

COMMITTEE REPORT

SENATE

4/28/75

Mr. President:

Date 4/28/75

The Committee on FINANCE has had CSHB 131 relating to public school foundation program under consideration. A Majority of the members of the Committee

- recommends it DO PASS
- recommends it DO NOT PASS
- recommends it DO PASS WITH ATTACHED AMENDMENT(S)
- recommends it BE REPLACED WITH CS FOR _____ AND THAT CS FOR _____ DO PASS
- "and" recommends it BE REFERRED TO THE _____ COMMITTEE
- reports it back WITHOUT RECOMMENDATION
- "other"

Members signing the Majority report:

<u>Lee Kay</u>	<u>John Stank</u>	_____
<u>John Stank</u>	<u>John Stank</u>	_____
<u>John Stank</u>	_____	_____
<u>John Stank</u>	_____	_____

Members NOT concurring in the Majority report:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

Lee Kay Chairman

A M E N D M E N T

Offered in the SENATE

By FINANCE COMMITTEE

To: _____ SENATE BILL NO. _____

CS _____ HOUSE BILL NO. 131

AMENDMENT: Page 1 Line 11

Sec. 4 is amended to read:

If a school district is entitled to less than twenty five instructional units, the school district shall receive no less than 107.50% of the base instructional allotment.

FILE WITH BILL
Alaska House of Representatives



POUCH V
JUNEAU
99811

P. O. BOX 9
KENAI
99611

HUGH MALONE

TO: Senator Bill Ray, Chairman
Senate Finance Committee
April 17, 1975

Senator George Hohman, Chairman
Senate Committee on Health Education
and Social Services

FROM: Hugh Malone *HM*

SUBJECT: House Bill No. 131 (Public School Foundation Program)

I would recommend an amendment to HB 131 as adopted by the House. One of the effects of this Bill is to institute a new cost-of-living adjustment based on the State's salary survey cost-of-living adjustment in accordance with the cost per election district under the 1961 reapportionment. What this means is that some of the smaller communities in Southeast Alaska that have independent school districts will suffer some minor reduction in funds. Some of these communities include Hydaburg, Klawock, Craig and Kake. I do not think it is the intent of HB 131 to reduce the funds available to any district - rather it is to increase the level of educational support throughout all Alaska. Therefore, I would recommend the following amendment:

Section 14.17.051 is amended by adding:

(D) If a school district is entitled to less than twenty five instructional units, the school district shall receive no less than 107.50% of the base instructional allotment.

This amendment would add less than \$100,000 to the cost of the Bill, while insuring equal treatment to all of the small communities in Alaska.

I would also suggest that you review carefully the actual affect of the election district cost differential with the Department of Education, Division of Administrative Services. I think there is some confusion existing regarding this.

Thank you for your attention to these matters.

HM:rs

AMENDMENT #1

OFFERED IN THE HOUSE:

By: HESS COMMITTEE

To: _____ HOUSE BILL No. HB 131

SENATE BILL No. _____

PAGE: 3

LINE: 23

Delete "Sec. 7. AS 14.17.215 and AS 14.17.225(d) are repealed."

HOUSE JOURNAL

Letter of Intent:

HB 131

HESS Committee

It is the intent of the Legislature that the new funding formula for special education, as set forth in HB 131, result in a net gain to Special Education Programs within each district.

The Legislature of the State of Alaska
FISCAL NOTE

First Session - Ninth Legislature

I. REQUEST

Bill No. CS H.B. #131 as amended by HESS
 Title: Relating to the public school foundation program.
 Requested by: House Finance Committee Date: 3-37-75
 Return Date Requested: ASAP
 Agency: Education Program: Pre-Elem.-Secondary Education

II. FISCAL DETAIL

Budget Request Unit(s) Affected: Financial Support Program
 A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 75	FY 76	FY 77	FY 78	FY 79	FY 80
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.	-0-	17465.7	24229.1	24955.5	25703.6	26476.1
TOTAL	-0-	17465.7	24229.1	24955.5	25703.6	26476.1

B. FUNDING: (Thousands of dollars)

GENERAL FUND	-0-	17465.7	24229.1	24955.5	25703.6	26476.1
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	/	/	/	/	/	/
MAN MONTHS (P./T.)	/	/	/	/	/	/

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

Delete "Sec. 7. AS 14.17.215 and AS 14.17.225(d) are repealed."

IV. ATTACHMENTS

V. DATE: 4/1/75 PREPARED BY: William A. Henning

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

The Legislature of the State of Alaska
FISCAL NOTE

First Session - Ninth Legislature

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Bill No. H. B. #131
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MAN MONTHS (P./T.)	/	/	/	/	/	/

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

See attached.
 FY 77 Unit Value Increase \$25,000

Assume 3% growth for succeeding fiscal year
 Formula: AS.14.17.021(c)

IV. ATTACHMENTS

V. DATE: 3/10/75

PREPARED BY: William D. Thomas

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

	<u>FY 76</u>	<u>FY 77</u>	<u>FY 78</u>	<u>FY 79</u>	<u>FY 80</u>
A) Proposed Statute	<u>112,364.1</u>	<u>123,129.3</u>	<u>126,830.4</u>	<u>130,632.6</u>	<u>134,558.3</u>
Present Statute	94,898.4	98,900.2	101,874.9	104,929.0	108,082.2
+ Revenue Sharing	<u>3,378.0</u>	<u>3,479.3</u>	<u>3,583.7</u>	<u>3,691.2</u>	<u>3,801.9</u>
B) TOTAL	98,276.4	102,379.5	105,458.6	108,620.2	111,884.1
Increase (A - B)	14,087.7	20,749.8	21,371.8	22,012.4	22,674.2

Assume 3% growth in succeeding fiscal years.

	1	2	3	4	5	6	7	8	9	10	11	12	
	FY 76	FY 76	Net	Total	%	Re: Sec. 6	%	Re: Sec. 1	FY 76		Re: Sec. 7		%
	Project	Proj.	Increase	Est.	Area Diff.	Basic Need	of 93%	State Aid	State Aid	Diff. 8-9	Mini 874	Diff. 10-11	Increase
	ADM.	Units	Re: Sec. 4	I.U.	Re: Sec. 5	@ 23,500	Re: Sec. 1	@ 93,0000	Present	Statute	Est.		12.49
Anchorage	33,488	1,918	50	1,968	----	46,248,000	93.0000	43,010,640	37,544,850	5,465,790	1,364,000	4,101,790	11%
Bristol Bay	261	25	1	26	26.25	771,388	93.0000	717,390	565,213	152,167	25,000	127,167	23
Chugach-Eagle River	2,784	164	4	168	----	3,948,000	95.8613	3,784,604	3,356,101	428,503	--	428,503	13
Cordova	545	44	5	49	15.00	1,324,225	95.8152	1,269,849	944,756	324,093	5,000	319,093	34
Craig	154	17	--	17	----	399,500	97.6738	390,207	375,327	14,800	--	14,800	4
Dillingham	347	28	2	30	26.25	890,062	97.1172	864,404	674,420	189,984	19,000	170,984	25
Fairbanks	9,420	584	15	599	11.25	15,660,106	93.5506	14,650,123	12,108,021	2,542,102	748,000	1,794,102	15
Galena	158	15	--	16	33.75	502,900	99.1866	498,809	397,266	101,543	8,000	93,543	24
Haines	435	26	2	38	7.50	959,975	94.8146	910,196	724,998	185,198	28,000	157,198	22
Hoonah	249	24	1	25	7.50	631,562	99.0595	625,623	540,724	84,899	--	84,899	14
Hydaburg	90	10	1	11	----	258,500	98.8790	255,602	224,713	30,889	--	30,889	14
Juneau	4,407	276	18	294	----	6,909,000	94.2689	6,513,038	5,511,510	1,001,528	496,000	505,528	10
Kake	192	18	1	19	3.75	463,244	99.2165	459,623	406,477	53,146	--	53,146	13
Kenai	5,679	383	6	389	7.50	9,827,112	93.0000	9,139,215	7,497,225	1,641,990	211,000	1,430,990	20
Ketchikan	2,701	183	9	192	----	4,512,000	93.0000	4,196,160	3,582,225	613,935	99,000	514,935	15
King Cove	120	15	--	15	26.25	445,031	98.8790	440,042	370,781	69,261	--	69,261	19
Klawock	57	6	--	6	3.75	146,287	98.8538	144,611	134,778	9,833	--	9,833	8
Kodiak	2,205	163	7	170	7.50	4,294,625	95.3270	4,093,937	3,473,933	520,004	34,000	586,004	17
Matanuska-Susitna	2,994	205	5	210	3.75	5,120,062	93.0000	4,761,658	4,012,875	748,783	161,000	587,783	15
Nenana	247	21	1	22	33.75	691,487	98.6748	682,324	470,498	211,826	6,000	205,826	44
Nome	950*	65	3	69	26.25	2,047,144	98.6116	2,018,721	1,625,100	393,621	55,000	338,621	21
North Slope	1,054	97	5	102	33.75	3,205,987	93.0000	2,981,568	2,193,063	788,505	--	788,505	36
Palican	55	7	--	7	7.50	176,838	96.6418	170,899	152,190	18,709	--	18,709	12
Petersburg	657	47	2	49	3.75	1,194,681	95.7064	1,143,386	959,548	183,838	19,000	164,838	17
Seldawik	199*	19	1	20	33.75	628,625	99.5614	625,868	474,308	151,560	--	151,560	32
Sitka	1,826	125	5	130	3.75	3,169,562	94.0381	2,980,596	2,487,194	493,402	41,000	452,402	18
Seward	220	20	--	20	7.50	505,250	93.0000	469,832	391,500	78,332	2,000	76,332	20
St. Mary's	133*	11	--	11	33.75	345,743	99.6981	344,700	275,139	69,561	--	69,561	25
Unalaska	130	14	--	14	26.25	415,362	95.7646	397,770	330,414	67,356	--	67,356	20
Valdez	1,250	83	4	87	15.00	2,351,175	93.0000	2,186,593	1,705,924	480,669	53,000	427,669	25
Wasilla	641	48	2	50	3.75	1,219,062	97.2398	1,185,414	1,002,833	182,581	1,000	181,581	18
Yakutat	160	17	1	18	7.50	454,725	99.3172	451,620	384,442	67,178	3,000	64,178	17
	73,870	4,690	151	4,841		119,717,220		112,364,072	94,898,356	17,465,716	3,378,000	14,087,716	15%

DOE Estimate*

Total additional cost of proposed legislation is \$14,087,716 in FY 76

February 7, 1975

The Honorable Mike Bradner
Speaker of the House
Alaska State Legislature
Juneau, Alaska 99611

Dear Mr. Speaker:

Pursuant to the Uniform Rules of the Legislature, I am transmitting a bill relating to the public school foundation program. This bill represents the first step toward this Administration's goal of providing local school districts with full funding for the basic costs of their educational programs. I recognize, as do all the citizens of our State, that until pipeline revenues begin to flow into the State's treasury, the State is simply not in a financial position to implement completely that full funding goal.

I propose, therefore, to move toward full funding over the next three or four years by immediately increasing for the upcoming fiscal year the level of State support of basic need under the foundation program from 90 to 93 percent and also by increasing the value of the instructional unit from \$21,750 to \$23,500. Additionally, I propose to correct immediately certain inequities which the Department of Education has found to exist under the current provisions of the foundation program. These are:

1. Changing the basis for computation of the instructional units for special education for which a school district qualifies to full-time equivalents, as vocational education instructional units are presently computed, and reworking the ADM entitlement formula for special education to compensate properly for the change in the computational basis and provide adequate funding for special education needs. Experience has shown that the present method does not adequately fund the districts' special education expenses.
2. Altering the method of computing additional instructional unit allotments for school districts because of cost differentials in various parts of the State by using as a basis for determining the applicable cost differential

the percentage factors, by election district, incorporated in the State's bargaining agreement with the Alaska Public Employees Association. Experience has shown that the present method is insufficient to compensate school districts in the more remote areas of the State for their higher costs of operation.

3. Repealing the additional allotment provision of AS 14.17.215. The National School Finance Study has concluded that the federal counterpart of this allotment procedure (P.L. 81-874) actually encourages disequality of education in the United States. The Department believes, similarly, that AS 14.17.215 is not accomplishing the purpose for which it was enacted in 1969, prior to establishment of the present foundation program and that as 100 percent financing by the State is achieved, the disequalizing effect of this statute will be magnified.

For the longer haul, I believe the entire approach to determining a local school district's "basic need" must be re-evaluated and, if necessary, re-structured. This means looking at the foundation program as a whole, as well as looking at the program's various segments. I think I am correct in stating that neither the Legislature nor this Administration is convinced that the present foundation program truly measures a school district's basic costs for providing education. A review of the foundation program and of alternative methods for funding education will be conducted by the Department of Education in conjunction with the Center for Northern Educational Research. As their findings and conclusions are developed over the next year or so, I would hope to be able to incorporate them into new legislation which would make possible true provision by the State of full funding of the basic costs of education by fiscal year 1978 or 1979.

Sincerely,

Jay S. Hammond
Governor

Original sponsor: Rules Committee by
request of the Governor

Offered: 4/3/75
Referred: Rules

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 131

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the public school foundation
7 program; and providing for an effective date."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 * Section 1. AS 14.17.021(c)(2) is amended to read:

10 (2) K (minimum level of [AVERAGE] state support of basic
11 need) = 93 [90] per cent;

12 * Sec. 2. AS 14.17.021(c)(5) is amended to read:

13 (5) state aid as computed under this section constitutes at
14 least 93 [90] per cent of the basic need, as defined by the department,
15 of each school district.

16 * Sec. 3. AS 14.17.031(a)(3) is amended to read:

17 (3) the number of units from special education determined
18 from sec. 41(d) of this chapter as approved by the department; and

19 * Sec. 4. AS 14.17.041(d) is amended to read:

20 (d) Special education schedule:

21	ADM	No. Instructional Units
22	<u>Full-Time Equivalent</u>	
23	5 - 8	1
24	9 - 15	2
25	16 - <u>24</u> [23]	3
26	<u>25</u> [24] - <u>35</u> [32]	4
27	<u>36</u> [33] and over	4 plus 1 for each <u>11</u> [9] pupils
28		or fraction of <u>11</u> pupils in
29		<u>Full-Time Equivalent ADM</u> [9M]

1 * Sec. 5. AS 14.17.051 is repealed and re-enacted to read:

2 Sec. 14.17.051. INSTRUCTIONAL UNIT ALLOTMENT. (a) The instruc-
3 tional unit allotment for each school district is as follows:

4 (1) if the school district is in that part of the state lying
5 within the boundaries of election district 1, 4 or 8, the district shall
6 receive the base instructional unit allotment;

7 (2) if the school district is in that part of the state lying
8 within the boundaries of election district 2, 3 or 7, the district shall
9 receive 103.75 per cent of the base instructional unit allotment;

10 (3) if the school district is in that part of the state lying
11 within the boundaries of election district 5, 9, 10 or 11, the district
12 shall receive 107.50 per cent of the base instructional unit allotment;

13 (4) if the school district is in that part of the state lying
14 within the boundaries of election district 16, south of the Arctic
15 Circle, the district shall receive 111.25 per cent of the base instruc-
16 tional unit allotment;

17 (5) if the school district is in that part of the state lying
18 within the boundaries of election district 6, the district shall receive
19 115 per cent of the base instructional unit allotment;

20 (6) if the school district is in that part of the state lying
21 within the boundaries of election district 12, 13 or 18, the district
22 shall receive 126.25 per cent of the base instructional unit allotment;

23 (7) if the school district is in that part of the state lying
24 within the boundaries of election district 14 or 19, the district shall
25 receive 130 per cent of the base instructional unit allotment;

26 (8) if the school district is in that part of the state lying
27 within the boundaries of election district 15, 16 (north of the Arctic
28 Circle) or 17, the district shall receive 133.75 per cent of the base
29 instructional unit allotment.

1 (b) For the purposes of this section, a school district is con-
2 sidered to be located in the election district in which its administra-
3 tive offices are located. However, if a school district operating a
4 school in a remote area is authorized by the commissioner to calculate
5 the number of units to which that school is entitled under the provisions
6 of sec. 31(c) of this chapter, the commissioner may consider that school
7 to lie in the election district in which it is actually located.

8 (c) For the purposes of this section "election district" means an
9 election district designated in the governor's proclamation of reappor-
10 tionment and redistricting of December 7, 1961 and retained as to the
11 house of representatives by the governor's proclamation of September 3,
12 1965.

13 * Sec. 6. AS 14.17.056 is repealed and re-enacted to read:

14 Sec. 14.17.056. BASE INSTRUCTIONAL UNIT. (a) The base instruc-
15 tional unit for the fiscal year beginning July 1, 1975 and ending
16 June 30, 1976 is \$23,500.

17 (b) The base instructional unit for fiscal years beginning on or
18 after July 1, 1976 is \$25,000.

19 * Sec. 7. This Act takes effect July 1, 1975.
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Introduced: 2/7/75
Referred: Health, Education &
Social Services and Finance

1 IN THE HOUSE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

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9 district shall receive 103.75 per cent of the base instructional unit
10 allotment;

11 (3) if the school district is in that part of the state
12 lying within the boundaries of election district 5, 9, 10 or 11, the
13 district shall receive 107.50 per cent of the base instructional unit
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17 Arctic Circle, the district shall receive 111.25 per cent of the base
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7 a school in a remote area is authorized by the commissioner to calcu-
8 late the number of units to which that school is entitled pursuant to
9 the provisions of sec. 31(c) of this chapter the commissioner may
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24 * Sec. 8. This Act takes effect July 1, 1975.
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The Legislature of the State of Alaska
FISCAL NOTE

First Session - Ninth Legislature

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C. POSITIONS:

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MAN MONTHS (P./T.)	/	/	/	/	/	/

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

Delete "Sec. 7. AS 14.17.215 and AS 14.17.225(d) are repealed."

IV. ATTACHMENTS

V. DATE: 4/1/75

PREPARED BY: William A. Harrison

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

AMENDMENT #1

OFFERED IN THE HOUSE:

By: HESS COMMITTEE

To: _____ HOUSE BILL No. HB 131

SENATE BILL No. _____

PAGE: 3

LINE: 23

Delete "Sec. 7. AS 14.17.215 and AS 14.17.225(d) are repealed."

HOUSE JOURNAL

Letter of Intent:

HB 131

HESS Committee

It is the intent of the Legislature that the new funding formula for special education, as set forth in HB 131, result in a net gain to Special Education Programs within each district.

February 7, 1975

The Honorable Mike Bradner
Speaker of the House
Alaska State Legislature
Juneau, Alaska 99811

Dear Mr. Speaker:

Pursuant to the Uniform Rules of the Legislature, I am transmitting a bill relating to the public school foundation program. This bill represents the first step toward this Administration's goal of providing local school districts with full funding for the basic costs of their educational programs. I recognize, as do all the citizens of our State, that until pipeline revenues begin to flow into the State's treasury, the State is simply not in a financial position to implement completely that full funding goal.

I propose, therefore, to move toward full funding over the next three or four years by immediately increasing for the upcoming fiscal year the level of State support of basic need under the foundation program from 90 to 93 percent and also by increasing the value of the instructional unit from \$21,750 to \$23,500. Additionally, I propose to correct immediately certain inequities which the Department of Education has found to exist under the current provisions of the foundation program. These are:

1. Changing the basis for computation of the instructional units for special education for which a school district qualifies to full-time equivalents, as vocational education instructional units are presently computed, and reworking the ADM entitlement formula for special education to compensate properly for the change in the computational basis and provide adequate funding for special education needs. Experience has shown that the present method does not adequately fund the districts' special education expenses.

2. Altering the method of computing additional instructional unit allotments for school districts because of cost differentials in various parts of the State by using as a basis for determining the applicable cost differential

the percentage factors, by election district, incorporated in the State's bargaining agreement with the Alaska Public Employees Association. Experience has shown that the present method is insufficient to compensate school districts in the more remote areas of the State for their higher costs of operation.

3. Repealing the additional allotment provision of AS 14.17.215. The National School Finance Study has concluded that the federal counterpart of this allotment procedure (P.L. 91-374) actually encourages disequity of education in the United States. The department believes, similarly, that AS 14.17.215 is not accomplishing the purpose for which it was enacted in 1969, prior to establishment of the present foundation program and that as 100 percent financing by the State is achieved, the disequalizing effect of this statute will be magnified.

For the longer haul, I believe the entire approach to determining a local school district's "basic need" must be re-evaluated and, if necessary, re-structured. This means looking at the foundation program as a whole, as well as looking at the program's various segments. I think I am correct in stating that neither the Legislature nor this Administration is convinced that the present foundation program truly measures a school district's basic costs for providing education. A review of the foundation program and of alternative methods for funding education will be conducted by the Department of Education in conjunction with the Center for Northern Educational Research. As their findings and conclusions are developed over the next year or so, I would hope to be able to incorporate them into new legislation which would make possible true provision by the State of full funding of the basic costs of education by fiscal year 1978 or 1979.

Sincerely,

Jay S. Hammond
Governor