

**HB**

**143**

<TARGET><BILL>HB 143</BILL><SUBJECT>HB  
143</SUBJECT><COMM>HEDC27</COMM></TARGET>

# Alaska State Legislature

State Capitol, Room 422  
Juneau, AK 99801-1182  
Phone: 465-4939  
Fax: 465-2418  
Toll Free: (800) 465-4939  
Representative\_Pete\_Petersen@legis.state.ak.us



716 W. 4<sup>th</sup> Ave  
Anchorage, AK 99501-2133  
Phone: 269-0265  
Fax: 269-0264

Representative Pete Petersen  
Serving Northeast Anchorage and Muldoon

## Sectional Analysis

### HB 143 Education Funding

**Section 1** raises the base student allocation to \$5,838

**Section 2:**

Subsection 1 provides that the base student allocation shall be adjusted for inflation for fiscal years 2013 and 2014.

Subsection 2 requires the Department of Education and Early Development to review the actual changes in educational costs per student in each district.

Subsection 3 requires the Department to submit a recommendation for the amount of the BSA for fiscal year 2015 to the 28<sup>th</sup> Legislature before the 2014 regular session

**Section 3** establishes a July 1, 2011 effective date for this act.

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## Representative Pete Petersen Serving Northeast Anchorage and Muldoon

### Sponsor Statement

### HB 143 Education Funding

This bill will protect school districts from cost increases caused by inflation, and allow school districts to perform better multi-year planning, by providing certainty that the BSA will be adjusted to cover inflation over the next three years.

House Bill 143 adjusts the Base Student Allocation (BSA) to protect School Districts from losses due to ongoing inflation for Fiscal Years 2012 through 2014. It also requires the Department of Education and Early Development to study the actual costs of providing K-12 education and recommend to the Legislature an appropriate adjustment to the BSA at the end of this three year period.

Inflation happens every year, and students should not have to pay for inflation with less educational opportunities. When the BSA loses ground to inflation, school districts are forced to make up the losses by cutting services, requesting special appropriations, or increasing municipal taxation.

This bill would hold the BSA harmless for inflation for the next three fiscal years. The Legislature would receive a professional report on the true costs of education and a recommended adjustment for the BSA to aide in consideration of the BSA amount for FY 2015. The review and report will allow the Legislature to ensure that any education specific costs or efficiencies are factored into the BSA amount.

# FISCAL NOTE

STATE OF ALASKA  
2011 LEGISLATIVE SESSION

Fiscal Note Number \_\_\_\_\_  
Bill Version HB143  
( ) Publish Date \_\_\_\_\_

Identifier (file name): HB143-EED-ESS-4-1-11 Dept. Affected EED  
Title "An Act providing an increase and an inflation adjustment Appropriation K-12 Support  
to the base student allocation used in the formula for state funding of public..." Allocation Foundation Program  
Sponsor Rep Petersen, Tuck, Gara, Kawasaki  
Requester House Education Committee OMB Component Number 141

**Expenditures/Revenues** (Thousands of Dollars)

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

	Appropriation Required	Information					
		FY 2012	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
<b>OPERATING EXPENDITURES</b>							
Personal Services							
Travel							
Services				125.0			
Commodities							
Capital Outlay							
Grants	38,029.0		36,901.3	37,872.4			
Miscellaneous							
<b>TOTAL OPERATING</b>	<b>38,029.0</b>	<b>0.0</b>	<b>36,901.3</b>	<b>37,997.4</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>							
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<b>CHANGE IN REVENUES</b>							
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF	38,029.0		36,901.3	37,997.4			
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other (please identify)							
<b>TOTAL</b>	<b>38,029.0</b>	<b>0.0</b>	<b>36,901.3</b>	<b>37,997.4</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2011) cost \_\_\_\_\_

**POSITIONS**

Full-time							
Part-time							
Temporary							

**Why this fiscal note differs from previous version (if initial version, please note as such)**

initial version

Prepared by Elizabeth Nudelman, Director  
Division School Finance  
Approved by Mike Hanley, Commissioner

Phone 465-8679  
Date/Time 4/1/11 5:00 PM  
Date 4/1/2011

FISCAL NOTE

STATE OF ALASKA  
2011 LEGISLATIVE SESSION

BILL NO. HB143

**Analysis**

This bill amends AS14.17.470 Base Student Allocation (BSA) with an increase of \$158 from \$5,680 to \$5,838 for FY2012.

In the subsequent fiscal years of FY2013 and FY2014 the BSA will be increased using the inflation adjustment based on the Consumer Price Index (CPI-U) for all urban consumers for the Anchorage metropolitan area with a base index of January 2010.

To project the CPI-U for all urban consumers for the Anchorage metropolitan area for FY2013 and FY2014, an average was calculated based on the last five years of percent change according to the Department of Labor.

2010 = 1.8%

2009 = 1.2%

2008 = 4.6%

2007 = 2.2%

2006 = 3.2%

Average = 2.6%

This legislation also directs the Department of Education & Early Development to review the actual changes in educational cost per student for each district and on or before January 10, 2014, provide recommendations to the 28th Legislature regarding the amount and adjustment that would be needed to increase the BSA beginning in FY2015.

Based on section 2 (2) of this legislation a \$125,000 contract would be required to review the educational cost per student for each district.

School District	FY2012: \$158 BSA Increase to \$5,838
Alaska Gateway	203,396
Aleutian Region	40,661
Aleutians East Borough	176,957
Anchorage	11,551,105
Annette Island	104,348
Bering Strait	1,015,212
Bristol Bay Borough	79,259
Chatham	82,226
Chugach	38,923
Copper River	196,148
Cordova	117,685
Craig	153,748
Delta/Greely	293,614
Denali Borough	164,915
Dillingham	186,694
Fairbanks N. Star Borough	4,068,333
Galena	541,224
Haines Borough	114,936
Hoonah	57,977
Hydaburg	31,285
Iditarod Area	160,369
Juneau Borough	1,475,449
Kake	40,276
Kashunamiut	147,245
Kenai Peninsula Borough	2,672,861
Ketchikan Gateway Borou	626,720
Klawock	63,072
Kodiak Island Borough	809,329
Kuspuk	207,789
Lake & Peninsula Borough	265,124
Lower Kuskokwim	1,986,818
Lower Yukon	1,066,293
Mat-Su Borough	4,439,340
Nenana	197,366
Nome	255,210
North Slope Borough	744,712
Northwest Arctic Borough	922,184
Pelican	6,559
Petersburg	187,341
Pribilof	53,486
Saint Mary's	89,611
Sitka Borough	419,869
Skagway	26,879
Southeast Island	124,640
Southwest Region	347,200
Tanana	28,340
Unalaska	154,774
Valdez	210,037
Wrangell	125,735
Yakutat	47,463
Yukon Flats	215,973
Yukon/Koyukuk	338,139
Yupitit	249,300
Mt. Edgecumbe High Schc	104,886
<b>TOTAL</b>	<b>38,029,035</b>

**Proi. CPI-U 2.6% chg**

**FY2013: \$152**

**BSA Increase to**

<b>School District</b>	<b>\$5,990</b>
Alaska Gateway	199,921
Aleutian Region	39,538
Aleutians East Borough	176,460
Anchorage	11,112,455
Annette Island	103,357
Bering Strait	1,005,294
Bristol Bay Borough	77,557
Chatham	81,992
Chugach	37,818
Copper River	190,846
Cordova	114,804
Craig	149,778
Delta/Greely	285,515
Denali Borough	158,653
Dillingham	180,798
Fairbanks N. Star Borough	3,922,632
Galena	520,902
Haines Borough	112,480
Hoonah	57,295
Hydaburg	30,994
Iditarod Area	157,875
Juneau Borough	1,436,072
Kake	40,110
Kashunamiut	143,973
Kenai Peninsula Borough	2,609,910
Ketchikan Gateway Borou	613,490
Klawock	62,039
Kodiak Island Borough	791,577
Kuspuk	204,054
Lake & Peninsula Borough	261,826
Lower Kuskokwim	1,933,217
Lower Yukon	1,054,436
Mat-Su Borough	4,290,550
Nenana	190,274
Nome	247,804
North Slope Borough	730,357
Northwest Arctic Borough	903,797
Pelican	6,401
Petersburg	183,868
Pribilof	52,511
Saint Mary's	87,883
Sitka Borough	410,160
Skagway	25,926
Southeast Island	122,634
Southwest Region	340,213
Tanana	27,801
Unalaska	151,248
Valdez	203,170
Wrangell	122,544
Yakutat	47,162
Yukon Flats	213,098
Yukon/Koyukuk	329,419
Yupit	244,046
Mt. Edgecumbe High Schc	102,793
<b>TOTAL</b>	<b>36,901,327</b>

**Proj. CPI-U 2.6% chg**

**FY2014: \$156**

**BSA Increase to**

<b>School District</b>	<b>\$6,146</b>
Alaska Gateway	205,182
Aleutian Region	40,579
Aleutians East Borough	181,103
Anchorage	11,404,889
Annette Island	106,077
Bering Strait	1,031,750
Bristol Bay Borough	79,597
Chatham	84,149
Chugach	38,813
Copper River	195,869
Cordova	117,825
Craig	153,719
Delta/Greely	293,029
Denali Borough	162,828
Dillingham	185,556
Fairbanks N. Star Borough	4,025,859
Galena	534,611
Haines Borough	115,440
Hoonah	58,802
Hydaburg	31,810
Iditarod Area	162,029
Juneau Borough	1,473,863
Kake	41,165
Kashunamiut	147,762
Kenai Peninsula Borough	2,678,592
Ketchikan Gateway Borou	629,635
Klawock	63,671
Kodiak Island Borough	812,407
Kuspuk	209,424
Lake & Peninsula Borough	268,716
Lower Kuskokwim	1,984,090
Lower Yukon	1,082,185
Mat-Su Borough	4,403,459
Nenana	195,281
Nome	254,325
North Slope Borough	749,577
Northwest Arctic Borough	927,580
Pelican	6,570
Petersburg	188,707
Pribilof	53,894
Saint Mary's	90,196
Sitka Borough	420,953
Skagway	26,609
Southeast Island	125,861
Southwest Region	349,165
Tanana	28,532
Unalaska	155,227
Valdez	208,515
Wrangell	125,769
Yakutat	48,404
Yukon Flats	218,706
Yukon/Koyukuk	338,088
Yupiit	250,469
Mt. Edgecumbe High Schc	105,498
<b>TOTAL</b>	<b>37,872,411</b>

# FISCAL NOTE

STATE OF ALASKA  
2011 LEGISLATIVE SESSION

Fiscal Note Number \_\_\_\_\_  
Bill Version HB143  
( ) Publish Date \_\_\_\_\_

Identifier (file name): HB143-EED-ACYA-4-1-2011 Dept. Affected EED  
Title "An Act providing an increase and an inflation adjustment Appropriation K-12 Support  
to the base student allocation used in the formula for state funding of public..." Allocation AK Challenge Youth Academy  
Sponsor Rep Petersen, Tuck, Gara, Kawasaki  
Requester House Education Committee OMB Component Number 2837

**Expenditures/Revenues** (Thousands of Dollars)

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

	Appropriation Required	Information					
		FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
<b>OPERATING EXPENDITURES</b>							
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants	242.2	233.0	239.2				
Miscellaneous							
<b>TOTAL OPERATING</b>	<b>242.2</b>	<b>0.0</b>	<b>233.0</b>	<b>239.2</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>							
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<b>CHANGE IN REVENUES</b>							
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF	242.2	233.0	239.2				
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other (please identify)							
<b>TOTAL</b>	<b>242.2</b>	<b>0.0</b>	<b>233.0</b>	<b>239.2</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2011) cost \_\_\_\_\_

**POSITIONS**

Full-time							
Part-time							
Temporary							

**Why this fiscal note differs from previous version (if initial version, please note as such)**

initial version

Prepared by Elizabeth Nudelman, Director  
Division School Finance  
Approved by Mike Hanley, Commissioner

Phone 465-8679  
Date/Time 4/1/11 5:00 PM  
Date 4/1/2011

FISCAL NOTE

STATE OF ALASKA  
2011 LEGISLATIVE SESSION

BILL NO. HB143

**Analysis**

The Alaska Challenge Youth Academy would be affected by this bill which amends AS14.17.470 Base Student Allocation (BSA) with an increase of \$158 from \$5,680 to \$5,838 for FY2012.

In the subsequent fiscal years of FY2013 and FY2014 the BSA will be increased using the inflation adjustment based on the Consumer Price Index (CPI-U) for all urban consumers for the Anchorage metropolitan area with a base index of January 2010.

To project the CPI-U for all urban consumers for the Anchorage metropolitan area for FY2013 and FY2014, an average was calculated based on the last five years of percent change according to the Department of Labor.

2010 = 1.8%  
2009 = 1.2%  
2008 = 4.6%  
2007 = 2.2%  
2006 = 3.2%  
Average = 2.6%

**ALASKA MILITARY YOUTH ACADEMY**

FY2012 Current Projection	
194 x \$5680 x 7 =	7,713,440
292 x \$5680 x 60% =	995,136
less \$2,700,000	(2,700,000)
<b>TOTAL \$</b>	<b>6,008,576</b>

HB143 - FY2012	
194 x \$5838 x 7 =	7,928,004
292 x \$5838 x 60% =	1,022,818
less \$2,700,000	(2,700,000)
<b>TOTAL \$</b>	<b>6,250,822</b>

<b>FY12 Est. change over FY12 F \$</b>	<b>242,246</b>
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**ALASKA MILITARY YOUTH ACADEMY**

<b>HB143 - FY2012</b>	
194 x \$5838 x 7 =	7,928,004
292 x \$5838 x 60% =	1,022,818
less \$2,700,000	(2,700,000)
<b>TOTAL \$</b>	<b>6,250,822</b>

<b>HB143 - FY2013</b>	
194 x \$5990 x 7 =	8,134,420
292 x \$5990 x 60% =	1,049,448
less \$2,700,000	(2,700,000)
<b>TOTAL \$</b>	<b>6,483,868</b>

<b>FY13 Est. change over FY12</b>	<b>\$ 233,046</b>
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**ALASKA MILITARY YOUTH ACADEMY**

HB143 - FY2013	
194 x \$5990 x 7 =	8,134,420
292 x \$5990 x 60% =	1,049,448
less \$2,700,000	(2,700,000)
<b>TOTAL \$</b>	<b>6,483,868</b>

HB143 - FY2014	
194 x \$6146 x 7 =	8,346,268
292 x \$6146 x 60% =	1,076,779
less \$2,700,000	(2,700,000)
<b>TOTAL \$</b>	<b>6,723,047</b>

<b>FY14 Est. change over FY13</b>	<b>\$</b>	<b>239,179</b>
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Presented 4/15/11  
**Conceptual Amendment**  
(not offered)

To HB 143

On page 1 line 14:

Replace "adjust" with "increase"

discussed by David Dunsmore (staff)

Not Offered

4/15/11

Conceptual Amendment #  
by Rep Seaton

Page 1 line 1  
delete "and an inflation adjustment"

page 1 line 14

delete "an inflation" ... ~~through~~

through page 2 line 3 ... "index"

insert on page 1 line 14 after "reflect"

"an increase of \$100 for 2013 and  
2014"

*Alaska Association of School Business Officials (ALASBO)*  
*3145 Pioneer Avenue*  
*Juneau, AK 99801*  
*907-500-9086*  
*alasbo@gci.net*

February 23, 2011

The Honorable Pete Peterson  
Alaska House of Representatives

Representative Peterson,

We are writing in support of a new multi-year plan to increase the base student allocation (BSA) in the K-12 foundation funding formula. This type of multi-year plan appears in **HB 143 – Public Education Funding Increase and Inflation Adjustment**.

The Alaska Association of School Business Officials (ALASBO) represents school business professionals from across the state, many of whom are responsible for budgeting and financial planning for their districts.

The multi-year increases to the Base Student Allocation applied during the years FY09-FY11 had a profound effect on the focus of the budget dialogue in school districts across the state. Instead of concern primarily about budget cuts to keep our heads above water, stakeholders participating in the budget process were able to plan instructional programs over a multi-year period. Although education is a long-term project, we can see that these efforts are already beginning to bear fruit, to the benefit of Alaskan students.

ALASBO members also know very well that school districts need regular funding increases to function effectively, in order to keep up with the increases in health insurance, energy, wages, benefits and other costs that are a reality in our current economy.

We believe that a multi-year funding plan for the BSA is one of the most effective actions the Legislature can take to promote continued improvement to the quality of instruction across the state. We'd like to see our districts focus on instructional planning, rather than the debilitating distraction of pink slips and the uncertainty of cuts to promising programs each spring.

We urge your support for a new multi-year funding plan for the Base Student Allocation. Please contact ALASBO Executive Director Amy Lujan using the contact information above if we can provide further assistance to your efforts.

Sincerely,



Luke D. Fulp  
ALASBO President

Cc: Members of the House Education Committee; Reps. Tuck and Gara



# NEA-ALASKA

*Affiliated with the National Education Association*

April 4, 2011

The Honorable Pete Petersen  
Alaska State House of Representatives  
State Capitol, Room 422  
Juneau, AK 99801-1182

Dear Representative Petersen:

On behalf of the 13,000 public school employee members of NEA-Alaska, I'm writing to thank you for the introduction of House Bill 143. This legislation would increase the Base Student Allocation (BSA) by \$158 per student in fiscal year 12 and require further review to address the increasing cost of K-12 education in Alaska.

NEA-Alaska is enthusiastic about this legislation as it will address the increased costs of doing business on school districts across Alaska. We will be available to testify in support of this legislation on April 6, when it is heard by the House Education Committee.

School districts across Alaska will suffer significantly if there is no BSA increase this year. The Anchorage School District had to dip into reserves to cover some of the \$13 million gap they will encounter with a frozen BSA of \$5,680 per student.

We appreciate your efforts to increase the BSA next year and we look forward to your legislation moving through the process.

Respectfully,

Barb Angaiak  
President

## Cynthia Erickson

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**From:** Cindy Reilly [creilly@yksd.com]  
**Sent:** Tuesday, April 05, 2011 3:03 PM  
**To:** Rep. Alan Dick; Rep. Pete Petersen; Rep. Chris Tuck; Rep. Les Gara; Rep. Scott Kawasaki  
**Cc:** Rep. Mike Chenault  
**Subject:** In Support of HB143

Speaker Chenault, Representative Dick, Representative Petersen, Representative Tuck, Representative Gara, and Representative Kawasaki:

I am writing in support of HB143, the education funding bill which relates to increasing the FY12 BSA to \$5,838 and adjusts it annually in the two subsequent years. I would respectfully ask you to consider passing this bill which is so badly needed for our public schools.

During the past three years, we have been so very fortunate as school business leaders to have the benefit of forward funding which came about as a result of the Education Task Force. I want to sincerely thank you for that. It made planning for the best use of our state funding possible because we could depend on getting a base amount when writing our annual budgets. Here at Yukon Koyukuk School District (YKSD) forward funding allowed us to bargain with our teacher's union for a period of three years, allowing our teachers to spend less time at negotiations and more time in their classrooms with students. Last year, when we began bargaining with our teachers, we could only do so for a year at a time because we didn't know at what level we would be funded beyond FY11. We did the same this year when we reopened bargaining for salaries, deciding only on FY12 salaries, making it necessary to plan to come back to the table next year once again. And even now, we have arrived at a salary schedule for which we hope funding will be available since these decisions have not yet been made.

As with most school districts, we have been moving ever closer to reductions in staffing due to inflationary costs, not only in salaries and benefits, but also utilities, staff travel and the high cost of shipping necessary supplies and equipment to our villages. The Stimulus funds were very helpful in staving off these cuts, but we have been planning for them to go away this year as we had been told at the time they were given. I am thankful for the boost these funds gave our district; however now we find ourselves in the unenviable position of needing to cut staff. Seven of our nine village schools have fewer than 40 children K-12. Many of them are staffed to the bare bones now with multi-age classrooms, so there is no place to cut but in the jobs that are available for our local people. This is a further hit on the villages and their economies. By investing in our schools, you have the opportunity to multiply the State dollars as they bolster local economies.

With the predictions of falling oil production and dwindling state funding from oil, I know the temptation must be great to pull back and conserve the huge dollars our state is currently reaping from the oil industry. However, I would ask that you consider instead investing the money we have now in our State's future by touching our young residents who will be the great minds leading us in the future. Please consider carefully the position we are in currently as a State with healthy coffers that are the envy of the rest of the United States, and pass HB143. Your support of Alaska's students is so very much appreciated, and will pay huge dividends in the future.

Thank you for your kind consideration and time.

Cindy Reilly, SFO  
Chief Financial Officer  
Yukon Koyukuk School District  
4762 Old Airport Way  
Fairbanks, AK 99709