment for education due to the differences. She thought the BSA felt like putting one number on districts with various needs. She suggested that perhaps one-time funding could be formulated in a way that adjusted to each of the needs. She asked for Representative Ortiz's thoughts. She remarked that most of the resolutions in the resolutions were lower or close to the same as the figure in Representative Ortiz's bill.

Representative Ortiz answered that it made sense that the needs of the 54 school districts were different from one another. He stated that one of the problems with the BSA was that it is a uniform amount per student; however, there is a cost differential factored in for rural areas and less costly areas. He explained that the problem with a one-time increase was that it would still be difficult to craft a way to distribute the money based on a higher need in one district versus another because needs were subjective. He clarified that needs were based on numbers, but what may appear to be a greater need in one area may not actually be that much greater than in another. He highlighted that one-time funding was only for one year and did not give school districts predictability and the ability to plan for the future. He expounded that an increase to the BSA would allow districts to plan for the future. He stated that there was no guarantee that another one-time increment would be given in the next budget cycle.

[3:12:53 PM](#)

Co-Chair Edgmon added that the total amount of formula funding going through a school district included local, state (the BSA), and federal funds (for Regional Educational Attendance Areas (REAA) without a tax base). He explained that the foundation formula incorporated things like the size of a district, school district factors, intensive needs, special education needs, and correspondence schools. As a legislator from a rural district, the one disparity that leapt out to him was the

cost of energy. He highlighted a small school relying on an independent electrical grid powered by diesel versus a larger school with a much larger economy of scale powered by natural gas. He elaborated that every school had a different business model. He discussed enrollment where some rural schools were increasing in enrollment numbers and many schools were declining in enrollment such as Anchorage, which was the largest of the state's school districts. He stated that whatever BSA number the legislature may provide would be a mean of all of the school districts including the different cost factors throughout each school district. He stated that the special needs component was 13 times the average dollar that may go to the district cost factor or something else. He shared that had been in the building when former Senator Gary Wilken had passed the last full foundation formula rewrite in 1998 (SB 36). He remarked that the foundation formula was up there with the oil tax formula in terms of complexity. He underscored the formula was just one component of the overall funding stream going to schools. He viewed it as a moving target.

[3:15:34 PM](#)

Representative Coulombe discussed that school districts were saying inflation had raised the fixed cost of everything. She believed the BSA would go towards funding utility bills and there was no promise to increase test scores and student improvement. She stated, "This is like a dire need of keeping it warm, water, and all of the things that go into running a school." She asked if Representative Ortiz anticipated seeing any improvement in school achievement the following year [if the bill passed].

Representative Ortiz responded that the legislature had passed the Reads Act [in 2022], which addressed regular assessment and tracking student growth and improvement. He stated that it may not meet everyone's needs in terms of assessing or measuring growth, but it was one key component that would inform the public on where improvement was happening and where it was not. He remarked that it would not necessarily explain all of the different factors, but it was a measure that had not been there previously. He recognized that based on measurements thus far in recent years, Alaska seemed to be at the bottom, which was a concern. He emphasized that not addressing the real needs due to heavy inflation would not help outcomes.

[3:18:12 PM](#)

Representative Coulombe explained that she had asked the question because she wanted to ensure her constituents had appropriate expectations. She stated that when schools asked for another increase the following year and student achievement was the same, she wanted people to understand that the funding was going towards helping schools with the inflation part of schooling. She stated there were no promises that student achievement would go up. She added that the only hope of an increase in student achievement was in the implementation of the Reads Act, which had its own separate funding. She noted that surely an increase in BSA would help move the implementation. She did not want anyone to expect student achievement would increase once the BSA increased. She understood it to be an inflationary problem paying for buildings, teachers, and schools. She clarified that she wanted that and she understood there were issues with transportation as well.

[3:19:30 PM](#)

Acting Commissioner Teshner introduced a PowerPoint presentation titled "Alaska Public School Funding Formula Overview," dated March 30, 2023. She began on slide 3 and highlighted that the current formula was adopted under SB 36 in 1998 and implemented in 1999, which was defined in AS 14.17. She advanced to slide 5 and discussed that the average daily membership (ADM) was the number of enrolled students during the 20 school-day count period ending the fourth Friday of October annually. She elaborated that reports were due to DEED within two weeks after the end of the count period. Additionally, projected student counts were due annually on November 5. She explained that the department used the projected counts for the budget and DEED used the actual numbers districts reported within two weeks of the count period to determine what they were paid during that current fiscal year.

Acting Commissioner Teshner turned to slide 6 and addressed who qualified as a student:

Eligibility for State Foundation Funding:

- A child who is 6 years of age on or before September 1, and under the age of 20, and has not completed the 12th grade (AS 14.03.070)
- A child who is 5 years of age on or before September 1, may enter kindergarten (AS 14.03.080 (d))
- A child with a disability and an active Individualized Education Program (IEP) may attend school if at the age of 3 or if under the age of 22 by July 1 (AS 14.30.180 (1))

Co-Chair Edgmon communicated that he wanted to get through each segment of the presentation and would pause at the end of each for questions.

Acting Commissioner Teshner looked at slide 7, which showed the six steps to district adjusted ADM. She noted intent to cover a slide explaining how the formula was calculated.

Representative Hannan looked at slide 6 and asked how five-year-olds in kindergarten were differentiated under the formula in statute.

Acting Commissioner Teshner asked if Representative Hannan was asking how they were calculated under the formula.

Representative Hannan replied affirmatively.

Acting Commissioner Teshner answered that a full-time kindergarten student was counted as one ADM, whereas half-time students were counted as half-time. She explained it depended on how the student was enrolled in the school. She highlighted that nothing in the formula addressed how students may be counted under the Alaska Reads Act. She remarked that those kids were counted as half-time and were not included in the calculation presented in the presentation.

Representative Hannan stated that prior to the Reads Act some schools had pre-K programs. She asked if they were counted in the foundation formula the same as a five-year-old or separately.

Acting Commissioner Teshner answered that they would be counted if they had an IEP, otherwise they would not be counted in the formula at all.

ELWIN BLACKWELL, SCHOOL FINANCE MANAGER, DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT, discussed Step 1 of the district adjusted ADM on slide 8: Adjust the ADM for school size. He explained that after the count period, the department took each school within a community and applied the school size table. He detailed that the table gave more weighting to small schools and started to step back the weighting the bigger the school got based on the concept that a small school lacked economy of size; therefore, more resources were needed for a smaller school. He explained that schools with under 10 students were added to the next smallest school in a community (with an ADM greater than 10). For communities with an ADM of 10 to 100, the grades K-12 would run through the formula as one school. For communities with an ADM of 101 to 425, grades K-6 and 7-12 were adjusted separately as two schools. For communities with an ADM greater than 425, the ADM of each facility administered as a separate school was adjusted. If a community with an ADM greater than 425 had a single facility, it was adjusted as two schools.

[3:26:32 PM](#)

Mr. Blackwell turned to slide 9 and continued to address Step 1: Adjust the ADM for school size. Alternative and charter schools were adjusted separately. He detailed that alternative schools with an ADM of 175 or greater that were administered as a separate facility received their own adjustment unless:

1. It is in the 1st year of service with ADM between 120 to 175 receives an adjustment of 1.33; OR
2. It had an ADM of 175 or greater in the prior year but drops below 175 in the current fiscal year it will receive an adjustment of 1.33; OR
3. It has an ADM of less than 175 it shall be counted as a part of the school in the district with the highest ADM

Mr. Blackwell continued to review slide 9:

Charter school with an ADM of 150 or greater is adjusted as a separate facility unless:

1. It is in the 1st year of service with ADM between 75 to 150 it receives an adjustment of 1.45; OR
2. It had an ADM of 75 or greater in the prior year but drops below this in the current fiscal year it will receive an adjustment of 1.45; OR
3. It continues to stay below 75 ADM then it receives an adjustment of 1.18

Mr. Blackwell turned to slide 10 showing Nome public schools projected FY 24 ADM by school as an example for Step 1. He would use the numbers shown on slide 10 in the upcoming slides.

Mr. Blackwell moved to slide 11 and continued with the example using Nome public schools. A K-6 adjustment was applied because Nome had an elementary and secondary school. Nome also had a charter school with an ADM below 75; therefore, the 1.18 adjustment was applied. The department added the school size adjusted numbers for each of the facilities to come up with a school size adjusted ADM, which would be carried through the formula.

Mr. Blackwell addressed the hold harmless provision on slide 12. The hold harmless provision was enacted in 2008 under HB 273 (prior to that there was no hold harmless provision). The department looked at the school size adjusted ADM for a district and compared it to the prior year. He detailed that if the school size adjusted ADM had decreased by 5 percent or more from one year to the next, the hold harmless provision was triggered. He elaborated that in the first year, the department would take 5 [75] percent of the difference between the prior and current year, which would be added to the current year and carried forward. If the school size adjusted ADM was still below the base year in the second year, the department would add 50 percent of the difference to the base year and carry it forward. In the third year, if the school size adjusted ADM was still below the base year, the department would add 25 percent of the difference to the base year to be carried forward. By the fourth year, the school district would be adjusted down to its school size adjusted ADM.

Mr. Blackwell moved to slide 13 and discussed the hold harmless provision based on the Nome example. He explained that Nome had completed the hold harmless three-year step

down provision in FY 23 and subsequently had been transitioned to the lower ADM.

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Representative Galvin asked about the hold harmless provision and wondered if there had been any particular exception for COVID-19. She assumed there were many people who decided to home school for at least a short period of time and longer than a year in some cases.

Mr. Blackwell replied that the state had experienced an unexpected situation when COVID hit. He explained that in FY 21, a significant number of students had moved out of brick and mortar schools into correspondence. He elaborated that because the hold harmless provision only looked at school facilities, the vast majority of the districts triggered hold harmless in that year even though they may have retained the students in correspondence. He relayed that most of those districts had been moving their way out of the hold harmless provision at present.

Representative Galvin asked if there had been a thought of extending the exception knowing that it took some time before some families were comfortable sending their kids back to school.

Acting Commissioner Teshner replied in the negative and explained that the department was following statute.

Representative Coulombe provided a scenario where a school's attendance dipped down for a year, went up the following year, and back down the year after. Under the scenario the hold harmless provision would be triggered in the first year, but not in the second year. She asked if the provision was triggered again in the third year whether it would be considered the third year or it would start over on the first year.

Mr. Blackwell responded that a school could restart the hold harmless provision if it fell out of the hold harmless provision but experienced a 5 percent decrease the next year. There were situations where a district may trigger hold harmless followed by a year or two of an additional 5 percent decrease. Under the circumstance, the school had the option to restart or continue to let the hold harmless play out.

3:33:14 PM

Representative Tomaszewski asked how many kids the school system had lost over the COVID years and what the number was at present.

Acting Commissioner Teshner did not have the percent difference on hand. She offered to follow up with the information. She asked what year Representative Tomaszewski was interested in.

Representative Tomaszewski clarified that he did not need the percentage. He was interested in the number of students the school districts lost [during the COVID-19 pandemic].

Acting Commissioner Teshner answered that in 1999 there had been about 132,904 ADM and in 2022 there were 127,584.

Representative Tomaszewski asked about the difference in the numbers over the past four years.

Acting Commissioner Teshner replied that in 2019 there were 129,000 students and the current number was 127,000.

3:35:03 PM

Representative Stapp stated his understanding that the hold harmless provision could be triggered by students leaving [a school district's] brick and mortar schools. He asked about a scenario where a student left a brick and mortar school and enrolled in a correspondence program. He asked if the district could take the hold harmless in addition to the funding for the same student for the correspondence.

Acting Commissioner Teshner responded affirmatively. She elaborated that the scenario had occurred during COVID. She explained there were a few districts that lost students in their brick and mortar schools and triggered the hold harmless provision and then counted the students in the correspondence count.

Representative Stapp asked how many times it could be done. He provided a scenario where a district used the hold harmless provision for two years and then rolled the students back into the brick and mortar school. He asked if a district could be double dipping through the formula.

Acting Commissioner Teshner responded with a hypothetical scenario where a school district triggered hold harmless in 2021 and was still below the base year in 2022, hold harmless would be turned off when the district experienced an increase in 2023.

Representative Tomaszewski requested details on the student count in brick and mortar schools, home schools, and charter schools between 2013 to 2023.

Acting Commissioner Teshner agreed to follow up with the information.

[3:37:55 PM](#)

Mr. Blackwell turned to slide 14 and addressed Step 2: District Cost Factors. After going through the hold harmless look the department moved the school size adjusted number to the district cost factor. Each school district had a unique cost factor, which ranged from 1.000 (Anchorage) to 2.116 (Yukon Flats). The numbers were established through an ISER study conducted in 2005 and were implemented from FY 09 to FY 13. The slide used Nome as an example and multiplied its school size adjusted ADM by its district cost factor of 1.450. Slide 15 showed Step 3: Special Needs Funding. He detailed that the formula included special education (excluding intensive needs that were treated later in the formula), vocational education, gifted/talented, and bilingual/bicultural, which were block funded at a 20 percent multiplier.

Mr. Blackwell turned to slide 17 showing Step 4: Vocational and Technical Funding. The vocational and technical funding factor was 1.015 and was intended to assist districts in providing career and technical education (CTE) services in grades 7 to 12. He noted it excluded costs associated with administrative expenses and instruction in general literacy, math, and job readiness skills. Slide 18 showed an example of the application of the CTE factor. Slide 19 showed a provision for consolidation of schools. He explained that typically very large districts did not trigger the hold harmless provision (with the exception of COVID) due to the high number of students and adjustments. The consolidation of schools had been implemented for districts choosing to consolidate one or more schools. He explained that the first two fiscal years following

consolidation was 100 percent offset of the reduction in basic need for the affected schools. The percentage was 66 percent in the third year and 33 percent in the fourth year. He relayed that it gave an incentive to the larger districts to consolidate and get rid of extra space without an initial hit to their budgets.

[3:41:46 PM](#)

Mr. Blackwell turned to slide 20 showing Step 5: Intensive Services Funding. He detailed that a school district received the funding for students that:

1. Are receiving intensive services and
2. Enrolled on the last day of the 20-school-day count period and
3. Meet intensive qualifications for each intensive services student

(Intensive Student Count) x 13 = Intensive Student Funding

An Intensive Services student generates \$77,480 based on the current BSA

Mr. Blackwell looked at an example of the intensive services funding using Nome public schools on slide 22. He explained that Nome public schools had 15 intensive students. The number was multiplied by 13 and carried forward. He moved to slide 22 showing Step 6: Correspondence Programs. He explained that the total correspondence ADM was multiplied by .90, which was added back into the adjusted number carried through the formula process. He noted that each correspondence ADM generated \$5,364.

[3:43:18 PM](#)

Mr. Blackwell turned to slide 23 using Nome public schools as an example in the correspondence calculation. Nome had 25 correspondence students multiplied by the .9 and included in the adjusted ADM.

Representative Galvin looked at the intensive services funding on slide 20. She understood there were different gradations of what an intensive student was. She stated that the multiplying by 13 signified a student with

specific needs. She asked for detail on the need for additional aid and why it got to be expensive, especially in rural school districts.

Acting Commissioner Teshner responded that intensive needs were defined as students with disabilities requiring specialized instruction and related services beyond what was typically provided to general education. She explained that the students needed more complex and frequent services at varying levels of disability. She used a student in a wheelchair as an example where the student could not go to the restroom on their own and may need specific equipment. She stated those students would be more identified as an intensive student and receive the 13x the BSA.

[3:45:43 PM](#)

Representative Stapp looked at the consolidation of schools provision on slide 19. He asked if it would be fair to say the provision was needed because when a school district closed a school, the foundation formula would technically provide the district less money for the same amount of students.

Mr. Blackwell responded affirmatively. He explained that the school district would lose a school size adjustment and their adjusted ADM would decrease even though the base ADM would remain the same.

Representative Stapp thought it appeared the school size multiplier would incentivize districts to build as many schools as possible with as few people as possible, especially in conjunction with the state's school bond debt reimbursement program.

Mr. Blackwell understood that in theory the argument could be made. Although in reality he did not know many districts that would take the approach because as school size was decreased the schools would lose some of the amenities within the schools. He stated there was a balance. He elaborated that rural school districts were looking to keep their numbers up and school buildings as large as possible in order to have full size gyms and that sort of thing. He elaborated that in urban areas if a school district started running numerous small schools with small populations, the district would start to lose amenities.

[3:47:52 PM](#)

Representative Hannan asked about correspondence programs. She recalled that in the past DEED had correspondence programs that spanned the state. She assumed Mt. Edgecumbe did not offer a correspondence school because it was a boarding school. She asked if the other 53 school districts were operating correspondence schools. She stated there were a couple of school districts who had offered correspondence programs early and had recruited students. For example, there were students in Juneau attending the Galena correspondence school but were playing basketball on a Juneau team. She thought there were about five major correspondence programs drawing students from around the state versus within a district's boundaries where a parent had opted to home school with their district's correspondence program.

Acting Commissioner Teshner replied that there were 36 correspondence programs statewide. She detailed that 18 were district run programs and 18 were state run programs. She relayed that not all school districts ran a correspondence program.

Representative Cronk considered the day the student count was conducted. He provided an example where a student moved to another school district five days after the count. He asked for verification, "they don't get the money anymore."

Acting Commissioner Teshner answered that if a student moved from Mat-Su to Anchorage five days after the 20-day count, Mat-Su would get the funding.

Representative Cronk used an intensive needs student in the example. He asked if the individual moved to Tok [after the student count], the district would have to eat the costs to service the intensive needs student.

Acting Commissioner Teshner agreed.

Representative Coulombe looked at slide 16 showing the multiplier for the special needs factor. She asked if a school could have one special needs student or 30 and it would still receive the multiplier.

Acting Commissioner Teshner agreed.

Co-Chair Edgmon thanked the presenters.

HB 65 was HEARD and HELD in committee for further consideration.

Co-Chair Edgmon reviewed the schedule for the following day.

#

ADJOURNMENT

3:51:45 PM

The meeting was adjourned at 3:51 p.m.