

## MEMORANDUM

**DATE:** February 19, 2004  
**TO:** The House Finance Committee & House HSS Committee  
**FROM:** The House Special Committee on Education  
**RE:** HB 361 and HB 471 Education Funding

The House Special Committee on Education broke into a Subcommittee on Education Funding and spent three days of hearings and committee work on education funding. Testimony from all parts of the state was very persuasive and indicated that to allow further cuts to education will accelerate the deterioration of Alaska's primary and secondary education system.

In fact, testimony was received from many school districts, indicating that to be made whole, the funding to the formula will need to increase between \$380 and \$400 (including the PERS/TRS). The Committee utilized the Anchorage request in the amount of \$388 as Anchorage has a multiplier of 1 in the formula.

As a result of testimony and committee work, the sub-committee passed two bills to the full House Special Committee on Education:

HB 361: amount of increase over FY 2004 is \$35,789,260

This Bill separately funds the increase for K-12 Pers/TRS contribution for one year. Also, notwithstanding the requirements of student formula funding it allows these monies to be counted for purposes of local contribution funding caps.

HB 471: amount of increase over FY 2004 is \$42,500,000

This Bill increases the student formula by \$210 and codifies a 2% annual increase to the formula beginning July 1, 2005.

The effect of both of these actions is an increase of funding to K-12 in the amount of \$78,289,260.

The House Special Committee on Education recommends the utilization of the following sources of funding for these increases:

- Constitutional Budget Reserve Excess from FY 2004 Appropriation
- Excess Earnings from the Earnings reserve Account of the Permanent Fund

\* The Committee notes that the University of Alaska also has an unanticipated need for funding its PERS/TRS obligation and urges the House Finance Committee to fund that need as well.