

COMMITTEE REPORT
SENATE

FURTHER:

4/14/83

Date: 5/19/83

Mr. President:

The Committee on FINANCE has had CSHB 251 (HESS)

Relating to state support for education; eff. date

under consideration and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for CSHB 251 (HESS) same title
 new title
- and recommends do pass
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS:

Bob Mulcahy

Jan Baker

Jim Cronin

W. Frisch

Jim Pachot

[Signature]

CHAIRMAN

Original sponsors: Tischer, Adams,
Fuller and Lindauer

1 IN THE HOUSE BY THE FINANCE COMMITTEE
2 SENATE CS FOR CS FOR HOUSE BILL NO. 251 (Finance)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 THIRTEENTH LEGISLATURE - FIRST SESSION
5 A BILL

6 For an Act Entitled: "An Act relating to state support for education; and
7 providing for an effective date."

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

9 * Section 1. AS 43.18.100(a)(4) is amended to read:

10 (4) subject to (h) and (i) of this section up to 90 percent
11 of

12 (A) payments made by the municipality during the
13 current fiscal year for the retirement of principal and interest
14 on outstanding bonds, notes or other indebtedness incurred after
15 December 31, 1981, and before July 1, 1983, to pay costs of
16 school construction, additions to schools, and major
17 rehabilitation projects that exceed \$25,000 and are approved
18 under AS 14.07.020(11); and

19 (B) cash payments made after June 30, 1982, and
20 before July 1, 1983, by the municipality during the fiscal year
21 two years earlier to pay costs of school construction, additions
22 to schools, and major rehabilitation projects that exceed \$25,000
23 and are approved under AS 14.07.020(11).

24 * Sec. 2. AS 43.18.100(a) is amended by adding a new paragraph to read:

25 (5) subject to (h) and (i) of this section, 50 percent of

26 (A) payments made by the municipality during the
27 fiscal year for the retirement of principal and interest on
28 outstanding bonds, notes or other indebtedness incurred after
29 June 30, 1983 to pay costs of school construction, additions to

1 schools, and major rehabilitation projects that exceed \$25,000
2 and are approved under AS 14.07.020(11); and

3 (B) cash payments made after June 30, 1983 by the
4 municipality during the fiscal year two years earlier to pay
5 costs of school construction, additions to schools, and major
6 rehabilitation projects that exceed \$25,000 and are approved
7 under AS 14.07.020(11).

8 * Sec.3. AS 43.18.100 is amended by adding a new subsection to read:

9 (j) The state may not allocate money to a municipality for a
10 school construction project under (a)(5) of this section unless the
11 project is approved by the commissioner before the local vote on the
12 bond issue for the project. In approving a project under this
13 subsection, the commissioner shall require

14 (1) the municipality to include on the ballot for the bond
15 issue the total cost of each project and the amounts that will be paid
16 by the state and by the municipality;

17 (2) that the bonds may not be redeemed before expiration
18 and must be repaid in equal payments over a period of at least 15
19 years;

20 (3) the municipality to demonstrate need for the project by
21 factors such as increased enrollment in the school district, the
22 health and safety of the students, and the factors listed in AS
23 14.11.010(c).

24 * Sec. 4. The provisions of AS 14.17 notwithstanding, the number of
25 instructional units and amount of supplemental equalization aid within each
26 school district and correspondence study for the purpose of calculating the
27 amount of basic state aid for the public school foundation program for
28 fiscal year 1984 is equal to the revised number of instructional units and
29 amount of supplemental equalization aid within each school district and

1 correspondence study for fiscal year 1983 subject to the exception provided
2 in secs. 5 and 7 of this Act.

3 * Sec. 5. The provision of AS 14.17.250(9) notwithstanding, a junior,
4 high school program in a school district with a total average daily
5 membership of 250 or more may not be used separately to calculate the
6 number of instructional units within a school district for fiscal year 1984
7 unless the junior high school program is housed in its own separate
8 facility and has an average daily membership of 50 or more or has a
9 separate administration which was in place before 1983 school year. The
10 reductions required by this section are subject to the reduction schedule
11 contained in AS 14.17.031(d).

12 * Sec. 6. The commissioner of education shall recommend to the
13 legislature a method of revising and improving the public school foundation
14 program no later than January 9, 1984. If the commissioner of education
15 has not made recommendations to the legislature by January 9, 1984, the
16 provisions of AS 14.17 notwithstanding, the amount of basic state aid to
17 each school district and regional educational attendance area under the
18 public school foundation program as calculated by fiscal year 1984 revised
19 instructional unit calculations, beginning in fiscal year 1985, shall be
20 adjusted and identified in January 1984 to reflect the changes in the
21 Consumer Price Index for all Urban Consumers for the Anchorage Metropolitan
22 Area compiled by the Bureau of Labor Statistics, United States Department
23 of Labor in January 1984, for the preceding twelve-month period. The index
24 for January 1983 is the reference base index.

25 * Sec. 7. The provisions of AS 14.17 notwithstanding, the number of
26 instructional units and amount of supplemental equalization aid for which a
27 school district or correspondence study program is eligible under the
28 public school foundation program for fiscal year 1984 may be increased over
29 the amount of aid for fiscal year 1983 only for increases in enrollment or
X

1 the opening of new school sites as reflected in the FY 84 Revised
2 Foundation Report. If the amount appropriated for the public school
3 foundation program for fiscal year 1984 is insufficient to meet the amount
4 permitted by this Act, the available funds shall be distributed on a pro
5 rata basis among all school districts.

6 * Sec. 8. This Act takes effect immediately in accordance with AS
7 01.10.070(c).

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THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. Proposed Senate Finance CS for HB 251
 Title School Foundation Formula
 Requested by Senator Ferguson Date 5/19/83

II. FISCAL DETAIL

Agency Affected _____
 Program Category Affected _____
 BRU, Program, or Subprogram(s) Affected _____
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

| | FY 83 | FY 84 | FY 85 | FY 86 | FY 87 | FY 88 |
|--------------------------|-------|-------|-------|-------|-------|-------|
| 100 PERSONAL SERVICES | | | | | | |
| 200 TRAVEL | | | | | | |
| 300 CONTRACTUAL | | | | | | |
| 400 COMMODITIES | | | | | | |
| 500 EQUIPMENT | | | | | | |
| 600 LAND & STRUCTURES | | | | | | |
| 700 GRANTS, CLAIMS, ETC. | | | | | | |
| TOTAL | | | | | | |

FUNDING (Thousands of Dollars)

| | FY 83 | FY 84 | FY 85 | FY 86 | FY 87 | FY 88 |
|-----------------------------|-------|-------|-------|-------|-------|-------|
| GENERAL FUND | | | | | | |
| FEDERAL FUNDS | | | | | | |
| OTHER (Specify Fund Source) | | | | | | |
| | | | | | | |

POSITIONS

| | FY 83 | FY 84 | FY 85 | FY 86 | FY 87 | FY 88 |
|-----------|-------|-------|-------|-------|-------|-------|
| FULL TIME | | | | | | |
| PART TIME | | | | | | |
| TEMPORARY | | | | | | |

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

This bill has a 0 fiscal note. The Governor's revised budget presently contains \$43 million for the foundation formula, which is \$16 million above last year. The only additional costs allowed school districts for FY 84 under this bill would be for new school sites and new students. This would be covered by the \$16 million.

The junior high school provision of this proposed CS would free up about \$850,000 for FY 84 and \$850,000 for FY 85 which is presently distributed to some districts under existing definitions of instructional units available for junior high programs, and redistribute the funds to all the State's districts. It is assumed there would be no FY 86 or FY 87 impact, since by that time the school foundation study would have recommended a revision of the whole program. The fiscal impact of the debt retirement language would be 0 until FY 86 after which its impact would be indeterminate.

IV. DATE _____ PREPARED BY John P. Jackson
 AGENCY _____
 PHONE _____
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

SCSCSHB 251 - "AN ACT RELATING TO STATE SUPPORT FOR EDUCATION:
AND PROVIDING FOR AN EFFECTIVE DATE."

WITNESSES

| DATE | NAME | AFFILIATION |
|------|---------------------------------------|---|
| 5-18 | Steve Hole | Dept. of Education |
| 5-18 | Wayne E. Taylor | Nenana Public Schools. |
| 5-18 | Tom FREEMAN | Anchorage School Dist |
| 5/18 | Ginny Chitwood | AK Municipal League |
| 5-18 | BOB GREENE | AK SCH. BOARDS |
| 5-18 | Bill Zyzanski | FOR MAYOR VALLEY FBKS NORTH STAR BOROUGH |
| 5-18 | Phil Wright Dr Ken BURNLEY | FAIRBANKS SCHOOL DISTRICT |
| 5-18 | Sandra STRINGER | Fbx N STAR BOROUGH ASSEMBLY |
| 5-18 | PAUL CHIZMAR | FBKS N. STAR BORO. Assembly |
| 5-18 | H.O. Williams | FNSBSD |
| | Sen Gilman | |
| | Rep Ron Larson | |

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

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| 500 EQUIPMENT | | | | | | |
| 600 LAND & STRUCTURES | | | | | | |
| 700 GRANTS, CLAIMS, ETC. | | | | | | |

TOTAL

FUNDING (Thousands of Dollars)

| | | | | | | |
|-----------------------------|--|--|--|--|--|--|
| GENERAL FUND | | | | | | |
| FEDERAL FUNDS | | | | | | |
| OTHER (Specify Fund Source) | | | | | | |

POSITIONS

| | | | | | | |
|-----------|--|--|--|--|--|--|
| FULL TIME | | | | | | |
| PART TIME | | | | | | |
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IV. DATE _____ PREPARED BY Jan P. Siskind
 AGENCY _____
 PHONE _____
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

5/19/83

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

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| TOTAL | | | | | | |

FUNDING (Thousands of Dollars)

| | | | | | | |
|-----------------------------|--|--|--|--|--|--|
| GENERAL FUND | | | | | | |
| FEDERAL FUNDS | | | | | | |
| OTHER (Specify Fund Source) | | | | | | |
| | | | | | | |

POSITIONS

| | | | | | | |
|-----------|--|--|--|--|--|--|
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IV. DATE _____ PREPARED BY John P. Patrick
 AGENCY _____
 PHONE _____
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

5/18/83 pm
Gilman
Amendment

AMENDMENT

OFFERED IN THE HOUSE:

By: GILMAN

To: Senate CS for CS HOUSE BILL No. 251

SENATE BILL No. _____

PAGE: 1

LINE: 24 through pg.2, 1.22.

Delete all material.

Page 1, line 24

Insert: "Section 2. The operation of AS 43.18.100 (a) (4) (A) is suspended with respect to payments made by a municipality for the retirement of principal and interest on outstanding bonds, notes or other indebtedness incurred after July 1, 1983 and before June 30, 1984 to pay costs of school construction, additions to schools, and major rehabilitation projects that exceed \$25,000."

Renumber remaining sections accordingly.

Page 3, line 2

Delete "5 and 7"

Insert "4 and 6"

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Renumber remaining sections accordingly.

Page 3, line 2

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Insert "4 and 6"

SCHOOL DEBT RETIREMENT

Impact of \$59,887,800 Appropriation for FY 84

| | Total FY 84 Entitlement | Projected Shortfall 63% Proration | Mill Levy Equivalent of Shortfall |
|--------------------|----------------------------|---|---|
| Anchorage | \$18,740,404 | \$6,933,949 | 0.666 mills |
| Bristol Bay Bor. | 369,613 | 136,757 | 1.563 mills |
| Cordova | 99,681 | 36,882 | 0.738 mills |
| Fbks N. Star Bor. | 11,024,267 | 4,078,979 | 2.39 mills |
| Galena | 45,998 | 17,019 | 2.73 mills |
| Haines Borough | 93,688 | 34,665 | 0.55 mills |
| C. & B. Juneau | 7,250,550 | 2,682,704 | 2.709 mills |
| Kenai Pen. Bor. | 14,994,886 | 5,548,108 | 2,219 mills |
| Ketchikan Gate. B. | 980,388 | 362,744 | 0.632 mills |
| Kodiak I. Bor. | 3,196,185 | 1,182,588 | 2.7 mills |
| Mat-Su Borough | 10,198,686 | 3,773,514 | 3.25 mills |
| Nenana | 9,956 | 3,684 | 0.461 mills |
| North Slope Bor. | 18,156,312 | 6,717,835 | 0.812 mills |
| Petersburg | 976,373 | 361,258 | 3.612 mills |
| C. & B. Sitka | 1,019,581 | 377,245 | 0.967 mills |
| Skagway | 21,530 | 7,966 | 0.177 mills |
| Unalaska | 144,183 | 53,348 | 0.726 mills |
| Valdez | 3,179,975 | 1,176,591 | 0.719 mills |
| Wrangell | 111,516 | 41,261 | 0.648 mills |
| Yakutat | 49,423 | 18,286 | 1.439 mills |

(On a \$100,000 house, a one mill levy would result in \$100 in taxes.)

estimates prepared 5/2/83
estimates revised 5/13/83

School Debt Retirement, page 2

| | <u>FY 84 Entitlement</u> | | |
|--------------------|--|--|----------------------------|
| | Entitlement on Debt Issued before 12/31/81 | Entitlement on Debt Issued after 12/31/81 (estimates) | Total FY 84 Entitlement |
| Anchorage | \$10,532,909 | \$ 8,207,495 | \$18,740,404 |
| Bristol Bay Bor. | 369,613 | | 369,613 |
| Cordova | 99,681 | | 99,681 |
| Fbks N. Star Bor. | 4,970,192 | 6,054,075 | 11,024,267 |
| Galena | 45,998 | | 45,998 |
| Haines Borough | 93,688 | | 93,688 |
| C. & B. Juneau | 1,377,557 | 5,872,993 | 7,250,550 |
| Kenai Pen. Bor. | 6,087,170 | 8,907,716 | 14,994,886 |
| Ketchikan Gate. B. | 980,388 | | 980,388 |
| Kodiak I. Bor. | 1,683,185 | 1,512,900 | 3,196,085 |
| Mat-Su Borough | 5,191,266 | 5,007,420 | 10,198,686 |
| Nenana | 9,956 | | 9,956 |
| North Slope Bor. | 14,203,693 | 3,952,619 | 18,156,312 |
| Petersburg | 481,373 | 495,000 | 976,373 |
| C. & B. Sitka | 1,019,581 | | 1,019,581 |
| Skagway | 21,530 | | 21,530 |
| Unalaska | 144,183 | | 144,183 |
| Valdez | 3,117,975 | | 3,117,975 |
| Wrangell | 111,516 | | 111,516 |
| Yakutat | 49,423 | | 49,423 |
| | <hr/> | <hr/> | <hr/> |
| totals | \$50,590,877 | \$40,010,218 | \$90,601,095 |

Breakdown of Entitlement on post 12/31/81 Debt

| | 90% of Payment on Debt Issued After 12/31/81 | Estimated 90% of Payment on Debt To Be Issued In May & June | Estimated Entitlement For FY 84 on Debt Issued After 12/31/81 |
|-------------------|--|--|--|
| Anchorage | \$ 8,207,495 | | \$ 8,207,495 |
| Fbks N. Star Bor. | 3,894,075 | \$ 2,160,000 | 6,054,075 |
| C. & B. Juneau | 2,717,528 | 3,155,465 | 5,872,993 |
| Kenai Pen. Bor. | 8,907,716 | | 8,907,716 |
| Kodiak I. Bor. | | 1,512,900 | 1,512,900 |
| Mat-Su Borough | 2,077,920 | 2,929,500 | 5,007,420 |
| North Slope Bor. | 3,952,619 | | 3,952,619 |
| Petersburg | | 495,000 | 495,000 |
| <hr/> | | | |
| totals | \$29,757,353 | \$10,252,865 | \$40,010,218 |

* * * * *

| | |
|---|--------------|
| Estimated Entitlement on Debt Issued after 12/31/81 | \$40,010,218 |
| Entitlement on Debt Issued before 12/31/81 (2 year lag) | 50,590,877 |
| Total FY 84 Entitlement for School Debt Retirement | \$90,601,095 |

STATE AID FOR RETIREMENT OF SCHOOL CONSTRUCTION DEBT (AS 43.18.100)

More than 10 years ago, the Legislature established this program of reimbursing municipalities for a portion of their school construction debt. The program started as a 50% reimbursement with a two year lag in payments, and over the years was changed to provide for a larger percentage of reimbursement (100% for payments on debt issued before 7/1/77 and 80% for the rest) and some oversight by the Department of Education. Last session, other changes were made to the program: the percentage of reimbursement was raised from 80% to 90% for payments on debt issued after 7/1/77 and current year reimbursements were authorized for payments on debt issued after 12/31/81, in order to phase out the two year lag.

In summary, the current program provides:

1. 100% of payments made two years earlier on school debt issued before July 1, 1977. (Payments made by the municipality in FY 82 are reimbursed by the State in FY 84.)
2. 90% of payments made two years earlier on school debt issued between July 1, 1977 and December 31, 1981. (Payments made by the municipality in FY 82 are partially reimbursed by the State in FY 84.)
3. 90% of cash payments made two years earlier for school construction costs. (Payments made by the municipality in FY 82 are partially reimbursed by the State in FY 84.)
4. 90% of payments made in the current year on school debt issued after December 31, 1981. (Payments to be made by the municipality in FY 84 are partially reimbursed in FY 84.)
5. Each municipality's entitlement is determined by adding the four categories listed above and then subtracting the amount of tobacco tax the district received two years earlier. (The amount of tobacco tax received in FY 82 is deducted from the FY 84 payment.)

The other factors of the program relate to the oversight and approval authority granted to the Department of Education and limits to the types of facilities that are eligible for reimbursement.

Prepared by the Alaska Municipal League
May 2, 1983

OFC 5/18/83 p.m.

TESTIMONY OF WAYNE E. TAYLOR,
SUPERINTENDENT

NENANA CITY PUBLIC SCHOOLS

TO: SENATE FINANCE COMMITTEE

ON: MAY 18th 1983

CONCERNING

HB-251

An Act Relating To
State Support for Education
and Providing for an Effective Date

The support for public schools in Alaska has been a much studied system dating back to territorial days at least from 1909. Then support for public schools was based upon 30% of the Alaska fund, which consisted of "all monies derived from and collected for liquor licenses, occupation, or trade licenses issued for areas outside incorporated towns in the District of Alaska", plus 50% of these licenses monies collected within the incorporated limits.¹ This type of funding was changed in 1917 due to the onset of Prohibition.²

The system of support has changed many times since 1917 and has evolved to our current system which was adopted by the Legislature in 1970 based upon a study called Final Report and Recommendations of the Advisory Council on State Financial Support to Public Schools, Juneau, Alaska, January 1970.

The system was basically aimed at cities and boroughs as the uporganized areas were run by the State Operated School System, which worked on a grant basis. The Rural Education Attendance Areas did not exist as we know them today, as well as the very small high schools (Hotch Schools - Tobluk Descent Decree) were not in existence at that time.

There have been a number of other studies done of school finance in Alaska, some of these being:

1. School Finance in Alaska, An Overview of Current Issues, Sources and Distribution of Funds for Public Center for Northern Educational Research, UAF, Fairbanks, AK 1976.
2. Alaska Interregional Cost Differentials Center for Northern Educational Research, The Northern Institute, UAF, Fairbanks, AK 1977.
3. Strengthening the Alaska Public School Foundation Support Program, The Northern Institute, Anchorage, AK 1979.
4. Area Differential Study, Homan-McDowell Association, Juneau, AK 1981.

Usually each time a study is done a legislative law change is made to account for the different recommendations. Unfortunately, only parts of the recommendations are taken and made into law leaving a sometimes haphazard system of finance. This has happened in the past, which has had the effect of a band-aid approach to keeping the current law valid.

In the study done by the task force in 1979, they made eight (8) recommendations.³ They were followed, not followed or altered by the legislature in the following ways:

1. Equalization - Altered by the legislative process, but adopted.
2. Area Differential - Recommended a study - Did fund - Homan-McDowell Study - 1981, but then ignored and shelved.
3. Method of determining elementary schools count - adopted.
4. Secondary Schools Foundation Units - Altered by legislature and adopted.
5. Vocational Education Foundation Units - Ignored.
6. Special Education Foundation Units - Ignored.
7. Bilingual Education Foundation Units - Ignored
8. Junior High Definition - altered by Legislature and adopted.

We have an excellent funding program based on the current system and Nenana City Public Schools would hate to see changes made which are not based on a full study of our current system. The most rational approach would be to fund the study of our system and then utilize that study for making recommended changes in the next legislative system.

To give you an example of what may happen to a district when funding sources have changed, let us go back to 1977 when the area differentials were changed and the REAA's were created.

The Legislature restructured the area differentials based upon a study done by the Center for Northern Educational Research, which changed most school districts area differential (cost of doing business using Anchorage as a base). Nenana was reduced in area differential by 13 3/4%. This froze the districts amount of money for three years until the cost of living raises reached that amount. By using our savings account and cutting back on maintenance, teaching supplies, textbooks and salaries, we were able to survive until FY-80. By the end of that year, we were broke and could not meet our required payments in May, June, and July due to a severe cash flow problem. I testified before both the House and Senate Committees and we received two supplementals, until the problem was solved by different means. We were called a legislative oversight district. One supplemental was for \$101,000, and the other was for \$70,000. The problem has never really been cured because our area differential is too low. It should be between 127% and 130% and not 120%. We received relief in a number of ways.:

1. The two supplementals.
2. Equalization went into affect, which was a big factor.
3. We applied for and received approval of our Junior High Program by the Department of Education.

Nenana City Public Schools, it's school board and the community residents urge defeat for HB-251 as written and change it to fund only the study and delete the sections on funding by average daily membership, and eliminate the Junior High funding, for Junior High s under 50.

We have been the victims of a legislative action one in recent history and we would hate to see something similar happen again to one or more districts in the state.

1. Report of the Commissioner for Education for the year ending June 30, 1918.
2. Ibid, page 27.
3. Strengthening the Alaska Public School Foundation Support Program, Northern Institute, 1979.
4. Alaska Interregional Cost Differentials, An Examination of Costs of Living, Public School Foundation Program, Instructional Unit Allotments and School Operational Costs in Alaska. Center for Northern Educational Research, UAF, Fairbanks, AK, March 1977.

COMMITTEE REPORT
SENATE

FURTHER: FINANCE

4/4/83

Date:

4/13/83

Mr. President:

The Committee on HESS' has had CSHB 251 (HESS)

Relating to state support for education; eff. date

under consideration and (a majority of the committee) (the committee) reports it back with the following recommendations:

do pass [] do not pass

[] do pass with attached amendments(s)

replace with SCS for CS HB 251 (HESS) same title new title

and recommends 2 do pass, 1 more

[] AND attaches a "Letter of Intent"

New Fiscal Note
Senate Suppl No. 18

[] reports it back without recommendation

[] referred to the _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS:

[Signature]
[Signature]

[Signature] NO Rec.

[Signature]
CHAIRMAN

Offered: 3/18/83
Referred: Finance

Original sponsors: Tischer, Adams,
Fuller and Lindauer

1 IN THE HOUSE

BY THE HEALTH, EDUCATION
AND SOCIAL SERVICES COMMITTEE

2

CS FOR HOUSE BILL NO. 251 (HESS)

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

THIRTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act relating to state support for education; and
7 providing for an effective date."

7

8

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

9

* Section 1. FINDINGS. The legislature finds that the present system
10 of providing assistance to school systems should be studied for modifica-
11 tion and improvement. The legislature further finds that during the period
12 of study an alternative mechanism to the existing foundation support system
13 is desirable.

14 * Sec. 2. There is created the Foundation Funding Policy Council to
15 study alternatives to the existing foundation support system. The Founda-
16 tion Funding Policy Council consists of seven persons: the chairperson of
17 the Senate Health, Education, and Social Services Committee, the chairper-
18 son of the House Health, Education, and Social Services Committee, and the
19 following persons to be appointed jointly by the Speaker of the House and
20 the President of the Senate: the executive director of the Alaska School
21 Board Association, an education analyst from the Office of Management and
22 Budget, a fiscal analyst from the Department of Education, the president of
23 the state board of education, and the executive director of the Alaska
24 Council of School Administrators.

25 * Sec. 3. The Foundation Funding Policy Council shall report its find-
26 ings and recommendations to the governor and to the legislature no later
27 than February 1, 1984.

28 * Sec. 4. The operation of AS 14.17.021(a), 14.17.022, 14.17.023,
29 14.17.031(a), (b), (c), and (e), 14.17.041, 14.17.051, 14.17.056,

1 14.17.082, 14.17.160, 14.17.180, 14.17.225(b), and the provision of
 2 14.17.170 that requires the withholding of one-half of the June payment of
 3 state aid pending a final determination of each school district's state aid
 4 is suspended from July 1, 1983, through June 30, 1984. During the period
 5 of suspension, the provisions of AS 14.17.031(d) remain in effect except
 6 that the number of students in average daily membership in each school
 7 district shall be used instead of instructional units to calculate
 8 reductions in state aid. During the period of suspension, funding for the
 9 basic state aid and supplemental equalization aid that otherwise would have
 10 been provided under the provisions of AS 14.17.021(a), 14.17.022, and
 11 14.17.023 shall be provided to school districts and for centralized corre-
 12 spondence study in accordance with the provisions of sec. 5 of this Act.

13 * Sec. 5. For fiscal year 1984 the amount of state aid for each school
 14 district and for centralized correspondence study is the following amount,
 15 subject to adjustment under AS 14.17.021(b), for each pupil in average
 16 daily membership less any aid overpaid as determined by the commissioner of
 17 education:

| | | |
|----|--|----------|
| 18 | Anchorage School District | \$ 3,310 |
| 19 | Bristol Bay Borough School District | 9,732 |
| 20 | Cordova City School District | 5,029 |
| 21 | Craig City School District | 6,734 |
| 22 | Dillingham City School District | 8,673 |
| 23 | Fairbanks North Star Borough School District | 3,683 |
| 24 | Galena City School District | 9,995 |
| 25 | Haines Borough School District | 6,345 |
| 26 | Hoonah City School District | 6,224 |
| 27 | Hydaburg City School District | 9,163 |
| 28 | City and Borough of Juneau School District | 3,622 |
| 29 | Kake City School District | 7,109 |

| | | |
|----|---|--------|
| 1 | Kenai Peninsula Borough School District | 3,900 |
| 2 | Ketchikan Gateway Borough School District | 3,399 |
| 3 | King Cove City School District | 9,376 |
| 4 | Klawock City School District | 7,417 |
| 5 | Kodiak Island School District | 5,488 |
| 6 | Matanuska-Susitna Borough School District | 3,504 |
| 7 | Nenana City School District | 10,507 |
| 8 | Nome City School District | 7,165 |
| 9 | North Slope Borough School District | 9,202 |
| 10 | Pelican City School District | 12,438 |
| 11 | Petersburg City School District | 4,049 |
| 12 | Sand Point City School District | 8,283 |
| 13 | Sitka Borough School District | 3,711 |
| 14 | Skagway City School District | 5,379 |
| 15 | St. Mary's City School District | 14,946 |
| 16 | Tanana School District | 13,361 |
| 17 | Unalaska City School District | 8,210 |
| 18 | Valdez City School District | 4,786 |
| 19 | Wrangell City School District | 4,726 |
| 20 | Yakutat City School District | 7,749 |
| 21 | Adak Regional School District | 6,643 |
| 22 | Alaska Gateway School District | 8,639 |
| 23 | Aleutian Chain School District | 16,674 |
| 24 | Annette Island School District | 6,572 |
| 25 | Bering Straits School District | 12,197 |
| 26 | Chatham School District | 8,682 |
| 27 | Chugach School District | 11,758 |
| 28 | Copper River School District | 7,178 |
| 29 | Delta School District | 5,915 |

| | | |
|----|---|--------|
| 1 | Iditarod Area School District | 14,972 |
| 2 | Kuspuk School District | 16,376 |
| 3 | Lake and Peninsula School District | 15,476 |
| 4 | Lower Kuskokwim School District | 11,033 |
| 5 | Lower Yukon School District | 9,864 |
| 6 | Northwest Arctic School District | 10,387 |
| 7 | Pribilof Islands School District | 11,475 |
| 8 | Upper Railbelt Regional School District | 9,551 |
| 9 | Southeast Island School District | 9,665 |
| 10 | Southwest Regional School District | 13,305 |
| 11 | Yukon Flats School District | 15,498 |
| 12 | Yukon Koyukuk School District | 13,191 |
| 13 | Central Correspondence | 2,508 |

14 * Sec. 6. The Commissioner shall determine the state aid for each
15 school district on the basis of the reports submitted under AS 14.17.170
16 for fiscal year 1983. Beginning July 15 of the fiscal year, and on the
17 15th of each month, for seven successive months, 1/12th of each district's
18 state aid shall be distributed.

19 * Sec. 7. Appropriations made for fiscal year 1984 for supplemental
20 programs under AS 14.17.061(a) may be used only for average daily member-
21 ship increases beyond the average daily membership reported by school
22 districts under AS 14.17.170 for fiscal year 1983. If the amount appro-
23 priated for fiscal year 1984 is insufficient to meet the average daily
24 membership allocations authorized under sec. 5 of this Act with respect to
25 the increased average daily membership, the available funds shall be dis-
26 tributed on a pro rata basis among the school districts with increases in
27 average daily membership.

28 * Sec. 8. During the period of suspension under sec. 4 of this Act, a
29 school district shall continue to provide services to students in programs

1 of bilingual, special, and vocational education commensurate with the needs
2 of the students and in strict accordance with applicable state and federal
3 laws and regulations.

4 * Sec. 9. This Act takes effect July 1, 1983.

Offered: 4/14/83
Referred: Finance

Original sponsors: Tischer, Adams,
Fuller and Lindauer

BY THE HEALTH, EDUCATION AND
SOCIAL SERVICES COMMITTEE

1 IN THE HOUSE

2 SENATE CS FOR CS FOR HOUSE BILL NO. 251 (HESS)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to state support for education; and
7 providing for an effective date."

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

9 * Section 1. The provisions of AS 14.17 notwithstanding, the number of
10 instructional units within each school district for the purpose of cal-
11 culating the amount of basic state aid for the public school foundation
12 program for fiscal year 1984 is equal to the revised number of instruc-
13 tional units within each school district for fiscal year 1983 subject to
14 the exception provided in sec. 2 of this Act.

15 * Sec. 2. The provisions of AS 14.17.250(9) notwithstanding, a junior
16 high school program may not be used separately to calculate the number of
17 instructional units within a school district for fiscal year 1984 unless
18 the junior high school program is housed in its own separate facility, or
19 unless it has an average daily membership of 50 or more.

20 * Sec. 3. The commissioner of education shall recommend to the legisla-
21 ture a method of revising and improving the public school foundation pro-
22 gram no later than January 9, 1984. If the commissioner of education has
23 not made recommendations to the legislature by January 9, 1984, the pro-
24 visions of AS 14.17 notwithstanding, the amount of basic state aid to each
25 school district and regional educational attendance area under the public
26 school foundation program, beginning in fiscal year 1985, shall be adjusted
27 in January 1984 to reflect the changes in the Consumer Price Index for all
28 Urban Consumers for the Anchorage Metropolitan Area compiled by the Bureau
29 of Labor Statistics, United States Department of Labor in January 1984, for

1 the preceding twelve-month period. The index for January 1983 is the
2 reference base index.

3 * Sec. 4. The provisions of AS 14.17 notwithstanding, the amount of
4 basic state aid paid under the public school foundation program for fiscal
5 year 1984 may be increased over the amount of aid paid to a school district
6 for fiscal year 1983 only for increases in enrollment or the opening of new
7 school sites. If the amount appropriated for the public school foundation
8 program for fiscal year 1984 is insufficient to meet the operating costs
9 associated with the opening of new school sites, the available funds shall
10 be distributed on a pro rata basis among school districts with new school
11 sites.

12 * Sec. 5. This Act takes effect immediately in accordance with AS 01.-
13 10.070(c).

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SENATE CS FOR CSHB 251 (HESS)
 Title AN ACT RELATING TO STATE SUPPORT FOR EDUCATION: AND PROVIDING FOR AN EFFECTIVE DATE
 Requested by _____ Date _____

II. FISCAL DETAIL

Agency Affected DEPARTMENT OF EDUCATION
 Program Category Affected FOUNDATION SUPPORT
 BRU, Program, or Subprogram(s) Affected _____
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

| | FY 80 | FY 81 | FY 82 | FY 83 | FY 84 | FY 85 |
|--------------------------|-------|-------|-------|-------|----------|-------|
| 100 PERSONAL SERVICES | | | | | | |
| 200 TRAVEL | | | | | | |
| 300 CONTRACTUAL | | | | | | |
| 400 COMMODITIES | | | | | | |
| 500 EQUIPMENT | | | | | | |
| 600 LAND & STRUCTURES | | | | | | |
| 700 GRANTS, CLAIMS, ETC. | | | | | 448,000 | |
| TOTAL | | | | | 448,000. | |

FUNDING (Thousands of Dollars)

| GENERAL FUND | | | | | | |
|-----------------------------|--|--|--|--|--|--|
| FEDERAL FUNDS | | | | | | |
| OTHER (Specify Fund Source) | | | | | | |
| | | | | | | |

POSITIONS

| | | | | | | |
|-----------|--|--|--|--|--|--|
| FULL TIME | | | | | | |
| PART TIME | | | | | | |
| TEMPORARY | | | | | | |

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

The Senate Health, Education and Social Services Committee support full funding of the foundation formula in the interim period of study, since an equitable formulary for the distribution of funds to school districts and REAA's is unavailable.

The local tax base has been affected by reductions in school foundation funding as well as other results of falling revenues, and the Committee feels that no locality should be arbitrarily forced to raise their mil rate because the state has not dealt with obvious flaws in the foundation formula.

The constitution of the state of Alaska clearly mandates state responsibility in the establishment and operation of public schools open to all children in the state. The Senate HESS Committee supports the Foundation Study through the Department of Education and the passage of Senate CS for CS for HB 251, retaining the use of the Foundation Formula.

IV. DATE 4/13/83 PREPARED BY SENATE HESS COMMITTEE
 AGENCY Leg. Finance
 Original: Legislative Finance PHONE 465-4907
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)



Official Business

Alaska State Legislature

House of Representatives

Committee on

Health, Education & Social Services

Pouch V
State Capitol
Juneau, Alaska 99811


March 14, 1983

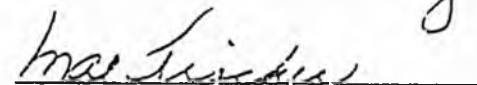
LETTER OF INTENT

RE: HB 251 An act relating to state support for education;
and providing for an effective date.

It is the intent of the Legislature to insure funding for any additional increases in enrollments on a per district basis for the 1983-84 school year.

It is the further intent to appropriate funds to AS 14.17.061(a), the Supplemental Programs account, in order that any additional ADM's be funded according to the ADM amounts based on the FY 83 funding level (ADM amounts listed in the proposed education legislation).


Milo H. Fritz, Co-chairman


Mae Tischer, Co-chairman

THE LEGISLATURE OF THE STATE OF ALASKA
THIRTEENTH LEGISLATURE

FISCAL NOTE

I. REQUEST HOUSE BILL NO. 251
 Bill/Resolution No. _____
 Title relating to state support for education _____
 Requested by House Finance _____ Date _____

II. FISCAL DETAIL
 Agency Affected Legislative Affairs Agency
 Program Category Affected _____
 BRU, Program, Or Subprogram(s) Affected _____
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

| | FY 83 | FY 84 | FY 85 | FY 86 | FY 87 | FY 88 |
|--------------------------|-------|--------|-------|-------|-------|-------|
| 100 PERSONAL SERVICES | | 47,500 | | | | |
| 200 TRAVEL | | 30,000 | | | | |
| 300 CONTRACTUAL | | 2,000 | | | | |
| 400 COMMODITIES | | | | | | |
| 500 EQUIPMENT | | - 0 - | | | | |
| 600 LAND & STRUCTURES | | - 0 - | | | | |
| 700 GRANTS, CLAIMS, ETC. | | - 0 - | | | | |
| TOTAL | | | | | | |

FUNDING (Thousands of Dollars) *wrong addition noted by finance*

| | | | | | | |
|------------------------|--|---|--|--|--|--|
| GENERAL FUND | | ^{199,500} 72,500 | | | | |
| FEDERAL FUNDS | | | | | | |
| OTHER (Specify Source) | | | | | | |
| | | | | | | |

POSITIONS

| | | | | | | |
|-----------|--|--|--|--|--|--|
| FULL TIME | | | | | | |
| PART TIME | | | | | | |
| TEMPORARY | | | | | | |

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

See attachment.

IV. DATE February 23, 1983 PREPARED BY House HESS
 AGENCY Legislative Affairs Agency
 Original: Legislative Finance PHONE 465-3111
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)
 33-001 (Rev. 12/82)

FISCAL ANALYSIS: FOUNDATION FUNDING STUDY - INTERIM '83

House Bill no. 251 (Corrected) Page 2 of 2

100 Personal Services

Prof. Asst. @ 21C = \$3714 + 28% benefits x 6 months = \$28,523

Prof. Sec. @ 15C = \$2463 + 28% benefits x 6 months =
\$18,915

\$47,438

* There are no provisions presently regarding interim staffing policies for standing committees.

200 Travel & Peridium

Seven meetings beginning August 17; 3 days each at 3 week intervals ending December 16.

Assumption of Anchorage meetings with transportation for 7 council and 3 staff members (including Legal Services Staff).

\$320.00/round trip (Juneau/Anchorage/Juneau) x 7 meetins =
\$22,400 Total Travel

Peridium:

7 meetins @ 3 days each = 21 days x \$80 (Anch) peridium = \$1,680

2 legislators + 2 staff = 4 x \$1,680 = \$6,720

300 Contractual

\$1,200 phone (\$200 x 6 months)
\$ 800 postage and misc.

\$2,000

400 Commodities

- 0 -

500 Equipment

- 0 -

600 Land/Structures

- 0 -

700 Grants/Claims

- 0 -

79,500

Total Funding Request = ~~\$72,500~~

FISCAL NOTE.

I. REQUEST HOUSE BILL NO. 251 (Corrected) Page 1 of 2
 Bill/Resolution No. _____
 Title relating to state support for education _____
 Requested by House Finance _____ Date _____

II. FISCAL DETAIL
 Agency Affected Legislative Affairs Agency
 Program Category Affected _____
 BRU, Program, Or Subprogram(s) Affected _____
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

| | FY 83 | FY 84 | FY 85 | FY 86 | FY 87 | FY 88 |
|--------------------------|-------|--------|-------|-------|-------|-------|
| 100 PERSONAL SERVICES | | 47,500 | | | | |
| 200 TRAVEL | | 30,000 | | | | |
| 300 CONTRACTUAL | | 2,000 | | | | |
| 400 COMMODITIES | | | | | | |
| 500 EQUIPMENT | | - 0 - | | | | |
| 600 LAND & STRUCTURES | | - 0 - | | | | |
| 700 GRANTS, CLAIMS, ETC. | | - 0 - | | | | |
| TOTAL | | | | | | |

FUNDING (Thousands of Dollars)

| | FY 83 | FY 84 | FY 85 | FY 86 | FY 87 | FY 88 |
|------------------------|-------|--------|-------|-------|-------|-------|
| GENERAL FUND | | 79,500 | | | | |
| FEDERAL FUNDS | | 72,500 | | | | |
| OTHER (Specify Source) | | | | | | |
| | | | | | | |
| | | | | | | |

POSITIONS

| | FY 83 | FY 84 | FY 85 | FY 86 | FY 87 | FY 88 |
|-----------|-------|-------|-------|-------|-------|-------|
| FULL TIME | | | | | | |
| PART TIME | | | | | | |
| TEMPORARY | | | | | | |

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

See attachment.

IV. DATE February 23, 1993 PREPARED BY House HESS
 AGENCY Legislative Affairs Agency
 Original: Legislative Finance PHONE 455-3111
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)
 33-001 (Rev. 12/82)