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COMMITTEE REPORT

HOUSE

5/25/31

FURTHER: FINANCE

(5)

Date: June 7 1931

Mr. Speaker:

The Committee on HEALTH, EDUCATION & SOCIAL SERVICES has had CSSB 23(71a)

"An Act relating to state aid to school districts under the public school foundation program; and providing for an effective date."

under consideration and reports it back as follows:

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for same title
 new title
- and recommends _____
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation
- referred to the _____ Committee


MEMBERS SIGNING DO PASS

[Signature]

MEMBERS HAVING OTHER RECOMMENDATIONS:

[Signature]
CHAIRMAN

Copper River School District



Chitina
Copper Center
Galena
Glennallen
Kenny Lake
Paxson

Superintendent's Office
Box 108
Glennallen, Alaska 99588
(907) 822-3234

May 22, 1981

The Honorable Betta Cato
Alaska House of Representatives
Pouch V
Juneau, Alaska 99801

Dear Betta,

In an effort to supply you with "back-up" to support H.B. 246 concerning our area differential increase, I am enclosing my response to Homan-McDowell's request for information for their area differential study. I have highlighted some of the areas that support our need.

During the current fiscal year, we have qualified for 76 Instructional Units (I.U.) of Foundation funding. With the closure of the Nabesna School for next year we have submitted a budget for FY 82 based on 73 I.U. This reflects the reduction of three units now received for that school. Enrollment figures from our scattered schools at the end of April, if still prevailing in September, find us just below the "break" points in the funding formula, and we could be down to 70 I.U. If this possibility becomes reality, we will be more than \$135,000 below the amount currently budgeted.

Enclosed you will also find a financial analysis of expenditures since we have become a school district. The highlighted figures show the percentages of expenditures allowed to meet the statutory 55% "for instructional purposes" requirement implemented this year. As you can see, we have never met the now required 55% figure since becoming a school district. The second page of that display shows that we are in compliance if we do not have to include pupil transportation. We have the highest transportation costs of any of the B.E.A.A.'s.

The Honorable Bette Cato
May 22, 1981
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If we had the "luxury" of supplying an instructional aide to most of our teachers as it is reported some districts do, we would have no problem meeting the 55% figure. Instead, we have a "bare bones" operation since our beginnings as a district, and there is no way of trimming down to get the expenditures to meet the legislatively imposed rule.

I hope this information is of some help to you, Bette. We really appreciate the aggressive and efficient manner in which you are pursuing our needs.

Sincerely yours,

A handwritten signature in cursive script, appearing to be 'Al', written in dark ink.

Dr. Alfred Krinke, Superintendent

Copper River School District



Superintendent's Office
Box 108
Glennallen, Alaska 99588
(907) 822-3234

January 15, 1981

Mr. P. B. McDowell
Suite 1104 Mendenhall Building
326 Fourth Street
Juneau, Alaska 99801

Dear Mr. McDowell:

I am responding to your request for information consistent with your firm's contract with the legislature for examining area differentials and their influence on the Alaska Public School Foundation Program. I will respond in the sequence that you asked the questions.

1. The data you presented on facilities inventory are in error. We have made the appropriate corrections on the inventory sheet you've given.
2. Under this year's fuel contract we are currently paying \$1.056 - \$1.146 per gallon of fuel oil. These figures vary according to the distance the school site is from the supplier. Prices will also be going up by the amount of industry-wide increases that are applied from time to time.

Enclosed is a listing of electrical rates and a copy of the Consumer Handbook published by the Copper Valley Electric Association. In addition to the rates listed, a monthly surcharge is applied to each kilowatt hour of electricity that is used to cover the increase in fuel costs for electrical power generation. In December this surcharge was .71 cents per kilowatt hour. For January, it was .77 cents per kilowatt hour. We have accurate records of fuel and electrical consumption for all of the years since we have become an R.E.A.A. school district. These records are by site and in most instances by buildings within each site. We will be glad to supply you with this data if it would be helpful to you.

Mr. P. B. McDowell
January 15, 1981
Page Two

We have wells at each site and sewer systems. Our costs here deal with maintenance. During December's extreme cold snap lasting almost four weeks, we spent a great deal in overtime and parts trying to keep our water and sewer systems functioning. At present, one well is still not working and we will have to dig up the system through the present eight feet of frost.

3. We consider our personnel turnover to be quite low. We think that our salaries are very competitive although, publicly, our employees may not agree with us.

When a new position opens, we usually have a very good sampling of applicants to choose from. A copy of our salary schedules are enclosed.

4. A. Freight is a very significant part of purchasing material items for this district. Most freight is shipped from the lower 48 to Anchorage where we try to allow it to collect for awhile and then have it picked up or delivered to the district office in Glennallen. We are approximately 200 miles from Anchorage.

Within the district distances are also very large. The expanse of our district is indicated by the 1,300 miles of bus routes that we operate daily. Distances of our seven school sites from the district office are: 1.2 miles, 16 miles, 30 miles, 40 miles, 50 miles, 75 miles, and 106 miles.

B. We do not keep a separate accounting for freight expenses. It is usually included as part of the invoice expense on items purchased. We have made some spot checks on costs and currently estimate about 15% of the cost of supplies and equipment goes to freight from vendor to Anchorage.

C. Within our district we use our own vehicles and personnel to make deliveries. As a cost saving procedure, we try to coincide deliveries with maintenance and instructional personnel trips about the district. This is reflected as a major portion of the travel costs within the budget.

5. A. Travel within a far-flung district like ours is a significant cost. All travel within the district is on the road system either by auto or truck.

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B. Data concerning average costs is very difficult to separate. Maintenance people usually travel in a pick up truck or van which tend to have low mileage records. Instructional personnel use more economical sedans of economy type.

Inservice sessions bringing personnel to the district office find reimbursement to the participants at the rate of \$.25 per mile if they use their own vehicles.

Bilingual personnel, itinerant teachers in special education, physical education and guidance counseling make daily trips to schools within the district. We also have two home-study teachers who travel out to remote locations to assist parents of correspondence study students. Most of these costs are budgeted in 500.426.

C. Most of the travel in B. above would be instructors or classified employees since there are only two administrators in the district office. We do have monthly administrative staff meetings, however, where principals (2) and principal/teachers (5) come in from their site to the district office. Each is reimbursed for round trip travel at \$.25 per mile.

6. A. Periodically trips are made to Anchorage to deliver and pick up maintenance items not locally available (i.e. pumps, motors, projectors, etc.), and freight that may be accumulated. Trips to the architect's offices, the Department of Transportation and Public Facilities, Regional Resource Center, attorney's offices and other regulatory agencies occur quite often. Cost wise each trip costs about \$200.

B. The four full-time administrators (i.e., two principals, assistant superintendent and superintendent) of the school district have included in their contracts as a fringe benefit one or more professional growth experiences that requires travel outside the district.

Members of the Board of Education usually go to one conference within the state each year, also.

7. 1. No, 2. No

A. During the first year of existence as an R.E.A.A. school district, it became evident that the funding formula was in error for our district. In the fall of 1976 the Copper River School District Board of Education voted to abolish the long

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existing hot lunch program for each school within the district. This was the first of many efforts made to cut expenses to stay within the monetary limits of the state foundation formula. It was during the legislative session of this first year that Delta-Greely, Alaska Gateway and Copper River School District collaborated to get a bill introduced to raise the area differential for each to 120% from the then 115%. Keith Specking, the representative looking after our interests, was appointed by the governor to be an administrative assistant in the governor's office in March of that year and as the session drew to a close the bill was passed and signed, but the Copper River School District had been eliminated for reasons that have never been revealed. We were placed with the coastal cities of Cordova, Haines and Valdez; the same group that we are with today. Efforts have been made yearly since that time to correct our situation, but we are constantly confronted with the rationale that "we don't want to make waves and get every body asking for increases." Ironically, the Center for Northern Educational Research (CNER) published a study of regional differential costs in 1977 that showed our district to have higher cost differentials than either Delta-Greely or Alaska Gateway, both now enjoying 5% higher funding and one enjoying federal assistance because of the military reservation within its district.

We think that we should have at least a 5% increase in our area differential. Aside from our hot lunch program, we have made personnel cuts of a special education director, correspondence study director, Indian education coordinator (all three functions now under the assistant superintendent), an art teacher, a kindergarten teacher, two elementary teachers and an assistant principal. We are faced with eliminating instructional programs if we have to cut personnel further.

B. This past year we experienced a short-fall in pupil transportation of \$24,000+, over \$7,000 in fire code upgrade, mandated but not paid for by the state, nearly \$8,000 in reimbursables for equipping a new school addition, and nearly \$10,000 for purchase of a new electrical generator when we were given a two-week notice by our power vendor that he was unable to continue supplying electrical power to one of our schools. In each of the above items, other decision makers than the Copper River School District Board of Education were mandating the expenditures of money beyond that allocated in our budget. The legislature made it clear last year that unexpended monies at the end of the year was "surplus" money and therefore districts had more than they needed. We were responding to those pressures and with the above events, we ended the year with a deficit balance. Our auditors, Peat, Marwick & Mitchell, recommended to us that we have a

reserve of \$200,000-\$300,000 to meet unexpected contingencies. Apparently, there are many in the state who agree.

A problem that we carried over from the last fiscal year is the fact that seeing the direction our expenditures were going we stopped filling our fuel tanks at the end of April. Normally, we "top off" our tanks in June so that we start the new fiscal year with a full complement of fuel oil. So far this year we have spent \$84,783.13 for fuel oil, approximately \$43,000 of that amount in the last six weeks (December 1 - January 13). This shocking figure gives an indication of impact that intensely cold weather has on one's budget.

- C. The concept of area differentials for different costs, on the surface, seems attractive; but I think it would add to the complexities of funding, and political processes being what they are, would exacerbate the problems that already exist.

We have been bothered for some time by the practice of area differential application to the funding process. Why has it been limited to only the foundation programs? In R.E.A.A.'s for instance, the ADM "In lieu of..." completely ignores the difference in the cost of "doing business". Districts with high cost get the same per ADM figure that the lower cost districts get.

Also, little attention seems to be paid to the organizational configurations that exist. It seems that whatever amount of money that a district originally received, an organizational configuration was established and future funding perpetuated it with little regard to need. We feel that we are considerably understaffed by budgetary cutting in the past. Present formulae seem to suppose that what we have is really what we need.

- B. The 55% of expenditures for instructional purposes is really a very meaningless and unfair imposition to school districts. To assume that buildings, heat, light, administration, transportation, maintenance and student extra curricular activities are not important to the education of a child is incorrect. To assume that all districts are affected to the same degree is not correct.

As a far-flung district with seven sites having modular units for our basic buildings, we certainly have much greater expense just to provide instructional space and maintain it than if we had all of the children confined in a small area within walking distance of the school and all using a multistoried building. Today, for instance, of three maintenance people, one is at Paxson, 75 miles

Mr. P. B. McDowell

January 15, 1981

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away, thawing out the water system; the other two are at Nabesna, 106 miles away trying to repair an electrical generator and repair some plumbing breaks caused by the last cold spell. In each case there is likely to be overtime pay involved.

Because most of our buildings are of modular construction, we have a myriad of heating plants rather than centralized systems for heating. This aggravates maintenance problems. Each building has to be cleaned and sanitized daily, this calls for custodial personnel that wouldn't be necessary if the children were concentrated into one small area. Salaries and fringe benefits are significantly higher yet we cannot alleviate the problem because of the dispersion of our students.

A truly gross inequity affecting us is the bussing of students to and from school. We have over 1,300 miles of bus routes daily and over \$400,000 budgeted for this year. Since it is expended, we have to count it as an expenditure that is not part of our 55% for instructional purposes. This one item alone makes it impossible for us to comply with the 55% rule.

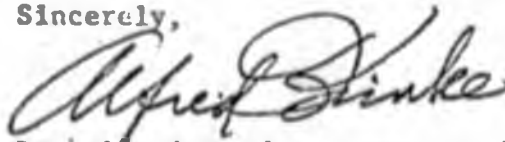
We have been criticized for years that we are not spend enough for student after-school activities. Now we find that we can't even include this amount in the 55% figure. Clearly, student activities are important to students, they are instructional, and an integral part of every good school's program.

To have a school without someone in charge is unthinkable. Recent research studies show that the principal of a school is the single most important person as far as developing a good instructional program is concerned. Yet, the principal's salary can't be included in the 55%. In a district as widespread as ours, we cannot enjoy the good fortune of having all the children in one building under one principal, we must have several buildings with several principals. To be sure, we have only two principals who are full-time; but those who are principal/teachers receive an extra stipend for administrative duties and this stipend cannot be included in the 55% for instructional purposes.

In summary we think that we need at least a 5% increase in the area differential; and this should apply to all sources of funding, not only the foundation formulae. Pupil transportation should be funded at 100% of cost and this figure should not be considered a part of district expenditure per pupil. The 55% for instructional purposes should be eliminated. If we believe in "local control" of education, Board's of Education should be trusted to make the decisions best for their locality, not the legislature nor the employee unions.

Mr. P. B. McDowell
January 15, 1981
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Sincerely,

A handwritten signature in cursive script, appearing to read "Alfred Krinke".

Dr. Alfred Krinke, Superintendent
Copper River School District

AK:pa

Enclosures

COPPER RIVER SCHOOL DISTRICT

FUND 01 - ANALYSIS OF ALL YEARS - % BUDGET - % INSTRUCTION - % MATERIALS - % SALARIES - % RETIREMENT - % OTHER

		76-77	77-78	78-79	79-80	80-81	
		Actual	Actual	Actual	Actual	Actual	
		% of Budget	% of Budget	% of Budget	% of Budget	% of Budget	
1	Instructional	100	100	100	100	100	100
	Books	80	80	80	80	80	80
	Supplies	100	100	100	100	100	100
	Salaries	100	100	100	100	100	100
	Materials	100	100	100	100	100	100
2	Instructional	100	100	100	100	100	100
	Books	80	80	80	80	80	80
	Supplies	100	100	100	100	100	100
	Salaries	100	100	100	100	100	100
	Materials	100	100	100	100	100	100
3	Instructional	100	100	100	100	100	100
	Books	80	80	80	80	80	80
	Supplies	100	100	100	100	100	100
	Salaries	100	100	100	100	100	100
	Materials	100	100	100	100	100	100
4	Instructional	100	100	100	100	100	100
	Books	80	80	80	80	80	80
	Supplies	100	100	100	100	100	100
	Salaries	100	100	100	100	100	100
	Materials	100	100	100	100	100	100
5	Instructional	100	100	100	100	100	100
	Books	80	80	80	80	80	80
	Supplies	100	100	100	100	100	100
	Salaries	100	100	100	100	100	100
	Materials	100	100	100	100	100	100
6	Instructional	100	100	100	100	100	100
	Books	80	80	80	80	80	80
	Supplies	100	100	100	100	100	100
	Salaries	100	100	100	100	100	100
	Materials	100	100	100	100	100	100

This amount is the difference between the FUND STATEMENT and TOTAL AVAILABLE FUNDING.

This figure is a sum of sections 1-5 above.

This figure shows the % section 1 is of section 1-5.

INSTRUCTIONAL SALARIES

VALUE OF INSTRUCTIONAL SALARIES

CHARTERED SALARIES

INSTRUCTIONAL SALARIES

W. P. No.

ACCOUNTANT

DATE

COPPER RIVER SCHOOL DISTRICT

55% Minimum Expenditure - Computed as Expenditures
for July only (100 + 100/2%) Reduced by Pupil Transport (Calculated from
200 July)

	76-77	77-78	78-79	79-80	80-81
① Allowable Instructional Expenditures 100, 160, 180, 200, 220, 200, 200					
TOTAL	132,000	140,000	140,000	141,000	140,000
② Non-Allowable Expenditures 500, 600, 610, 700, 750					
TOTAL (as above)	1,620,000	1,800,000	1,800,000	1,800,000	1,800,000
Reduced by 610 Pupil Transportation (based on 2nd part of Fund also for July)	270,610	270,610	270,610	270,610	270,610
	1,349,390	1,529,390	1,529,390	1,529,390	1,529,390
	107%	108%	108%	108%	108%

Amendment to CS SB 23
Rep. Bette Cato

Sec 3
~~Sec 4~~

AS 14.17.051(5) is amended to read:
for ~~Copper River School District~~, Cordova City School District,
Valdez City School District, and Haines Borough School District, the
district or area is entitled to receive 115 percent of the base
instructional unit allotment;

AS.14.17.051(6) is amended to read:
For Nenana City School District, Delta School District, Alaska Gateway
School District, Upper Railbelt School District, Yakutat City School
District, Copper River School District, and Chugach School District, the
district or area is entitled to receive 120 percent of the base
instructional unit allotment;

~~to take effect July 1, 1981~~
Sec. 4

Amendment to CS SB 23

Rep. Bette Cato

AS 14.17.051(5) is amended to read:
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