

SENATE FINANCE COMMITTEE  
April 13, 2023  
9:01 a.m.

9:01:40 AM

CALL TO ORDER

Co-Chair Olson called the Senate Finance Committee meeting to order at 9:01 a.m.

MEMBERS PRESENT

Senator Donny Olson, Co-Chair  
Senator Bert Stedman, Co-Chair  
Senator Click Bishop  
Senator Jesse Kiehl  
Senator Kelly Merrick  
Senator David Wilson

MEMBERS ABSENT

Senator Lyman Hoffman, Co-Chair

ALSO PRESENT

Senator Cathy Giessel; Senator Loki Tobin, Sponsor; Mike Mason, Staff, Senator Loki Tobin; Heidi Teshner, Acting Commissioner, Department of Education and Early Development; Elwin Blackwell, School Finance Manager, Department of Education and Early Development; Brian Holst, Executive Director, Juneau Economic Development Council; Senator Mike Shower; Dr. Roy Getchell, Superintendent, Haines Borough School District.

PRESENT VIA TELECONFERENCE

Jamie Burgess, Superintendent, Nome Public Schools.

SUMMARY

SB 52            INCREASE BASE STUDENT ALLOCATION

SB 52 was HEARD and HELD in committee for further consideration.

#sb52

SENATE BILL NO. 52

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

9:02:37 AM

SENATOR LOKI TOBIN, SPONSOR, discussed SB 52, which was sponsored by the Senate Education Committee. She spoke of testimony from various stakeholders that detailed the challenges faced by school administrators, students, and educators. She discussed a PowerPoint presentation "Senate Bill 52 - An Act to Increase the Base Student Allocation," (copy on file).

Senator Tobin looked at slide 2, which showed the public education clause in the Alaska Constitution, Article VII, Section 1:

The legislature shall by general law establish and maintain a system of public schools open to all children of the state, and may provide for other public educational institutions. Schools and institutions so established shall be free from sectarian control. No money shall be paid from public funds for the direct benefit of any religious or other private educational institution.

9:04:51 AM

Senator Tobin spoke to slide 3, "Kristine Moore, et al., vs. State of Alaska":

- Article 7, Section 1 requires the state to:
  - The State must establish educational standards. (<https://education.alaska.gov/standards>)
  - The State must assess for those standards. (<https://education.alaska.gov/assessments>)
  - The State must adequately fund schools so they can provide instruction in the standards. (<https://education.alaska.gov/SchoolFinance>)
  - In delegating the responsibility to education children to local school districts, the state must provide adequate accountability and

oversight to ensure districts are fulfilling the State's constitutional obligation.  
(<https://education.alaska.gov/akaccountability>)

9:05:50 AM

Senator Tobin referenced slide 4, "The Moore Lawsuit Settlement":

The Moore legal settlement states that the Education Clause of the Alaska Constitution includes a right for every child to have a meaningful opportunity to become proficient in reading, writing, and math, and to be able to meaningfully explore curriculum content areas that were not assessed by State standards-based assessments.

9:06:22 AM

Senator Tobin turned to slide 5, "Base Student Allocation Increase":

Right now, the authorized Base Student Allocation (BSA) for Alaska is \$5,960.

- That includes the \$30 increase authorized in the Alaska Reads Act.
- The \$30 increase goes into effect at the start of FY 2024.

Senate Bill 52 calls for an additional \$1,000 increase to the BSA in FY 24, which begins on July 1. (Cost = \$257.2 million)

- SB 52 includes an additional \$348 BSA increase in FY 25, which begins on July 1, 2024.
- SB 52 includes an inflation adjusted BSA increase in FY 26, which begins on July 1, 2025.

Legislative Finance estimates that each \$100 change in the BSA is estimated to increase state funding by \$25.7 million.

9:06:50 AM

Senator Tobin considered slide 6, which showed a graph of Alaska K-12 funding. She asserted that the graph highlighted the unpredictability of one-time funds for Alaska's schools. She contended that one-time funding

resulted in a "feast or famine" culture in public education funding, which had become apparent as school boards across the state attempted to finalize their FY24/FY25 budgets. She stressed that record inflation had eroded the purchasing power of school districts.

[9:07:29 AM](#)

Senator Tobin displayed slide 7, "Increased School Accountability and Transparency":

SB 52 amends the Alaska Reads Act to...

- Develop a more user-friendly data dashboard, leveraging remaining COVID relief funds to expand capacity at DEED to support districts in data collection and presentation.
- Collaborate with the Department of Workforce Development and Labor to provide longitudinal data of student outcomes.
- Empower school boards, administrators, parents, and policymakers to make better policy decisions at the local level.

[9:09:23 AM](#)

Senator Tobin highlighted slide 8, which showed headlines from various Alaskan news outlets. She summarized that there was great need for predictable, sustainable funding for public education in the state.

[9:10:01 AM](#)

Senator Tobin looked at slide 9, "The Alaska Foundation Formula":

Alaska's first foundation formula was enacted in 1962(ch.164, SLA 1962) based on recommendations from a school finance study released by the State Board of Education in 1961.

*23-085 History of K-12 School funding,  
Legislative Research Services*

The study team believes Alaska's current funding system has the right elements in place to address the variations described above.....Additionally, the data show a system where increases in instructional

expenditures are tied to increases in student performance on the Alaska Standards Based Assessments.

*Review of Alaska's School Funding Program,  
Prepared for the Alaska State Legislature by  
Augenblick, Palaich and Associates, July 2015*

Senator Tobin shared that in 2008 the legislature had built upon the foundation formula and in 2015, researchers commissioned by the legislature had determined that the state's foundation formula was equitable and fair. She stressed that the BSA increase would benefit all public-school students.

[9:10:51 AM](#)

Senator Tobin addressed slide 10, which showed three pie charts that illustrated an education funding overview and school district expenditure breakdown by category. She stressed that statewide 74 percent of school funding went directly to classrooms.

[9:11:22 AM](#)

Senator Tobin advanced to slide 11, "DEED Quick Facts":

Instructional staff comprise 74 percent of public-school labor force.

- 2022-2023 Pupil to Teacher Ratio 17.55.
  - o 7,298 classroom teachers, average salary \$76,991.95
- 2014-2015 Pupil to Teacher Ratio 16.42.
  - o 8,027 classroom teachers, average salary \$66,755.67 (\$85,854.65 in FY23 dollars)
- 2010-2011 Pupil to Teacher Ratio 15.60.
  - o 8,468 classroom teachers, average salary \$61,439.63 (\$85,300.45 in FY23 dollars)

[9:11:50 AM](#)

Senator Tobin looked at slide 12, "Education Funding Lags Behind inflation.":

- Inflation is at a 40-year high. (8 percent inflation in 2022)
- Schools have lost purchasing power, and therefore programs and services have been cut.

- From 2012 to 2022, the BSA has only increased by \$250 per student (4.2 percent) while inflation has increased by at least 24 percent (Anchorage CPI), resulting in crippling staff shortages, school closures, and program eliminations.
- The Alaska Association of School Boards advocates for not less than an \$860 increase to the BSA for FY 2024.
- The Anchorage School District has calculated that an inflation proofed BSA for fiscal year 2024 would need to increase by \$1,268.
- Legislative Finance notes that the BSA would need to be \$7,155 to match the buying power of the FY 2017 BSA.

[9:12:36 AM](#)

Senator Tobin showed slide 13, "One-Time Funding vs the BSA":

When funding from outside the foundation formula is added in, FY 2015 becomes the new peak year for funding. (**\$43.0 million in one-time funding**)

For FY 2024 to match the FY 2015 funding level in real terms, **the BSA would need to increase by \$1,348 in FY 2024.**

Legislative Budget and Audit Committee, January 30, 2023, Memorandum

[9:12:55 AM](#)

Senator Bishop thanked Senator Tobin for her work on the legislation.

[9:13:51 AM](#)

Co-Chair Olson wondered how it would be known that additional funding was going towards teacher salaries and the effort toward teacher retention.

Senator Tobin thought the question might be best addressed by invited testifiers, who could discuss how the funds would be allocated at the local level.

Co-Chair Olson understood that the school administration and school board set teacher salary.

Senator Tobin replied in the affirmative.

9:15:00 AM

MIKE MASON, STAFF, SENATOR LOKI TOBIN, discussed a Sectional Analysis (copy on file):

Senate Bill 52: Increase Base Student Allocation  
Version S Sectional Analysis

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

Section 1 - Amends AS 14.03.120 to add a new subsection (k) requiring the Alaska Department of Education and Early Development (DEED) to establish and maintain an easy-to-understand internet website that allows a member of the public to view and download information, and to make recommendations relating to improving public education in the State of Alaska.

The website must include information required under AS 14.03.078, which is the statute that requires DEED to provide annual progress reports to the Alaska State Legislature about school districts.

The website must also include information from the annual audit of school districts required under AS 14.14.050 and a description of how each school district is addressing the needs of students who receive special education services.

The website must also include a description of resources provided to school districts regarding staff training, progress in aligning curriculum with state education performance standards, and a description of the efforts of DEED to assist schools or school districts that receive a low performance designation under AS 14.03.123.

Subsection (L) allows school district to link to the new website on their websites.

Subsection (m) directs the Department of Labor and Workforce Development to collaborate with DEED to gather data on the progress of each high school graduating class in a district. The agencies would gather information on career, postsecondary education, and residency data on each student in the graduating class. The departments must gather the data every five years until 20 years after the high school graduating date of the high school class.

Section 2 - Amends Section 15 of the Alaska Reads Act to add subsection (20) requiring DEED to collaborate with the Department of Labor and Workforce Development to gather data on the progress of each high school graduating class under the new AS 14.03.120(m) authorized in Section 1 of the Act.

Section 3 - Amends AS 14.07.020(a) to add subsection (18) to include the collaboration with the Department of Labor and Workforce Development to the duties of the Alaska Department of Education and Early Development.

Section 4 - Amends the Alaska Reads Act, House Bill 114 from the 32nd Alaska State Legislature, to increase the Base Student Allocation (BSA) by an additional \$1,000 in fiscal year 2024. The Alaska Reads Act amended AS 14.17.470, the BSA statute, to increase the BSA from \$5,930 to \$5,960. Section 4 of Senate Bill 52 further amends AS 14.17.470 to increase the BSA to \$6,960.

Section 5 - Amends AS 14.17.470 to increase the BSA to \$7,308. The \$348 increase to the BSA takes effect in Fiscal Year 2025.

Section 6 - Amends AS 14.17.470 to add a new subsection (b) requiring DEED to increase the base student allocation on July 1, 2025, by a percentage equal to the average percentage of increase over the preceding four calendar years in all items of the Consumer Price Index for all urban consumers for urban Alaska prepared by the U.S. Department of Labor. The inflation adjustment takes affect at the start of fiscal year 2026.

Section 7 - Amends AS 44.31.020 to add subsection (8), which adds the requirement to gather data on the progress of high school graduating classes to the duties of the Alaska Department of Labor and Workforce Development. Subsection (8) requires the Department to publish a biennial report on the data gathered on the progress of each high school graduating class.

Section 8 - Stipulates that Section 3 of the Act takes effect on July 1, 2023.

Section 9 - Stipulates that Section 2 of the Act takes effect on July 1, 2023.

Section 10 - Stipulates that the new subsections authorized by Section 1 of the Act take effect on July 1, 2024.

Section 11 - Stipulates that AS 14.03.120(m) enacted by section 1 of this Act, and sections 6 and 7 of this Act take effect on July 1, 2025.

[9:19:35 AM](#)

Senator Tobin interjected that the bill proposed to amend the Alaska Reads Act when increasing the BSA in SB 52, based on advice from legislative legal.

[9:20:20 AM](#)

Co-Chair Stedman inquired about inflation indexing and wondered why the bill included inflation proofing, which could put the legislature in the precarious position of not being able to control the budget.

Senator Tobin stated that the provision was a policy call.

Mr. Mason noted that there was only one year of inflation adjustment for FY 26.

Co-Chair Stedman commented that \$257 million was significant, which would increase to \$430 million after inflation proofing. He asked whether the Senate Education Committee had discussed where the money would come from. He added that the state was already struggling to balance its operating budget.

Senator Tobin relayed that there had not been discussions as to how the bill would be funded. She believed that the matter should be sorted by the finance committees.

Co-Chair Olson considered the original bill, which was seven lines long, and noted the significant increase in page numbers and financial impact after being moved out of the Senate Education Committee.

Mr. Mason explained that the first version of the bill had been a simple \$1000 increase through FY24. The additions to the bill had been considered after much public testimony and committee discussion by the Senate Education Committee.

[9:24:12 AM](#)

Senator Tobin commented that in committee there had been many discussions after much public testimony about how to provide stable and predictable funding streams for Alaska's public schools.

[9:24:59 AM](#)

Co-Chair Stedman understood the inflation indexing. He thought there was very little argument about changing the BSA. He was curious what the Senate Education Committee had discovered about the ability of the school districts to absorb funding increases without squandering liquidity. He wanted to hear input from different school districts.

Senator Tobin relayed that the committee had heard from many superintendents and school boards who were eager to absorb the additional funding. She shared that teachers were not applying to jobs in Alaska and school districts in the state were unable to offer competitive salaries.

[9:27:47 AM](#)

Co-Chair Olson suggested that the department follow up on the issue.

[9:28:06 AM](#)

Senator Bishop appreciated Section 1, 3 and 7. He stressed that the Department of Labor working in conjunction with the Department of Education was an inspired idea and would address any issue of student accountability.

Senator Tobin thanked Senator Bishop for his guidance and assistance.

Co-Chair Olson commented that recruiting had been an obstacle in the Bering Straits School District.

9:30:15 AM

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9:34:02 AM

RECONVENED

HEIDI TESHNER, ACTING COMMISSIONER, DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT, discussed a new fiscal note from Department of Education and Early Development, OMB Component 141. She read from the fiscal analysis:

The funding mechanism is a general fund transfer to the Public Education Fund (PEF). The fiscal note effect for FY2024 through FY2029 is reported in the fiscal note for the PEF, as the funding is deposited to the PEF, not into the Foundation Program funding component. The above analysis is presented here for explanation purposes only.

Acting Commissioner Teshner explained that the note, Fund Capitalization, OMB Component 2804, reflected the funding to the Public Education Fund:

SB52 will increase the base student allocation (BSA), under AS 14.17.470, by \$1,000 in the public-school funding formula. The BSA will change from \$5,960 to \$6,960 in FY2024 resulting in a \$257 million increase in funding to school districts. The BSA will increase an additional \$348 in FY2025 from \$6,960 to \$7,308. The Department of Education and Early Development (DEED) is instructed to apply a Consumer Price Index (CPI) adjustment to the BSA in FY2026 by taking the average of the preceding four calendar years of the CPI for all urban consumers (CPI-U) in Alaska.

For the purposes of developing a fiscal note, the FY2026 CPI-U average is estimated to be 4.50%.

Acting Commissioner Teshner explained that there had been a third page attached to the note that broke down the

increases by district, which was missing from the current document before the members.

Co-Chair Olson asked when it would be given to members.

Acting Commissioner Teshner replied that the third page would be sent to the committee within the day.

[9:36:28 AM](#)

Acting Commissioner Teshner addressed a new fiscal note from DEED for Student School Achievement, OMB Component 2796:

To perform and coordinate the data collection, tracking, and collaboration with DLWD and other stakeholders needed for this legislation, it would require one Program Coordinator 1, Range 18, Step B/C, at \$114.7. In addition, department chargebacks of \$10.1 would be needed, plus a one-time increment of \$5.0 for supplies and equipment.

Acting Commissioner Teshner relayed that the total request in the FY 24 appropriation column was \$129.8 thousand, with \$2.9 million already included in the governor's proposed budget.

[9:37:25 AM](#)

Co-Chair Stedman asked whether the department supported the bill. He queried how the department planned to fund the legislation.

Acting Commissioner Teshner relayed that the department supported adequate funding for school districts. She qualified that how the state funded the adequate financial support for school districts was a discussion that would need to happen between the legislature and the administration.

Co-Chair Stedman asked whether she believed that adequate funding was a 25 percent reduction in the BSA. He asked her to define "adequate funding."

Acting Commissioner Teshner thought the definition would vary from district to district. She said the answer would be based on the funds available by the state.

Co-Chair Stedman thought the Senate Finance Committee was the ideal place to have the conversation about adequate funding. He wanted to know what the department considered adequate funding for education.

Acting Commissioner Teshner thought any increase to the foundation formula would help districts. She was not able to provide a range or a number. She emphasized that it depended on what was available after weighing all the expenditures.

[9:39:39 AM](#)

Co-Chair Olson suggested that school boards and school administrators could be brought before the committee to testify about adequate funding.

Acting Commissioner Teshner replied that it was important to consider that some districts had one-time Covid-19 funding that still needed to be spent. She said that districts had been directed not to use the money for ongoing operations. She stated that increasing the BSA would provide districts with consistent funding. She thought any increase would be helpful.

Co-Chair Stedman noted the \$257 million request for FY24, and the FY25 request for \$346 million, and considered affordability of the requests with competing resources. He reminded the chairman that the budget recently submitted to the committee was short by \$500 million, which was after the other body had modified the dividend payout for 2024. He worried that the state could be facing a billion-dollar budget deficit and thought that prudent decisions should be made. He pointed out that under the legislation the North Slope was looking at a 44 percent increase in funding over the next two years. He reiterated his desire to know from the school districts whether they could effectively absorb increased funding.

[9:42:44 AM](#)

Co-Chair Olson commented on a school in Kaktovik that had burned down and had not yet been rebuilt.

Co-Chair Stedman understood that the question to the department was complicated. He pointed out that not only

was there a need for guidance from the department on funding, but it was highly likely that there would be some recommended changes to the Teacher's Retirement System (TRS) and the funding levels. He thought that the matter was one of limited liquidity. He stressed that the BSA was only one of many issues facing the state in terms of education.

Co-Chair Olson commented that the committee was trying to balance the proposed budget and be sure there was available funding for future operating and capital budgets.

[9:46:20 AM](#)

Senator Bishop asked for a modicum of latitude. He expressed concern about keeping school maintenance and major maintenance funding at the forefront.

Acting Commissioner Teshner addressed Co-Chair Stedman's remarks. She expressed that there were districts that had ongoing operational costs. She believed most districts would be able absorb and use the proposed increase in funds.

[9:48:53 AM](#)

Co-Chair Stedman wanted to make a point of clarification. He recalled that the previous year the legislature put \$57 million in the budget for education. He asked if the \$100 increase could be on the base BSA.

Acting Commissioner Teshner had heard that the \$30 increase to the BSA that had been included in the Alaska Reads Act had not been sufficient and a \$100 increase should be a minimum.

[9:49:49 AM](#)

Co-Chair Stedman wanted to know if the department was using the \$5960 as the base or was the funding from the previous year included.

Acting Commissioner Teshner explained that the \$5960 that was currently in statute for FY24, was the base, and did not include the one-time funding from the previous year.

[9:50:31 AM](#)

Senator Kiehl asked whether the department was suggesting a reduction of \$30 million statewide, going from the \$57 million of one-time money, to \$27 million in sustainable funding.

Acting Commissioner Teshner emphasized that districts needed inside the formula, sustainable funding. She was not proposing a cut to districts.

Senator Kiehl was interested in how the minimum number was reached. He wanted clarification on the notion that most districts were in a position of having more than 10 percent in reserves.

Co-Chair Olson thought the \$100 increase was an arbitrary number that was used as a starting point.

Acting Commissioner Teshner agreed. She said that there were approximately 30 districts that were over the 10 percent limit. She offered to provide more information.

[9:53:06 AM](#)

ELWIN BLACKWELL, SCHOOL FINANCE MANAGER, DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT, offered his perspective on the bill. He could not speak to the dollar amount in the bill. He said that districts are at the point where they needed additional resources to continue operations. He asserted that the static BSA would not provide the resources needed to keep up with increased costs. He lamented that teacher to student ratios would increase due to much of the resources going to other fixed costs. He referenced increased fuel costs. He thought that there were bills in play that could help alleviate the strain on districts. He did not have a figure for the increase; he thought any amount would be more helpful than no increase.

[9:54:52 AM](#)

Co-Chair Stedman recalled that the previous year increase outside the formula of \$58 million should be the base for suggested increase.

[9:55:52 AM](#)

BRIAN HOLST, EXECUTIVE DIRECTOR, JUNEAU ECONOMIC DEVELOPMENT COUNCIL, relayed that he was a graduate of the Juneau School District and had served on the Juneau School Board for the previous nine years.

Mr. Holst addressed the issue of accountability. He felt that there was a large amount of accountability already built into the system. He noted the work of site councils and parent involvement. He recounted that the previous evening the Juneau School Board had spent two hours with the Juneau Assembly discussing transparency and accountability. He stressed that the accountability measures set forth in the Alaska Reads Act would cost district two to three times more than what was provided for education in FY23.

Mr. Holst discussed outcomes of schools in Alaska. He referenced a National Assessment of Educational Progress (NAEP) report from the 1990s that showed that Alaska was keeping up with national averages. He said that the state was currently below average in math and reading. He said that in 1996, Alaska ranked 1st in the country for percentage of people over 25 with a high school diploma, currently the state ranks 10<sup>th</sup>. He said that in 1996, the state was 4.3 percentage points higher than the national average for high school graduates: currently, the state was 4.8 percent below the national average. The state was ranked 40<sup>th</sup> out of 50 states for high school graduates going to college.

[9:59:36 AM](#)

Mr. Holst continued his testimony. He noted that 65 percent of the jobs in the state required some postsecondary credentials, yet less than 55 percent of Alaskans have those credentials for those jobs. He contended that Alaska had done well in education in the past, which meant that current trends could be improved. He discussed economic relativity and the importance that the state be constantly improving to not fall behind. He mentioned rankings via the U.S. News and World Report, which placed Alaska 49<sup>th</sup> out of 50 in terms of the quality of our K-12 system. The state was 49<sup>th</sup> in high school graduation and 50<sup>th</sup> in college degree attainment. He said that services had been reduced every year, while costs had increased in every area of education.

Mr. Holst thought everyone could agree that inflation was eroding the schools. He suggested that the BSA should increase by \$1,500 to meet inflation levels. He said that the state paid less than the national average on education. He shared that in 2003, there was one Title 1 elementary school with 23 percent of the students qualifying for free lunch; currently there are 6 Title 1 elementary schools, with up to 50 percent of the student qualifying for free lunch. He stressed that two-thirds of students were not ready for school at the start of kindergarten.

[10:03:15 AM](#)

Mr. Holst discussed the importance of teachers' role in school success. He provided that Alaska was the only state in which teachers hired after 2006 cannot earn a pension and have a fixed retirement. He lamented that teachers are barely earning a living wage and cannot make ends meet.

Mr. Holst cited that economic research on education and economy. He referenced economic research on education funding and the economy, and thought the data was abundantly clear that Alaska should invest in education.

Mr. Holst cited numerous studies about the link between investing in education and the future economic stability of Alaskans. He offered to send annotations of studies providing economic evidence.

[10:07:55 AM](#)

Mr. Holst continued to discuss economic research that supported increased education funding. He used the example of the state of Massachusetts, which had made significant investments in education. It was estimated that for every dollar of investment in education in Massachusetts, a return of \$1.80 was experienced economically. In many cases, education funding closed the achievement gap between low- and high-income families.

Mr. Holst discussed the PFD and the BSA. He reasoned that if the inflation-proofing was good for the Permanent Fund, it was also good for the BSA.

Mr. Holst discussed spending for the PFD versus spending for the BSA. He thought there was no better vehicle for

injecting resources for the state's economy than an increase to the BSA.

[10:11:47 AM](#)

Co-Chair Olson thought Co-Chair Stedman had perspective in the inflation proofing of the Permanent Fund.

Co-Chair Stedman commented that the legislature was working to keep the Permanent Fund inflation proofed. He commented that he would be surprised if the JEDC recommended a customer inflation proofing their expenditures.

[10:12:58 AM](#)

Co-Chair Olson pointed out that the PFD itself was not inflation proofed, only the fund.

Co-Chair Merrick agreed that the corpus of the fund was inflation proofed and the PFD itself.

Mr. Holst replied that the effect was the same. Inflation proofing the fund effectively inflation proofed the dividend in statute. He thought that there were items in the state budget that were going to be inflation proofed, the BSA should be one of those things. He concluded that the state was currently ranked #1 in economic stability by the U.S. News and World Report, which meant that the state had considerable resources and what was needed was leadership that chose to use the state's available wealth of resources to adequately fund K-12 education.

[10:15:48 AM](#)

Co-Chair Stedman thought Mr. Holst had a unique perspective as director of the JEDC and as a member of the school board. He mentioned the cash call on the size of the dividend. He pondered that to meet the request of the BSA increase, some other area of state funding would have to be balanced. He asked for Mr. Holst's thoughts on how resources should be allocated.

Mr. Holst believed that prioritizing investing in schools was the best investment for Alaskans and for the state's economy. He questioned the mindset of pitting the BSA against the PFD. He thought the PFD had almost no value for wealthier Alaskans but was important for lower-income

Alaskans. He was not a fan of telling people how to spend money. He thought that the impact of the PFD had an uneven effect across the board, whereas funding for education was proven by research to improve the lives of all Alaskans, regardless of economic status.

Mr. Holst considered the question of broad-based taxes.

[10:19:15 AM](#)

Co-Chair Stedman asked what Mr. Holst felt was the absorption level of stepping up the BSA when considering the Juneau School System.

Mr. Holst suggested that if there was no increase in the current year, JSD would cut 40 teachers and would face an approximately \$4 million deficit. He believed that the legislature would fund an additional \$800, but the figure used for the budget was an increase of \$440. He continued that JSD continued to cut items including library assistance, support for STEM supports at the elementary level, teacher training, and special education support. The district needed an additional \$600 added to the BSA to repeat the offerings of the previous year and an additional \$1200 if improvements were going to be made. He cited that middle school classrooms had more than 40 kids, which was not good for the age group. He felt that if the BSA were raised \$1500 in FY24 the resources would be invested to reduce class size. He mentioned current union negotiations that would be helped by increased funds.

Mr. Holst recounted that the previous night the district had discussed a deficit in transportation because funding for transportation had been flat for years. He argued that 1<sup>st</sup> grades should not have to walk more than a half mile to school.

[10:22:43 AM](#)

Mr. Holst contended that school districts around the state would benefit from a substantial increase in the BSA and not just be treading water.

[10:23:07 AM](#)

Senator Olson noted that Senator Shower had entered the gallery.

[10:23:27 AM](#)

Senator Bishop asked what quality of life aspects a new business considered when moving into the state.

Mr. Holst answered that they wanted to see good schools.

[10:23:56 AM](#)

JAMIE BURGESS, SUPERINTENDENT, NOME PUBLIC SCHOOLS (via teleconference), spoke in support of the bill. She recounted that over the previous three years she had endeavored to have a "lean" budget with the assistance of Nome Public Schools (NPS) business managers. She detailed that work had been done to assure that teachers had reasonable salary increases, and that schools stayed maintained while providing a variety of academic offerings to advance students to the postsecondary level. She lamented that without an increase to the BSA the district would need to reduce positions and resources in key areas. She stressed that the district could no longer "do more with less" year after year and would now be forced to "do less with less." She shared that Nome had prided itself on its rich art community and the loss of choir and band at the K-12 level, due to lack of funding, has been a significant blow to the community. She said that the district anticipated the loss of 20 percent of its teaching force, which was unprecedented. She added that young teachers are leaving, and the older teachers are near retirement.

[10:27:33 AM](#)

Ms. Burgess described reduction in travel for sports teams. She discussed community support through bake sales and opined that the cost for sport travel will fall heavily on families.

Ms. Burgess discussed the aging facilities in desperate need of repair. She said that, typically, \$300,000 to \$400,000 was transferred from general funds into Apple Improvement Funds each year for major maintenance projects, emergencies, and projects that did not qualify for state funds. She noted that next year's budget would spend nearly 50 percent of the fund would need to be used for a roof

replacement on the high school. She described water damage in Nome schools, and the issue of mold in school buildings.

Ms. Burgess discussed inflationary pressure, which was affecting all areas of the budget. She noted pencils, markers, paper towels, toiled paper, and contracts with physical and occupational therapists, were all diminished in capacity due to lack of resources. She stressed that the district would drain its fund balance to balance next year's budget, which was unsustainable into the future.

[10:30:33 AM](#)

Ms. Burgess noted that NPS was in negotiations with teachers and would not be able to offer increased salaries. She discussed increased energy costs, and increased property and liability insurance premiums.

[10:31:44 AM](#)

Ms. Burgess continued to discuss Nome school achievement. She said that reading on the elementary level was at high levels. She cited that the high school had one of the highest percentages in rural Alaska for students qualifying for the Alaska Performance Scholarship. She asserted that one-time funding was appreciated but did not provide predictability and stability from year to year. She urged the committee to increase funding to the BSA.

[10:32:43 AM](#)

Co-Chair Olson thanked Ms. Burgess for her testimony. He referenced storms in Western Alaska and the effect weather had on buildings.

[10:33:08 AM](#)

Co-Chair Stedman wanted to hear about the absorption rate over the following two years if the BSA were to be increased. He reminded that an increase would come from the PFD appropriation - either the BSA could be increased, or the 50/50 dividend could be issued - but not both.

Ms. Burgess believed that the PFD brought benefits to residents but thought that education funding offered longer term benefits. She acknowledged that the dividend was not needed as much by some individuals, while education funding

benefited everyone. She suggested that the state could consider additional forms of revenue to provide resources for its residents. She appealed to the idea of an income tax.

Ms. Burgess thought there was a way to fund schools adequately and equitably and provide a PFD to residents.

[10:35:41 AM](#)

Senator Bishop reminded that there was an education raffle as part of the PFD application, which had an endowment that was constitutionally protected and could not be swept by the legislature.

[10:36:31 AM](#)

DR. ROY GETCHELL, SUPERINTENDENT, HAINES BOROUGH SCHOOL DISTRICT, relayed that he was the incoming president of Alaska Superintendents Association and the Alaska Council of School Administrators. He discussed a PowerPoint presentation entitled "SENATE BILL 52 - THROUGH THE LENS OF THE HAINES BOROUGH SCHOOL DISTRICT," (copy on file).

Dr. Getchell looked at slide 2, which listed the priorities:

1. Reliable & Predictive Public Education Funding  
*The BSA must be increased to keep up with inflation to provide our students the quality educational opportunities that they deserve.*
2. Reliable, Convenient & Adequate Ferry Service  
*The Alaska Marine Highway is critical to Haines and our student's future.*
3. Competitive Recruitment & Retention of Alaskan Educated Teachers, Support staff, & Administrators  
*Haines students deserve high quality educators to achieve their potential in becoming contributing members of society and critical thinkers prepared for individual success.*

[10:38:02 AM](#)

Dr. Getchell spoke to slide 3, "My Alaska Story," which showed a photograph of a 6th grade class of which he was a

teacher. He recounted that he had worked at a restaurant and delivered pizzas to save the money to move to Alaska. He said when he landed in Alaska there were over 3,000 applicants to compete with; so many people wanted to teach in Alaska. He relayed his story working in education in Alaska.

[10:40:03 AM](#)

Dr. Getchell referenced slide 4, "A Once Unthinkable Crisis":

- The number of certified teaching applications are down 90 percent when compared to 10 years ago
- The number of administrator applications are down 75 percent when compared to 10 years ago
- Over 75 percent of current certified applications would require a J-1 visa if hired
- Less than 10 percent of current applicants for FY 24 positions possess a degree from the UA system
- Our certified turnover rate for FY 24 is 39 percent
- International recruitment opportunities, reductions in pay, and the elimination of any sort of defined benefit have crippled Alaska's number of potential educators

Dr. Getchell noted that the data on the slide was from Haines. He thought it was important to hire Alaskan educators. He referenced the Northwest Arctic Borough, which had experienced increased staffing difficulty recruiting teachers and educators.

Dr. Getchell discussed a nation-wide decrease in graduates. He referenced competition with international locations.

[10:44:33 AM](#)

Dr. Getchell turned to slide 5, "Total First Day Vacancies in AK," which showed a line graph illustrating the significant increase in total first day vacancies for teachers from 2020 to 2023. He commented that the first week of school was a critical time for community building in the classroom and the state was currently down 400 teachers statewide.

[10:46:32 AM](#)

Dr. Getchell considered slide 6, "Cost of Teacher Turnover":

- IS E R Study - 2017
  - Every time Alaska replaces a teacher, it costs the school district over \$20,000
- RAND Study - 2019
  - Average cost to replace a principal is \$75,000
- Ronfeldt, Loeb, and Wyckoff - 2013
  - Students in grade-levels with higher turnover score lower in both ELA and math and this effect is particularly strong in schools with more low performing and minority students. Moreover, the results suggest that there is a disruptive effect of turnover beyond changing the distribution in teacher quality.
- Mid-Year Turnover

Dr. Getchell discussed the hiring of high-quality teachers and principals. He stressed that schools that had high rates of teacher turnover could not provide quality education to students.

[10:48:38 AM](#)

Dr. Getchell displayed slide 7, which showed a graph of Alaska K-12 funding that was previously displayed in the presentation by Senator Tobin. He said that the floor for a BSA increase in Haines was \$240. He pointed out the loss of purchasing power due to inflation.

[10:49:20 AM](#)

Dr. Getchell highlighted slide 8, "How BS A Flat Funding is affecting our schools":

- Fixed Cost Increases in Haines
  - Utilities - 2X since FY 21
  - Insurance costs - Increasing 5 percent per year
  - Transportation - Flights to Juneau are now over \$400 round trip (25-minute flight)
  - Fluctuating fuel surcharge on all incoming freight that is now 20 percent in addition to regular freight rates
  - Classroom materials - Increased 12 percent last year

- Many commodities increased 25 percent since FY 21
- Liability Insurance Costs
- 8 percent inflation in 2022

[10:51:33 AM](#)

Dr. Getchell looked at slide 9, "Cost of Living Examples":

Haines Borough School District

- One Bedroom Apartment - \$1250
- Gallon of Milk - \$8.99
- Case of Bottled Water - \$ 21.00
- Dozen Eggs - \$6.69
- Gallon of Gasoline - \$5.25
- Twelve pack of Coca -Cola - \$11.99
- Case of Tissue - \$40.00

Northwest Arctic School District

- One Bedroom Apartment - \$1800/month (plus utilities)
- Gallon of Milk - \$10 - \$30 (depending on region)
- Case of Bottled Water - \$38-\$50
- Dozen Eggs - \$9.59

[10:52:53 AM](#)

Dr. Getchell addressed slide 10, "Why Fund Inside the BSA?":

- Reliability
- Predictability
- Putting one time money into fixed costs is discouraged, risky, and uncertain
- Allows our School Boards to be better stewards of their obligation to adopt budgets for their school districts
- One time money does not meet the needs of teachers, classrooms, other educators and students in the future

Dr. Getchell said that one-time money was always appreciated, and that predictable and sustainable funding would be very helpful.

[10:53:49 AM](#)

Dr. Getchell advanced to slide 11, " Implementation of Unfunded Mandates":

- My Administrative Assistant keeps track
  - she has compiled a list of over 40
- The Alaska Reads Act is one of the 40
  - Implementation estimates range from \$75,000 to \$12,000,000 depending on the district
- In Haines, I anticipate the cost to be at least \$150,000 (BS A increase for FY24 will currently be \$18,000)
- Examples: Kake: \$231,000; Petersburg: \$170,000, Sitka: \$615,000; Wrangell: \$221,000; Annette Island: \$565,000; Anchorage \$11,800,000; Northwest Arctic: \$1,849,000; LKS D: \$2,023,150; Fairbanks: \$3,500,000

Dr. Getchell asserted that implementing the mandates of the Alaska Reads Act would cost schools significantly.

[10:54:58 AM](#)

Co-Chair Olson pointed out that the committee meeting needed to end at 11am. He offered to have the next presenter testify during the scheduled 1pm meeting.

[10:55:32 AM](#)

Dr. Getchell looked at slide 12, "HBSD's Strategic Plan Our Roadmap and Accountability Model":

- Our Mission and Vision were developed by a diverse group of HBS D stakeholders in 2019.
- Components of the strategic plan are updated regularly for measurable results.
- Yearly goals are guided by most recent data in achieving our goals.
- We will do a "refresh" later this fall.

[10:56:04 AM](#)

Dr. Getchell showed slide 13, "Targets for Excellence":

1. Educational Excellence
2. Community & Family Engagement Excellence
3. Organizational Excellence
4. School Climate & Culture of Excellence

[10:56:13 AM](#)

Dr. Getchell referenced slide 14, "Educational Excellence":

The Haines Borough School District will deliver a rigorous academic curriculum based on meaningful learning opportunities where students are empowered to be critical thinkers and contributing members of society. We do this through a rigorous academic curriculum that includes fine arts instruction, vocational education, and extracurricular activities.

**Goal**

80% of students in grades K-10 will meet or exceed grade level academic indicators and/or show one year's growth.

**Strategy**

Implement a robust multi-tiered support system (MTSS) that utilizes data gathered on formative, summative, and benchmark assessments.

**Goal**

100 percent of students will graduate on time and have a completed plan for a post secondary pathway.

**Strategy**

Implement a college/career management system that supports classroom and individual planning. Students will complete onsite and/or virtual visits to college/career institutions, complete required tests, and participate in career-based internships.

[10:56:47 AM](#)

Dr. Getchell turned to slide 15, "Community & Family Engagement Excellence":

The Haines Borough School District will partner with families and abundant community resources to promote shared values of intellectual, social, emotional, and physical growth.

**Goal**

100 percent of teachers and parents will participate in focused activities that promote values of intellectual, social, emotional, and physical growth.

**Strategy**

The Haines Borough School District will host and track parent participation in teacher conferences, family nights, volunteer logs, and other parent/partnership activities during the school year.

[10:57:09 AM](#)

Dr. Getchell considered slide 16, "Organizational Excellence":

The Haines Borough School District will foster a culture of innovation, respect and responsibility, attract and retain highly effective employees, and facilitate an environment of open and transparent communication.

**Goal**

80 percent of stakeholders will give a score of "Satisfactory" or above on an end of year communication assessment.

**Strategy**

Review of communication protocols, implementation of communication management systems (BLOOMZ), and an upgrade of current tech platforms (website, Powerschool, etc.).

**Goal**

The HBSD will retain 90 percent of employees on an annual basis.

**Strategy**

Fostering positive staff relationships while strengthening recruitment, mentoring, and onboarding for new hires and the continued professional growth of all experienced staff.

[10:57:24 AM](#)

Dr. Getchell turned to slide 17, "School Climate & Culture of Excellence":

The Haines Borough School District will ensure an inclusive and healthy school culture that honors diversity and is founded on safety, respect, and responsibility.

**Goal**

Given yearly, student well-being survey results will increase by 5 percent in every category as compared to baseline data.

**Strategy**

Through a comprehensive guidance program that is supported by all staff. This will include the support of community partnerships, state resources, and student driven school experiences.

[10:57:30 AM](#)

Dr. Getchell showed slide 18 "Key Highlights from HBSD":

- Multiple school safety measures have been implemented this year (anonymous reporting system, lockdown alert, police/fire MOA, access control system, ALICE training)
- Necessary capital improvements are being funded by the Haines Borough
- Average age of school buildings in Alaska is 42 years with 66 buildings over 60 years old
- Our budget is balanced in FY 23 with a projected shortfall of \$290,000 in FY 24
- ARP money still available for a 3rd year of mental health support in FY 24 (ARP money was not used to supplement our general fund)
- Middle and elementary school activity programs were implemented in 2021 and 2022.
- Our attendance rate increased from 89 percent in 2017/18 to 97 percent 2021/22.

[10:58:53 AM](#)

Senator Bishop complimented Dr. Getchell on his presentation.

Co-Chair Olson requested that the bill sponsor to make final comments.

Senator Tobin thanked the committee for hearing the bill. She looked forward to the public testimony scheduled for the 1pm meeting.

SB 52 was HEARD and HELD in committee for further consideration.

#

ADJOURNMENT

11:00:32 AM

The meeting was adjourned at 11:00 a.m.