

**HB**

**95**

<TARGET><BILL>HB 95</BILL><SUBJECT>HB  
95</SUBJECT><COMM>HEDC28</COMM></TARGET>

FOR IMMEDIATE RELEASE

January 30, 2013

## Democrats Introduce Bill to Protect Schools against Future Cuts Alaska's Schools Need a Lasting Commitment to Build on Successes

JUNEAU – Today, House Democrats introduced legislation to make a lasting commitment to Alaska's schools by guaranteeing inflation will not lead to more school staff cuts. Nine members of the House Democratic Caucus signed on to the legislation.

"For three straight years, the governor has flat-funded education, and for three straight years schools have cut staff needed to improve academic outcomes," said Representative Les Gara (D-Anchorage), the bill's primary sponsor. "If we want Alaskans to be ready for tomorrow's jobs, we can't keep taking away the resources students need to succeed."

The bill (HB95) would make up for the last two years of inflation and ensure that the resources schools count on each year will continue to keep up with rising costs due to inflation.

"If our schools are going to build on their successes and plan for the future, they need to know they'll have at least the same tools to work with next year as they have this year," said Representative Harriet Drummond (D-Anchorage), a former school board member. "This bill gives our schools the lasting commitment they need so they can focus on where to improve, not where to cut."

"We all want to see graduation rates improve, but we can't get there by letting inflation undercut our schools," said Representative Andy Josephson (D-Anchorage), a certified teacher who has taught in rural Alaska and at the University of Alaska. "It's time Alaska's schools know they can count on having the resources they need."

While student enrollment in the Anchorage, Kenai, and Juneau school districts has only declined between one and two percent since the 2009-2010 school year, these districts have been forced to reduce teacher numbers at almost four times that rate due to insufficient resources from the state. The Mat-Su school district has had to cut 69 teachers, or eight percent, since 2010-2011 even though it added 690 more students since the 2009-2010 school year. Last week, both Anchorage and Juneau school districts announced they were facing further staffing cuts due to insufficient support from the state. Parents, teachers, and others have expressed concern over growing class sizes and fewer available classes.

"As a parent, I want to know my child is getting the best education one year to the next," said David Noon, father of a first-grader at Harborview Elementary School in Juneau. "And when I talk to teachers, they have a hard time planning because they don't know what they'll have to work with each year from the state. If we want our students to get

- the education they're going to need, we need to make sure our schools can count on having the resources to do the job.”

“I don't think continually cutting school staff reflects this community's priorities,” said Anthony Banker, a father of three children who attend Anchorage public schools.

The base student allocation (BSA) is the primary source of state resources Alaska's schools can count on receiving each year, and it has not increased in three years. The Democratic legislators' proposal raises the base student allocation exactly the amount necessary to make up for inflation from the last two years, based on the consumer price index. It also requires that the state adjust the BSA for inflation in future years to end the current cycle of tutor, counselor, teacher, support staff and summer school cuts in districts across Alaska.

In addition to the legislators above, co-sponsors include House Democratic Leader Beth Kerttula (D-Juneau), House Democratic Whip Chris Tuck (D-Anchorage), Representative Max Gruenberg (D-Anchorage), Representative Scott Kawasaki (D-Fairbanks), Representative Jonathan Kreiss-Tomkins (D-Southeast), and Representative Geran Tarr (D-Anchorage).

Read the new Legislative Research reports on inflation and teacher losses:  
“Inflation Adjustments to the Base Student Allocation FY2011 to FY2014”:  
[http://akdemocrats.org/gara/012313\\_Research\\_Memo\\_BSA.pdf](http://akdemocrats.org/gara/012313_Research_Memo_BSA.pdf)

“Teacher and Selected Staff Positions in Selected Alaska School Districts 2010-2013”:  
[http://akdemocrats.org/gara/012913\\_research\\_brief.pdf](http://akdemocrats.org/gara/012913_research_brief.pdf)

Chart showing most recent proposed staff cuts for Anchorage School District  
(as published in the Anchorage Daily News):  
<http://media.adn.com/static/images/graphics/SchoolCuts.jpg>

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Mr. Banker contact: (907) 351-6329  
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## Memorandum

TO: Representative Les Gara  
FROM: Roger Withington, Legislative Analyst  
DATE: January 23, 2013  
RE: Base Student Allocation Compared to the Rate of Inflation, FY2011 through FY2014  
*LRS Report 13.151*

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***You asked for information on recent K-12 education funding in Alaska. Specifically, you asked us to examine the Base Student Allocation (BSA) for three state fiscal years (FY) as well as the BSA proposed by Governor Parnell in his FY2014 budget request.***

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As you may know, Alaska's public K-12 school funding is determined using a statutorily defined formula to calculate the amount of state aid to individual school districts each year. Adopted in 1998, the formula is intended to equitably distribute aid for education throughout the state.<sup>1</sup>

Incorporated into the formula are factors intended to account for variations in school size, geographic cost differences, special and intensive needs student populations, correspondence programs, federal aid, and the ability of communities to provide local contributions.<sup>2</sup>

The public school funding formula consists of state aid, a local contribution if required, and eligible federal impact aid. State aid to each school district is calculated annually based on student enrollment, or the "average daily membership" (ADM). A District's ADM is first adjusted for school size to recognize that larger schools benefit from economies of scale (AS 14.17.450). With the exception of the Anchorage School district, the ADM adjusted for school size is then increased by district cost factors (AS 14.17.460) and special needs and intensive services funding (AS 14.17.420). Then, any correspondence program membership is added to the adjusted membership to achieve a final adjusted ADM (AS 14.17.430). This final adjusted ADM is then multiplied by the Base Student Allocation (BSA) to determine each district's level of funding.

Since its creation in 1998 the BSA has been increased eight times, through six statutory amendments. The BSA currently stands at \$5,680.<sup>3</sup> Based on our review of Governor Parnell's FY2014 proposed operating budget, released December 14, 2012, it appears that the Governor does not anticipate an increase to the BSA. Table 1 provides a calculation of the BSA, adjusted for inflation, for each state fiscal year since FY2011, the last fiscal year in which the BSA was increased.

As you can see from Table 1, the FY2013 actual BSA (\$5,680) is approximately \$286 less than if the BSA had been adjusted for inflation annually since FY2011.

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<sup>1</sup> Senate Bill 36, enacted as Chapter 83 SLA 1998.


<sup>2</sup> The Alaska Department of Education and Early Development provides an overview of the public school funding formula at [http://eed.alaska.gov/news/Funding\\_Program\\_Overview\\_2012.pdf](http://eed.alaska.gov/news/Funding_Program_Overview_2012.pdf).

<sup>3</sup> AS 14.17.470.

**Table 1: Inflation Adjustments to the Base Student Allocation, FY2011 - FY2014**

State Fiscal Year	Actual Base Student Allocation <sup>(a)</sup>	Prior Fiscal Year's Rate of Inflation <sup>(b)</sup>	Current Year's BSA Adjusted for the Prior Fiscal Year's Inflation Rate <sup>(c)</sup>	FY2011 BSA Cumulatively Adjusted for Annual Inflation Rate <sup>(d)</sup>	Difference Between the Actual and Adjusted Base Student Allocation
FY2011	\$ 5,680	Not Applicable	Not Applicable	Not Applicable	Not Applicable
FY2012	\$ 5,680	1.92 %	\$ 5,789.06	\$ 5,789.06	\$ (109.06)
FY2013	\$ 5,680	3.05 %	\$ 5,883.24	\$ 5,965.62	\$ (285.62)
FY2014	\$ 5,680	1.99 %	\$ 5,793.03	\$ 6,084.34	\$ (404.34)
<b>Notes:</b>	<p>(a) The base student allocation set forth in AS 14.17.470 applies to fiscal years 2011 through 2013. For FY2014, we assume that the BSA will remain unchanged per Governor Parnell's FY2014 operating budget proposal, which can be reviewed at <a href="http://omb.alaska.gov/html/budget-report/fy-2014-budget/proposed.html">http://omb.alaska.gov/html/budget-report/fy-2014-budget/proposed.html</a>.</p> <p>(b) To adjust the base student allocation (BSA) for inflation we used the annual consumer price index (CPI) figures for Anchorage, provided by the Alaska Department of Labor and Workforce Development, Research and Analysis Section. The CPI represents changes in the prices of a representative sample of goods and services purchased for consumption by urban households. The Anchorage CPI figures are available in six month increments which we used to produce inflation rates by state fiscal year. We estimate the rate of inflation for FY2014 using the rate of inflation for Anchorage for the last six months of calendar year 2012 (the first six months of FY2013). Generally, inflation is the process of continuously rising prices (or the continuously falling value of money) in a particular economy. We calculated the rate of inflation as the percent difference of the CPI of one year to the CPI of the previous year.</p> <p>(c) To adjust the BSA for a given fiscal year, we applied the rate of inflation experienced the previous fiscal year to the current year's BSA. In other words, the inflation adjusted BSA for FY2013 (\$ 5,883.24) is the actual BSA for FY2013 (\$5,680), adjusted by the FY2012 rate of inflation (3.05 percent).</p> <p>(d) To adjust the BSA cumulatively for each fiscal year, we applied the rate of inflation experienced the previous fiscal year to the prior year's adjusted BSA. In other words, the inflation adjust rate for FY2013 (\$ 5,965.62) is the adjusted BSA for FY2012 (\$5,789.06), adjusted by the FY2012 rate of inflation (3.05 percent).</p>				
<b>Sources:</b>	Alaska Department of Labor and Workforce Development, Research and Analysis Section, <a href="http://labor.alaska.gov/research/cpi/cpi.htm">http://labor.alaska.gov/research/cpi/cpi.htm</a> .				

We hope this is helpful. If you have questions or need additional information, please let us know.

**REPRESENTATIVE LES GARA**(907) 465-2647 | State Capitol Building, Room 400 | <http://www.replesgara.com>**HB95** [Statement PDF](#) | [Sponsor's BILL Listing](#)**Sponsor****Statement****House Bill 95 "Catching the Base Student Allocation up with inflation"**

REPRESENTATIVE GARA  
 REPRESENTATIVE DRUMMOND  
 REPRESENTATIVE JOSEPHSON  
 REPRESENTATIVE TUCK  
 REPRESENTATIVE KAWASAKI  
 REPRESENTATIVE TARR  
 REPRESENTATIVE KREISS-TOMKINS  
 REPRESENTATIVE KERTTULA  
 REPRESENTATIVE GRUENBERG

***Catching the Base Student Allocation up with inflation***

Funding to schools for staff, course enhancement, and increased achievement has been flat for the past three years, and Governor Parnell again proposes funding that lags behind inflation in the fiscal year 2014 operating budget. As a result, education funding has fallen roughly 7% behind inflation since fiscal year 2011. Flat funding is the reason why Anchorage has reduced teacher positions in past years and will lay off 215 counselors, support staff and others next year. It's why class sizes will increase again in Juneau, and why staff and teachers have been cut in the Kenai, the Northwest Arctic Borough School District, and other areas.

The legislature passed legislation roughly five years ago that helps fund the shortfall in the teacher's retirement fund. However, none of that money can be used to hire teachers, staff, or improve curriculum. So, while "spending" has gone up, money schools are allowed to use for children, in the classroom, and for staff has fallen in real dollars by roughly 7% over the last three years and under the Governor's roughly flat proposal for next year.

This legislation keeps school funding at the same pace as inflation, and makes up for two of the last three years of inflation losses, as making up for all three would be cost-prohibitive. This bill will avoid the cuts schools are discussing, and likely allow them to rehire lost staff to improve student achievement. It also provides predictable funding so schools can save money by planning into the future.

**REPRESENTATIVE LES GARA**

## Rep. Lynn Gattis

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**From:** Lisa Paesani <lpaesani@gci.net>  
**Sent:** Sunday, February 02, 2014 9:03 AM  
**To:** Rep. Lynn Gattis  
**Subject:** Increase funding for our Schools!

Dear Representative Gattis, I am a parent with three children enrolled in the Anchorage public school system. I am very happy with the education they are receiving. I have been very involved over the years being on their local school boards and volunteering in a myriad of functions. The last few years I have seen our schools become more crowded and the loss of school counselors has been terrible. I have gone to listen to "informational" on the voucher program and absolutely believe that would be devastating to our schools as a whole and particularly to the children and schools that are struggling. We need to support them not toss them out as "not trying hard enough." Please support Les Gara's bill to bring back the Student base allocation funding to a level that can keep our teachers and support staff doing the good work that they do.

Thank you. Lisa Paesani 2219 W Marston Drive Anchorage AK 99517