

HCR

13

SFIN

FILE

SENATE FINANCE COMMITTEE REPORT

DATE: 3/19/08

FURTHER:

DATE TURNED
IN TO OFFICE: 4-10-08

Finance Committee considered CS FOR HOUSE CONCURRENT RESOLUTION NO. 13(FIN)

HCR 13 EDUCATION FUNDING/COST FACTOR COMMISSION

Establishing and relating to the Education Funding District Cost Factor Commission.

and recommends:

- be replaced with SCS or CS HCR 13 (FIN)
- adopt previous SCS or CS _____ (_____)
- attached amendment(s)
- adopt _____ Letter of Intent
- further referral to _____ Committee

SENATE BILL:	
<input checked="" type="checkbox"/> Same Title	
<input type="checkbox"/> New Title	
<hr/>	
HOUSE BILL:	
<input type="checkbox"/> Same Title	
<input type="checkbox"/> Technical Title Change	
<input type="checkbox"/> New Title w/ SCR # _____	


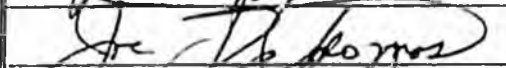
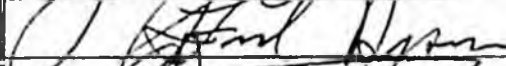




NEW FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#
HFC/Leg	2/18/08			✓	2

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	PRINTED LAST NAME	DO PASS	DO NOT PASS	NO REC	AMEND
	Elton			✓	
	Thomas	✓			
	Dyson			✓	
	Hughes	✓			
	O'Connell			✓	
CO-CHAIR: 	Hoffman	✓			
CO-CHAIR: 	Shannon			✓	

SENATE CS FOR CS FOR HOUSE CONCURRENT RESOLUTION NO. 13(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIFTH LEGISLATURE - SECOND SESSION

BY THE SENATE FINANCE COMMITTEE

Offered:

Referred:

Sponsor(s): REPRESENTATIVES HAWKER BY REQUEST OF THE JOINT LEGISLATIVE EDUCATION FUNDING TASK FORCE, Chenault, Olson, Johnson

A RESOLUTION

1 **Establishing and relating to the Education Funding District Cost Factor Commission.**

2 **BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

3 **WHEREAS, under art. VII, sec. 1, Constitution of the State of Alaska, a system of**
4 **public schools is required to be established and maintained; and**

5 **WHEREAS the cost of providing adequate public education for children living in the**
6 **state varies significantly among geographic areas of the state; and**

7 **WHEREAS accurately measuring relative cost differences is integral to equitable**
8 **funding for education across geographic areas; and**

9 **WHEREAS the cost differentials have been a recurring policy issue since the current**
10 **funding formula was adopted in 1998; and**

11 **WHEREAS the findings of economic analyses conducted in 1983 - 1985, 1999,**
12 **2002, and 2004 have raised questions and controversy within the Alaska State Legislature;**
13 **and**

14 **WHEREAS previous determinations of cost differentials have been static and,**
15 **consequently, have become outdated;**

16 **BE IT RESOLVED by the Alaska State Legislature that the Education Funding**

1 District Cost Factor Commission is established on January 20, 2009, for the purpose of
2 examining school district cost differentials and creating a valid and durable model that can be
3 updated to accurately reflect the costs of providing education; and be it

4 **FURTHER RESOLVED** that the commission may enter into contracts for research
5 services, consulting services, or expert advice to assist the commission in creating a valid and
6 durable model; and be it

7 **FURTHER RESOLVED** that the commission consists of 11 members as follows:

8 (1) five shall be from the senate appointed by the president of the senate;

9 (2) five shall be from the house of representatives appointed by the speaker of
10 the house of representatives; and

11 (3) one shall be appointed by the governor; and be it

12 **FURTHER RESOLVED** that the president of the senate and the speaker of the house
13 of representatives shall jointly appoint the chair and vice-chair of the commission; and be it

14 **FURTHER RESOLVED** that a commission member is subject to reappointment or
15 replacement if either the president of the senate or speaker of the house of representatives is
16 replaced and the member was appointed by the former president or speaker; and be it

17 **FURTHER RESOLVED** that the commission may submit a preliminary report of its
18 findings and a draft model to the governor and the legislature before September 30, 2009; and
19 be it

20 **FURTHER RESOLVED** that the commission shall submit a report of its findings
21 and proposed legislative changes to the governor and the legislature by September 30, 2009,
22 and may make any additional reports it considers advisable; and be it

23 **FURTHER RESOLVED** that the Education Funding District Cost Factor
24 Commission is terminated on April 1, 2011.

FISCAL NOTE

STATE OF ALASKA
2008 LEGISLATIVE SESSION

Fiscal Note Number: 2
Bill Version: CSHCR 13(FIN)
(H) Publish Date: 2/19/2008

Identifior (file name): _____ Dept. Affected: Legislature
Title Establishing and relating to the Education Funding District Cost RDU Legislative Budget and Audit Committee
Factor Commission. Component Committee Expenses
Sponsor Rep. Hawker by Request of the JLEFTF
Requester House Finance Committee Component Number 775

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information						
		FY 2009	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
OPERATING EXPENDITURES								
Personal Services								
Travel			0.0	0.0				
Contractual								
Supplies								
Equipment								
Land & Structures								
Grants & Claims								
Miscellaneous								
TOTAL OPERATING		0.0	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES								
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CHANGE IN REVENUES ()								
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts								
1003 GF Match								
1004 GF			0.0	0.0				
1005 GF/Program Receipts								
1037 GF/Mental Health								
Other Interagency Receipts								
TOTAL		0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2008) cost: _____

POSITIONS

Full-time								
Part-time								
Temporary								

ANALYSIS: (Attach a separate page if necessary)

HCR 13 establishes an Education Funding District Cost Factor Commission made up of ten members of the Legislature appointed by the Presiding Officers and one public member appointed by the Governor to examine school district cost differentials. The commission will be staffed by legislative staff to the legislators who are appointed to the commission. It is estimated that the commission will meet several times by teleconference and three times requiring travel. For purposes of this fiscal note, it is assumed the eleven members of the commission will be appointed from various regions of the state and will travel three times each year to meet in Anchorage, Fairbanks, and Juneau. The commission will also meet several times via teleconference. The commission will submit a report to the Legislature and the Governor by 9/30/09 and terminate on 4/1/2011.

Prepared by: House Finance Committee
Division: _____
Approved by: Representative Kevin Meyer, Co-Chairman
Representative Mike Chenault, Co-Chairman

Phone 465-4945
Date/Time 02/18/08 4:32 p.m.
Date 2/18/2008

FISCAL NOTE #2

STATE OF ALASKA
2008 LEGISLATIVE SESSION

BILL NO. CSHCR 13(FIN)

ANALYSIS CONTINUATION

The intent of the House Finance Committee is that all costs associated with the operations of the commission be absorbed in the budget of the Legislative Budget and Audit Committee. Further, any contractual work that the commission requires will be under the authority and oversight of the Legislative Budget and Audit Committee.

adopted
4-9-08

AMENDMENT #1

OFFERED IN THE SENATE FINANCE COMMITTEE
TO: CS HCR 13(FIN)

BY SEN. STEDMAN

Page 1, line 11:

Before "2002," insert: "1983 - 1985, 1999"

Page 1, line 16:

Following "established," insert: "on January 20, 2009,"

Page 2, lines 15-16:

Delete, "a member may continue to serve even if the member is no longer a state legislator;"

Page 2, following line 16:

Insert, "**FURTHER RESOLVED** that the commission may submit a preliminary report of its findings and a draft model to the governor and the legislature before September 30, 2009; and be it"

Representative Mike Hawker

Alaska State Legislature



HCR 13 Sponsor Statement

Short Title: Education Funding/Cost Factor Commission

HCR 13 creates the Education Funding District Cost Factor Commission, which is tasked with examining school district cost differentials and determining a formula to adequately and equitably fund education throughout Alaska.

The school funding formula recognizes that school districts across the state face differing costs for similar goods and services including energy, supplies and labor. These geographic cost-of-living differences are accommodated in the formula by a factor that is applied to the school size adjusted ADM. Anchorage is presumed to be the base for this calculation and receives a factor of one (1.0). Other districts are individually assigned factors in excess of one to recognize their individual cost differential in relation to Anchorage.

The numerical value of the cost differential factors has been a policy issue with the formula since it was adopted in 1998. The legislature has undertaken various efforts utilizing professional economic consultants to accurately and fairly determine these factors. A controversial economic analysis was completed in 2003 by the American Institute of Research (AIR). This work was reviewed and modified in 2005 by the University of Alaska's Institute of Social and Economic Research (ISER). Certain aspects of the ISER differential calculation continue to generate questions and controversy within the legislature.

HCR 13 recognizes that legitimate concerns exist with the ISER study and would establish a dedicated commission to address the district cost factor issue in detail. The commission would be charged with developing a durable and dynamic (updateable) economic model that can be used to update district cost factors on a regular and recurring basis.

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Member:

*House Finance Committee
Legislative Budget
& Audit Committee*

House District 32:

*Eagle River
Anchorage
Rainbow
Indian
Burd
Girdwood
Portage
Whittier
Sunrise
Hope*



25th Alaska State Legislature Joint Legislative Education Funding Task Force

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District 32, Anchorage

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Senator Bert Stedman

Members:

Senator
Johnny Ellis

Senator
Lyman Hoffman

Representative
Reggie Joule

Representative
Mike Kelly

Representative
Bob Roses

Carl Rose
Assoc. of Alaska
School Boards

Representative
Paul Seaton

Senator
Gary Stevens

Senator
Gary Wilken

Committee Aides:

Juli Lucky
Charisse Millett
jletf@akleg.org

CHANGES TO HOUSE CONCURRENT RESOLUTION 13

House Health, Education and Social Services Committee

Adopted an amendment to extend the termination date of the Commission to April 1, 2011.

House Finance Committee

Adopted an amendment to add language specifically allowing the commission to "enter into contracts for research services, consulting services, or expert advice to assist the commission in creating a valid and durable model."