Department of Education and
Early Development
Updated 12/1/08
Effects of SB174 on AS 14.17.410(b)(2)

STATE COST

Prepared by School Finance

District	FY02 Increased State Aid	FY03 Increased State Aid	FY04 Increased State Aid	FY05 Increased State Aid	FY06 Increased State Aid	FY07 Increased State Aid	FY08 Increased State Aid	FY09 Preliminary Increased State Aid	FY10 Projected Increased State Aid	CUMULATIVE STATE AID
Alaska Gateway	-	-	-	-	-	-	-			
Aleutian Region	-	-	-	-	-	-	-		-	-
Aleutians East Borough	489	-	-	-	-	-	8,839	38,623	62,434	**110,385**
Anchorage	1,827,538	5,201,483	7,085,229	11,107,435	13,980,346	18,833,077	26,345,651	34,838,625	38,501,977	**157,721,361**
Annette Island	-	-	-	-	-	-	-	-	-	-
Bering Strait	-	-	-	-	-	-	-	-	-	-
Bristol Bay Borough	-	-	-	-	-	-	-	-	-	-
Chatham	-	-	-	-	-	-	-	-	-	-
Chugach	-	-	-	-	-	-	-	-	-	-
Copper River	-	-	-	-	-	-	-	-	-	-
Cordova	16,964	34,234	23,774	36,420	48,108	23,725	754	63,592	94,609	**342,180**
Craig	-	405	-	-	-	-	-	3,655	-	**4,060**
Delta/Greely	-	-	-	-	-	-	-	-	-	-
Denali Borough	-	60,663	60,156	73,214	73,214	73,214	149,562	212,649	211,954	**914,626**
Dillingham	3,763	26,086	780	-	15,811	-	85,618	48,030	46,718	**226,805**
Fairbanks North Star B	252,784	612,396	944,033	1,409,216	2,386,892	3,489,580	5,105,813	7,005,004	8,274,493	**29,480,211**
Galena	121	20	427	1,210	1,210	1,210	4,982	8,374	23,684	**41,239**
Haines Borough	11,922	37,397	37,144	42,500	45,171	94,243	149,855	207,498	148,961	**774,691**
Hoonah	-	24,328	23,014	21,546	21,546	21,546	22,965	36,378	37,754	**209,076**
Hydaburg	-	493	88	-	-	-	942	1,136	1,503	**4,162**
Iditarod Area	-	-	-	-	-	-	-	-	-	-
Juneau Borough	276,478	703,573	780,055	881,946	1,211,564	2,056,725	3,510,783	3,723,469	3,841,730	**16,986,323**
Kake	-	-	280	2,476	2,476	2,476	3,230	3,840	5,349	**20,128**
Kashunamiut	-	-	-	-	-	-	-	-	-	-
Kenai Peninsula Borou	396,460	955,598	1,639,406	2,584,199	2,921,957	3,431,335	4,244,039	5,596,202	6,988,799	**28,757,995**
Ketchikan Gateway Bor	61,700	170,635	144,661	47,551	62,446	184,837	338,196	659,278	915,009	**2,584,314**
Klawock	-	-	-	-	-	-	4,515	4,906	8,707	**18,128**
Kodiak Island Borough	82,466	82,088	133,940	116,664	190,535	317,507	394,848	510,004	606,712	**2,434,764**
Kuspuk	-	-	-	-	-	-	-	-	-	-
Lake & Peninsula Boro	-	2,012	-	-	-	-	-	-	2,845	**4,857**
Lower Kuskokwim	-	-	-	-	-	-	-	-	-	-
Lower Yukon	-	-	-	-	-	-	-	-	-	-
Mat-Su Borough	554,203	978,270	1,485,659	2,270,976	3,731,858	6,139,250	9,056,429	11,202,265	11,436,170	**46,855,080**
Nenana	-	-	-	877	356	7,668	9,285	19,738	23,601	**61,525**
Nome	38,395	32,004	30,436	40,749	28,726	58,717	121,599	120,446	187,995	**659,066**
North Slope Borough	-	-	-	-	-	-	-	-	-	-
Northwest Arctic Borou	-	-	2,024	1,906	1,906	1,906	8,903	570,611	580,813	**1,168,070**
Pelican	663	-	-	2,961	3,660	2,695	-	29	-	**10,008**
Petersburg	20,751	29,850	-	11,096	60,678	116,348	73,391	113,165	172,270	**597,549**
Pribilof	-	-	-	-	-	-	-	-	-	-
Saint Marys	71	443	-	786	786	786	1,157	1,014	16,562	**21,605**
Sitka Borough	45,060	85,149	134,767	194,084	269,304	338,359	619,866	860,734	1,061,249	**3,608,572**
Skagway	-	-	-	-	-	-	-	-	-	-
Southeast Island	-	-	-	-	-	-	-	-	-	-
Southwest Region	-	-	-	-	-	-	-	-	-	-
Tanana	-	-	-	-	-	-	266	281	4,582	**5,129**
Unalaska	-	-	-	-	5,742	57,658	146,325	175,794	171,587	**557,106**
Valdez	-	-	-	-	-	-	-	-	-	-
Wrangell	4,884	37,019	1,871	-	550	744	-	-	32,874	**77,942**
Yakutat	530	5,586	24,739	17,118	19,774	15,539	17,648	51,355	54,806	**207,095**
Yukon Flats	-	-	-	-	-	-	-	-	-	-
Yukon/Koyukuk	-	-	-	-	-	-	-	-	-	-
Yupiit	-	-	-	-	-	-	-	-	-	-
Mt. Edgecumbe High S	-	-	-	-	-	-	-	-	-	-
TOTAL	**$3,595,242**	**$9,079,732**	**$12,552,486**	**$18,864,929**	**$25,084,616**	**$35,269,145**	**$50,425,461**	**$66,076,695**	**$73,515,747**	**$294,464,053**

G:\DistSup\FoundationOther\Foundation History\Local Effort History\[FY02-10LocalEffortassessed&educationwithmils-2pager.xls]

MILL EQUIVALENT CHANGE

District	FY02	FY03	FY04	FY05	FY06	FY07	FY08	Prelim FY09	Projected FY10
Alaska Gateway	-	-	-	-	-	-	-	-	-
Aleutian Region	-	-	-	-	-	-	-	-	-
Aleutians East Borough	4.0	4.0	4.0	4.0	4.0	4.0	3.9	3.7	3.5
Anchorage	3.9	3.7	3.6	3.5	3.4	3.2	3.1	2.9	2.9
Annette Island	-	-	-	-	-	-	-	-	-
Bering Strait	-	-	-	-	-	-	-	-	-
Bristol Bay Borough	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Chatham	-	-	-	-	-	-	-	-	-
Chugach	-	-	-	-	-	-	-	-	-
Copper River	-	-	-	-	-	-	-	-	-
Cordova	3.9	3.8	3.9	3.8	3.7	3.9	4.0	3.7	3.6
Craig	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Delta/Greely	-	-	-	-	-	-	-	-	-
Denali Borough	4.0	3.6	3.6	3.5	3.5	3.5	3.2	3.1	3.1
Dillingham	4.0	3.8	4.0	4.0	3.9	4.0	3.5	3.7	3.7
Fairbanks North Star Borough	3.9	3.9	3.8	3.7	3.6	3.5	3.3	3.1	3.1
Galena	4.0	4.0	4.0	3.9	3.9	3.9	3.8	3.6	3.2
Haines Borough	3.9	3.8	3.8	3.8	3.8	3.6	3.5	3.3	3.2
Hoonah	4.0	3.4	3.4	3.4	3.4	3.4	3.4	3.2	3.1
Hydaburg	4.0	3.9	4.0	4.0	4.0	4.0	3.9	3.9	3.8
Iditarod Area	-	-	-	-	-	-	-	-	-
Juneau Borough	3.9	3.8	3.7	3.7	3.6	3.4	3.2	3.1	3.1
Kake	4.0	4.0	4.0	3.9	3.9	3.9	3.8	3.8	3.7
Kashunamiut	-	-	-	-	-	-	-	-	-
Kenai Peninsula Borough	3.9	3.8	3.7	3.5	3.5	3.4	3.3	3.2	3.1
Ketchikan Gateway Borough	3.9	3.9	3.9	4.0	3.9	3.8	3.7	3.5	3.4
Klawock	4.0	4.0	4.0	4.0	4.0	4.0	3.9	3.9	3.8
Kodiak Island Borough	3.9	3.9	3.9	3.9	3.8	3.7	3.7	3.6	3.5
Kuspuk	-	-	-	-	-	-	-	-	-
Lake & Peninsula Borough	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Lower Kuskokwim	-	-	-	-	-	-	-	-	-
Lower Yukon	-	-	-	-	-	-	-	-	-
Mat-Su Borough	3.8	3.7	3.6	3.4	3.2	3.0	2.8	2.7	2.7
Nenana	4.0	4.0	4.0	4.0	4.0	3.7	3.6	3.3	3.2
Nome	3.8	3.8	3.9	3.8	3.9	3.7	3.5	3.5	3.3
North Slope Borough	-	-	-	-	-	-	-	-	-
Northwest Arctic Borough	4.0	4.0	4.0	4.0	4.0	4.0	4.0	3.1	3.1
Pelican	3.9	4.0	4.0	3.8	3.7	3.8	4.0	4.0	4.0
Petersburg	3.9	3.9	4.0	4.0	3.8	3.6	3.7	3.6	3.5
Pribilof	-	-	-	-	-	-	-	-	-
Saint Marys	4.0	3.9	4.0	3.8	3.8	3.8	3.8	3.8	2.7
Sitka Borough	3.9	3.9	3.8	3.7	3.7	3.6	3.3	3.2	3.1
Skagway	-	-	-	-	-	-	-	-	-
Southeast Island	-	-	-	-	-	-	-	-	-
Southwest Region	-	-	-	-	-	-	-	-	-
Tanana	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	3.4
Unalaska	-	-	4.0	4.0	4.0	3.9	3.7	3.6	3.6
Valdez	-	-	-	-	-	-	-	-	-
Wrangell	4.0	3.8	4.0	4.0	4.0	4.0	4.0	4.0	3.8
Yakutat	4.0	3.9	3.6	3.7	3.6	3.7	3.7	3.3	3.2
Yukon Flats	-	-	-	-	-	-	-	-	-
Yukon/Koyukuk	-	-	-	-	-	-	-	-	-
Yupiit	-	-	-	-	-	-	-	-	-
Mt. Edgecumbe High School	-	-	-	-	-	-	-	-	-

Public School Funding Program Overview

Updated January 2009

Table of Contents

STUDENT BASED FORMULA

District Adjusted Average Daily Membership (ADM)

Step 1. Adjust: ADM for School Size
Step 2. Apply: District Cost Factor
Step 3. Apply: Special Needs Factor
Step 4. Add: Intensive Services Count
Step 5. Add: Correspondence Student Counts
= District Adjusted (ADM)

ADM Reporting Requirements

ADM – is the average number of enrolled students during the 20-school day count period. The 20-school day count ends the fourth Friday of October.
Reports are due within two weeks after the end of the 20-school day count period.

School Size Adjustment [Step 1]

For each school in the district subtract from the ADM **all** correspondence counts. Adjust the remaining ADM of each school using the school size factor table.

1. A community with an ADM under 10:
   Added to the smallest school with an ADM greater than 10.
2. A community with an ADM from 10 - 100:
   Grades K-12 ADM combined and adjusted once, adjusted as one school.
3. A community with an ADM from 101 – 425:
   ADM for grades K-6 and 7-12 are adjusted separately; adjusted as two schools.
4. A community with an ADM greater than 425:
   - Each facility administered as one school, counted as one school, ADM is adjusted as one school.
   - Alternative schools with an ADM of less than 200 combined are adjusted with the school with the greatest ADM in the district.
   - If an alternative school ADM is greater than 200 and administered as a separate facility, the ADM will be adjusted separately.
   - A Charter school with an ADM of 150 or greater will be adjusted as separate facility.

Using the proper formula from the school size factor table, calculate the adjusted ADM for each school.

School Size Table

Reference:	School Size:	Formula:
1.	10-19.99	39.60
2.	20-29.99	39.60 + (1.62 * (ADM - 20))
3.	30-74.99	55.80 + (1.49 * (ADM - 30))
4.	75-149.99	122.85 + (1.27 * (ADM - 75))
5.	150-249.99	218.10 + (1.08 * (ADM - 150))
6.	250-399.99	326.10 + (.97 * (ADM - 250))
7.	400-749.99	471.60 + (.92 * (ADM - 400))
8.	Over 750	793.60 + (.84 * (ADM - 750))

Correspondence student counts are not adjusted for size.

Hold Harmless [Step 1a]
House Bill 273 established a Hold Harmless [HH] provision for those districts experiencing a reduction in enrollment. To determine eligibility for this provision the district's sum total of the adjustment for school size is compared against the prior fiscal year [FY] to see if a decrease of five percent or greater has occurred. The HH provision is available to eligible districts for up to three years provided the total school size adjustment continues to stay below the base year. The district uses the fiscal year before the decrease as a base fiscal year to offset the decrease, according to the following method:

- 75% of the school size adjustment difference between the current FY and the base FY.
- 50% of the school size adjustment difference between the second FY and the base FY.
- 25% of the school size adjustment difference between the third FY and the base FY.

District Cost Factors [Step 2]
- Cost factors are specific to each school district.
- With the implementation of ISER in HB273, District cost factors will range from 1.000 to 1.948. [FY09 = 50% ISER with 12.5% added each subsequent year for next four years.]
- The department monitors the district cost factors and submits a report to the legislature on January 15 every other fiscal year, beginning in FY01.

The districts school size adjusted ADM is multiplied by the district cost factor.

Special Needs Funding [Step 3]
Vocational education, special education (except intensive special education), gifted/talented education, and bilingual/bicultural education are block funded. A district must file a plan with the department indicating the special needs services that will be provided, Section 14.17.420(2)(b), to qualify for special needs funding.

The districts' previously adjusted ADM is now multiplied by the Special Needs factor of 1.20.

Intensive Services Funding [Step 4]
A school district receives funding for intensive special education students that:
- Are receiving intensive services, and;
- Are enrolled on the last day of the 20 school day count period, and;
- Have an established Individual Education Plan (IEP).
- The districts intensive student count is multiplied by 11. [FY09 is multiplied by nine]

The district's Intensive count is added to previously adjusted ADM.

Correspondence Programs [Step 5]

Funding for correspondence programs is calculated by multiplying the correspondence ADM by 80%.

The district's correspondence count is now added to the previously adjusted ADM to arrive at the Final Adjusted ADM.

Basic Need

Multiply the district Final Adjusted ADM by the Base Student Allocation [BSA] to determine Basic Need. The BSA is $5,580 for FY10. [FY09 BSA is $5,480]

PUBLIC SCHOOL FUNDING ELEMENTS

The components of Public School Funding are *State Aid*, *Required Local Contribution*, and *Title VIII Impact Aid*.

State Aid Entitlement

Basic Need minus a required local contribution minus 90% eligible Federal Impact Aid plus the amount of funding 'Floor' plus Quality School Grants equal State Aid Entitlement.

Required Local Contribution

The equivalent of a 4-mill tax levy on the Full and True Value of the taxable real and personal property in the district not to exceed 45% of the district's Basic Need for the preceding fiscal year. *However*, beginning in FY02, only 50% of the *increase* in real and personal property over the 1999 Full and True Value is used for the 4 mill equivalent calculation. If the latest Full and True Value doesn't exceed the 1999 Full and True Value, then the latest value is utilized.

Title VIII Impact Aid

Federal Impact Aid provides funds to school districts for children of parents living and/or working on federal property "in-lieu of local tax revenues." 90% of the eligible funds are used in the calculation of state aid.

ADDITIONAL FUNDS ABOVE BASIC NEED

Maximum Local Contribution

If the City or Borough would like to contribute more than Required then the Maximum Local Contribution applies. To calculate this use the Required Local Contribution plus 23% of Basic Need **or** a 2-mill equivalent of the Full and True Value of the taxable and real property within the district, whichever is *greater*. The additional amount is added to the Required Local Effort to reach the Maximum Local Contribution.

For Example:

Nome's: *23% of Basic Need = $2,096,229* OR
.002 of Full & True Value = $571,848

RESULT:

Required Local Effort:	$ 955,700
Additional Local Contribution:	+$2,096,229 *[23% of Basic Need]*
Maximum Local Contribution:	$3,051,929

Quality School Grants

The districts adjusted ADM multiplied by $16 generates the amount the school district is eligible to receive.

Example: *Nome School District*

			Column
I. Basic Need Calculation			
Projected ADM		676.50	L
Determining School Size Adjustment			
[Utilizing Table from page 4] ADM	[Anvil (Alt.) School is adjusted with Greatest ADM see pg. 3]		
Nome Elementary School 355			
Anvil City Science Academy + 44			
399	326.10+(.97x(**399**-250)) = 470.63		
Nome/Beltz Jr. & Senior High = **255**	326.10+(.97x(**255**-250)) = 330.95		
Nome Youth Facility = **14**	**14** = 39.60		
	FY10 School Size adjusted ADM **841.18**		
Hold Harmless Provision:	Less FY09 School Size adjusted ADM 965.08		
	loss in School Size adjustment over PY (123.90)		
Determine 5% eligibility			
Divide difference by the base FY09	123.90/965.08 = 12.84% [eligible]		
75% of difference added back to FY10 School Size		841.18	
123.90 x 75% = 92.93		+ 92.93	
New Adjusted ADM-School Size		934.11	O
Apply District Cost Factor		x 1.402	
		1,309.62	Q
Apply Special Needs Factor		x 1.20	
		1,571.54	R
Add Intensive Service Counts		55.00	T
(5 x 11) = 55.00		1,626.54	U
Add Correspondence Counts		6.80	V
(8.5 * .80) = 6.80			
District Adjusted ADM		1,633.34	W
Multiply by $5,580 base allocation		x $5,580.00	
Basic Need:		**$ 9,114,037**	**B**
II. Nome's State Aid			
Basic Need		$9,114,037	B
Required Local Contribution		(955,700)	C
Impact Aid		(36,967)	F
State Aid		$8,121,370	G
III. Quality Schools Grant			
District adjusted ADM **x** $16		1,633.34	
		x $16.00	
		$26,133	I
IV. Components of State Aid			
State Aid		$8,121,370	G
Quality Schools Grant		26,133	I
Total State Aid Entitlement		**$8,147,503**	J

January 2009 Updated
FY2010 Projections

Department of Education & Early Development
Foundation

				L+M			OxP	Qx1.20		Sx5	R+T	Mx.80	U+V
	K	L	M	N	O	P	Q	R	S	T	U	V	W
1	School District	PROJECTED FY10 ADM	PROJECTED FY10 Corresp. ADM	FY10 PROJECTED Total ADM	Adj for School Size ADM; HH included where eligb.	District Cost Factor	Adjusted for Cost Factor	Special Needs Factor 1.20	Special Ed Intsv.	Adjust for SPED Intsv *11.00	Students + Intensive Special Education	District Corresp. 80%	District Adjusted ADM
2	Alaska Gateway	343.00	58.00	401.00	599.58	1.481	887.98	1065.58	5	55	1120.58	46.40	1166.98
3	Aleutian Region	37.00	0.00	37.00	118.80	1.864	221.44	265.73	0	0	265.73	0.00	265.73
4	Aleutians East	256.00	0.00	256.00	515.70	1.778	916.91	1100.29	1	11	1111.29	0.00	1111.29
5	Anchorage	47464.25	896.00	48360.25	52164.21	1.000	52164.21	62597.05	809	8899	71496.05	716.80	72212.85
6	Annette Island	268.00	0.00	268.00	395.56	1.216	481.00	577.20	1	11	588.20	0.00	588.20
7	Bering Strait	1653.00	0.00	1653.00	2672.56	1.821	4866.73	5840.08	19	209	6049.08	0.00	6049.08
8	Bristol Bay	140.00	2.00	142.00	261.98	1.397	365.99	439.19	2	22	461.19	1.60	462.79
9	Chatham	154.00	3.00	157.00	289.53	1.405	406.79	488.15	3	33	521.15	2.40	523.55
10	Chugach	70.00	170.00	240.00	144.85	1.420	205.69	246.83	0	0	246.83	136.00	382.83
11	Copper River	454.25	50.25	504.50	788.28	1.264	996.39	1195.67	4	44	1239.67	40.20	1279.87
12	Cordova	365.00	0.00	365.00	529.08	1.182	625.37	750.44	8	88	838.44	0.00	838.44
13	Craig	332.00	394.67	726.67	469.62	1.133	532.08	638.50	7	77	715.50	315.74	1031.24
14	Delta/Greely	785.00	300.00	1085.00	1080.75	1.191	1287.17	1544.60	11	121	1665.60	240.00	1905.60
15	Denali	234.00	175.00	409.00	409.32	1.326	542.76	651.31	1	11	662.31	140.00	802.31
16	Dillingham	508.00	6.00	514.00	659.74	1.312	865.58	1038.70	7	77	1115.70	4.80	1120.50
17	Fairbanks	14075.00	293.00	14368.00	15938.04	1.059	16878.38	20254.06	303	3333	23587.06	234.40	23821.46
18	Galena	234.00	3400.00	3634.00	345.34	1.376	475.19	570.23	0	0	570.23	2720.00	3290.23
19	Haines	261.00	15.00	276.00	437.70	1.128	493.73	592.48	6	66	658.48	12.00	670.48
20	Hoonah	115.00	0.00	115.00	205.77	1.270	261.33	313.60	4	44	357.60	0.00	357.60
21	Hydaburg	60.00	0.00	60.00	118.22	1.348	159.36	191.23	0	0	191.23	0.00	191.23
22	Iditarod Area	193.00	100.00	293.00	394.34	1.705	672.35	806.82	0	0	806.82	80.00	886.82
23	Juneau	4840.00	81.00	4921.00	5476.37	1.093	5985.67	7182.80	130	1430	8612.80	64.80	8677.60
24	Kake	95.00	0.00	95.00	160.81	1.296	208.41	250.09	3	33	283.09	0.00	283.09
25	Kashunamiut	318.00	0.00	318.00	454.69	1.533	697.04	836.45	4	44	880.45	0.00	880.45
26	Kenai Peninsula	8112.00	935.00	9047.00	10389.02	1.109	11521.42	13825.70	77	847	14672.70	748.00	15420.70
27	Ketchikan Gateway	2060.00	35.00	2095.00	2706.32	1.106	2993.19	3591.83	20	220	3811.83	28.00	3839.83
28	Klawock	119.10	0.00	119.10	216.31	1.196	258.71	310.45	3	33	343.45	0.00	343.45
29	Kodiak Island	2535.00	80.00	2615.00	3120.29	1.216	3794.27	4553.12	23	253	4806.12	64.00	4870.12
30	Kuspuk	326.00	0.00	326.00	679.97	1.622	1102.91	1323.49	3	33	1356.49	0.00	1356.49
31	Lake & Peninsula	364.00	0.00	364.00	750.30	1.831	1373.80	1648.56	2	22	1670.56	0.00	1670.56
32	Lower Kuskokwim	3948.00	0.00	3948.00	5852.79	1.599	9358.61	11230.33	62	682	11912.33	0.00	11912.33
33	Lower Yukon	2038.80	0.00	2038.80	3093.87	1.703	5268.86	6322.63	13	143	6465.63	0.00	6465.63
34	Mat-Su	15079.00	1485.00	16564.00	17229.33	1.048	18056.34	21667.61	270	2970	24637.61	1188.00	25825.61
35	Nenana	187.00	800.00	987.00	317.88	1.313	417.38	500.86	2	22	522.86	640.00	1162.86
36	Nome	668.00	8.50	676.50	934.11	1.402	1309.62	1571.54	5	55	1626.54	6.80	1633.34
37	North Slope	1571.00	0.00	1571.00	2191.14	1.684	3689.88	4427.86	10	110	4537.86	0.00	4537.86
38	Northwest Arctic	1854.00	0.00	1854.00	2705.43	1.720	4653.34	5584.01	21	231	5815.01	0.00	5815.01
39	Pelican	16.00	0.00	16.00	39.60	1.408	55.76	66.91	0	0	66.91	0.00	66.91
40	Petersburg	510.00	0.00	510.00	745.61	1.153	859.69	1031.63	10	110	1141.63	0.00	1141.63
41	Pribilof	106.00	0.00	106.00	176.77	1.589	280.89	337.07	0	0	337.07	0.00	337.07
42	Saint Mary's	180.00	0.00	180.00	283.80	1.522	431.94	518.33	1	11	529.33	0.00	529.33
43	Sitka	1268.00	35.00	1303.00	1556.19	1.123	1747.60	2097.12	32	352	2449.12	28.00	2477.12
44	Skagway	95.00	0.00	95.00	164.12	1.163	190.87	229.04	3	33	262.04	0.00	262.04
45	Southeast Island	167.00	1.00	168.00	479.25	1.299	622.55	747.06	3	33	780.06	0.80	780.86
46	Southwest Region	633.50	0.00	633.50	1064.45	1.587	1689.28	2027.14	6	66	2093.14	0.00	2093.14
47	Tanana	40.00	0.00	40.00	89.70	1.677	150.43	180.52	1	11	191.52	0.00	191.52
48	Unalaska	410.00	0.00	410.00	555.00	1.368	759.24	911.09	2	22	933.09	0.00	933.09
49	Valdez	682.00	0.00	682.00	886.29	1.143	1013.03	1215.64	8	88	1303.64	0.00	1303.64
50	Wrangell	305.00	4.00	309.00	469.43	1.100	516.37	619.64	5	55	674.64	3.20	677.84
51	Yakutat	101.00	0.00	101.00	188.23	1.275	239.99	287.99	0	0	287.99	0.00	287.99
52	Yukon Flats	270.80	0.00	270.80	535.63	1.948	1043.41	1252.09	3	33	1285.09	0.00	1285.09
53	Yukon/Koyukuk	274.00	975.00	1249.00	578.97	1.711	990.62	1188.74	8	88	1276.74	780.00	2056.74
54	Yupiit	450.00	0.00	450.00	766.34	1.628	1247.60	1497.12	2	22	1519.12	0.00	1519.12
55	Mt. Edgecumbe	430.00	0.00	430.00	499.20	1.123	560.60	672.72	0	0	672.72	0.00	672.72
56													
57	TOTALS:	118,054.70	10,302.42	128,357.12	143,896.18	0.000	167,395.75	200,874.92	1,923	21,153	222,027.92	8,241.94	230,269.86

January 2009 Updated
FY2010 Projections

Department of Education & Early Development
Foundation

	A	B	C	D	E	F	G	H	I	J
1	School District	$5,580 Basic Need	Required Local Effort	Eligible Federal Impact AID	Impact AID Percent	Deductible Impact AID 90.0%	State AID	FY2010 PROJECTED Adjusted Floor	Quality Schools	FY10 PROJECTED Total State Entitlement
2	Alaska Gateway	6,511,748	0	312,928	100.00%	281,635	6,230,113	0	18,672	6,248,785
3	Aleutian Region	1,482,773	0	94,083	100.00%	84,675	1,398,098	0	4,252	1,402,350
4	Aleutians East	6,200,998	450,128	718,486	35.72%	230,979	5,519,891	0	17,781	5,537,672
5	Anchorage	402,947,703	101,145,807	12,567,783	54.69%	6,185,988	295,615,908	0	1,155,406	296,771,314
6	Annette Island	3,282,156	0	1,488,698	100.00%	1,339,828	1,942,328	0	9,411	1,951,739
7	Bering Strait	33,753,866	0	8,818,685	100.00%	7,936,817	25,817,049	0	96,785	25,913,834
8	Bristol Bay	2,582,368	806,424	174,176	75.05%	117,647	1,658,297	0	7,405	1,665,702
9	Chatham	2,921,409	0	336,084	100.00%	302,476	2,618,933	0	8,377	2,627,310
10	Chugach	2,136,191	0	129,604	100.00%	116,644	2,019,547	179,084	6,125	2,204,756
11	Copper River	7,141,675	0	167,392	100.00%	150,653	6,991,022	0	20,478	7,011,500
12	Cordova	4,678,495	755,869	35,117	45.40%	14,349	3,908,277	0	13,415	3,921,692
13	Craig	5,754,319	397,755	577,296	48.64%	252,717	5,103,847	0	16,500	5,120,347
14	Delta/Greely	10,633,248	0	301,560	100.00%	271,404	10,361,844	0	30,490	10,392,334
15	Denali	4,476,890	702,934	11,428	40.20%	4,135	3,769,821	0	12,837	3,782,658
16	Dillingham	6,252,390	631,792	1,156,677	50.34%	524,044	5,096,554	0	17,928	5,114,482
17	Fairbanks	132,923,747	27,131,178	10,162,549	60.59%	5,541,740	100,250,829	0	381,143	100,631,972
18	Galena	18,359,483	95,616	84,142	9.84%	7,452	18,256,415	0	52,644	18,309,059
19	Haines	3,741,278	1,081,719	0	77.30%	0	2,659,559	0	10,728	2,670,287
20	Hoonah	1,995,408	139,041	308,360	50.56%	140,316	1,716,051	0	5,722	1,721,773
21	Hydaburg	1,067,063	34,396	321,616	28.69%	83,044	949,623	0	3,060	952,683
22	Iditarod Area	4,948,456	0	476,654	100.00%	428,989	4,519,467	0	14,189	4,533,656
23	Juneau	48,421,008	13,816,916	0	57.07%	0	34,604,092	0	138,842	34,742,934
24	Kake	1,579,642	77,607	253,479	26.52%	60,500	1,441,535	0	4,529	1,446,064
25	Kashunamiut	4,912,911	0	1,753,215	100.00%	1,577,894	3,335,017	0	14,087	3,349,104
26	Kenai Peninsula	86,047,506	23,192,450	0	56.04%	0	62,855,056	0	246,731	63,101,787
27	Ketchikan Gateway	21,426,251	5,259,305	0	57.82%	0	16,166,946	0	61,437	16,228,383
28	Klawock	1,916,451	137,801	554,479	41.66%	207,896	1,570,754	0	5,495	1,576,249
29	Kodiak Island	27,175,270	4,353,652	1,577,158	41.84%	593,895	22,227,723	0	77,922	22,305,645
30	Kuspuk	7,569,214	0	1,552,475	100.00%	1,397,228	6,171,986	0	21,704	6,193,690
31	Lake & Peninsula	9,321,725	279,808	1,398,727	18.09%	227,727	8,814,190	0	26,729	8,840,919
32	Lower Kuskokwim	66,470,801	0	13,802,820	100.00%	12,422,538	54,048,263	0	190,597	54,238,860
33	Lower Yukon	36,078,215	0	8,631,293	100.00%	7,768,164	28,310,051	0	103,450	28,413,501
34	Mat-Su	144,106,904	23,355,306	0	52.18%	0	120,751,598	0	413,210	121,164,808
35	Nenana	6,488,759	95,907	1,152	73.77%	765	6,392,087	0	18,606	6,410,693
36	Nome	9,114,037	955,700	81,920	50.14%	36,967	8,121,370	0	26,133	8,147,503
37	North Slope	25,321,259	11,158,305	4,406,637	41.87%	1,660,553	12,502,401	0	72,606	12,575,007
38	Northwest Arctic	32,447,756	2,105,556	4,542,792	32.79%	1,340,623	29,001,577	0	93,040	29,094,617
39	Pelican	373,358	46,270	0	93.12%	0	327,088	97,647	1,071	425,806
40	Petersburg	6,370,295	1,147,665	0	60.54%	0	5,222,630	0	18,266	5,240,896
41	Pribilof	1,880,851	0	596,489	100.00%	536,840	1,344,011	0	5,393	1,349,404
42	Saint Mary's	2,953,661	34,565	0	48.68%	0	2,919,096	0	8,469	2,927,565
43	Sitka	13,822,330	3,604,320	24,451	64.96%	14,295	10,203,715	0	39,634	10,243,349
44	Skagway	1,462,183	662,121	0	53.32%	0	800,062	0	4,193	804,255
45	Southeast Island	4,357,199	0	15,145	100.00%	13,631	4,343,568	0	12,494	4,356,062
46	Southwest Region	11,679,721	0	3,060,391	100.00%	2,754,352	8,925,369	0	33,490	8,958,859
47	Tanana	1,068,682	27,918	24,342	100.00%	21,908	1,018,856	0	3,064	1,021,920
48	Unalaska	5,206,642	1,674,958	13,160	58.70%	6,952	3,524,732	0	14,929	3,539,661
49	Valdez	7,274,311	3,254,652	8,881	51.05%	4,080	4,015,579	0	20,858	4,036,437
50	Wrangell	3,782,347	624,990	2,081	77.46%	1,451	3,155,906	0	10,845	3,166,751
51	Yakutat	1,606,984	231,990	200,311	45.71%	82,406	1,292,588	0	4,608	1,297,196
52	Yukon Flats	7,170,802	0	705,762	100.00%	635,186	6,535,616	0	20,561	6,556,177
53	Yukon/Koyukuk	11,476,609	0	1,196,353	100.00%	1,076,718	10,399,891	0	32,908	10,432,799
54	Yupiit	8,476,690	0	2,417,205	100.00%	2,175,485	6,301,205	0	24,306	6,325,511
55	Mt. Edgecumbe	3,753,778	0	881,853	100.00%	793,668	2,960,110	0	10,764	2,970,874
56									Military/Other	26,027,300
57	TOTALS:	1,284,905,816	229,470,421	85,945,889		59,427,254	996,008,141	276,731	3,684,319	1,025,996,491

HB273 & Formula Changes

In addition to the hold harmless provision that was implemented, HB273, enacted in 2008, changed three other components of the formula over a period of five years.

Fiscal Year	District Cost Factor	Intensive Multiplier	Base Student Allocation
FY2009	50% of ISER	x 9	$5,480
FY2010	62.5% of ISER	x 11	$5,580
FY2011	75% of ISER	x 13	$5,680
FY2012	87.5% of ISER		
FY2013	100% ISER		

Area Cost Differential Table

	FY09	FY10	FY11	FY12	FY13
	Education Task Force District Cost Factors				
District	50% ISER	62.50% ISER	75.0% ISER	87.50% ISER	100% ISER
Alaska Gateway	1.443	1.481	1.519	1.557	1.594
Aleutian Region	1.838	1.864	1.890	1.916	1.939
Aleutians East Borough	1.707	1.778	1.849	1.920	1.991
Anchorage	1.000	1.000	1.000	1.000	1.000
Annette Island	1.175	1.216	1.257	1.298	1.338
Bering Strait	1.762	1.821	1.880	1.939	1.998
Bristol Bay Borough	1.370	1.397	1.424	1.451	1.478
Chatham	1.348	1.405	1.462	1.519	1.576
Chugach	1.395	1.420	1.445	1.470	1.496
Copper River	1.246	1.264	1.282	1.300	1.316
Cordova	1.165	1.182	1.199	1.216	1.234
Craig	1.108	1.133	1.158	1.183	1.206
Delta/Greely	1.174	1.191	1.208	1.225	1.241
Denali Borough	1.323	1.326	1.329	1.332	1.332
Dillingham	1.300	1.312	1.324	1.336	1.346
Fairbanks North Star Borough	1.055	1.059	1.063	1.067	1.070
Galena	1.370	1.376	1.382	1.388	1.391
Haines Borough	1.104	1.128	1.152	1.176	1.200
Hoonah	1.227	1.270	1.313	1.356	1.399
Hydaburg	1.295	1.348	1.401	1.454	1.504
Iditarod Area	1.658	1.705	1.752	1.799	1.846
Juneau Borough	1.075	1.093	1.111	1.129	1.145
Kake	1.242	1.296	1.350	1.404	1.459
Kashunamiut	1.504	1.533	1.562	1.591	1.619
Kenai Peninsula Borough	1.088	1.109	1.130	1.151	1.171
Ketchikan Gateway Borough	1.085	1.106	1.127	1.148	1.170
Klawock	1.160	1.196	1.232	1.268	1.302
Kodiak Island Borough	1.191	1.216	1.241	1.266	1.289
Kuspuk	1.584	1.622	1.660	1.698	1.734
Lake & Peninsula Borough	1.776	1.831	1.886	1.941	1.994
Lower Kuskokwim	1.577	1.599	1.621	1.643	1.663
Lower Yukon	1.650	1.703	1.756	1.809	1.861
Mat-Su Borough	1.040	1.048	1.056	1.064	1.070
Nenana	1.304	1.313	1.322	1.331	1.338
Nome	1.385	1.402	1.419	1.436	1.450
North Slope Borough	1.648	1.684	1.720	1.756	1.791
Northwest Arctic Borough	1.686	1.720	1.754	1.788	1.823
Pelican	1.384	1.408	1.432	1.456	1.477
Petersburg	1.122	1.153	1.184	1.215	1.244
Pribilof	1.555	1.589	1.623	1.657	1.691
Saint Mary's	1.488	1.522	1.556	1.590	1.624
Sitka Borough	1.098	1.123	1.148	1.173	1.195
Skagway	1.159	1.163	1.167	1.171	1.174
Southeast Island	1.264	1.299	1.334	1.369	1.403
Southwest Region	1.554	1.587	1.620	1.653	1.685
Tanana	1.641	1.677	1.713	1.749	1.786
Unalaska	1.343	1.368	1.393	1.418	1.441
Valdez	1.133	1.143	1.153	1.163	1.170
Wrangell	1.080	1.100	1.120	1.140	1.159
Yakutat	1.229	1.275	1.321	1.367	1.412
Yukon Flats	1.892	1.948	2.004	2.060	2.116
Yukon/Koyukuk	1.669	1.711	1.753	1.795	1.835
Yupiit	1.596	1.628	1.660	1.692	1.723
Mt. Edgecumbe High School	1.098	1.123	1.148	1.173	1.195

September 30, 2008

Mr. Dan Bockhorst, Borough Manager
Ketchikan Gateway Borough
144 Front Street
Ketchikan, AK 99901

Dear Mr. Bockhorst:

This is in response to your July 8 letter to Governor Palin regarding restoring public trust in government as it relates to state assistance to local governments. I appreciate the thorough and comprehensive documentation of laws creating borough governments, challenges that have come from the current structure and also providing options for relief. Please accept my apology for the delay in responding.

The Governor has asked the departments of Law; Commerce, Community, and Economic Development; and Education and Early Development to review your material. As you know, significant work has been done over the past year to address education funding and work is continuing that may address some of the challenges you highlight in your letter. You also raise important questions regarding Title 29 of Alaska Statutes. These are complex policy questions that will require careful analysis to ensure that any changes result in a system that is in the best interests of all Alaskans.

We are working with state agencies to develop the budget and legislative package for consideration by the 26th Alaska State Legislature. We look forward to working with legislators and communities to address critical issues in Alaska.

Sincerely,

s|s

Lynne Smith
Special Staff Assistant

LS/JM/lc
Code: 0812 Tourism

H:/Correspondence/Commerce
CTS 8009 Dan Bockhorst

KETCHIKAN GATEWAY BOROUGH
344 FRONT STREET • KETCHIKAN, ALASKA 99901
• 907/228-6625 • fax 907/247-6625

OFFICE OF THE BOROUGH MANAGER

8:009
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LS lead
GOV

OFFICE OF THE GOVERNOR
MAILROOM
JUL 11 2008

July 8, 2008

The Honorable Sarah Palin
Governor
State of Alaska
P.O. Box 110001
Juneau, AK 99811-0001

RE: **Restoring Public Trust in Government**

Dear Governor Palin:

The Palin administration is closely identified with the issue of public trust. In fact, an internet search for the words "Governor Palin public trust" yields, amazingly, "about 316,000" results (see enclosure). The Ketchikan Gateway Borough commends you for your commitment to that important value.

The Ketchikan Gateway Borough respectfully invites you to consider the need to restore public trust in the context of keeping a crucial promise made by the State of Alaska to its citizens.

Forty-five years ago, the Alaska Legislature passed a bill mandating the creation of borough governments in Ketchikan and seven other regions of Alaska. At the time, the bill was considered by its sponsor, Representative John Rader, to be the most controversial bill ever passed by the Legislature. To defuse the contentious nature of that legislation (i.e., imposition of a form of local government having significant duties on selected Alaskans without the consent of those affected), the Alaska Legislature offered the following promise in Section 1 of the bill:

> **No area incorporated as an organized borough shall be deprived of state services, revenues, or assistance or be otherwise penalized because of incorporation.**

The bill ultimately passed the Legislature by a narrow margin. As such, it can be stated with reasonable certainty that a veto by then-Governor William Egan would have ended the legislative mandate to incorporate boroughs. However, Governor Egan neither vetoed the bill nor simply allowed it to become law without his signature. Instead, he embraced the action of the Legislature and signed the bill into law as Chapter 52, SLA 1963.

By signing the bill, Governor Egan joined the Alaska State Legislature in promising that organized boroughs would not be deprived of state services, revenues, or assistance, and that boroughs would not be otherwise penalized by the State of Alaska.

Regrettably, the 1963 promise by the legislative and executive branches of the State of Alaska was breached in a serious manner more than two decades ago. The greatest impact is felt with respect to funding for public education – a constitutional duty of the State of Alaska that has been delegated to borough governments in those parts of Alaska where boroughs exist.

In the current fiscal year alone, the Ketchikan Gateway Borough will be deprived of nearly $9.5 million in State funding for schools compared to what it would receive had the 1963 promise been upheld. Other mandates applied to the Ketchikan Gateway Borough will add nearly $2.3 million in additional burdens during the current fiscal year (see enclosure for details). For a community of 13,160 residents, the fiscal impact of the penalties and unfunded mandates is enormous.

When the legislative and executive branches of State government failed to honor the 1963 promise in relation to education funding, the Matanuska-Susitna Borough and its citizens turned for relief during the mid-1980s to the third branch of State government – the Alaska Court System.

Following an 11-year appeal initiated in 1986, the Alaska Supreme Court denied a petition for justice in terms of unequal treatment of borough governments and taxpayers by the State of Alaska. In rejecting the appeal, the Court stressed that "[b]oroughs are not entitled to equal protection under the Alaska Constitution" because "[t]he purpose of the Alaska due process and equal protection clauses is to protect people from abuses of government, not to protect political subdivisions of the state from the actions of other units of state government."[1]

With respect to borough taxpayers, the Court concluded in the same case that, "any disparate impact on taxpayers . . . does not rise to the level of an equal protection violation."

[1] *Matanuska-Susitna Borough School Dist. v. State*, 931 P.2d 391, FN2 (Alaska 1997).

Many elected State officials today appear to be either unaware of or unmoved by the breach of the promise made by their predecessors 45 years ago. The 1963 promise has been dismissed by some on the basis that it was "merely a statement of intent" rather than a binding obligation on the part of the State of Alaska. Others have pointed out that even if it were an obligation of the State at the time the law was passed, the 1963 Legislature could not legally bind future legislatures. Still others seem to be willing to accept the status quo simply because the promise has not been honored for such an extended period of time. As noted above, the Alaska Supreme Court dismissed the concerns by concluding that our Constitution does not protect boroughs from abuse by the State and that any disparate treatment of taxpayers is not serious enough to warrant intervention. While any of those arguments may be technically accurate, they certainly do not absolve the legislative and executive branches of government from the moral obligation expressed in 1963.

The effect of the breach of public trust has been chilling in terms of the achieving the constitutional goal of borough formation. On the eve of the 50th anniversary of statehood and 45 years after the Mandatory Borough Act, more than half the geographic area of Alaska remains outside organized boroughs.

Study after study in the post-mandatory-borough era has indicated that the biggest deterrent to voluntary formation of boroughs is the financial penalties that result. The late Jay Hammond expressed the matter well when he stated:

> Attractive enough on paper, in practice, the organized borough concept had little appeal to most communities. After all, why should they tax themselves to pay for services received from the state, gratis?[2]

Less than one year ago, residents in the Deltana region of interior Alaska were among the latest to prove the validity of Governor's Hammond's candid observation. Although the Deltana region has fiscal resources that would be the envy of the Ketchikan Gateway Borough and most every other organized borough, Deltana area voters rejected, by a margin of more than nine to one, a proposal initiated by local voters to incorporate a borough. The following sentiments expressed on the record by one Deltana citizen are apparently shared by many in the region:[3]

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[2] *Tales of Alaska's Bush Rat Governor*, page 149.

[3] *Final Report to the Local Boundary Commission Regarding the Deltana Borough Proposal*, page 33.

> The people here did not promise to pay for the educational system that we currently have. The State has paid for most of that. I think it's great that we have it. We could pay a head tax. There are different ways to take care of the necessities that we have as a community other than having a borough. A borough is not the answer to taking care of the community's needs. It might be the State's answer. With a borough, you have borough taxes. I don't want to be that stupid.

Those areas of the state that were compelled by the legislative and executive branchs to organize boroughs have, of course, suffered huge fiscal impacts because the 1963 promise was not upheld. With the fiscal burden imposed by the State, the Ketchikan Gateway Borough and many other borough governments in Alaska are hard pressed today to fund needed facilities and services. In stark contrast, the State Treasury is bulging.

Relief could take different forms, including any of the following three options:

1. Repeal laws that provide for disparate education funding for boroughs. AS 14.17.410(b)(2) reduces the level of State education aid to the Ketchikan Gateway Borough by more than $5 million annually.[4] Additionally, AS 14.11.008 requires the Ketchikan Gateway Borough to pay 30 percent of major maintenance costs for schools while unorganized areas are required to pay only 2 percent. Moreover, AS 14.11.100 requires the Borough to pay 30 percent of debt service for school construction. School construction in unorganized areas is fully funded by the State.

2. As an alternative to permanently repealing the disparate-funding laws, the Legislature could appropriate funds to compensate boroughs for inequitable funding during times when the State enjoys large-scale surplus revenues as it does today.

3. When evaluating State capital funding requests and appropriations, take into consideration the impact on boroughs that has resulted from the failure to uphold the 1963 promise. In other words, recognize that boroughs would be far better able to fund capital projects in their communities through local appropriations if they were not obligated to close the fiscal gap resulting from the breach of the 1963 promise for equitable funding for boroughs.

[4] From 1969 to 1986, the State fully funded each district's basic need (*see Public School Financing in Alaska*, pages 5 and 9, House Research Agency, February 1987). However, when State revenues dropped precipitously in the mid-1980s, the State reduced education aid to boroughs by an amount equal to a 4-mill tax levy or 35 percent of basic need (increased later to 45 percent of basic need), whichever was less.

Your leadership in addressing this matter would be most welcome. The citizens of the Ketchikan Gateway Borough look forward to your consideration of the concerns raised here. We hope you will share your thoughts concerning this matter.

Respectfully,

Dan Bockhorst

Dan Bockhorst
Borough Manager

Enclosures:

- Page showing results of Google™ search for "Governor Palin public trust"
- Details of $9.5 million penalty regarding FY 2009 State education funding for the Ketchikan Gateway Borough

Summary of Penalties Imposed on the Ketchikan Gateway Borough Regarding Fiscal Year 2009 Funding by the State of Alaska

1. State Funding for Operation of Schools

Education is a fundamental responsibility of the State of Alaska as reflected in Article VII, Section 1 of the Constitution of the State of Alaska, which provides that the State must "establish and maintain a system of public schools."

State law (AS 29.35.160) mandates that the Ketchikan Gateway Borough provide public education on an areawide basis. Moreover, State law (AS 14.17.410(b)(2)) mandates that the Ketchikan Gateway Borough pay a significant portion of the cost of education that would otherwise be borne by the State of Alaska. The requirement in AS 14.17.410(b)(2) is imposed only on organized boroughs and home rule and first class cities in the unorganized borough. Nineteen of the fifty-three school districts in Alaska (35.8 percent) are not subject to the requirement.

In the current fiscal year, the penalty in terms of State funding for operation of schools within the Ketchikan Gateway Borough will amount to $5,003,574.

2. Major Maintenance Grants for Schools

State law (AS 14.11.008) mandates that the Ketchikan Gateway Borough pay 30 percent of the cost of major maintenance grant projects for its schools. Here again, the nineteen regional school districts in the unorganized borough are treated differently. Those districts are required to contribute only 2 percent of the cost. The contribution required of the Ketchikan Gateway Borough is 15 times greater.

In the upcoming fiscal year, the Ketchikan Gateway Borough will be mandated to pay $2,885,810 for two major maintenance projects; while the State will pay $6,733,557. If Ketchikan received education services from a regional educational attendance area, the required local payment would be only $192,387, while the State payment would be $9,426,979. Thus, the penalty in this case amounts to $2,693,422 for FY 2009.

3. School Construction Debt

State law (AS 14.11.100) mandates that the Ketchikan Gateway Borough pay 30 percent of the costs of school construction debt. In the current year, that local share is projected to be $1,794,578. In contrast to municipal school districts, no local contribution is required for construction of new schools in regional school districts in the unorganized borough.

4. Property Tax Exemptions

State law mandates a number of exemptions with respect to property taxes levied by local governments. For example, AS 29.45.030(e)) mandates that the Ketchikan Gateway Borough exempt from taxation the first $150,000 of the assessed value of real property owned and occupied as the primary residence and permanent place of abode by a resident 65 years of age or older; a disabled veteran; or a resident at least 60 years old who is the widow or widower of a person who qualified for an exemption. At one point, the State substantially reimbursed local governments for the fiscal impact of that mandate. However, no reimbursement is currently offered. The fiscal impact to the Ketchikan Gateway Borough of the mandate in AS 29.45.030(e) is projected to be approximately $635,000 in the current fiscal year.

5. Assessment and Collection of Taxes

State law (AS 29.35.170) mandates that the Ketchikan Gateway Borough assess and collect property, sales, and use taxes that are levied in its boundaries, subject to AS 29.45. In the current fiscal year, $607,175 has been appropriated to carry out property assessment functions in the Ketchikan Gateway Borough. That cost is separate from the expense of collecting property, sales, and other taxes. The cost of collection, while not identified as a discrete component of the Finance Department, is estimated to be in excess of $300,000 annually.

6. Planning, Platting, and Land Use Regulation

State law (AS 29.35.180) mandates that the Ketchikan Gateway Borough provide for planning, platting, and land use regulation in accordance with AS 29.40. In the current fiscal year, $743,063 has been appropriated to carry out planning, platting, and land use regulation in the Ketchikan Gateway Borough.

Summary of Penalties in Terms of FY 2009 State Funding for the Ketchikan Gateway Borough

Mandate	Penalty
Mandatory contribution for schools (does not include $3,030,000 voluntary contribution)	$5,003,574
Disparity in funding for major maintenance for schools (figure may vary sharply from year to year)	$2,693,422
School construction debt	$1,794,578
Property tax exemptions	$635,000
Assessment and collection of taxes	$907,175
Planning, platting, and land use regulation	$743,063
Total	$11,776,812

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Taylor Plan History

Mr. Patrick F. Taylor conceived the idea of the Taylor Plan in 1988 when he was asked to speak to 183 underachieving inner-city seventh and eighth-grade students at Livingston Middle School in New Orleans East. These students had been held back in school, many more than once. They were not expected to make it past the eighth grade, let alone enter high school. Most had lost all hope in themselves and were planning to drop out of school.

When Mr. Taylor asked the Livingston students whether they wanted to go to college, every hand in the room went up. Curious about this paradox, Mr. Taylor soon learned that the students' parents had given up on their children. Since the parents could not afford to send their children to college, they were not pushing their children to do well in school. Mr. Taylor challenged these middle school kids (who became known as "Taylor's Kids"): if they maintained a B average in school in a college prep curriculum and stayed out of trouble, he would make sure they could go to college.

Approximately half of these original "Taylor's Kids" graduated from high school, and half of those students entered college. Five of the original Taylor's Kids were selected for *Who's Who Among American High School Students.*

The students' response to his challenge caused Mr. Taylor to examine the status of access to higher education in the late 1980s. He discovered numerous national reports and surveys showing that more than 80% of American parents felt they could not afford to send their children to college. Yet survey after survey showed that if kids were given an opportunity to break the financial barrier, many would strive for a college education.

In 1989, Mr. Taylor gathered data on college performance and costs. He learned that virtually every university in Louisiana had an open admissions policy. As a result, students came to college unprepared and dropped out in alarming numbers. This proved an expensive proposition for both the students and the state taxpayers footing the bill for the higher education system in the state. He also found the ACT was below the national average, and students graduating from high school needed remedial instruction in virtually every basic subject at the college level.

After much hard work, Mr. Taylor convinced the Louisiana Legislature to adopt what the news media named the "Taylor Plan." It guaranteed access to college for low and moderate-income students based on their academic achievements, and not on their ability to pay. The first Taylor Plan was signed into law on July 10, 1989.

The original 1989 Taylor Plan required that students earn a 2.5 GPA in a 17.5 unit college prep curriculum and score of 18 on the ACT. Because the program was implemented initially for low-and moderate-income students, the legislature capped the family income requirement at $25,000 (two year adjusted gross) for families with one dependent child, increasing it by $5,000 for each additional child up to a maximum of $35,000. The Taylor Plan awarded qualified students with tuition and fees at any four-year public college or university of their choice in Louisiana.

When longtime CBS newsman Mike Wallace featured Mr. Taylor with the Taylor's Kids on a *60 Minutes* segment in September 1989, Mr. Taylor's mission took on a national scope, as other states called wondering how to implement a similar program. That same year, Mr. Taylor convinced New Mexico to enact a version of the Taylor Plan program. In 1990, Texas, Florida, and Indiana, voted for state-paid college tuition assistance programs for their children. In 2005, Wyoming became the 22nd state to enact a Taylor Plan.

In Louisiana, the current version of the Taylor Plan is known as "TOPS" (Tuition Opportunity Program for Students). TOPS requires a 2.5 GPA, a 16.5 unit college prep curriculum while in high school and a minimum score of 20 on the ACT. In 1997, at Mr. Taylor's urging, the Louisiana Legislature eliminated family income as a requirement.

To obtain more information on TOPS, students should contact their high school counselor, or the Louisiana Office of Student Financial Assistance at (800) 259-5626, ext. 1012. Students may also visit www.osfa.state.la.us