

H B

251

(FILE 2)

COMMITTEE REPORT
SENATE

FURTHER: FINANCE

4/4/83

Date: 4/15/83

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 CS for CSHB 251 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

MEMBERS HAVING
OTHER RECOMMENDATIONS:

CHAIRMAN

Alaska State Legislature

House of Representatives

Al Adams

Chairman

Committee on Finance

June 14, 1983



Official Business

WHILE IN SESSION

Fouch V

State Capitol

Juneau, Alaska 99811

(907) 465-3706

OUT OF SESSION

P.O. Box 333

Kotzebue, Alaska 99752

(907) 442-3320

1024 W. 6th

Anchorage, Alaska 99501

(907) 274-0615

MEMORANDUM

TO: Representative Ward
Representative Tischer
Representative Larson
Members, Conference Committee on HB 251

FROM: Al Adams, Chair *AK*
House Finance Committee

SUBJ: HB 251

I request that you consider the following revisions to HB 251, relating to state support for education, in your conference committee deliberations. I believe that these changes are necessary to provide for truly strict controls on the school construction debt program. The changes are listed in order of priority.

Suggested Revisions

1. P. 1, lines 14-16: Delete "and authorized by the qualified voters of the municipality". Add the language ", and" in front of "before July 1, 1983,".

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

The purpose of this change is to insure that municipal school districts do not rush for voter approval of bonded projects before July 1, 1983, but do not actually go to the bond market until later. The state would be obligated to pay "up to 90%" of these bond payments, when the legislature's intent is to only pick up 50% of future bond payments. It is my understanding

that both Ketchikan and Fairbanks will be selling their new bond issues before June 30, and thus would not be adversely affected by this amendment.

2. P. 1, line 28: Between "year" and "for" add the phrase "two years earlier". The section would then read: "(A) payments made by the municipality during the fiscal year two years earlier for the retirement of principal and interest on outstanding bonds, notes or other indebtedness authorized by the qualified voters of the municipality after June 30, 1983 . . .".

My research on this subject has brought out the fact that reimbursing debt in the same year that it is incurred encourages the municipality to bond for school projects because they do not have to find a local source of funding (such as increased taxes) to pay those first two years of payments. This is less important when the state is only reimbursing 50% than it would be if the state continues to reimburse at 90%. However, I still feel that it would be a further layer of control to place on municipal school districts that is in order.

3. Add language to the bill to cap the amount that the legislature may appropriate annually for retirement of school construction debt. If a \$10 million cap is deemed appropriate, for example, the language could read: "No more than \$10,000,000 may be appropriated to retire school construction and rehabilitation debt in a single fiscal year." Capping the amount the statute authorizes to be appropriated each year would be a clear signal to communities that the legislature does not intend the program to continue to expand dramatically in the future. Of course, no legislature can bind a future one, so the actual amount of the annual appropriation would be determined in the annual budget process. However, such capping authorization is allowable, and from my point of view, desirable.

Procedural Note

In order to make any of the above changes, it would be necessary to request limited powers of conference committee since none of this language presently exists in either body's version of the bill.

If the Senate is not amenable to any of these amendments, it would be necessary to form a free conference committee in order to include them in the bill.

*Just only by conservative ideas! Just
do your best!!*

Thank you for your consideration of my views as you
deliberate on this important matter.



Official Business

Alaska State Legislature

Senate

Office of the President

Pouch V
State Capitol
Juneau, Alaska 99811

TO: Senate Conference Committee on HB 251
Senator Joe Josephson, Chairman
Senator Frank Ferguson
Senator Paul Fischer

FROM: Senator Jay Kerttula ✓
Senate President

DATE: June 16, 1983

SUBJECT: Potential amendment to HB 251

The Matanuska - Susitna Borough School District has been beset with tremendous growth and needs to build three new schools this year in addition to two just bonded to accomodate this population impact.

HB 251 provides the formula for computing foundation program support for school districts during the coming year.

The Senate version, (SCS CSHB 251 (Rules) am S), which is attached, comes much closer than the House version to accomodating the needs of areas of the State experiencing such population growth as the Mat-Su has.

One change would further strengthen the Senate bill for the Mat-Su Borough School District and I ask that you consider it.

The Mat-Su School District is preparing to issue additional bonds for construction for two more schools and possible addition to a third during the fall of this year. If the dates providing for up to 90% of the school debt reimbursement were changed to December 31, 1983 rather than July 1, 1983, the Mat-Su school district would benefit greatly.

Please be aware this is not opening up the debt reimbursement in that it takes considerable time to prepare for a bond issue. Mat-Su has worked hard to compensate for the massive growth in the school system and needs to be able to participate in the 90% reimbursement program if they are to provide an effective education to their growing student population. Their student population increased by almost 1000 this year and is expected to increase by 1200 this coming year. They need assistance to provide adequate education.

Thank you for consideration of this change.

STATE OF ALASKA THE LEGISLATURE

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

June 10, 1983

SUBJECT: State support for education
(SCS CSHB 251 (Rules) am S))

TO: Representative Mae Tischer
Chairman, House Health, Education, and
Social Services Committee

FROM: Keith B. Levy *KBL*
Legislative Counsel

You have requested a comparison of CSHB 251 (HESS), as passed by the House, with SCS CSHB 251 (Rules) am S, as passed by the Senate. Sections 1 - 3 of the Senate version pertain to the retirement of school construction debts which is not addressed in the House version of HB 251. Sections 4 - 8 of the Senate version deal with the foundation funding program, the subject of the original bill, but in a different manner. The differences between these sections of the Senate version and the House version were explained in a memo dated April 13, 1983. For your convenience, I have incorporated that memo into this one.

Section 1 of the Senate version amends AS 43.18.100(a)(4) to provide that the state will reimburse municipalities for up to 90 percent of their school construction debt only on indebtedness incurred after December 31, 1981 and authorized by the qualified voters of the municipality before July 1, 1983. In other words, the present 90 percent funding provided by the state will only apply to bond sales authorized before July 1, 1983. Sec. 1 also limits the 90 percent reimbursement to cash payments made by municipalities before July 1, 1983.

Section 2 adds a new paragraph to AS 43.18.100 to provide that bonds authorized and cash payments made after June 30, 1983, will be reimbursed by the state only up to 50 percent. The overall effect of Secs. 1 and 2 of the Senate version is to reduce the state's obligation to retire the school

construction debts of municipalities from 90 percent to 50 percent.

Section 3 adds a new subsection to AS 43.18.100 to prohibit the use of state funds to retire a school construction debt unless the commissioner of revenue approves the project before the bond issue for the project goes before the voters of the municipality. Before approving a project, the commissioner must require the municipality to meet several conditions. First, the municipality must include on the ballot for the bond issue the total cost of each project and the amounts to be paid by the state and by the municipality. Second, the municipality must provide that the bonds may not be redeemed before expiration and must be paid in equal payments over a period of at least 15 years. Finally, the municipality must demonstrate need for the project.

The sections of the Senate version of the bill pertaining to foundation funding do not suspend certain provisions of AS 14.17 as CSHB 251 (HESS) does. Instead, the Senate version operates with "the provisions of AS 14.17 notwithstanding". The result is that the Senate version maintains the operation of AS 14.17, subject to the changes set out in the bill.

Section 4 of the Senate version provides that the instructional units within each school district for the purpose of calculating state aid for fiscal year 1984 is equal to the revised number of instructional units for fiscal year 1983. Accordingly, while CSHB 251 (HESS) bases state aid for fiscal year 1984 on average daily membership with the amounts for each pupil specifically provided in the bill, the Senate version retains the statutory foundation formula for fiscal year 1984, but bases the instructional units on fiscal year 1983 figures.

Section 5 of the Senate version makes one change in the instructional units used for fiscal year 1984. It provides that a junior high school program may not be used separately to calculate instructional units unless the program is housed in its own separate facility and has an average daily membership of 50 or more, or had a separate administration in place before the 1983 school year.

Section 6 of the Senate version requires the commissioner of education to recommend changes in the foundation funding program in contrast to CSHB 251 (HESS) which creates a

"Foundation Funding Policy Council" to make recommendations to the legislature. The Senate bill also makes provisions for funding in fiscal year 1985 and later years in the event that the commissioner of education fails to make the required recommendations. It provides that the basic aid beginning in fiscal year 1985 shall be adjusted to reflect changes in the Consumer Price Index for all Urban Consumers for the Anchorage Metropolitan Area compiled by the Bureau of Labor Statistics, United States Department of Labor. CSHB 251 (HESS), on the other hand, makes no provisions beyond fiscal year 1984.

Section 7 of the Senate version provides that state aid for fiscal year 1984 may be increased over state aid for fiscal year 1983 only to take into consideration increased enrollment or the opening of new schools. CSHB 251 (HESS) does not put this type of limitation on increases in state aid.

Section 8 of the Senate version gives the bill an immediate effective date as opposed to a July 1, 1983, effective date in CSHB 251 (HESS).

In addition to the differences between the two bills noted above, CSHB 251 (HESS) also contains some provisions not contained in the Senate version of the bill. Section 7 of CSHB 251 (HESS) provides for the use of appropriations for supplemental programs under AS 14.17.061(a). These appropriations may be used in fiscal year 1984 for average daily membership increases reported by school districts for fiscal year 1983. Section 7 of the House bill also provides that if appropriations under this section are insufficient to meet the authorized average daily membership allocations, the available funds shall be distributed on a pro rata basis among school districts with increases in average daily membership. This last provision does not differ greatly from the Senate version, however, because AS 14.17.225(b) which applies to the Senate version, makes a similar provision for insufficient funds.

To summarize, the principal differences between the two bills are as follows: First, the Senate bill reduces the state's obligation to retire the school construction debts of municipalities from 90 percent to 50 percent. Second, the House bill suspends AS 14.17, while the Senate bill merely makes certain changes in the operation of AS 14.17. Third, the House bill creates a council to study the foundation program, while the Senate version requires the

Representative Mae Tischer

Page 4

June 10, 1983

Department of Education to do the study. Fourth, the House version bases state aid for fiscal year 1984 on average daily membership with fixed figures for average daily membership provided, while the Senate version bases fiscal year 1984 aid on the revised instructional units for fiscal year 1983 and uses the current foundation funding formula as provided by AS 14.17. Fifth, the House version makes no provision beyond fiscal year 1984, while the Senate version provides that state aid be adjusted by the Consumer Price Index beginning in fiscal year 1985 if the Department of Education fails to make recommendations to the legislature for improving the foundation funding program. Finally, the House version would take effect July 1, 1983, while the Senate version has an immediate effective date.

KBL:ljb

24/006

ANALYSIS OF
PROPOSED FINANCE CS
FOR CS HB 251 (HESS)

SYNOPSIS: SECTIONS 1 through 3 of the bill relate to school debt retirement, while sections 4 through 7 relate to the school foundation formula, with section 8 being the immediate effective date.

SCHOOL DEBT RETIREMENT

PURPOSE: To control the amount the state pays each year for the reimbursement of municipal school construction debt payments. Legislation passed last year, which increased the reimbursement rate from 80% to 90% and eliminated the two-year time lag, has dramatically increased the state's bill for school debt retirement. The total payback for FY 83 is approximately \$62 million, and is estimated to be over \$90 million in FY 84. These figures represent 100% of entitlement, although the actual payback is dependent on the amount appropriated yearly by the Legislature.

According to the draft, new debt would be reimbursed at 50% after it is incurred. All eligible projects must be approved by the Commissioner of the Department of Education prior to voter approval with total project costs listed on the bonding ballot. Other requirements are that the bond may not be redeemed before expiration and must be repaid over a period of at least fifteen (15) years, and that the municipality must demonstrate need for the project.

Nothing in this draft would affect debt incurred prior to 1982, and the intent is to provide sufficient funding for debt incurred prior to 1981 without pro rata distribution of available funds.

The draft provides that payments to the municipality for the retirement of principal and interest of outstanding bonds for the current year (on indebtedness incurred after Dec. 31, 1981 and before July 1, 1983), and payments made after July 30, 1982 and before July 1, 1983 by the municipality during the fiscal year two years earlier for construction, renovation, and additions will be paid by the state up to 90%.

FOUNDATION FORMULA

PURPOSE: The Act provides for the computation of instructional units for FY 84 while eliminating the junior high "loophole" in current statutes. The opening of new school sites and increases in enrollment are the only justification for alteration of the instructional units, as revised, for FY 84. The Act also provides for computation of FY 85 payments in state aid should the Department of Education be unable to report back to the Legislature on the Foundation Study by January of 1984.

SECTION ANALYSIS

- Section 1: Provides for payments up to 90% for:
- (A) current year bond payments on indebtedness incurred after December 31, 1981 and before July 1, 1983 made by the municipality; and
 - (B) cash payments made after June 30, 1982 and before July 1, 1983 by the municipality during the fiscal year two years earlier (the two-year lag is due to receipt of audits by the Department).
- Section 2: Provides that 50% of debt payments will be reimbursed after they are incurred by the municipality. This discourages bonding of non-essential projects.
- Section 3: Provides that the state may not allocate money to a municipality for a school construction project that has not been approved by the Commissioner of Education.
- In approving the project, the Commissioner shall require full information on the bonding issue approved by the voters; no call back options; a minimum payback period of 15 years; and demonstration of need.
- Section 4: Sets the number of instructional units and supplemental equalization aid for each school district and correspondence study for FY 84 at the FY 83 revised figure.
- Section 5: Provides that junior high programs in a school district with a total average ADM of 250 or more may not be used separately to calculate the number of instructional units unless the program is housed in a separate facility and has an average ADM of 50 or more, or has a separate school administration which was in place before the 1983 school year. Includes reference to AS 14.17.031(d) to prevent financial catastrophe in a district.
- Section 6: Provides that, should the Commissioner of Education not report back to the Legislature on the foundation formula study by January 9, 1984, the amount of basic state aid paid, beginning in Fiscal Year 1985, shall be adjusted by the Consumer Price Index from the U.S. Department of Labor.
- Section 7: Provides that the only increase in instructional units shall be for the opening of new school sites and for increased enrollment. If the amount appropriated for FY 84 is insufficient to meet this need, the available funds will be distributed on a pro rata basis to all school districts.
- Section 8: Provides for an immediate effective date.

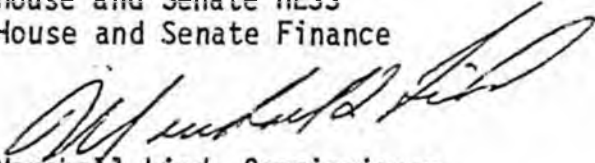
MEMORANDUM

State of Alaska

TO: Members
House and Senate HESS
House and Senate Finance

DATE: April 21, 1983

FILE NO: 006.3

FROM: 
Marshall Lind, Commissioner
Department of Education

TELEPHONE NO: 465-2800

SUBJECT: School Finance Study

The memo is written to clarify the amount of time necessary to complete a study of the Alaska system of school finance.

In January, 1982, the Department made a recommendation to the Legislature that the system of financing schools in Alaska be investigated. In the years since 1970, when the current system was instituted attempts to maintain equity in light of changing times have caused some problems. Funds necessary to research possible alternatives were requested and received. The finance study process was then initiated in July, 1982. The request for proposals for conducting the research was initially mailed in November but, following the change within the administrations, the process was put on hold. The study process is again under way and is expected to be completed in December of 1984.

As we developed the design of the study, we sought the best advice available. In large part, the advice came from the Education Commission of the States and was based on the experiences of other States who had attempted to deal with the issues of equity and sufficiency in the funding of public K-12 education. Interviews with individuals responsible for similar studies in other States indicated that a minimum of one year was imperative and that two years was optimal.

Our schedule indicates that the Alaska study will take approximately 12 months to complete the technical work, and an additional 6 months to adequately address the policy issues involved in restructuring a system of foundation support. Because of several delays in the issuance of the RFP, we do not anticipate technical work to be completed prior to June 1984. As such, the final report will not be available until December 1984. Although we will be issuing an interim progress report in January of 1984, we will not be in a position to provide any firm recommendations at that time. If it is the intent of this Legislature to take action on the method of financing public education during the next session, we would ask your support in permitting us to continue with the research effort now under way. The results of the study and research should prove valuable to decision makers in both the Legislative and Executive branches for many years to come.

Alaska MUNICIPAL League

TELEPHONES
(907) 586-1325
586-6526

204 N. FRANKLIN ST.
JUNEAU, ALASKA 99801



May 17, 1983

RECEIVED

MAY 17 1983

to: Alaska State Senate
from: Ginny Chitwood, AML Executive Director *GC*
re: CSSB 82 (Finance) - Reappropriations

Josephson,

The Alaska Municipal League urges your approval of a supplemental appropriation for State Aid for the Retirement of School Construction Debt. Section 18 on line 24 or page 6 appropriates \$6.5, which is almost half of the FY 83 shortfall. We ask your favorable consideration of an amendment, increasing the \$6.5 million to \$13,099,690, the amount necessary to fully fund the FY 83 entitlement.

Several years ago the Legislature developed this state-aid program to reduce the inequities between REAA's, where the state pays 100% of school construction costs, and the municipal school districts, where the local taxpayers were footing the entire bill. The original program provided for a 50% reimbursement on a two-year time delay and later was changed to 80%. Over the years, other changes have been made, including giving the Department of Education plan approval authority and raising the percentage of reimbursement to 100% for payments on debt issued before July 1, 1977.

Last session, two other changes were made to the program. In order to alleviate cash flow problems that were caused by the two-year time delay in reimbursements, the program was modified to phase in a current year reimbursement program, providing for current year reimbursements of payments on debt issued after December 31, 1981. The other change made last year raised the percentage of reimbursement from 80% to 90% on debt issued after July 1, 1977.

It is our understanding that the Legislature intended to fully fund this entitlement for FY 83. The shortfall was the result of two factors: incorrect application of tobacco tax receipts to this program and underestimation of the funding requirements for the current year reimbursement feature. These problems should not reoccur because the tobacco tax issue has been clarified, and the bugs should be worked out implementing the new section of the program.

Enclosed is a list of how the supplemental would be distributed. Also enclosed is a one-page explanation of the program of state aid for retirement of school construction debt.

School Construction Debt Retirement

FY-83

DISTRIBUTION

	<u>Pre 12-31-81</u>	<u>Post 12-31-81</u>	<u>Total</u>
Anchorage	2,050,317	1,193,412	3,243,729
Bristol Bay	48,050	-0-	48,050
Cordeva	17,799	-0-	17,799
Craig	-0-	-0-	-0-
Dillingham	56,046	-0-	56,046
Fairbanks	765,533	837,075	1,602,608
Galena	7,524	-0-	7,524
Haines	13,595	-0-	13,595
Hoonah	-0-	-0-	-0-
Hydaburg	-0-	-0-	-0-
Juneau	115,360	492,411	607,771
Kake	-0-	-0-	-0-
Kenai	962,592	1,244,420	2,207,012
Ketchikan	112,017	-0-	112,017
King Cove	-0-	-0-	-0-
Klawock	-0-	-0-	-0-
Kodiak	79,205	-0-	-0-
Mat-Su	705,820	605,249	1,311,069
Nenana	1,979	-0-	1,979
Nome	4,424	-0-	4,424
North Slope	1,863,579	1,149,461	3,013,040
Pelican	-0-	-0-	-0-
Petersburg	104,312	-0-	104,312
Sand Point	-0-	-0-	-0-
Sitka	127,350	-0-	127,350
Skaqway	4,456	-0-	4,456
St. Mary's	-0-	-0-	-0-
Tanana	-0-	-0-	-0-
Unalaska	-0-	-0-	-0-
Valdez	525,363	-0-	525,363
Wrangell	12,341	-0-	12,341
Yakutat	-0-	-0-	-0-
TOTAL	7,577,662	5,522,028	13,099,690

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



Official Business

Alaska State Legislature

Senate

Pouch V
State Capitol
Juneau, Alaska 99811
465-4907
465-4908

March 29, 1983

Dear Colleague:

Subject: Public School Foundation Funding

1. Two Tables Attached. Table A and Table B show how each school district in Alaska would fare under three possible funding scenarios -- 100% funding under the existing foundation program; 97.2% funding under the existing foundation program; and HB 251 (passed by the House).

Table A covers non-REAA districts. On the left side of Table A is a breakdown of expected payments in FY '84, under the three scenarios, on a per pupil ("average daily membership") basis. On the right side of Table A is a breakdown of expected payments, in total, district-by-district.

Table B gives the same information for the REAAs.

2. The Non-REAAs (Table A). Generally, 97.2% of the existing foundation program works out better for the non-REAAs than would funding under HB 251. Statewide, the non-REAAs -- the city, borough and municipal districts -- would receive \$315,253,700 under 100 percent funding of the existing program; \$306,530,100 under 97.2 percent funding of the existing program; and \$304,420,400 under HB 251.

However, Bristol Bay, Haines, Juneau, Ketchikan, King Cove, Kodiak, Nenana, North Slope, Pelican, Petersburg, Sitka, Skagway, St. Mary's, and Valdez, appear to do better under HB 251.

Anchorage -- with 42 percent of the state's K-through-12 student body -- would receive \$2,245,000 less under HB 251 than it would at 97.2 percent of the existing foundation program.

3. The REAAs. Table B shows that with the exceptions of the Bering Straits, Chatham and Lake & Peninsula REAAs, the REAAs will receive more money under HB 251 than they

would receive under the existing foundation program --
even at 100 percent funding of the existing program!

4. Total Cost to State. HB 251's net cost to Alaska is a little over five million dollars less than even 97.2 percent funding of the existing foundation program (assuming Alaska's receipt of projected federal aid impact funds under P.L. 874, which are subject to the congressional appropriation process; P.L. 874 has always been a target of national administrations seeking to impose budget reductions or restraints, but on the other hand, P.L. 874 has always had critical support from key members of Congress).

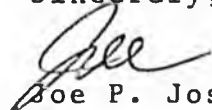
4. Fast-Growing Districts. Fast-growing districts, especially those with a need for new schools and school sites, tend to do better under the existing formula, which is weighted for school facility growth. Proposals like HB 251 that tend to apportion school dollars based upon ADM and to suspend the existing foundation formula will tend to work against the interests of such districts to an extent that the tables will not adequately reflect.

5. Summary. HB 251 appears to give most REAAs more money than they would receive if the existing foundation formula were retained and if the existing formula were FUNDED AT THE ONE HUNDRED PERCENT LEVEL! On the other hand, HB 251 would give most of the non-REAAs, especially the local districts in central and southcentral Alaska less money than they would receive if the existing foundation formula were retained for FY '84 and even if it were FUNDED AT ONLY THE 97.2 PERCENT LEVEL.

I thought this information might be of interest.

Withbest wishes,

Sincerely,


Joe P. Josephson

Enclosures:

"Table A" *

"Table B" *

*Source: Dept of Education.

DEPARTMENT OF EDUCATION
 REVIEW FOR SENATE HESS
 USING FY84 ADM

REAA	\$ PER ADM			XXXXXX	TOTAL \$			
	100% Entitlement Current	97.2% Entitlement Current	HB 251		100% Entitlement Current	97.2% Entitlement Current	HB 251	HB 251 DL-874 Reductions
Adak	5834	5673	660-6643	XXXXXX	3,500.6	3,403.7	3,985.8	708.5
Alaska Gateway	8472	8238	8639	XXXXXX	3,990.3	3,879.8	4,069.0	278.8
Aleutian Region	15538	15108	16674	XXXXXX	2,097.7	2,039.6	2,251.0	141.8
Annette Island	5278	5132	6572	XXXXXX	1,783.8	1,734.5	2,221.3	573.1
Bering Strait	13138	12774	12197	XXXXXX	12,507.0	12,160.7	11,611.5	710.9
Chatham	8542	8297	8682	XXXXXX	2,303.7	2,239.9	2,344.1	207.0
Chugach	11352	11038	11758	XXXXXX	1,135.2	1,103.8	1,175.8	31.2
Copper River	7093	6897	7178	XXXXXX	4,057.3	3,945.0	4,105.8	197.6
Delta Greely	5536	5383	5915	XXXXXX	5,696.3	5,538.6	6,086.5	451.5
Iditarod	13984	13597	14972	XXXXXX	4,712.6	4,582.1	5,045.6	362.8
Kuspuk	15185	14765	16376	XXXXXX	5,026.3	4,887.1	5,420.5	438.9
Lake & Peninsula	16242	15793	15476	XXXXXX	5,424.9	5,274.7	5,169.0	499.2
Lower kuskokwim	10722	10424	11033	XXXXXX	26,060.0	25,338.4	26,821.2	2,142.5
Lower Yukon	9331	9071	9864	XXXXXX	12,995.4	12,635.6	13,740.6	1,790.5
Northwest Arctic	9265	9009	10387	XXXXXX	14,573.7	14,170.1	16,338.8	1,639.8
Pribilof	9888	9615	11475	XXXXXX	1,849.1	1,797.9	2,145.8	262.9
Railbelt	9623	9357	9551	XXXXXX	3,098.5	3,012.7	3,075.4	65.5
Southeast Island	8853	8608	9665	XXXXXX	3,877.4	3,770.1	4,233.3	422.2
Southwest Region	12991	12632	13305	XXXXXX	6,898.1	6,707.1	7,065.0	739.5
Yukon Flats	14686	14280	15498	XXXXXX	4,758.3	4,626.6	5,021.4	354.8
Yukon Koyukuk	12247	11908	13191	XXXXXX	6,540.0	6,358.9	7,044.0	757.1
TOTALS	10,066	9787	10,527	XXXXXX	132,886.2	129,206.9	138,971.4	
STATE TOTAL	4880	4745	4828 4689	XXXXXX	448,145.9	435,737.0	443,391.8	12,786.1

Less: PL-874 (Impact Aid Offset) for REAA's -- -- (12,786.1)
 430,605.7

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SENATE CS FOR CS HB 251 (HESS)
 Title "AN ACT RELATING TO STATE SUPPORT FOR EDUCATION, AND PROVIDING FOR AN EFF. DATE
 Requested by _____ Date _____

II. FISCAL DETAIL

Agency Affected DEPARTMENT OF EDUCATION
 Program Category Affected FOUNDATION FORMULA FUNDING
 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					\$448,000	
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

THIS BILL ADDS \$17 MILLION TO THE GOVERNOR'S REVISED BUDGET OF \$431 MILLION IN FUNDING THE FOUNDATION FORMULA FOR FISCAL YEAR 84.

SECTION 2 OF THE BILL WOULD FREE UP \$4,403,818, WHICH IS PRESENTLY DISTRIBUTED TO SOME SCHOOL DISTRICTS UNDER DEFINITIONS OF INSTRUCTIONAL UNITS AVAILABLE FOR JUNIOR HIGH PROGRAMS, AND WOULD REDISTRIBUTE THOSE FUNDS UNDER THE FOUNDATION FORMULA STATEWIDE.

THERE WILL BE A FISCAL IMPACT IN 1985 OF UNDETERMINED AMOUNT IF THE DEPARTMENT DOES NOT RETURN TO THE LEGISLATURE WITH RECOMMENDATIONS ON FOUNDATION FUNDING BY JANUARY 9, 1984.

see attachment

IV. DATE APRIL 8, 1983 PREPARED BY JOE P. JOSEPHSON
 AGENCY SENATE HESS COMMITTEE
 Original: Legislative Finance PHONE 465-4907
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

THE SENATE HESS COMMITTEE SUPPORTS FULL FUNDING OF THE PUBLIC SCHOOL FOUNDATION PROGRAM IN THE INTERIM PERIOD WHILE THE PROGRAM IS BEING STUDIED. TESTIMONY PRESENTED TO THE COMMITTEE HAS POINTED OUT THE MASSIVE INCREASE IN LOCAL TAX BURDENS BROUGHT ABOUT IN THE PAST YEAR AND ANTICIPATED FOR FY 84 BY UNDERFUNDING.

COMMITTEE MEMBERS FEEL THAT BOROUGHES AND MUNICIPALITIES CANNOT BE EXPECTED TO SHOULDER THIS BURDEN IN ADDITION TO OTHER FINANCIAL RESPONSIBILITIES IMPOSED BY THE STATE. THE CONSTITUTION OF THE STATE OF ALASKA CLEARLY MANDATES STATE RESPONSIBILITY FOR THE ESTABLISHMENT AND MAINTENANCE OF A SYSTEM OF PUBLIC SCHOOLS OPEN TO ALL CHILDREN OF THE STATE. IN RECOGNITION OF FIXED COSTS (NEGOTIATED SALARY INCREASES, OPERATION AND MAINTENANCE), INFLATION AND THE LACK OF AN EQUITABLE FUNDING MECHANISM, THE STATE MUST BE UNWILLING TO CREATE FINANCIAL HARDSHIPS FOR ANY DISTRICTS.

THE SENATE HESS COMMITTEE SUPPORTS THE STUDY OF THE FOUNDATION FORMULA, EQUITABLE FUNDING FOR NEW STUDENTS DURING FISCAL YEAR 1984 AND REASONABLE START UP COST REIMBURSEMENT FOR NEW SCHOOLS COMING ON LINE.

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)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
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 _____

Original: Legislative Finance PHONE 465-4907

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

SENATE AMENDMENT

By JOSEPHSON

To: _____ SENATE BILL No. _____

To: SENATE CS FOR CS FOR HOUSE BILL No. 251 (FINANCE)

PAGE: 1 LINE: 28

..OTHER INDEBTEDNESS [INCURRED] AUTHORIZED FOR SALE BY THE
QUALIFIED VOTERS OF THE MUNICIPALITY AFTER JUNE 30, 1983...

SENATE AMENDMENT

By JOSEPHSON

To: _____ SENATE BILL No. _____

To: SENATE CS FOR CS FOR HOUSE BILL No. 251 (FINANCE)

PAGE: 1 LINE: 15

DECEMBER 31, 1981, AND AUTHORIZED BY THE QUALIFIED VOTERS OF THE MUNICIPALITY PRIOR TO [BEFORE] JULY 1, 1983,

SENATE AMENDMENT

By JOSEPHSON

To: _____ SENATE BILL No. _____

To: SENATE CS FOR CS FOR HOUSE BILL No. 251 (FINANCE)

PAGE: 1 LINE: 28

..OTHER INDEBTEDNESS [INCURRED] AUTHORIZED FOR SALE BY THE QUALIFIED VOTERS OF THE MUNICIPALITY AFTER JUNE 30, 1983...

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"

5/4/83

	AUDITED FY-82 ELIGIBILITY	ELIGIBILITY ON DEBT ISSUED AFTER 12/31/81	TOTAL FY-84 ELIGIBILITY
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 I. Bor.	6,087,170	<i>3,907,716</i>	<i>15,148,197</i>
Ketchikan Gate. B.	980,388		980,388
Kodiak I. Bor	1,683,285	1,512,900	3,196,185
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	\$50,590,977	<i>\$ 40,213,529</i>	<i>\$90,804,506</i>

* Estimates of payments on authorized but as yet unsold issues.

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.

SENATE AMENDMENT

By GILMAN

To: _____ SENATE BILL No. _____
To: Senate CS for CS HOUSE BILL No. 251

PAGE: 1 LINE: 9 through page 2, line 22.

Delete all material

Page 1, line 9

Insert: "*Section 1. 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 2, line 28:

Delete "5"

Insert "3"

ALASKA STATE SENATE

JOE P. JOSEPHSON
DISTRICT G ANCHORAGE
1526 F STREET
ANCHORAGE ALASKA 99501
(907) 277-4419



WHILE IN JUNEAU
POUCH V
JUNEAU, ALASKA 99811
(907) 465-4907
(907) 465-4521

COMMITTEES
HEALTH EDUCATION & SOCIAL SERVICES (CHAIR)
JUDICIARY (VICE-CHAIR)
FINANCE
MAJORITY CAUCUS (CHAIR)

May 12, 1983

Representative Milo Fritz
Representative Mae Tischer
Co-Chairpersons, HESS Committee
House of Representatives
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Milo and Mae:

1. Meeting with Commissioner Raynolds. I have tentatively scheduled a meeting with the Commissioner of Education, Dr. Raynolds, to be conducted next Wednesday, at 3:00 p.m. (May 18, 1983). I would welcome your Committee's attendance and participation.

This cabinet member does not require legislative confirmation, because the appointment comes from the Board of Education and not the Governor. However, Dr. Raynolds concurs that an opportunity to meet legislators, to hear our concerns and to respond to our questions, would be helpful to him.

2. The Condition of Public Education in Alaska. Recently, as you know, the President has received, from the National Commission on Excellence in Education, a report on the condition of America's public schools. It occurs to me that Alaskans deserve an opportunity to review and consider the condition of Alaska's public schools, especially in light of the millions of dollars of state and local expenditures here. How well are Alaska students performing? What are the trends in performance? Are there specific subjects in which Alaska students are weak or strong? Can the legislature help by changes to Title 14? Are any of the recommendations of the National Commission applicable here, e.g., changes in school hours or the length of the school year? In the light of the Commission's findings, and other data and opinion, is our curriculum sufficiently "basic," or is it the "smorgasbord" of electives of which the Commission complained?

I am exploring the possibility of a statewide conference on these and other subjects relating to education, to be conducted in Anchorage in late summer or fall. I am communicating with Professor Mortimer Adler (see attachment) to ascertain his availability to address such a conference.

Representative Milo Fritz
Representative Mae Tischer
May 12, 1983
Page Two

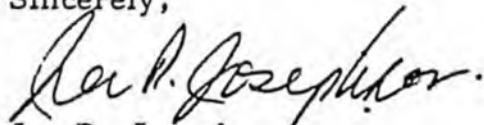
Possibly, some people will see a proposed review of the effectiveness of Alaska schools as unwelcome.

However, I believe that we owe to taxpayers and students alike some better understanding of the goals and objectives of public education, the way in which public money is expended, and the interaction between legislative policy and what happens in the classroom.

Your comments or suggestions, or reactions, would be deeply appreciated. I am also inviting Dr. Reynolds to comment.

With best wishes, I am

Sincerely,



Joe P. Josephson
Senator

Enclosure

cc: Commissioner Harold Reynolds
Senator Jay Kerttula

EDUCATION

Can the Schools Be Saved?

The Commission on Excellence delivers a scathing report, but there is one glimmer of good news: in several states, the necessary repairs have already begun.

The writing on the blackboard in Washington last week was bleak. In an "open letter to the American people," The National Commission on Excellence in Education stated bluntly that "a tide of mediocrity" has devastated public education. It likened the shambles to "an act of war." "We have in effect," warned the report, "been committing an act of unthinking, unilateral educational disarmament." The commission's findings, based on 18 months of study, were frightening indeed:

- The quality of teaching in public schools across the nation is woefully inadequate, and there is a dire shortage of math and science teachers in nearly all 50 states.
- In secondary schools, a "smorgasbord" of electives has subverted traditional academic standards, pandering to students who have increasingly abandoned academic and vocational studies for "general track" courses like "Training for Adulthood."
- Only one year of math and one year of science are required for a high-school diploma in 70 percent of the states, and none has a foreign-language requirement.
- One-fifth of all four-year state colleges must admit anyone with a high-school diploma. Twenty-nine percent of colleges that are selective became less so over the last decade, and in many others "maintaining enrollments is of greater day-to-day concern than maintaining rigorous academic standards."
- On most levels, U.S. students suffer in comparison with those in other industrialized nations at a time when American standing in world markets, in terms of both products and ideas, is threatened.

The sum of this report is that one of the fondest assumptions of American life—progress from one generation to the next—has been nearly shattered. "Each generation of Americans has outstripped its parents in education, in literacy and in economic attainment," the report notes. "For the first time in the history of our country, the educational skills of one generation will not surpass, will not equal, will not even approach, those of their parents." The gains inspired by the challenge of sputnik a quarter of a century ago have been squandered, leaving a generation of

young people ill prepared for the new era of technology and global competition. Even the level of shared education essential to a free, democratic society may be threatened if the decline is not reversed. At risk, the commission's report concluded, is "our

hour school days and school years lengthened to at least 200 days from the current average of 180. The commission wants higher academic standards for teaching candidates, teacher salaries that are professionally competitive and based on performance, 11-month teacher contracts, grant and loan incentives to attract better teachers, and a "career ladder" leading up to the status of master teacher.

The only good news in all this is that the commission's call to action has been anticipated in some quarters around the country. "There are indications that what the commission wants is already under way," says Scott Thomson of the National Association of Secondary School Principals (NASSP). "The whole landscape has changed. There has been a real shift in public opinion on the importance of schools." For many of the same reasons cited by the commission—the dawning of the computer age, the economic challenge of other countries, just plain intolerance of shoddy education—the public is rallying to the cause of quality. A dozen governors are planting flags on the issue of education—James Hunt establishing a science and math magnet school in North Carolina (page 52), William Winter haranguing the Mississippi Legislature into funding kindergarten classes, Lamar Alexander stirring up Tennessee over his master-teacher plan. State and local officials are raising the standards for a high-school diploma, and 27 states are making it tougher for students to get into their state universities. Large corporations are sending money and manpower into public-school systems,

and parents and civic leaders are banding together to raise funds for their schools.

The commission's conclusions, for instance, are old news to everyone at Bret Harte Preparatory Intermediate School in Los Angeles. Just a few blocks from the guns and gangs of Watts, the school seems like Disneyland in comparison to its surroundings. There is no litter or graffiti. Even

'Adopt-a-School' class visiting lab in Memphis, students boning up at Piedmont High and Quirk astronomy teacher with space shuttle model: 'Pockets of excellence'



"If an unfriendly foreign power had attempted to impose on America the mediocre educational performance that exists today, we might well have viewed it as an act of war."

very future as a Nation and a people."

How we got into this mess is less important than how to get out of it, and the commission recommends a host of reforms. It suggests compulsory instruction in what it calls "the new basics": four years of English, three years of math, science and social studies and a half year of computer science for all students, plus two years of foreign-language study recommended for the college-bound. It calls for colleges to raise admissions standards and schools to set up a gauntlet of standardized achievement tests. It urges school districts to consider seven-

Mortimer
J. Adler
ON BEHALF OF THE MEMBERS
OF THE PAIDEIA GROUP

The
Paideia
Proposal
AN EDUCATIONAL
MANIFESTO

To School Boards and School Administrators:

YOU ASK: *What should we do next Monday morning to get started on the Paideia reform of basic schooling?*

WE ANSWER:

1. *Be sure that in every school—from grade one to grade twelve—there are the three kinds of learning and the three kinds of teaching represented by the Three Columns and see that they interact with one another.*
2. *In all Three Columns—the acquirement of organized knowledge, the development of intellectual skills (skills of learning), and the enlargement of the understanding of basic ideas and values—set standards of accomplishment that challenge both students and teachers to fulfill the high expectations you have for them.*
3. *Eliminate all the nonessentials from the school day, or, if retained, make them extracurricular activities.*
4. *Eliminate from the curriculum all training for specific jobs.*
5. *Introduce the study of a second language for a sufficient period of time to assure competence in its use.*

Beyond Basic Schooling

6. *Eliminate all electives from the course of study except the choice of the second language to be studied.*
7. *Use as much as possible of the school day's time for learning and teaching.*
8. *Restore homework, and home projects in the arts and sciences, in increasing amounts from grade one to grade twelve.*
9. *Devise, in your community, appropriate ways of ensuring adequate preschool preparation for those who need it.*
10. *Institute remedial instruction (in the Paideia sense of that term) for those who need it, either individually or in very small groups.*

Do these ten things in a manner that suits the population of your school, both teachers and students; do these things by making your own choice of the materials to be used and your own organization of the course of study from grade to grade; do them with the three fundamental objectives of basic schooling always in mind, and you will have started on its way the reform of basic schooling upon which the prosperity of this country and the happiness of its citizens depends.

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A M E N D M E N T

Offered in the SENATE

By Ziegler

TO: SCS CSHB 251(Fin)

Page 2, following line 7, insert a new section to read:

"* Sec. 3. AS 43.18.100(1)(1) is amended to read:

(1) an indebtedness for bonds is incurred on the date the bonds are put on the market for sale [AFTER THE BONDS ARE SOLD];"

Renumber remaining sections accordingly.

Page 3, line 2, following "secs.":

Delete "5 and 7"

Page 3, line 2, following "secs.":

Insert "6 and 8"

MEMORANDUM

State of Alaska

TO: The Honorable Joe Josephson
Chair, Senate HESS Committee

DATE: May 24, 1983

FILE NO:

TELEPHONE NO: 465-2800

FROM: Ron Reynolds, Commissioner
Department of Education

SUBJECT: Radio Interview

I heard your reasoned and informed responses to an interviewer on Juneau public radio over the weekend. Your approach impressed me because you asked serious questions and raised important concerns about education without the familiar rancor and castigation so often heaped on schools by public officials.

Your concern for the condition of public education in Alaska is constructive. I believe the State Board of Education would be interested in sharing ideas and responsibilities for your proposed statewide conference. I will discuss the idea with Ernestine Griffin, President, and other members of the State Board next week.

The Department of Education is ready to assist in any way we can. Mortimer Adler's Paideia Proposal is a stimulating challenge to all concerned with education. There are others who can provide similar stimulation in case he cannot attend. Diane Ravitch of Teachers College, Columbia University, is another such person.

I would be pleased to join you and others for a planning session for such a conference. Our extensive communication network could be used to collect the views of many Alaskan citizens. The agenda should be carefully drawn and the program developed to avoid extensive gripe sessions about sad experiences from the past.

We could concentrate our attention on such studies as the Report of the Secretary's Commission on Excellence with an eye to the outcomes of the conference. We should attempt to identify goals for education. I am enthusiastic about the possibilities.

cc: Senator Jay Kerttula
Ernestine Griffin, President
State Board Members

RECEIVED

MAY 26 1983

Josephson,



Official Business

Alaska State Legislature

Senate

Pouch V
State Capitol
Juneau, Alaska 99811
465-4907
465-4908

May 26, 1983

Honorable Ron Raynolds
Commissioner
Department of Education
State of Alaska
Juneau

Dear Commissioner Raynolds:

Your memorandum to me was extremely kind and thoughtful. I appreciate your comments very much.

Perhaps, on the subject of the statewide conference, we could have lunch together and discuss the matter following your meetings with the State Board of Education.

I will be in Juneau through Thursday, June 2, and am excused from the Senate on Friday, June 3, when I must be in Anchorage. I will be back in Juneau, of course, on the following Monday.

If lunch does not suit -- as a jogger, you may not indulge -- we could meet at a time convenient to you for a work-session on the proposed conference.

It's been my real pleasure to meet you and I am very enthusiastic about the contributions you will be making to the lives of Alaska's kids.

With best wishes,

Sincerely,

A handwritten signature in cursive script that reads "Joe P. Josephson".
Joe P. Josephson

MSG 88-00019718 PRY 1 05/23/88 14:53:21 ORIG: LHM IN# 0004 OUT# 0001
FROM BONNIE/KETCHIKAN TO JUNEAU INFORMATION
TARGET: LJHL SUBJ: POM

TO: LANDA KROSSA (SENATOR ZIEGLER'S OFFICE)
NANCY DIETRICH (SENATOR'S JOSEPHSON'S OFFICE)
FROM: HAROLD M. BROWN, REPRESENTING KETCHIKAN SENATE BOROUGH SCHOOL DISTRICT
307 BAWDEN STREET
KETCHIKAN, AK 99901
225-9401 (WORK) AND 247-2363 (HOME)

RE: SENATE CS FOR CS FOR ME 251...STATE SUPPORT FOR EDUCATION....

CONFIRMING OUR TELEPHONE CONVERSATION OF MAY 23, THE SCHOOL DISTRICT RECOMMENDS
THAT THE CURRENT BILL BEFORE SENATOR JOSEPHSON BE AMENDED TO READ AS FOLLOWS:
COMMENCING ON LINE 14, PAGE 1...ON OUTSTANDING BONDS, NOTES OR OTHER
INDEBTEDNESS INCURRED AFTER DECEMBER 31, 1984 AND AUTHORIZED BY THE QUALIFIED
VOTERS OF THE MUNICIPALITY PRIOR TO JULY 1, 1985 TO PAY COSTS OF SCHOOL
CONSTRUCTION.....

IF THERE ARE ANY QUESTIONS ON THE LANGUAGE, PLEASE DO NOT HESITATE TO CONTACT
ME,
EOM/BONNIE

MEMORANDUM

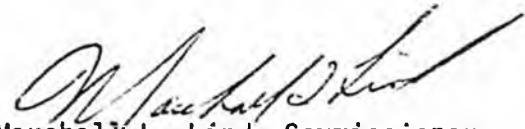
State of Alaska

TO: Municipal Finance Officers
School District Business Managers

DATE: April 22, 1983

FILE NO:

TELEPHONE NO: 465-2800

FROM: 
Marshall L. Lind, Commissioner
Department of Education

SUBJECT: Debt Service Reimbursement

It now appears that our FY 84 rate of reimbursement for approved school construction debt service will be approximately 60% of the claims submitted. There is presently 59 million dollars for that purpose in our budget, and recent information substantiates approximately 95 million in eligible claims. There are, however, additional bond issue elections scheduled which may result in even more claims.

It is unfortunate that we just learned this information. However, under the provisions of AS 43.18.100(a)(4), that is, reimbursement in the same year payment is made, we have no way of knowing what claims will be until we are notified by districts or municipalities respecting recent indebtedness.

To overcome that problem, we will be discussing the issue with the State Board of Education at the next regularly scheduled meeting to explore possible solutions.

You will be notified of any change being contemplated.

cc: All Legislators

State Board of Education

Peter McDowell, Director
Office of Management and Budget
Office of the Governor

RECEIVED

APR 26 1983

Josephson,

John L. McKnight, Professor of Communication Studies and Urban Affairs; Associate Director, Center for Urban Affairs and Policy Research at Northwestern University in Illinois; and an advisory board member of the National Center on Institutions and Alternatives, appeared before the U.S. Senate Subcommittee on Aging, Family and Human Services on September 17, 1981. That follows are his comments concerning the survival of the family in America.

I appreciate this opportunity to appear before the Subcommittee on Aging, Family and Human Services. In the brief time available I would like to focus upon two views of the family and the policy implications of each. My particular emphasis will be upon lower income families residing in our large cities because it is these families and the neighborhoods where they reside that are the focus of much of the research of the Center for Urban Affairs and Policy Research where I am employed.

One hears, in the language of America, two views of the family. The first view is expressed by the voices from our major institutions in the profit, not-for-profit and governmental sectors. They speak of families as "markets," "producing baby boomers," "in need of being strengthened," and "having demographic patterns demonstrating various needs." This language is used by those who see families as small groups of related consumers and clients. One hears this language most frequently in the Board rooms of our major corporations, the staff meetings of our service agencies and the hearing rooms of legislatures. This common language demonstrates the uniformity of the institutional view of the family. Family is to buy. Family is to use. Family is to consume. Family is to be helped. Family is to be treated. And family is to provide effective workers and soldiers for the maintenance of the institutions.

The second view of the family is expressed in the voices we hear in the older neighborhoods of Chicago and our other great cities. There, families are the place where you are, from which you come, and to which you will return. Families are about survival. Families make, do, make-do, produce, solve, cele-

brate and, sometimes, fail. Families also exist in a special universe. They are surrounded by other bodies that make up the interrelated system necessary for the family to work. These bodies are the neighborhood organization, civic club, ethnic organization, local political club, family business, local union, church or temple and thousands of informal groups. It is this universe that gets much of the work of America done. It is this universe that provides the gravity that holds America on course as our great institutions and their systems increasingly fluctuate, wobble, veer, and fail. It is this universe that has inseparable parts. To injure one element is to injure all. It is also this universe, we would like to argue, that has been under systematic if unintentional assault for years as a result of the policies of Democratic and Republican administrations, conservative and liberal legislators.

The reason for this common assault is that in our country, the language, logic and legislation of our leaders reflects a debate about which institutional sector will have more power over the family and its universe. Will more power go to those who use families as markets for goods; more to those who use families as clients; more to those who use families as revenue producers or soldiers? Who will get to use the family and its universe. Which of them will have more power?

Viewed from our neighborhoods in Chicago, the family and its related organizations are the center of life. Large scale institutions could be supportive. Instead they generally dominate and take power away from the family center. Indeed, in some few areas they have been victorious. There, families have become almost nothing but clients and consumers without the money, tools or authority to survive. Family poverty is the direct result of the empowerment of the giant systems that compete in these halls over control of our lives and the universe in which we live. From the viewpoint of these systems, families are not the center of society - they are the end of a pipeline, at the bottom of some institution's organization chart of society.

As policymakers, your effect upon the family universe will be determined by your view of the world. If the family is at the end of a pipeline, if you serve only to empower those who control pipelines, you will inevitably weaken the family.

On the other hand, if you wish to support the family universe as the working center of America, there are three basic policy directions that are appropriate. First, eliminate policies that disempower the family universes. Second, insure a legitimate, protected space for the family universe so it has an opportunity to compete with the huge monopolistic corporate, service and bureaucratic structures. Third, affirmatively support the economy of family and neighborhood life.

We haven't the time to go into detail regarding the options these policies suggest. However, we would at least like to provide brief examples in each area.

1) Policies that disempower the family universe.

Government policies are replete with programs that promote the division of families by age. This is most vivid in the case of the elderly where public programs encourage care by institutions rather than families. This process is described in detail in my paper titled "The Need for Oldness."

Many government programs are also injurious because they allocate massive resources to professionals who basically see the family as a client in need of treatment and therapy. The result has been disastrous in two ways. First, the service professionals have the increasing effect of convincing families that they are incompetent to know, care, teach, cure, make or do. Only certified experts can do that for you.

Second, the professional services take increasing proportions of public money, desperately needed by the poor, and consume it in the name of helping poor families. In one Chicago neighborhood, for example, for every \$1.60 received in cash income by a person forced on welfare, professional medical carers receive 50 cents. This is only one professional service financed by government to treat rather than empower the poor. We need a radical new policy that reexamines these services transfer payments in terms of their potential to promote new investment for competence. At the very least, poor families ought to have a choice of income or prepaid doctors equal to half their income.

2) Insuring a legitimate space for the family universe.

There is a social and economic context that will insure the working capacity of the family universe. Our public policy is biased against that context by favoring large scale corporations to the disadvantage of small scale family and neighborhood enterprises as well as the small family farm. It appears that this administration, like its recent predecessor, sees the economy of the family as a trickle down beneficiary of large scale production. A Congress seriously concerned about family and production would begin to reexamine what we make and how we make it. Our cities are filled with desperate families unneeded by our corporate systems of production. But those families can make a life and renew our cities if you will allow and enable new tools and transfer authority so we can enfranchise families to produce rather than consume; to be the center of making rather than holding a cup to catch the trickles down from the great corporate and professional service systems. If you want to empower families, why not hold hearings on neighborhood economy, tools for community production, legal authority to create local energy management corporations?

3) Supporting the economy of family life.

In our older, inner city neighborhoods, families are the survival centers. If the entire universe around the family is strong, the family will do its job. But as the universe weakens, the family fights a losing battle. As the neighborhood savings institution begins to take all of the neighborhood savings and invest in the growth of suburbia, a part of the family universe dies. As the community schools become centralized and their purposes defined by professionals, a part of the family universe dies. As government advantages large corporations and the "uncompetitive" neighborhood enterprise collapses, a part of the family universe dies. As doctors, lawyers, social workers, teachers, counsellors and therapists are funded to provide more and more services, the functions of the local civic and ethnic associations and churches atrophy and representative neighborhood associations are often corrupted by becoming "end of the pipeline" vehicles for professionals who deliver services. A part of the family universe is dead. As television replaces the local political club as the vehicle for selecting our representatives, a part of the family universe dies. Finally, the family is alone - a sun with no planets, burning out.

The basis for an economy for family survival - the authority, tools, skill, capital - are being taken away. Now, the family in the inner city often stands alone. Therefore, there are two basic policy issues regarding those families.

First, are we, are you, prepared to remove the restraints and provide the protections to allow the family universe a central place in our society? To do so will require a new breed of elected representatives because we, the family and its constituent groups, have no real lobbies. Those who have taken our power and authority have loud voices here in Washington. They represent the great corporations, the great professions, the great bureaucracies. We wonder, out in Chicago, out in the neighborhoods, at the corner of Kedzie and Madison whether anyone here can even hear us.

Second, until you act, if you do act, to allow or enhance the universe and economy essential to families, many of us will stand alone and depend on government money to survive. We are good at surviving. That is the greatest skill of our families. We have eaten lots of rice to fill ourselves up. We know the taste of dog food. We've worn our old clothes for years. We stand in line for everything. We have time. It's often a very bad life - but with our family, we survive. Our family is strong.

What is new, what is absolutely outrageous is to hear our new government telling us we have to tighten our belt, accuse us of cheating, suggest we're lazy and then ask why the family isn't strong.

The survival of millions of low income American families in the heart of America's cities is the ultimate proof that the center, the strength, the reality of America is built on the family. There has been an assault on this family. Now, there is a full scale war hidden in euphemisms of "belt tightening" and calls for "across the board sacrifices". Many of our isolated families will be forced to take new measures to survive in the face of the current attack on the real income of the poor family. Therefore, in neighborhood after neighborhood, we see the economy of last resort developing - the drug industry building its market system in the vacuum created by a government that puts urban neighborhoods last, poor families at the end.

Families in our city neighborhoods are weakened because the professions want them as deficient clients, corporations want them as consumers while rejecting them as workers, and the government insists they live without a decent income. We are in desperate need of a pro-family policy, a policy that places the family universe at the center of our society.

Until you decide to become serious about our families, we can assure you of only one thing. We will survive in spite of you.

GOVERNOR'S COUNCIL FOR
THE HANDICAPPED & GIFTED
University Plaza Offices West
600 University Avenue - Suite C
Fairbanks, Alaska 99701



Creating a 'Learning Society'

MEG GREENFIELD

The best part of the report of the National Commission on Excellence in Education got the least attention in all the posturing and gloating and unconvincing lamentation that was set off by its publication. This was the report's suggestion that the value of learning is not contingent on any material public or private "payoff." The activity itself, pursued not just in school but rather throughout a lifetime, is the payoff. So the commission strongly implies, anyway, by its insistence that the principal object of our educational reform should be the creation of a "learning society," one devoted to the joys and rewards of continuous learning, as distinct from the one-shot passing of some exam or other.

True, this admirably uncommissionlike thought appears in the company of (no doubt justified) warnings about the perils we face as individuals and a nation by being such slobs about the quality of our schooling; and it may not be quite as unqualified as I would like and therefore have made it sound. But the thought is there. And—naturally—it was widely disregarded by the Axgrinders International when they took up the report. We were at once back to our usual national mode of discussing what is wanted from education: to keep ahead of the international competition, to maintain a strong defense, to get good jobs and keep them. We were also back in a cross fire of I-told-you-so's: the people who are against permissiveness felt vindicated, as, of course, did the people who are for the expenditure of more money, as did those (I am one) who do not find it inconsistent to hold both positions. In the melee, the part about the intrinsic value of learning got lost. It always does—when anyone is eccentric enough to bring it up at all, that is.

Emergency: I realize that there is a sense in which we have a real emergency in the schools, that there are classrooms in various places full of teen-agers who can't read or write and teachers who aren't a whole lot better, that we are at an increasing competitive disadvantage in many areas and that some of what is being taught is so junky and unimportant that it's probably no tragedy that it is not being learned. All this, God knows, needs work. My complaint is that the values we bring to the effort to right the situation are precisely the ones that got us in

trouble in the first place and are only likely to perpetuate our grief.

Education as an "investment," education as a way to beat the Russians and best the Japanese, education as a way to get ahead of the fellow down the street—it is true that generations of Americans have been brought together culturally by the great force of our public schools and that millions of them have rightly seen their schooling as a one-way ticket out of economic and social privation. But you really do not generate the educational values that count when you stress only these external, comparative advantages. People do not become educated or liberated so much as they become opportunistic in relation to such schooling. And

Education is not
about getting ahead;
it is about
discovering the joy
of learning itself.

anyway, on the great national-security issues, when was the last time you heard of a youngster doing his homework because he wanted to be better than the Russians in geometry?

You give a child nothing, I think, when you give him this joyless, driven concept of the meaning of learning. But alas, there are plenty among us who think this is just fine. Following the great cackles of the political antipermissiveness crowd when this report was released, I was struck again by how much such people, who claim to be champions of education, implicitly view education as a disagreeable thing. It is invariably discussed by them—and with relish!—as something between a medicine and a punishment that must be administered to its unwilling little subjects for their own good no matter how they howl. *It is not supposed to be fun*, they admonish, and children cannot be expected to like it—what ever happened to our moral fiber, and so forth.

Interestingly, this same conception of schooling as something essentially unpleasant that is ultimately vindicated by its bene-

fits seems to animate our occasional bursts of enthusiasm for intellectual pursuits. It is all there in the historic news photos of the quiz contestant Charles Van Doren, ear-phoned up in his "isolation booth" back in the late '50s, before the program's scam was revealed. I remember thinking the revelation, when it came, was no cruel national disillusion (as the wisdom of the time ran), but rather the most useful thing that could have happened. For the real scam had been the game itself and the idolization of the contestant for trained-seal tricks of memory. It was a mockery of the life of the mind which it pretended to exalt, and the implication of all the adulatory comment was really: look how lucrative this boring, long-hair stuff can be. I was glad when the program and its "hero" crashed.

Values: I am bound to say I sense something comparable in certain of those projects we hear about now for making infants preternaturally well informed—a physics instructor at seven months, an art critic at two, that sort of thing. Not all of it, but some of it strikes me as having nothing to do with teaching a child the joy of learning—of giving him that incomparable and invaluable gift. I see baby quiz-show winners, victims of the same fundamentally anti-intellectual values, people who want to acquire, to please, to show off—not to discover, to learn, to be surprised.

Schooling needs to be saved from these "friends"—the punishers, the opportunists and the exploiters who profess an undying devotion to the old-fashioned virtues and the life of the mind. But it will of course not be saved by the purveyors of "fun" whose idea of making education enjoyable is to gut it and teach things not worth knowing. There is a difference—night and day—between this kind of "fun" and the joy of learning, and everyone who has ever had one great teacher of a serious subject knows what it is. So do those kids in a handful of slum schools notoriously programmed to fail who instead thrive because they are in the care of people who know what teaching is about. If we could acquire, come to honor, this great value, if we could truly aspire to become a "learning society," the rest—the competitive and material benefits—would follow. But we keep trying to do it the other way around.

Alaska MUNICIPAL League

TELEPHONES
(907) 586-1325
586-6526

204 N. FRANKLIN ST.
JUNEAU, ALASKA 99801

May 24, 1983

to: Nancy Deitrick

from: Ginny Chitwood

re: School Bonds - Authorized, but Unsold

Fairbanks North Star Borough	\$13,300,000
City & Borough of Juneau	5,800,000
Ketchikan Gateway Borough	
already authorized	\$ 4,120,000
election today	<u>16,900,000</u>
	21,020,000
North Slope Borough	191,000
City of Petersburg	2,750,000
City of Valdez	2,400,000
	<hr/>
total	\$ 45,461,000
Kodiak Island Borough	<u>8,500,000</u>
	<u>53,961,000</u>

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*Joe -
More info
on Debt
Retirement.*

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	<hr/>
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Kodiak

8,000,000

There

Dr. Maxwell Thompson, organ
of Republican, Rebels, Black
they are present out about
#15 251.

Some they are saying
in a 1/2 9 band room in
No. and cannot possibly
see them by June 30th in
to between a foot and a
half inch. (1/2 cp. Stamper)
I guess much the
same to German (Assure)
not. In (1/5 mill) and
Pittsburg (500.0) of unpaid
bonds.

It married like an unpaid-
must to #15 251 to allow
them who have voted in
the band room prior to
June 30th to be included

from the 30% clause.

He would like you
to call him
225-2118.

Nancy

Alaska State Legislature

SENATOR
ROBERT H. ZIEGLER, SR.
307 BAWDEN STREET
KETCHIKAN, ALASKA 99901

While in Juneau
POUCH V
JUNEAU, ALASKA 99811



Senate

VICE CHAIRMAN
SENATE RESOURCES COMMITTEE

MEMBER
SENATE JUDICIARY COMMITTEE

WESTERN STATES LEGISLATIVE
FORESTRY TASK FORCE

WESTERN CONFERENCE COUNCIL
OF STATE GOVERNMENTS

May 25, 1983

Senator Joe Josephson,
Chairman of the Senate
Health, Education & Social Services Committee
Alaska State Legislature
Juneau, Alaska

Dear Senator Josephson:

We recently discussed an amendment to SCS CSHB 251 (Fin); it would be very much appreciated if you'd submit the following amendments to the Rules Committee:

Page 1, line 28, following "and"

Insert "authorized for sale by the qualified voters of the municipality"

Page 1, line 28, following "indebtedness"

Delete "incurred"

Page 1, Line 28, following "indebtedness"

Insert "authorized for sale by the qualified voters of the municipality"

Thanks again,

A handwritten signature in black ink, appearing to be "R. Ziegler".

Robert H. Ziegler, Sr.

RHZ:1k

SENATE AMENDMENT

By JOSEPHSON

To: _____ SENATE BILL No. _____

To: SENATE CS FOR CS FOR HOUSE BILL No. 251 (FINANCE)

PAGE: 1 LINE: 15

DECEMBER 31, 1981, AND AUTHORIZED BY THE QUALIFIED VOTERS OF THE MUNICIPALITY PRIOR TO [BEFORE] JULY 1, 1983,

FROM: DARROLL HARGRAVES, REPRESENTING KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT
POUCH Z, KETCHIKAN, ALASKA 99901
PHONE (HOME) 225-3095 (WORK) 225-2118

RECEIVED

RE: SENATE CS FOR CSHB 251 - AN ACT RELATING TO STATE SUPPORT FOR EDUCATION
AND PROVIDING FOR AN EFFECTIVE DATE.

MAY 2 1983

Josephson,

MESSAGE

PLEASE BE ADVISED THAT THE ABOVE MENTIONED BILL, IF PASSED IN ITS PRESENT
FORM WILL RESULT IN KETCHIKAN'S FAILURE TO QUALIFY FOR 90% REIMBURSEMENT FOR
SCHOOL CONSTRUCTION COSTS. THE PROBLEM IS THAT IF LOCAL VOTERS APPROVE THE
ISSUANCE OF 16.9 MILLION IN BONDS AT A BOND ELECTION SCHEDULED FOR MAY 24,
IT IS UNLIKELY THAT THESE BONDS CAN BE SOLD PRIOR TO JUNE 30, 1983. (SEE
SECTION 4 OF THE BILL) WE BELIEVE THIS PROBLEM IS UNIQUE TO KETCHIKAN INsofar
AS IT IS THE ONLY SCHOOL DISTRICT WITH A BOND ISSUE PRESENTLY PENDING VOTER
APPROVAL AND WILL RESULT IN GROSSLY DISPARATE TREATMENT IN REIMBURSEMENT
FOR SCHOOL CONSTRUCTION COSTS. VOTER APPROVAL OF THE PROPOSED BOND ISSUE
FOLLOWS ONE AND A HALF YEARS OF INTENSIVE PLANNING FOR LONG OVERDUE
REPLACEMENT AND ENLARGEMENT OF AGEI, OVERCROWDED FACILITIES. THE BILL SHOULD
BE AMENDED SO AS TO PROVIDE THAT BOND ISSUES APPROVED BY THE VOTERS OF A
MUNICIPALITY PRIOR TO JULY 1, 1983 FOR COSTS THAT QUALIFY FOR REIMBURSEMENT
UNDER A.L.C. 43.18.190 SHOULD BE SUBJECT TO REIMBURSEMENT AT THE 90% LEVEL.
SUBSECTION 1 OF A.S. 43.18.190 SHOULD BE AMENDED SO AS TO PROVIDE FOR
THE EXEMPTION REQUESTED ABOVE.

NOTE: MR. HARGRAVES WANTED TO EMPHATICALLY STRESS ON THE WORD
'APPROVED' IN THE FIFTH LINE FROM THE END OF MESSAGE. WANTED TO
FIGURE OUT WHAT TO SUBSTITUTE UNDER LING WISH TO SHOW SPECIAL
ENTHUSIASM.

SENATE AMENDMENT

By JOSEPHSON

To: _____ SENATE BILL No. _____

To: SENATE CS FOR CS FOR HOUSE BILL No. 251 (FINANCE)

PAGE: 1 LINE: 28

..OTHER INDEBTEDNESS [INCURRED] AUTHORIZED FOR SALE BY THE
QUALIFIED VOTERS OF THE MUNICIPALITY AFTER JUNE 30, 1983...

ZIEGLER, CLOUDY, KING, BROWN & PETERSON

MEMO May 24, 1983
FROM Harold M. Brown
TO Landa Krossa, Senator Ziegler's Office
 Nancy Dietrich, Senator Josephson's Office
RE SCS-CSEB-251
 Our File 21-014.80

It appeared to this office following review of our communications over the last couple of days on SCS-CSEB-251 that Section 2 on Page 1, Line 28, should also be amended so as to avoid the possibility of conflict with our suggestions concerning Section 1. This amendment would require the insertion of the following language after the word INCURRED so that Section 5(A) commencing on Line 25, Page 1, would read in its entirety as follows:

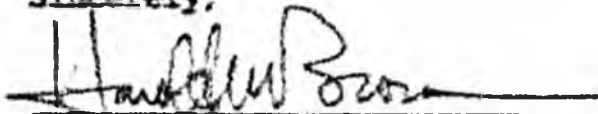
(5) Subject to (B) and (I) of this section, 50%
of

(A) Payments made by the municipality during the fiscal year for the retirement of principal and interest on outstanding bonds, notes or other indebtedness incurred after December 31, 1981 but not authorized by the qualified voters of a municipality before July 1, 1983 to pay costs of school construction, additions to schools and major rehabilitation projects that exceed \$25,000 and are approved under AS 14.07.020(11), and

(B)

We apologize for the inconvenience, if any, created by this suggestion and will await your further advice.

Sincerely,



Harold M. Brown
Ziegler, Cloudy, King, Brown &
Peterson
Attorneys for the Ketchikan
Gateway Borough School
District

VIA TELECOPIER

HMB:kh

K24/YI

ANALYSIS OF
PROPOSED FINANCE CS
FOR CS HB 251 (HESS)

SYNOPSIS: SECTIONS 1 through 3 of the bill relate to school debt retirement, while sections 4 through 7 relate to the school foundation formula, with section 8 being the immediate effective date.

SCHOOL DEBT RETIREMENT

PURPOSE: To control the amount the state pays each year for the reimbursement of municipal school construction debt payments. Legislation passed last year, which increased the reimbursement rate from 80% to 90% and eliminated the two-year time lag, has dramatically increased the state's bill for school debt retirement. The total payback for FY 83 is approximately \$62 million, and is estimated to be over \$90 million in FY 84. These figures represent 100% of entitlement, although the actual payback is dependent on the amount appropriated yearly by the Legislature.

According to the draft, new debt would be reimbursed at 50% after it is incurred. All eligible projects must be approved by the Commissioner of the Department of Education prior to voter approval with total project costs listed on the bonding ballot. Other requirements are that the bond may not be redeemed before expiration and must be repaid over a period of at least fifteen (15) years, and that the municipality must demonstrate need for the project.

Nothing in this draft would affect debt incurred prior to 1982, and the intent is to provide sufficient funding for debt incurred prior to 1981 without pro rata distribution of available funds.

The draft provides that payments to the municipality for the retirement of principal and interest of outstanding bonds for the current year (on indebtedness incurred after Dec. 31, 1981 and before July 1, 1983), and payments made after July 30, 1982 and before July 1, 1983 by the municipality during the fiscal year two years earlier for construction, renovation, and additions will be paid by the state up to 90%.

FOUNDATION FORMULA

PURPOSE: The Act provides for the computation of instructional units for FY 84 while eliminating the junior high "loophole" in current statutes. The opening of new school sites and increases in enrollment are the only justification for alteration of the instructional units, as revised, for FY 84. The Act also provides for computation of FY 85 payments in state aid should the Department of Education be unable to report back to the Legislature on the Foundation Study by January of 1984.

SECTION ANALYSIS

- Section 1: Provides for payments up to 90% for:
- (A) current year bond payments on indebtedness incurred after December 31, 1981 and before July 1, 1983 made by the municipality; and
 - (B) cash payments made after June 30, 1982 and before July 1, 1983 by the municipality during the fiscal year two years earlier (the two-year lag is due to receipt of audits by the Department).
- Section 2: Provides that 50% of debt payments will be reimbursed after they are incurred by the municipality. This discourages bonding of non-essential projects.
- Section 3: Provides that the state may not allocate money to a municipality for a school construction project that has not been approved by the Commissioner of Education.
- In approving the project, the Commissioner shall require full information on the bonding issue approved by the voters; no call back options; a minimum payback period of 15 years; and demonstration of need.
- Section 4: Sets the number of instructional units and supplemental equalization aid for each school district and correspondence study for FY 84 at the FY 83 revised figure.
- Section 5: Provides that junior high programs in a school district with a total average ADM of 250 or more may not be used separately to calculate the number of instructional units unless the program is housed in a separate facility and has an average ADM of 50 or more, or has a separate school administration which was in place before the 1983 school year. Includes reference to AS 14.17.031(d) to prevent financial catastrophe in a district.
- Section 6: Provides that, should the Commissioner of Education not report back to the Legislature on the foundation formula study by January 9, 1984, the amount of basic state aid paid, beginning in Fiscal Year 1985, shall be adjusted by the Consumer Price Index from the U.S. Department of Labor.
- Section 7: Provides that the only increase in instructional units shall be for the opening of new school sites and for increased enrollment. If the amount appropriated for FY 84 is insufficient to meet this need, the available funds will be distributed on a pro rata basis to all school districts.
- Section 8: Provides for an immediate effective date.

Based upon appropriation of 430 million

HB 251 Comparisons

	<u>FY83 Rev.</u> <u>296,928</u>	<u>Sen Bill</u>	<u>House Bill</u>	<u>NO Bill</u> <u>29598</u>
Anchorage	114,841,728	119,727,160	121,014,878	122,003,200
Fairbanks	34,701,037	35,819,637	35,678,357	35,465,643
Juneau	15,371,556	15,543,367	15,802,574	15,268,786
Kenai	26,267,780	27,684,006	28,267,380	28,633,233
Ketchikan	8,064,550	8,064,650	8,085,044	7,944,936
Kodiak	11,723,707	11,970,958	12,168,235	11,379,388
Mat-Su	19,470,369	20,927,253	21,569,265	21,610,376
Sitka	5,948,091	6,257,127	6,221,965	6,101,736
TOTAL	<u>236,383,918</u>	<u>246,064,158</u>	<u>248,807,698</u>	<u>248,413,298</u>

ANALYSIS OF PROPOSED FINANCE CS FOR CS HB 251 (HESS)

SECTIONS 1 through 3 of the bill relate to school debt retirement while SECTIONS 4 through 7 relate to the school foundation formula with SECTION 8 being the immediate effective date.

SCHOOL DEBT RETIREMENT

PURPOSE: To control the amount the state pays each year for the reimbursement of municipal school construction debt payments. Legislation passed last year, which increased the reimbursement rate from 80% to 90% and eliminated the two year time lag, has dramatically increased the state's bill for school debt retirement. The total payback for FY 83 is approximately \$62 million, and is estimated to be over \$90 million in FY 84. These figures represent 100% of entitlement, although the actual payback is dependent on the amount appropriated yearly by the Legislature.

According to the draft, new debt would be reimbursed at 50% two years after it is incurred. All eligible projects must be approved by the Commissioner of the Department of Education prior to voter approval with total project costs listed on the bonding ballot. Other requirements are that the bonds may not be redeemed before expiration and must be repaid over a period of at least fifteen years, and that the municipality must demonstrate need for the project.

Nothing in this draft would affect debt incurred prior to 1982, and the intent is to provide sufficient funding for debt incurred prior to 1981 without pro rata distribution of available funds.

The draft provides that payments to the municipality for the retirement of principal and interest of outstanding bonds for the current year (on indebtedness incurred after Dec. 31, 1981 and before July 1, 1983), and payments made after July 30, 1982 and before July 1, 1983 by the municipality during the fiscal year two years earlier for construction, renovation and additions will be paid by the state up to 90%.

FOUNDATION FORMULA

PURPOSE: The Act provides for the computation of instructional units for FY 84 while eliminating the junior high "loophole" in current statute. The opening of new school sites and increases in enrollment are the only justification for alteration of the instructional units, as revised, for FY 84. The Act also provides for computation of FY 85 payments in state aid should the Department of Education be unable to report back to the Legislature on the Foundation Study by January of 1984.

SECTION ANALYSIS

Section 1 Provides for payments up to 90% for:

(A) current year bond payments on indebtedness incurred after December 31, 1981 and before July 1, 1983 made by the municipality; and

(B) cash payments made after June 30, 1982 and before July 1, 1983 by the municipality during the fiscal year two years earlier (the two year lag is due to receipt of audits by the Department).

- Section 2 Provides that 50% of debt payments will be reimbursed two years after they are incurred by the municipality. This forces the municipality to find another source of funding during the early years of the debt retirement and discourages bonding of non-essential projects.
- Section 3 Provides that the state may not allocate money to a municipality for school construction project that has not been approved by the Commissioner of the Department of Education.
- In approving the project, the Commissioner shall require full information on the bonding issue approved by the voters, no call back options, a minimum payback period of 15 years, and demonstration of need.
- Section 4 Sets the number of instructional units for each school district and correspondence study for FY 84 at the FY 83 revised figure.
- Section 5 Provides that junior high programs in a school district with a total average ADM of 250 or more may not be used separately to calculate the number of instructional units unless the program is housed in a separate facility and has an average ADM of 50 or more, or has a separate school administration which was in place before the 1983 school year.
- Section 6 Provides that should the Commissioner of the Department of Education not report back to the legislature on the foundation formula study by January 9, 1984, that the amount of basic state aid paid, beginning in FY 85, shall be adjusted by the Consumer Price Index from the U.S. Department of Labor.
- Section 7 Provides that the only increase in instructional units shall be for the opening of new school sites and for increased enrollment. If the amount appropriated for FY 84 is insufficient to meet this need, the available funds will be distributed on a pro rata basis to all school districts.
- Section 8 Provides for an immediate effective date.

PROPOSED DRAFT

118,000,000

\$122,443,283

1,100,000 more than HB 251

FOR HOUSE BILL 251

* Section 1. AS 14.17.031 is amended by adding a new subsection to read:

(f) Notwithstanding AS 14.17 the number of instructional units which may be paid to a district for fiscal year 1984 shall be its fiscal year 1983 revised instructional units adjusted by the fiscal year 1984 revised instructional units as provided by Section 4. These units shall be distributed in the manner prescribed in this ~~section~~ ACT.

* Sec. 2. AS 14.17.056 is amended by adding a new subsection to read:

(b) If the Department has not made recommendations to the legislature for changes in the foundation support system by January 9, 1984, the base instructional unit value for fiscal years beginning on or after July 1, 1984 shall be 105 per cent of the amount paid under Chapter 14.17 for fiscal year 1984. *virtually constant 5% → greater inflation rate.*

promise to be kept

* Sec. 3. Notwithstanding AS 14.17 the difference between the total amount paid under that chapter for fiscal year 1983 and fiscal year 1984 shall only be increased as a result of increased enrollment or the opening of new school sites. If the amount appropriated for fiscal year 1984 is insufficient to meet the operating costs associated with the opening of new school sites, the available funds shall be distributed on a pro rata basis among the school districts which have opened new school sites.

* Sec. 4. Notwithstanding the provisions of 14.17.250(9) the only junior high programs which may be counted separately during fiscal year 1984 for purposes of instructional units are those housed in a separate facility or with an ADM of 50 or more.

effective date July 1, 1984

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

Local Effort Ed Com. resp. fund response to changes

Sec. 4 effective date July 1, 1984

fiscal rate from HESS \$448 level

narrative to justify

P R O P O S E D D R A F T

FOR HOUSE BILL 251

* Section 1. AS 14.17.031 is amended by adding a new subsection to read:

(f) Notwithstanding AS 14.17 the number of instructional units which may be paid to a district for fiscal year 1984 shall be its fiscal year 1983 revised instructional units adjusted by the fiscal year 1984 revised instructional units as provided by Section 4. These units shall be distributed in the manner prescribed in this section.

* Sec. 2. AS 14.17.056 is amended by adding a new subsection to read:

(b) If the Department has not made recommendations to the legislature for changes in the foundation support system by January 9, 1984, the base instructional unit value for fiscal years beginning on or after July 1, 1984 shall be 105 per cent of the amount paid under Chapter 14.17 for fiscal year 1984.

* Sec. 3. Notwithstanding AS 14.17 the difference between the total amount paid under that chapter for fiscal year 1983 and fiscal year 1984 shall only be increased as a result of increased enrollment or the opening of new school sites. If the amount appropriated for fiscal year 1984 is insufficient to meet the operating costs associated with the opening of new school sites, the available funds shall be distributed on a pro rata basis among the school districts which have opened new school sites.

* Sec. 4. Notwithstanding the provisions of 14.17.250(9) the only junior high programs which may be counted separately during fiscal year 1984 for purposes of instructional units are those housed in a separate facility or with an ADM of 50 or more. Notwithstanding the provisions of this section, any state aid which would otherwise be reduced as the result of this section, shall be distributed on a pro rata basis among school districts in accordance with AS 14.17.225(b).

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

A STATEMENT

Regarding

FOUNDATION FUNDING FOR PUBLIC SCHOOLS

by Darroll Hargraves, Superintendent

Ketchikan Gateway Borough School District

It has been said that the State cannot afford the rapid increases in school foundation funding which has been the method of funding over the past few years. The foundation program has grown over the past few years but so has the number of school districts, the number of schools, and the level of programming in some of the required specialized areas. However, many of these things have been imposed upon local school districts. For example, the creation of the R.F.A.A.'s was the State's response to

a challenge that the State live up to its constitutional responsibilities which requires the establishment and maintenance of a system of public schools open to all children of the State. In the rural districts, the number of high schools and elementary schools has about doubled during the period of time in which we have been concerned about the growth of the foundation program.

Mandates to provide Special Education have proliferated. It has required paperwork which does not lend itself directly to instruction. But again, local school districts have had no choice in this matter. Foundation revenues expended to meet the requirements of statute and regulations have more than doubled in the past five or six years.

Individual school districts have not doubled the amount of revenue received from the State for regular instruction. In Ketchikan, the history of receipt of foundation funds shows that during the past six years of relatively stable student populations, the school district has received a 68 percent increase in foundation funding for regular instruction. During this same period of time, the cost of living index rose 46 percent.

In many of the larger population areas of the State, there has been a considerable increase in the number of students in the public schools. These new students are eligible and required to generate the foundation monies provided by the State for public school students. Therefore, one of the big factors in the increase in the State foundation program has simply been new students. The State is in no position to neglect its interest or

responsibility for providing public school education to all newly enrolled students.

STUDY OF THE FOUNDATION PROGRAM

The legislature and State administration should continue in its efforts to do a thorough study of the State foundation program. There are many weightings in that formula which cause expensive inequities, however, the State must for the long term, commit itself to a foundation formula which provides equity in education.

It is questionable how long the State can afford to fund on an ADM basis. The State's funding of public schools must include weights based on educational need, i.e., education of the handicapped, disadvantaged students, etc. The State must allow weightings which are needed to provide fairness and equity of educational opportunity to students in different sections of the State.

It is an established precept in school finance that it is necessary to provide weightings in a formula to assure that the differing cost of education, which is based on such things in Alaska as the cost of doing business, is a part of the funding formula. The educational system possibly can get by with one year of ADM funding but the State should protect itself in the future by assuring that the study will be accomplished and implemented.

I would recommend that the foundation program be maintained. I think the foundation formula can help the State track the funds which are expended through the foundation program. The formula is the State's way of assuring that certain programs get attention should the State in its wisdom choose to give additional emphasis by funding specific programs. The collapse of the formula and the implementation of the ADM approach to funding hides from view how the money is expended. In some people's estimation this is good. I view it with caution, realizing that the State gives up its capability of applying encouragement to bring about some of the State's objectives for the public school programs.

The inclusion in H.B. 251 and S.B. 176 of a list of the ADM amounts appropriated by the legislature to different school districts across the State has highlighted the wide disparity between the funding levels of schools. However, equality of educational opportunity must be provided by the State to all students. It is an accepted principle in public school funding that equality in educational opportunity does not mean spending exactly the same amount of money for each pupil. Only a foundation formula, with various weights in it, can provide for the differences.

EFFECT ON LOCAL MUNICIPALITIES

It has to be a concern of the State, and certainly it is of

the local first class cities and boroughs which sponsor public school districts, that if the legislature does not provide for the funding of education or if there is a decrease in the level of funding from the State, there is a corresponding increase in requirements upon the local tax base. The significance of this can be seen across Alaska as you review the proposed budgets of first class cities and boroughs. We are seeing unprecedented increases required in the budgets of these local communities. For example, Anchorage is anticipating that there will be a requirement for a budget increase of the local appropriation by approximately 48 percent. Fairbanks has announced that its request to the local tax base could be as much as a 47 percent increase over the present appropriation. Juneau's increase and demand on the local tax base is 36 percent. Sitka's increase and request is 20 percent. Ketchikan is requiring 18 percent and does not have any salary increases for staff in the proposed budget. In the Ketchikan budget, all salaries of district-wide administrators and certificated staff across the District have been frozen at the FY-83 level.

The bottom line is that an inordinate requirement and demand will be placed upon local taxes to fund the schools. A general rule of thumb seems to be that for every one (1%) percent which the State decreases the level of funding, or doesn't increase in order to take care of inflationary costs, the local municipality has to increase the local contribution by 3-5 percent. In several instances, it appears that five percentage points is needed to make up for one percent loss at the State level.

It is ironic that at a time when the State has been attempting to return monies to municipalities through revenue sharing programs, that school districts would be short funded. Full funding of the foundation formula is a logical way to provide revenue sharing to municipalities.

PRIORITIES FOR EDUCATION

In times like this, it is appropriate to speak to the priorities. Education has been described by some and abhorred by others as a "motherhood-apple pie" issue. Public schools are a responsibility and trust of the government. It has long been established that education is an investment in its citizens rather than a necessary evil for State government.

It may be necessary for the State legislature to set priorities and decide what trade offs are required to meet the needs of a system of public education which is its prime responsibility. The legislature needs to determine if, in fact, there were programs mandated over the past five or six years on which the "sun should set". What funding responsibilities has the State assumed which now should be discontinued? I can specifically relate to some of the requirements which have been mandated by State and Federal statutes, and regulations. In the area of Special Education, the paper flow is bordering on the ridiculous.

It is interesting that your Legislative Audit Review Committee

found discrepancies in some of the school districts regarding what they were eligible to receive in school foundation programs and what they actually received. It is interesting that most of these discrepancies were in the area of bilingual education, special education and vocational education. School districts try to be conservative and have as few personnel for the central office as possible, but when the Legislative Audit and Review comes up, the school district finds itself deficient in paperwork to prove eligibility of students. I submit that there is a potential cost savings if schools are allowed to operate in a different manner.

CONCLUSION

The State of Alaska has the primary constitutional responsibility for public education. The legislature has the responsibility to develop the system for funding. This is not contradictory with the idea of local control. It is not contradictory to the precept that the State yields to local boards and municipalities the prime responsibility for administering and operating the local schools.

The State has a formula by which foundation funds can be distributed. That formula needs study and the State is to be encouraged to see that such a study takes place in the immediate months ahead. In the meantime, the formula can serve the State by providing the mechanism to distribute State funds to the local school districts.

School districts need increases over the current year's funding level. The funding made available by the State needs to take into account the new students which will be enrolled next year. It appears that full funding of the foundation formula could reach \$448 million, and some are indicating that it could go higher, perhaps up to \$468-470 million. It is appropriate to deal with the concept of making a commitment to fund the present foundation formula at the 100 percent level. This commitment will provide funds for new students next fall.

The State and school districts are at a crossroads. School district administrators and boards should be encouraged to work with the legislature to make the foundation formula work in the future. Local districts can recommend ways to cut out some of the costly items which have been imposed by the State and Federal levels. We have no problem with providing sound, basic educational programs at a cost which the State and local communities can afford.

#

Original sponsors: Tischer, Adams,
Fuller and Lindauer

1 IN THE HOUSE

BY THE HEALTH, EDUCATION AND
SOCIAL SERVICES COMMITTEE

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, ^{and ~~instructional~~ correspondence study} 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, ^{and correspondence study} for fiscal year 1983, subject to
14 the exception provided in sec. 2 of this Act, ^{and supplemental equalization aid}

15 * Sec. 2. The provisions of AS 14.17.250(9) notwithstanding, ^{in school districts with more than 250} 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 ¹ housed in its own separate facility ² and
19 ~~unless it has an average daily membership of 50 or more, or 2) has a separate~~

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 correspondence study} ~~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~~ ^{for which a district or correspondence study is eligible} under the public school foundation program for fiscal
5 year 1984 may be increased over the amount of ^{state} 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 ~~r~~ ^{allocated} 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).

Alaska State Legislature

Advisory Council Members
Senator Kerttula, Chairman
Senator Bennett
Senator Vic Fischer
Senator Fahrenkamp



Pouch V
State Capital
Juneau, Alaska 99811
Phone: (907) 465-3114

SENATE ADVISORY COUNCIL

MEMORANDUM

TO: Senator Josephson

FROM: Frank Seuffert *FS*
Researcher

RE: State Aid for Retirement of School Construction Debt,
as provided under AS 43.18.100

DATE: April 26, 1983

The Department of Education receives under the category of debt service a direct appropriation from the legislature as part of its operating budget. In FY83, this amount was \$43,780,962. A supplemental appropriation is being requested. In FY82, the amount paid out was \$38,262,156. (Figures obtained from Norma Peterson - DOE).

Regarding your suggestion of transferring funding to the capital budget, I posed the question to Deputy Commissioner Bob Van Slyke, "Is it more appropriate for this allocation to be part of the capital budget?". He responded that it is the recommendation of the Department of Education to the Board of Education that this be changed, moving the funding from the operating budget to the capital budget. Mr. Van Slyke stated that he would bring this before the Board in the very near future, possibly as early as next week. He did not anticipate that the Board would object to this change.

Mr. Van Slyke felt this practice may have been initiated when capital monies were scarce, and again noted that it needed to be changed.

In addition to this response from DOE, you may want to send a copy of this memo to Bill Berrier in Legal Services for his opinion. Please contact me if I can be of any further assistance.

FS;lal

ANALYSIS OF THE PROPOSED SENATE FINANCE CS FOR CS HB 251 (HESS)

SECTIONS 1 through 4 and SECTION 9 of the bill relate to school debt retirement.

PURPOSE: To control the amount the state pays each year for reimbursement of municipal school construction debt payments. Legislation passed last year, which increased state reimbursement to 90% and reduced the time lag from 2 years to 1 year, has dramatically increased the state's bill for school debt retirement. The total payback for FY 83 is approximately \$62.8 million, and for FY 84 is currently estimated at \$95 million and rising weekly. These figures represent 100% entitlement, although the actual payback is dependent on the amount appropriated yearly by the legislature.

The legislation would essentially "grandfather" existing debt by providing that the debt incurred under AS 43.18.100(a)(4) before the effective date of the act is not affected by changes made in the act. No changes are made to sections regarding other types of school construction debt, thus, the limit would apply to construction debt incurred in the future. Of course, the actual amount of payback is always subject to legislative appropriation.

New debt would be reimbursed two years after it is incurred at 50%. The legislature could appropriate a maximum of \$10 million annually for the new debt. All eligible projects must be approved by the commissioner of the Department of Education conditioned on voter approval, no call options, a minimum payback term of 15 years, and demonstration of need such as increased enrollment, health and safety of students, local priorities, emergency requirements, and new programs needing more space.

SECTIONS 5 through 8 of the bill deal with payment through the foundation formula.

PURPOSE: The act provides for the computation of instructional units for FY 84 while eliminating the junior high school "loophole" in current statute. The opening of new school sites and increases in enrollments are the only causes for alteration of the instructional units, as revised, for FY 84. The act also provides for computation of FY 85 payments in state aid should the Department of Education be unable to report back to the legislature on findings of the foundation formula study.

SECTION ANALYSIS

Section 1 Provides that 50% of debt payments will be reimbursed two years after they are made by the municipality. This forces municipalities to find another source of funding during the early years of debt retirement and discourages bonding of non-essential projects.

- Section 2 Provides a separate account, "the school construction and rehabilitation account", for legislative appropriations for reimbursement of the new debt payback plan provided for in the bill. Provides that no more than \$10 million can be appropriated to the account in a single year.
- Section 3 Adds "school construction and rehabilitation account" to AS 43.18.100(d)
- Section 4 Provides that the Commissioner of the Department of Education must approve the project before the state will provide reimbursement. Projects are conditioned on voter approval, no call back options, minimum payback period of 15 years, and demonstration of need.
- Section 5 Sets the number of instructional units within each school district for FY 84 at the FY 83 revised figure.
- Section 6 Provides that junior high programs in a school district with a total average ADM of 250 or more may not be used separately to calculate the number of instructional units unless the facility is housed in a separate facility and has an average ADM of 50 or more, or has a separate school administration which was in place before the 1983 school year.
- Section 7 Provides that should the Commissioner of the Department of Education not report back to the legislature on the foundation formula study by January 9, 1984, that the amount of basic state aid, beginning in FY 85, shall be adjusted by the Consumer Price Index from the U.S. Department of Labor.
- Section 8 Provides that the only increases in instructional units shall be for the opening of new school sites and for increased enrollment. If the amount appropriated for FY 84 is insufficient to meet this need, the available funds will be distributed on a pro rata basis to all school districts.
- Section 9 Provides that the changes made in sections 1-4 do not apply to the state's obligations incurred before the effective date of the bill.
- Section 10 Provides for an immediate effective date.

ANALYSIS OF PROPOSED SCHOOL CONSTRUCTION DEBT LEGISLATION

Purpose: To control amount that state pays each year for reimbursement of municipal school construction debt payments. Legislation passed last year, which provided for greater state reimbursement, has dramatically increased the state's bill for school debt reimbursement. The total payback for FY 83 is approximately \$48 million, and is estimated to be approximately \$80 million for FY , though this figure increases every few weeks. These figures represent 100% entitlement; actual payback is based on amount appropriated by the legislature each year.

Summary: The legislation would essentially "grandfather" existing debt by providing that the debt incurred under AS 43.18.100(a)(4) before the effective date of the act is not affected by the changes made in the act. No changes are made to sections regarding other kinds of school construction debt. Thus, the controls would apply to all debt incurred in the future. Of course the actual amount of payback for old debt as well as the new debt would be subject to legislative appropriation.

New debt would be reimbursed two years after it is incurred at 50%. The legislature could appropriate a maximum of \$10 million annually for the new debt. All projects eligible for debt reimbursement must be approved by the Commissioner of DOE before reimbursement is made. Approval is conditioned upon voter approval, no call options, a minimum payback term of 15 years, and demonstration of needs such as increased enrollment, health and safety of students, local priorities, emergency requirements, and new programs requiring more space.

Section-by-section analysis:

Section 1: Provides that 50% of debt payments will be reimbursed two years after they are made by the municipality. This forces municipalities to find another source of funding to make debt payments in the early years of bond payback. This discourages bonding of projects that are not essential.

Section 2: Provides a separate account, "the school construction and rehabilitation account", for legislative appropriations for reimbursement of the new debt payback scheme provided for in the bill. Provides that no more than \$10 million can be appropriated to the account in a single year.

Section 3: Technical.

Section 4: Provides that DOE Commissioner must approve project before the state will reimbursement. Approval is conditioned upon voter approval, no call options, minimum payback period of 15 years, and demonstration of need. Need is demonstrated by increased enrollment, health and safety requirements and factors listed in AS 14.11.010(c). These factors are: local priorities,

emergency requirements, number of students without classroom space, new programs requiring more space, condition of existing facilities, and the "economic and social stability of the municipality or region".

Section 5. Provides that changes made do not apply to state's obligations incurred before effective date of bill.

Section 6. Provides for an immediate effective date.

(LWC: 4/9/83)

DEBT RETIREMENT

<u>FY 83 AUTH</u>	<u>FY84 GOV</u>	<u>FY84 GOVam</u>	<u>HOUSE</u>	<u>SENATE</u>
49,669.7 79%	49,669.7 52.2%	59,887.8 63%	59,887.8 63%	59,887.8 63%
				70,394.7 74%
				71,346.0 75%
				75,151.1 79%
				95,128.0 100%

1973-74

Form M-585

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	W-R-T Service @ 101.90 Prior 7-1-77	W-R-T Service @ 90.70 After 7-1-77	% of W-R-T Service	Cash Payments 1981-82	% of Cash Payments	W-R-T Service P-R-Cash Payments	Taxes Cig Tax 1981-82	Tax Abatement 1981-82			
Anchorage	7175121	1603503	1142053	1084043	977438	1154812	1061923	1052909			
Alutian Bay	-	1251115	382603	-	-	382603	10990	347613			
Cordova	121177	-	-	-	-	121177	21496	99681			
Craig	-	-	-	-	-	-	10673	-			
Dillingham	-	-	-	1869	1682	1682	19252	-			
Fairbanks	4731853	1549	1394	592737	533463	5264710	294517	4970192			
Galena	-	-	-	63384	56957	56957	10957	45998			
Haines	-	711748	82753	35000	31500	114253	20545	93688			
Hoona	-	-	-	-	-	-	13013	-			
Hydaburg	-	-	-	-	-	-	7589	-			
Juneau	726992	165796	149014	711591	440432	1516640	139083	1377557			
Kake	-	-	-	-	-	-	12037	-			
Kenai	2547238	2589760	2336794	1593104	1433794	6311816	201646	6087100			
Ketchikan	527051	-	-	601048	540943	1047991	27606	980388			
King Cove	-	-	-	-	-	-	7112	-			
Klawns	-	-	-	-	-	-	7149	-			
Kodiak	136183	1474729	1327356	10191	7172	1762611	75326	1483285			
Matanuska	2471433	349533	3699590	175000	157500	5349013	157747	5191266			
Nenana	21500	-	-	-	-	21500	11544	9956			
Nome	-	-	-	-	-	-	31287	-			
North Slope	2172375	7166663	6929997	-	-	14242372	58679	14203693			
Pelican	-	-	-	-	-	-	5000	-			
Quilting	376255	-	-	100890	110601	506856	25493	481373			
Sand Point	-	-	-	-	-	-	7064	-			
Sitka	380570	-	-	780806	703725	1083245	43214	1019581			
Skagway	32832	-	-	-	-	32832	11302	21530			
St. Marys	-	-	-	-	-	-	9522	-			
Tosona	-	-	-	-	-	-	-	-			
Unalakleet	-	101735	109741	51037	115933	155674	114991	144183			
Valdez	1425325	1852050	1006845	176667	624771	3154869	368911	3117975			
Wainwright	-	146829	132144	-	-	132144	20630	111516			
Yakutat	-	-	-	65388	58819	58849	7426	47423			
Totals	30526105	9238110	12241567	3929655	3363688	5595441	2500000	53570572			

Entitlement for debt retirement (A5.43, 18.100) at 90%

	1	2	3	4	5	6
	FY-84	FY-85	FY-86	FY-87	FY-88	
District						
Anchorage	8207495	- 8709020	- 8715657	- 9461757	- 9494495	-
Mat-Su	2077920	- 2071800	- 2061360	- 2051100	- 2040300	-
North Slope	3952618	- 3952619	- 8175828	- 7575885	- 6966936	-
Juneau	2717528	- 2796998	- 2785388	- 2791857	- 2797200	-
Kodiak	22695508	- 1197000	- 1197000	- 1197000	- 1197000	-
Kenai	11227375	- 11218895	- 11268395	- 11284820	- 11335670	-
Fairbanks	3894075	- 5424075	- 5750100	- 6015375	- 6050025	-

Totals 34782482 - 35372207 - 39955528 - 40179594 - 39883426 -

Mat Su	2900000					
Juneau	3155465					
Kenai	18112173					
Fairbanks	2160000					

1004,58

44,815,210

Revised 4-25-83



Official Business

Alaska State Legislature

Senate

Pouch V
State Capitol
Juneau, Alaska 99811

5 May 1983

Honorable Bill Sheffield
Governor
State of Alaska

Dear Governor Sheffield:

This week, the Senate Finance Committee adopted a motion transferring school debt service funding from the state operating budget to the state capital budget.

In our judgment, this change is conceptually correct. The budget item pays for the acquisition and construction of school sites and school improvements of a long-range beneficial nature.

Coincidentally, the Alaska Housing Finance Corporation has reported that approximately 60 million dollars of unanticipated surplus receipts, not pledged to any bondholders, are available for its program. This amount was not expected, or if expected, was not previously revealed to the Legislature by the Corporation. The amount of funds required by AHFC as part of the state capital budget for FY 1984, can be reduced by 60 million dollars.

We recommend that the school debt service program be fully funded for FY 1984, and that the reduction in the AHFC requirements be utilized to meet the requirements of the debt service program. We have received many communications on this subject. (See, e.g., letter from Mayor Thompson of the Kenai Peninsula Borough, which we have attached.) Clearly, some other moneys will be needed in FY 1984 for the school debt service program as well, but full funding is now achievable.

Looking prospectively, we are prepared to work with the administration to encourage prudence in school construction not yet underway or bonded for, but we believe that good faith with local taxpayers who approved bonds expecting that the state would participate to 90%, as to previously authorized bonds, requires that this funding opportunity be used.

Sincerely yours,

Sen. Joe Josephson, Chairman
Health, Education & Social Services

Sen. Vic Fischer, Chairman
State Affairs

Attch.

3:10 p TC to Pete - he wants letter requesting...
4.25.83

To: Senate Advisory Council
Attn: Pete Jones

I would appreciate receiving
at the earliest, a one page
conceptual memo on moving
School Debt Construction from
the Operating Budget to the
Capital Budget. I favor this
if conceptually appropriate

Joseph

4:45 p

Delivered to Pete Jones

Page 1, line 16, after "program", insert:

"in a school district with a total ADM of over 250".

Page 1, line 18-19, delete ",or unless", and insert "and".
After "more" insert:

", or has a separate administration which was in place prior to the 1983 school year."

Page 1, line 20, delete present Section 3 and insert:

* Sec. 3. The commissioner of education shall recommend to the legislature a method of revising and improving the public school foundation program no later than January 9, 1984. If the commissioner of education has not made recommendations to the legislature by January 9, 1984, the provisions of AS 14.17 notwithstanding, the amount of basic state aid paid to each school district and regional educational attendance area under the foundation support program as computed by fiscal year 1984 revised instructional unit computations, beginning in fiscal year 1985, shall be adjusted and identified in January 1984 to reflect the changes in the Consumer Price Index for all Urban Consumers for the Anchorage Metropolitan Area compiled by the Bureau of Labor Statistics, United States Department of Labor in January 1984, for the preceding twelve-month period. The index for January 1983 is the reference base index.

Page 2, lines 8-9, delete "operating costs associated with the opening of new school sites", and insert:

"amounts permitted by this Act".

Page 2, lines 10-11, after "among", insert "all". After "districts", insert "." and delete the remainder of lines 10-11.



Official Business

Alaska State Legislature

Senate

Office of the President

Pouch V
State Capitol
Juneau, Alaska 99811

April 18, 1983

TO: Senate Health, Education and Social Service Committee
Senator Joe Josephson
Chairman

FROM: Senator Jay Kerttula
Senate President

A handwritten signature in black ink, appearing to read "Jay Kerttula".

SUBJECT: HB 251/SB 176

House Bill 251 (SB 176) if enacted into law will severely impact the Matanuska-Susitna Borough School District in the coming school year. Even with an assurance that there will be a supplemental appropriation in early 1984 from the Legislature for the Foundation Program, the shortfall for Mat-Su will not be ameliorated by it. The Mat-Su School Administration has predicted they will need an additional 40 teachers in the 1983-84 school year. However, these teachers cannot be hired if there is such a funding shortfall at the outset of the academic year.

As passed by the House, HB 251 is totally unacceptable. I am in active and hostile opposition to it or the companion SB 176's passage by the Senate. ~~██████████~~

Page 1, line 16, after "program", insert:

"in a school district with a total ADM of over 250".

Page 1, line 18-19, delete ",or unless", and insert "and".

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ALASKA STATE SENATE

JOE P. JOSEPHSON
DISTRICT G ANCHORAGE
1526 F STREET
ANCHORAGE, ALASKA 99501
(907) 277-4419

WHILE IN JUNEAU
POUCH V
JUNEAU, ALASKA 99811
(907) 465-4907
(907) 465-4525



COMMITTEES
HEALTH, EDUCATION & SOCIAL SERVICES (CHAIR)
JUDICIARY (VICE CHAIR)
FINANCE
MAJORITY CAUCUS (CHAIR)

M E M O R A N D U M

April 21, 1983

TO: Senate Finance Committee Members
FROM: Senator Joe P. Josephson *JPJ*
SUBJECT: Senate CS for CSHB 251

The above noted bill, relating to school foundation funding, has been assigned to me for presentation to the Finance Committee.

In order to facilitate preparation of a Committee Substitute, I would appreciate hearing your comments and concerns in the next few days.

JPJ:t1

ALASKA STATE SENATE

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	AUDITED FY-82 ELIGIBILITY	ELIGIBILITY ON DEBT ISSUED AFTER 12/31/81	TOTAL FY-84 ELIGIBILITY
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 I. Bor.	6,087,170	<i>8,907,716</i>	<i>15,118,197</i>
Ketchikan Gate. B.	980,388		980,388
Kodiak I. Bor	1,683,285	1,512,900	3,196,185
Mat-Su Borough	5,191,205	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	\$50,590,977	<i>\$ 40,213,529</i>	<i>\$90,804,506</i>

* Estimates of payments on authorized but as yet unsold issues.

ANALYSIS OF PROPOSED FINANCE CS FOR CS HB 251 (HESS)

SECTIONS 1 through 3 of the bill relate to school debt retirement while SECTIONS 4 through 7 relate to the school foundation formula with SECTION 8 being the immediate effective date.

SCHOOL DEBT RETIREMENT

PURPOSE: To control the amount the state pays each year for the reimbursement of municipal school construction debt payments. Legislation passed last year, which increased the reimbursement rate from 80% to 90% and eliminated the two year time lag, has dramatically increased the state's bill for school debt retirement. The total payback for FY 83 is approximately \$62 million, and is estimated to be over \$90 million in FY 84. These figures represent 100% of entitlement, although the actual payback is dependent on the amount appropriated yearly by the Legislature.

According to the draft, new debt would be reimbursed at 50% two years after it is incurred. All eligible projects must be approved by the Commissioner of the Department of Education prior to voter approval with total project costs listed on the bonding ballot. Other requirements are that the bonds may not be redeemed before expiration and must be repaid over a period of at least fifteen years, and that the municipality must demonstrate need for the project.

Nothing in this draft would affect debt incurred prior to 1982, and the intent is to provide sufficient funding for debt incurred prior to 1981 without pro rata distribution of available funds.

The draft provides that payments to the municipality for the retirement of principal and interest of outstanding bonds for the current year (on indebtedness incurred after Dec. 31, 1981 and before July 1, 1983), and payments made after July 30, 1982 and before July 1, 1983 by the municipality during the fiscal year two years earlier for construction, renovation and additions will be paid by the state up to 90%.

FOUNDATION FORMULA

PURPOSE: The Act provides for the computation of instructional units for FY 84 while eliminating the junior high "loophole" in current statute. The opening of new school sites and increases in enrollment are the only justification for alteration of the instructional units, as revised, for FY 84. The Act also provides for computation of FY 85 payments in state aid should the Department of Education be unable to report back to the Legislature on the Foundation Study by January of 1984.

SECTION ANALYSIS

Section 1 Provides for payments up to 90% for:

(A) current year bond payments on indebtedness incurred after December 31, 1981 and before July 1, 1983 made by the municipality, and

(B) cash payments made after June 30, 1982 and before July 1, 1983 by the municipality during the fiscal year two years earlier (the two year lag is due to receipt of audits by the Department).

- Section 2 Provides that 50% of debt payments will be reimbursed two years after they are incurred by the municipality. This forces the municipality to find another source of funding during the early years of the debt retirement and discourages bonding of non-essential projects.
- Section 3 Provides that the state may not allocate money to a municipality for school construction project that has not been approved by the Commissioner of the Department of Education.
- In approving the project, the Commissioner shall require full information on the bonding issue approved by the voters, no call back options, a minimum payback period of 15 years, and demonstration of need.
- Section 4 Sets the number of instructional units for each school district and correspondence study for FY 84 at the FY 83 revised figure.
- Section 5 Provides that junior high programs in a school district with a total average ADM of 250 or more may not be used separately to calculate the number of instructional units unless the program is housed in a separate facility and has an average ADM of 50 or more, or has a separate school administration which was in place before the 1983 school year.
- Section 6 Provides that should the Commissioner of the Department of Education not report back to the legislature on the foundation formula study by January 9, 1984, that the amount of basic state aid paid, beginning in FY 85, shall be adjusted by the Consumer Price Index from the U.S. Department of Labor.
- Section 7 Provides that the only increase in instructional units shall be for the opening of new school sites and for increased enrollment. If the amount appropriated for FY 84 is insufficient to meet this need, the available funds will be distributed on a pro rata basis to all school districts.
- Section 8 Provides for an immediate effective date.

Chapter 18. State Aid to Local Governments.

Article

- 1. Aid for Miscellaneous Municipal Purposes (Repealed)
- 2. Aid for School Construction (§§ 43.18.100 — 43.18.135)
- 5. Cultural Facilities (§ 43.18.500)

Article 1. Aid for Miscellaneous Municipal Purposes.

Section

10—45. [Repealed]

Secs. 43.18.010 — 43.18.045.

Repealed by § 11 ch 155 SLA 1980.

Cross references. — For programs of municipal assistance, see AS 29.88.010 — 29.88.045, 29.89.010 — 29.89.100, 29.90.010 — 29.90.030 and 29.95.010 — 29.95.030.

Editor's notes. — The repealed article derived from § 10, ch. 95, SLA 1969; §§ 1 — 5, ch. 194, SLA 1970, § 3, ch. 84, SLA 1971; §§ 1, 2, ch. 127, SLA 1971; § 43, ch. 11, SLA 1972; §§ 3, 4, ch. 200, SLA 1972; § 6, ch. 32, SLA 1973; §§ 1, 2, ch. 87, SLA 1973; §§ 1, 2, ch. 43, SLA 1974; § 1, ch. 95, SLA 1974; §§ 44, 45, ch. 127, SLA 1974; § 1, ch. 45, SLA 1975; § 1, ch. 100, SLA 1975; §§ 1, 2, ch. 208, SLA 1976; §§ 1, 2, ch. 265, SLA 1976; §§ 4, 5, ch. 120, SLA 1977; § 24, ch. 168, SLA 1978; § 3, ch. 173, SLA 1978.

Article 2. Aid for School Construction.

Section

- 100. State aid for retirement of school construction debt
- 105. Public school facilities construction advance account
- 110. Eligibility

Section

- 115. State aid
- 120. Application for aid
- 125. Conditions of state aid
- 130. Construction and implementation
- 135. Definitions

Sec. 43.18.100. State aid for retirement of school construction debt. (a) During each fiscal year, the state shall allocate to a municipality that is a school district, the following sums:

(1) payments made by the municipality during the fiscal year two years earlier for the retirement of principal and interest on outstanding bonds, notes or other indebtedness incurred before July 1, 1977 to pay costs of school construction;

(2) 90 percent of

(A) payments made by the municipality during the fiscal year two years earlier for the retirement of principal and interest on outstanding bonds, notes or other indebtedness incurred after June 30, 1977 and before July 1, 1978 to pay costs of school construction;

(B) cash payments made after June 30, 1976 and before July 1, 1973 by the municipality during the fiscal year two years earlier to pay costs of school construction;

(3) 90 percent of

(A) paymer years earlier outstanding b 1978 and bef projects appr

(B) cash pa by the municip of school cons (4) subject

(A) paymer year for the re notes or other costs of school tion projects 14.07.020(11);

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sioner shall ex district all sta provided unde tions for reim

(1) offset a amount of an; preceding fisc;

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(c) The scho the provisions legislature to the purpose of under this sec pro rata anor

(d) Money i fiscal year for required for t general fund.

(e) The com ture on alloca not limited to student basis; municipality

(A) payments made by the municipality during the fiscal year two years earlier for the retirement of principal and interest on outstanding bonds, notes or other indebtedness incurred after June 30, 1978 and before January 1, 1982 to pay costs of school construction projects approved under AS 14.07.020(11);

(B) cash payments made after June 30, 1978 and before July 1, 1982 by the municipality during the fiscal year two years earlier to pay costs of school construction projects approved under AS 14.07.020(11);

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

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

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

(b) The commissioner shall administer the program of reimbursement authorized under this section and shall provide by regulation for the filing of applications for reimbursement, the form of proof of costs for which application for reimbursement is made, and other regulations necessary to administer the program. The commissioner shall exclude from the total school construction cost of the local district all state and federal funds included in these costs except funds provided under this section and AS 43.50.140. In approving applications for reimbursement, the commissioner shall

(1) offset against the amount of reimbursement authorized the amount of any funds distributed to the borough or city in the second preceding fiscal year from the school fund provided for in AS 43.50.140;

(2) Repealed by § 10 ch 92 SLA 1982.

(c) The school construction account is established. Funds to carry out the provisions of this section may be appropriated annually by the legislature to the account. If amounts in the account are insufficient for the purpose of providing a share to which a borough or city is entitled under this section, those funds that are available shall be distributed pro rata among the eligible local governments.

(d) Money in the school construction account which, at the end of the fiscal year for which the money is appropriated, exceeds the amount required for the allocations authorized in this section reverts to the general fund.

(e) The commissioner shall annually provide a report to the legislature on allocations of state aid made under this section, including but not limited to, the amount of state aid paid on a per capita and per student basis and the resultant effect on the rate of levy of taxes by the municipality for educational purposes.

(f) Repealed by § 17 ch 147 SLA 1978.

(g) In this section, unless the context requires otherwise,

(1) "commissioner" means the commissioner of education;

(2) "costs of school construction" means the cost of acquiring, constructing, enlarging, repairing, remodeling, equipping or furnishing of public elementary and secondary school buildings and includes the sum total of all costs of financing and carrying out the project; these include, but are not limited to, the costs of all necessary studies, surveys, plans and specifications, architectural, engineering or other special services, acquisition of real property, site preparation and development, purchase, construction, reconstruction and improvement of real property and the acquisition of machinery and equipment as may be necessary in connection with the project; an allocable portion of the administrative and operating expenses of the grantee; the cost of financing the project, including interest on bonds issued to finance the project; and the cost of other items, including any indemnity and surety bonds and premiums on insurance, legal fees, fees and expenses of trustees, depositaries, financial advisors, and paying agents for the bonds issued as the issuer considers necessary.

(h) An allocation under (a)(4) of this section for school construction begun after July 1, 1982, shall be reduced by the amount of money used for the construction of residential space, hockey rinks, planetariums, saunas, and other facilities for single purpose sporting or recreational uses that are not suitable for other activities. An allocation under (a)(4) of this section may not be reduced by the amount of money used for construction of a small swimming pool, tank, or water storage facility used for water sports. However, an allocation shall be reduced by the difference between the amount of money used to construct a swimming pool that is competition size or larger and the amount of money that would have been used to construct a small swimming pool, tank, or water storage facility, as determined by the commissioner.

(i) For the purposes of (a)(4) of this section

(1) an indebtedness for bonds is incurred after the bonds are sold;

(2) reimbursement for a cash payment may only be made after the payment is made to a vendor; and

(3) payments may not be made for costs that are incurred under a contract after the contract has been released. (§ 1 ch 249 SLA 1970; am § 1 ch 93 SLA 1971; am § 2 ch 137 SLA 1972; am § 1 ch 28 SLA 1973; am § 47 ch 127 SLA 1974; am §§ 1 — 3 ch 120 SLA 1977; am §§ 12, 17 ch 147 SLA 1978; am § 25 ch 168 SLA 1978; am §§ 8 — 10 ch 92 SLA 1982)

Effect of amendments. — The 1977 amendment rewrote subsection (a), inserted the paragraph (1) designation and added paragraph (2) in the third sentence of subsection (b), and added the language

beginning "including but not limited to" to the end of subsection (e).

The first 1978 amendment, in subsection (a), deleted "and cash payments made by the borough or city before July 1, 1976

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to pay the cost of school construction" from the end of paragraph (1), substituted "80 per cent" for "50 per cent" at the beginning of paragraph (2), substituted "June 30, 1976 and before June 30, 1978" for "July 1, 1977" in subparagraphs (A) and (B) of paragraph (2), and added paragraph (3). The amendment also repealed subsection (f), which read "The provisions of (a)(2) of this section apply only to payments made before July 1, 1971. The provisions of (a)(3) of this section apply to payments made after June 30, 1971."

The second 1978 amendment, in paragraph (2) of subsection (g), substituted "the sum total of all costs of financing and carrying out the project" for "but is not limited to the costs of acquisition of sites, legal, engineering, fiscal, architectural and other fees of specialists or consultants, costs of labor, materials, equipment and supplies, costs of authorization, issuance and sale of bonds, notes, or other evidences of debt" at the end of the first sentence and added the second sentence.

The 1982 amendment, effective July 1, 1982, substituted "a municipality that" for "an organized borough or a city which" in the introductory language of subsection (a), substituted "the municipality" for "the borough or city" in paragraphs (1), (2)(A) and (B), and (3)(A) and (B), substituted "90 percent" for "80 percent" in the introductory language of paragraphs (2) and (3), inserted "and before January 1, 1982" in paragraph (3)(A) and (B), and added paragraph (4). The amendment also repealed paragraph (2) of subsection (b), which read "required the borough or city to provide, with its application, a certified copy of the notice to taxpayers required by AS 43.18.030," and added subsections (h) and (i).

Editor's notes. — AS 43.18.030, referred to in paragraph (2) of subsection (b), was repealed by § 11, ch. 155, SLA 1980. For programs of municipal assistance, see AS 29.88.010 — 29.95.030.

Sec. 43.18.105. Public school facilities construction advance account. The public school facilities construction advance account is established. The account consists of appropriations for distribution under AS 43.18.105 — 43.18.135 to boroughs and cities which are school districts to assist in paying the costs of public school facilities projects approved under AS 14.07.020(10) for which construction is commenced after June 30, 1978 and for which no bonding, notes, or other indebtedness was incurred before July 1, 1978. (§ 13 ch 147 SLA 1978)

Sec. 43.18.110. Eligibility. Eligibility of a proposed construction project for funding assistance under AS 43.18.105 — 43.18.135 shall be determined by the department based on standards and criteria established by regulation. The standards and criteria to be considered in determining eligibility include the following:

- (1) emergency requirements;
- (2) number of unhouseed students;
- (3) new elementary, or secondary programs;
- (4) existing community and school facilities and their condition; and
- (5) economic and social stability of the community. (§ 13 ch 147 SLA 1978)

Sec. 43.18.115. State aid. (a) The amount of state aid payable in advance under AS 43.18.105 — 43.18.135 is the amount by which the cost of construction of the approved school construction project would cause the debt-to-valuation ratio of the municipality to exceed 12 per cent.

(b) A payment under (a) of this section is limited to an amount which, when combined with estimated payments to the school district for the retirement of the principal and interest on bonds, notes or other indebtedness or reimbursement of cash payments for a school construction project for which payment is made under AS 43.18.100(a)(1) or (2) or for an approved school construction project for which payment is made under AS 43.18.100(a)(3), does not exceed 80 per cent of the cost of the school construction project.

(c) For purposes of this section,

(1) "debt" means the principal amount of the direct and general obligation indebtedness of the municipality for which all taxable property is subject to taxation to pay the bond, note or other evidence of the debt, determined and reported in accordance with AS 14.17.140(c);

(2) "valuation" means the full and true value of the real and personal property of the municipality determined in accordance with AS 14.17.140(a). (§ 13 ch 147 SLA 1978)

Sec. 43.18.120. Application for aid. (a) The commissioner shall prescribe the necessary forms and procedures to be used in applying for construction cost assistance under AS 43.18.105 — 43.18.135.

(b) A borough or city which is a school district seeking construction cost aid shall apply to the department by October 15 of the prior fiscal year.

(c) Based on his review of applications and his determination of project eligibility, the commissioner shall recommend to the governor an appropriation of funds for state aid for those projects under AS 43.18.105 — 43.18.135. (§ 13 ch 147 SLA 1978)

Sec. 43.18.125. Conditions of state aid. (a) Funds distributed to a borough or city which is a school district during a school year under AS 43.18.105 — 43.18.135 shall be received, held, and expended by the district in accordance with the applicable provisions of law and of regulations adopted by the department. Funds provided under AS 43.18.105 — 43.18.135, but which are not required for the project for which they were granted or which are in excess of that borough's or city which is a district's entitlement for aid under AS 43.18.115 shall be returned to the department and deposited in the general fund.

(b) Each borough or city which is a school district shall maintain financial records of the receipt and disbursement of state funds received under AS 43.18.105 — 43.18.135 and money provided toward local effort. The records shall be in the form prescribed by the department and are subject to audit by it at any time.

(c) Upon completion of the construction project, the chief school administrator of the district shall report the total cost of the project and means of financing it to the commissioner.

(d) Boroughs and cities that are school districts shall secure and maintain in full force and effect adequate property loss insurance for

the replacement for which state SLA 1978)

Sec. 43.18.130.105 — the state.

(b) Funds may be approved for facilities construction insufficient to meet the requirements under AS 43.18.105 — 43.18.135. Funds shall be distributed per school district based on the number of students.

Sec. 43.18.130.110 — the context of

(1) "approved school or an approved school" means the extent to which the school district is approved under AS 14.07.020

(2) "communities" means

(3) "department" means the department of education (SLA 1978)

Section 300. Civic, community, and recreation

Sec. 43.18.130.115 — centers. (a) For the purpose of this section, the purpose of the centers shall be to provide for their non-profitable costs of operation and maintenance, including the cost of fees and expenses incurred in connection with the provision of services.

(b) Grants to local government shall be made in a form that is allotted according to the agreement made between the local government and the state. The agreement shall include the following:

(1) estimate of the cost of the work; the commission shall determine the cost of the work; the commission shall determine the cost of the work;

the replacement cost of all facilities constructed after July 1, 1978 and for which state funds are available under this chapter. (§ 13 ch 147 SLA 1978)

Sec. 43.18.130. Construction and implementation. (a) AS 43.18.105 — 43.18.135 may not be construed so as to create a debt to the state.

(b) Funds to carry out the provisions of AS 43.18.105 — 43.18.135 may be appropriated annually by the legislature into the public school facilities construction advance account. If amounts in the account are insufficient to meet the allocations authorized by the commissioner under AS 43.18.105 — 43.18.135, such funds as are available shall be distributed pro rata among each borough and city which is a school district based upon its computed entitlement. (§ 13 ch 147 SLA 1978)

Sec. 43.18.135. Definitions. In AS 43.18.100 — 43.18.135, unless the context requires otherwise,

(1) "approved school construction project" means the plan for a new school or an addition to or major rehabilitation of an existing school to the extent to which approved by the commissioner in accordance with AS 14.07.020(10);

(2) "commissioner" means the commissioner of education;

(3) "department" means the Department of Education. (§ 13 ch 147 SLA 1978)

Article 3. Community Facilities Grants.

Section

300. Civic, convention and community recreation centers

Sec. 43.18.300. Civic, convention and community recreation centers. (a) Within the limits of legislative appropriations for the purpose, the state shall make matching grants to local governments or their nonprofit designee equal to 50 per cent of the estimated reasonable costs of land acquisition, planning, and construction of municipal civic, convention and community recreation centers and 50 per cent of the cost of feasibility studies relating to these facilities, in accordance with the provisions of this section.

(b) Grants for only one study and one project may be awarded to a local government under this section. Applications for grants shall be made in a form prescribed by the commissioner. A grant shall be allotted according to an agreement made between the commissioner on behalf of the state and the local government receiving the grant. The agreement may include any provision agreed upon by the parties and shall include in substance the following provisions:

(1) estimates of reasonable costs of a study or project as approved by the commissioner after consultation with the Department of Public Works;

Section

58 Alaska School Activities Association
59 Alaska school activities fund

Section

60. Regulations
70. Withholding state funds

Collateral references. — 68 Am. Jur.
23 Schools, §§ 5-7, 37-55.
75 C.J.S. Schools and School Districts,
¶ 83-91.

Modern status of doctrine of sovereign
immunity as applied to public schools and
institutions of higher learning. 33 ALR3d
703.

Sec. 14.07.010. Department of Education. The Department of Education includes the commissioner of education, the state Board of Education, and the staff necessary to carry out the functions of the department. (§ 1 ch 98 SLA 1966)

NOTES TO DECISIONS

Quoted in *Begich v. Jefferson*, Sup. Ct. Anchorage School Dist., Sup. Ct. Op. No.
Op. No. 481 (File No. 894), 441 P.2d 27 2160 (File Nos. 4796, 4797, 4826), 617 P.2d
(1968). 490 (1980).

Cited in *Tunley v. Municipality of*


Sec. 14.07.020. Duties of the department. The department shall

- (1) exercise general supervision over the public schools of the state except the University of Alaska;
- (2) study the conditions and needs of the public schools of the state and adopt or recommend plans for the improvement of the public schools;
- (3) provide advisory and consultative services to all public school governing bodies and personnel;
- (4) prescribe by regulation a minimum course of study for the public schools;
- (5) establish, in coordination with the Department of Health and Social Services, a program for the continuing education of children who are held in detention facilities in the state during the period of detention;
- (6) accredit those public schools which meet accreditation standards prescribed by regulation by the department; these regulations shall be adopted by the department and presented to the legislature during the first 10 days of any regular session, and become effective 45 days after presentation or at the end of the session, whichever is earlier, unless disapproved by a resolution concurred in by a majority of the members of each house;
- (7) prescribe by regulation, after consultation with the Department of Health and Social Services, standards that will assure healthful and safe conditions in the public and private schools of the state; the standards for private schools may not be more stringent than those for public schools;

(8) in cooperation with the Department of Health and Social Services, exercise general supervision over public and private pre-elementary schools and over the educational component of nurseries as defined in AS 47.35.080(4); pre-elementary schools in this paragraph means schools for children ages three through five years when the schools' primary function is educational;

(9) provide accredited elementary and secondary correspondence study programs available to any Alaskan through a centralized office of correspondence study;

(10) accredit private elementary and secondary schools which request accreditation and which meet accreditation standards prescribed by regulation by the department;

 (11) review plans for construction of new public elementary and secondary schools and for additions to and major rehabilitation of existing public elementary and secondary schools and, in accordance with regulations adopted by the department, determine and approve the extent of eligibility for state aid of a school construction project begun after July 1, 1978; for the purposes of this paragraph, "plans" include educational specifications, schematic designs, and final contract documents;

(12) provide educational opportunities in the areas of vocational education and training, basic education, and fire-service training to individuals over 16 years of age who are no longer attending school;

(13) administer the grants awarded under AS 14.11.020. (§ 1 ch 98 SLA 1966; am § 2 ch 69 SLA 1971; am § 6 ch 104 SLA 1971; am § 1 ch 190 SLA 1975; am § 6 ch 50 SLA 1977; am §§ 1-3 ch 126 SLA 1978; am § 10 ch 147 SLA 1978; am § 1 ch 86 SLA 1979; am § 24 ch 59 SLA 1982; §§ 1, 2 ch 92 SLA 1982)

Revisor's notes. — A reference to AS 14.11.020 was substituted for a reference to AS 14.07.190 in paragraph (13) by the revisor of statutes under AS 01.05.031 to conform to the renumbering of that section.

Effect of amendments. — The first 1978 amendment deleted "private, and denominational" preceding "schools" near the beginning of paragraph (6), inserted "and private" preceding "schools" in paragraph (7), added the language beginning "the standards for private schools" to the end of paragraph (7), and added paragraph (10).

The second 1978 amendment added paragraph (11).

The 1979 amendment added paragraph (12).

The first 1982 amendment substituted "of" for "and" preceding "new public elementary" in paragraph (11).

The second 1982 amendment substituted "'plans' include" for "a 'plan' includes" in paragraph (11), inserted "and approve" and "the" preceding "purposes of this paragraph" in that same paragraph, and added paragraph (13).

Stated in Tunley v. Municipality of Anchorage School Dist., Sup.

Collateral references. — require construction or repair of buildings. 1 ALR 1559.

Power of school authorities to employ physicians, nurses, oculists, etc. 12 ALR 922.

Extent of legislative power over school attendance and curriculum. 477; 53 ALR 832.

Kindergartens or special schools.

Sec. 14.07.030. Power of school authorities.

(1) establish, maintain, and improve a local, area, regional, and special school district;

(2) Repealed by § 34 ch 104 SLA 1971;

(3) Repealed by § 34 ch 104 SLA 1971;

(4) Repealed by § 34 ch 104 SLA 1971;

(5) enter into contracts for the purchase of land, buildings or with a school district for the use of school students;

(6) provide for citizens' participation in the management of school buildings and other state-owned property;

(7) provide for the sale, lease, or use of school buildings and other state-owned property;

(8) prescribe a classification of school buildings;

(9) acquire and transfer real property and political subdivisions;

(10) enter into contracts for the purchase of land, buildings or with a school district for the use of school students;

(11) provide for the issuance of bonds to persons not in school work or twelfth grade education for the purposes established by the department;

(12) exercise disapproval of school district plans. 1966; am § 1 ch 66 SLA 1975; ch 161 SLA 1975)

children attending public schools are transported. The commissioner shall administer this nonpublic school student transportation program, integrating it into existing systems as much as feasible, and the cost of the program shall be paid from funds appropriated for that purpose by the legislature. (§ 1 ch 157 SLA 1972)

Collateral references. — constitutional provision forbidding financial aid to religious sects, of public school bus service for pupils of parochial or private schools. 168 ALR 1434. provision of school bus service for private school pupils. 41 ALR3d 344.
Constitutionality, under state

Chapter 11. Construction, Rehabilitation, and Improvement of Schools and Education-Related Facilities.

Section

- 10. Recommendations and evaluations of projects
- 20. Assumption of responsibilities

Sec. 14.11.010. Recommendations and evaluations of projects.

(a) The assembly or council of a municipality that is a school district or a regional school board may submit a request to the department for a school or education-related facility construction, rehabilitation, or improvement project together with a report evaluating the condition of school or education-related facilities in the municipality or regional educational attendance area and a determination of the need for the project.

(b) With regard to projects requested under (a) of this section the department shall

(1) rank each project in the order of priority that serves the best interests of the state;

(2) prepare an estimate of the amount of money needed to finance each project approved by the department and recommend to the governor appropriations for projects to be included in the budget submitted to the legislature;

(3) provide the governor with a copy of the report of the assembly, council, or regional school board that requested each project approved by the department;

(4) provide to the legislature within the first 10 days of each regular session a summary of the projects requested by each assembly, council, or regional school board.

(c) In establishing priorities among requested projects the department shall evaluate at least the following factors:

(1) priorities assigned by the assembly, council, or school board to the projects requested;

THE 15 ELECTORS

- (2) emergency requirements;
 - (3) the number of students without classroom space;
 - (4) new local elementary or secondary programs;
 - (5) existing regional, community, and school facilities and the condition of the facilities;
 - (6) the economic and social stability of the municipality or region.
- (d) The provisions of this section do not affect a municipality's eligibility for reimbursement under AS 43.18.100. (§ 3 ch 92 SLA 1982; AS 14.07.180)

Revisor's notes. — This section was renumbered by the revisor of statutes enacted as AS 14.07.180 and was under AS 01.05.031.

Sec. 14.11.020. Assumption of responsibilities. (a) The assembly or council of a municipality that is a school district or a regional school board may, by resolution or majority vote of the body, assume the responsibilities relating to the planning, design, and construction of a school or an education-related facility located within the boundaries or operating area of the municipality or regional educational attendance area. After receipt of a request by an assembly or council under this subsection, the department shall provide for the assumption of the responsibilities requested. After receipt of a request by a regional school board under this subsection, the department may provide for the assumption of the responsibilities requested.

(b) If a municipality that is a school district or a regional educational attendance area assumes the responsibilities under this section, the department shall grant to the municipality or regional educational attendance area money appropriated for the school or education-related facility. The department may transfer the appropriations to a special construction account in the state treasury. Under the fiscal control of the department, a municipality or regional educational attendance area that assumes responsibilities for the project as provided in this section may draw on the account for costs of the project.

(c) The construction management costs of a project assumed under this section may not exceed four percent of the amount of appropriations for the facility if the amount of appropriations is \$500,000 or less. The construction management costs of a project assumed under this section may not exceed three percent of the amount of appropriations for the facility if the amount of appropriations is over \$500,000 but less than \$5,000,000. The construction management costs of a project assumed under this section may not exceed two percent of the amount of appropriations for the facility if the amount of appropriations is \$5,000,000 or more. For purposes of this subsection "construction management" means management of the project's schedule, quality, and budget during any phase of the planning, design, and construction of the facility by a private contractor engaged by the municipality or regional educational attendance area.

(d) The commissioner implementing this section agreements between the d educational attendance are ipality or regional educatio the planning, design, and 1982; AS 14.07.190)

Revisor's notes. — This sec enacted as AS 14.07.190 a

Chapter 12. Orga S

Article

- 1. Districts (§§ 14.12.010—14.12
- 2. School Boards (§§ 14.12.030—
- 3. Regional Resource Centers (§§

Section

- 10. Districts of state public scho
- 20. Support, management, and

Collateral references. — 68 2d Schools, §§ 14-36.

78 C.J.S. Schools and School H 23-81.

Grounds for ousting education of its franchise. 46 ALR Incorporated educational bo institution belonging to the stat 1394.

Discretion of administrative to changing boundaries of scho 65 ALR 1523; 135 ALR 1096.

Sec. 14.12.010. Distri tricts of the state public

(1) each first class city district;

(2) each organized bor

(3) the area outside org is divided into regional c 1966; am § 3 ch 124 SLA

d) The commissioner shall adopt necessary regulations implementing this section, and setting out the requirements for agreements between the department and a municipality or regional educational attendance area relating to the assumption by the municipality or regional educational attendance area of responsibilities for the planning, design, and construction of a project. (§ 3 ch 92 SLA 1962; AS 14.07.190)

Revisor's notes. — This section was renumbered by the revisor of statutes enacted as AS 14.07.190 and was under AS 01.05.031.

Chapter 12. Organization and Government of School System.

Article

- 1 Districts (§§ 14.12.010—14.12.020)
- 2 School Boards (§§ 14.12.030 — 14.12.120)
- 3 Regional Resource Centers (§§ 14.12.150 — 14.12.180)

Article 1. Districts.

Section

- 10 Districts of state public school system
- 20 Support, management, and control

Collateral references. — 68 Am. Jur. 2d Schools, §§ 14-36.

78 C.J.S. Schools and School Districts, §§ 23-81.

Grounds for ousting educational corporation of its franchise. 46 ALR 1478.

Incorporated educational body as an institution belonging to the state. 65 ALR 1194.

Discretion of administrative officers as to changing boundaries of school district. 65 ALR 1523; 135 ALR 1096.

Constitutionality and construction of statute which leaves to determination of private individuals the boundaries of territory to be erected into a school district or other political subdivision, or to be added to or detached from an existing district or subdivision. 70 ALR 1062.

Unionization, centralization, or consolidation of school districts as affecting indebtedness and property of the individual districts. 121 ALR 826.

Sec. 14.12.010. Districts of state public school system. The districts of the state public school system are as follows:

- (1) each first class city in the unorganized borough is a city school district;
- (2) each organized borough is a borough school district;
- (3) the area outside organized boroughs and outside first class cities is divided into regional educational attendance areas. (§ 1 ch 98 SLA 1966; am § 3 ch 124 SLA 1975; am § 7 ch 208 SLA 1975)

Rules Committee Letter of Intent

ANCHORAGE SCHOOL PROJECTS SB 18

Health, Safety, Emergency Repairs & Other Projects:

Abbott Loop	240,000
Aurora	125,000
Baxter	65,000
Birchwood ABC	3,000
Chester Valley	4,500
Chugach Optional	45,000
College Gate	67,600
Creek Side Park	4,000
Eagle River	120,000
Early Childhood Programs	17,800
Government Hill	777,160
Homestead	56,000
John F. Kennedy	116,000
Lake Otis	91,500
Mt. Iliamna	55,500
Mt. Spurr	52,500
Mountain View	229,000
Muldoon	60,000
Northern Lights ABC	5,000
Northwood	13,000
Nunaka Valley	34,000
Orion	20,000
Rabbit Creek	9,600
Rigel	4,000
Russian Jack	118,320
Sand Lake (less \$86,000 in SB 162)	6,000
Susitna	38,650
Tudor	5,800
Turnagain	94,000
Ursa Major	255,490
Ursa Minor	46,000
Williwaw	19,100
Wonder Park	80,000
Glacys Wood	45,000
Central ABC	180,000
Clark (less \$50,000 in SB 162)	582,590
Romig	204,650
Wendler	1,629,600
Bartlett	130,000
Inlet View	351,370
Chugiak	206,500
Dimond (less \$76,500 in SB 162)	104,000
East	69,000
Service	179,000
West	645,150

Districtwide Emergency Maintenance	30,500
Pupil Transportation (improvements, bus center)	540,400
West High Auditorium	78,000
Vocational Educational Facilities (district-wide)	2,981,530
Food Educational and Service Center	2,000,000
Computer Output Microfilm Library Conversion	<u>130,000</u>

TOTAL . \$12,965,810



Official Business

Alaska State Legislature

Senate

Pouch V
State Capitol
Juneau, Alaska 99811

MEMORANDUM

TO: Rep. Mae Tischner, Chair ³
House HESS Committee

DATE: April 5, 1983

FROM: Senator Ferguson

SUBJ: CSHB 251

Following is a comparison of CSHB 251(HESS) as it passed the House, and my proposed draft of a Senate Committee Substitute for the bill.

I. Differences

1. CSHB 251(HESS) creates a Foundation Funding Policy Council which is not contained in my proposed draft.

2. My proposed draft requires the Department to make recommendations for changes in the foundation support system by the beginning of the next session. If they do not do this, the fiscal impact would be in excess of \$21 million. In addition, if the Department does not comply with this section, districts would be given a mechanism for forward funding, which they have said is essential for budget planning.

3. My proposed draft tightens up instructional units available for junior high school programs during FY 84. This draft would only allow units for programs housed in a separate facility or with an ADM of 50 or more. This negates some of the provisions of 14.17.250(9) which relate to units available for junior high programs.

This will save the State an amount of money which has yet to be determined by the Department, but which will be included in a fiscal note. I feel that a political decision regarding the dispersal of these funds has to be made by the Chairman of the Finance Committee. One possibility would be to add language to my version of the bill to distribute them on a pro rata basis to all the districts within the State.

4. My proposed draft makes provision for funding for exceptional operating costs associated with the opening of new school sites. The fiscal note will reflect this cost, which is estimated by the Department to be \$650,000.

NOTE: In response to your question regarding how this money would be distributed on a pro rata basis - AS 14.17.225(b) establishes such a distribution.

5. My version has an immediate effective date, whereas the House version became effective on July 1, 1983. I included an immediate effective date at the request of a school district, which felt that this would allow them the luxury of additional planning time.

II. Similarities

1. Both versions of HB 251 would distribute essentially the same amount of money to school districts for FY 84 which they have received for FY 83. Although the mechanics of doing it by ADM [as in CSHB 251(HESS)] are different than by instructional unit (as in my version), the Department has informed me that the amounts of money each district will receive for FY 84 would be the same under each version. The exception would be the \$650,000 available for new school sites under my version as noted above.

2. CSHB 251(HESS) suspends several statutes within Section 4. My version would have the same effect in the first sentence of Section 3.

CC: Senator Josephson

P R O P O S E D D R A F T

FOR HOUSE BILL 251

* Section 1. AS 14.17.031 is amended by adding a new subsection to read:

(f) Notwithstanding AS 14.17 the number of instructional units which may be paid to a district for fiscal year 1984 shall be its fiscal year 1983 revised instructional units adjusted by the fiscal year 1984 revised instructional units as provided by Section 4. These units shall be distributed in the manner prescribed in this section.

* Sec. 2. AS 14.17.056 is amended by adding a new subsection to read:

(b) If the Department has not made recommendations to the legislature for changes in the foundation support system by January 9, 1984, the base instructional unit value for fiscal years beginning on or after July 1, 1984 shall be 105 per cent of the amount paid under Chapter 14.17 for fiscal year 1984.

* Sec. 3. Notwithstanding AS 14.17 the difference between the total amount paid under that chapter for fiscal year 1983 and fiscal year 1984 shall only be increased as a result of increased enrollment or the opening of new school sites. If the amount appropriated for fiscal year 1984 is insufficient to meet the operating costs associated with the opening of new school sites, the available funds shall be distributed on a pro rata basis among the school districts which have opened new school sites.

* Sec. 4. Notwithstanding the provisions of 14.17.250(9) the only junior high programs which may be counted separately during fiscal year 1984 for purposes of instructional units are those housed in a separate facility and At ADM of 50 or more. Notwithstanding the provisions of this section, any state aid which would otherwise be reduced as the result of this section, shall be distributed on a pro rata basis among school districts in accordance with AS 14.17.225(b).

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

DEPARTMENT OF EDUCATION
REVIEW FOR SENATE HESS
USING FY84 ADM

SCHOOL DISTRICT	\$ PER ADM			XXXXX	TOTAL \$		
	100% Entitlement Current	97.2% Entitlement Current	HB 251		100% Entitlement Current	97.2% Entitlement Current	HB 251
Anchorage	3467	3372	3310	XXXXX	127,119.4	123,599.5	121,354.5
Bristol Bay	9816	9523	9732	XXXXX	2,125.2	2,066.4	2,111.8
Cordova	5238	5094	5029	XXXXX	2,294.4	2,230.9	2,202.7
Craig	7659	7447	6734	XXXXX	1,133.5	1,102.1	996.6
Dillingham	9043	8782	8673	XXXXX	3,666.8	3,565.2	3,521.2
Fairbanks	3805	3700	3688	XXXXX	36,941.7	35,918.8	35,806.8
Galena	10876	10576	9995	XXXXX	1,479.2	1,438.2	1,359.3
Haines	6031	5865	6345	XXXXX	2,382.4	2,316.4	2,506.3
Hoonah	6511	6331	6224	XXXXX	1,556.1	1,513.0	1,487.5
Hydaburg	9186	9220	9163	XXXXX	881.8	857.4	852.2
Juneau	3635	3534	3622	XXXXX	15,908.3	15,467.8	15,853.5
Kake	7715	7502	7109	XXXXX	1,504.4	1,462.7	1,386.3
Kenai	4096	3983	3900	XXXXX	29,786.6	28,961.9	28,364.7
Ketchikan	3485	3389	3399	XXXXX	8,277.8	8,048.5	8,072.6
King Cove	8790	8547	9376	XXXXX	1,160.2	1,128.1	1,237.6
Klawock	8834	8590	7417	XXXXX	1,086.6	1,056.5	912.3
Kodiak	5336	5188	5488	XXXXX	11,856.0	11,527.7	12,194.3
Mat-Su	3657	3556	3504	XXXXX	22,515.5	21,892.0	21,574.1
Nenana	9978	9702	10507	XXXXX	1,297.1	1,261.2	1,365.9
Nome	7617	7406	7165	XXXXX	5,803.9	5,643.2	5,459.7
North Slope	9138	8886	9202	XXXXX	9,869.6	9,596.3	9,938.2
Pelican	11,858	11,530	12438	XXXXX	664.0	645.7	696.5
Petersburg	4,149	4034	4049	XXXXX	2,381.4	2,315.5	2,324.1
Sand Point	8738	8496	8283	XXXXX	1,144.6	1,112.9	1,085.1
Sitka	3782	3678	3711	XXXXX	6,357.3	6,181.3	6,238.2
Skagway	5507	5361	5379	XXXXX	975.9	948.9	952.1
St. Mary's	15027	14612	14946	XXXXX	2,088.8	2,030.9	2,077.5
Tanana	15350	14925	13361	XXXXX	1,335.4	1,298.5	1,162.4
Unalaska	8558	8322	8210	XXXXX	1,591.9	1,547.8	1,527.1
Valdez	4887	4752	4786	XXXXX	4,491.2	4,366.8	4,398.3
Wrangell	4887	4753	4726	XXXXX	2,067.4	2,010.1	1,999.1
Yakutat	8390	8159	7749	XXXXX	1,392.8	1,354.2	1,286.3
TOTALS	4.024	3.913	3885	XXXXX	313,137.2	304,466.4	302,304.8
Centralized Corres.	2.588	2.517	2580*	XXXXX	2,1225	2,063.7	2,115.6*

*correction

REAA	\$ PER ADM			XXXXX	TOTAL \$			HB 251 DL-874 Reductions
	100% Entitlement Current	97.2% Entitlement Current	HB 251		100% Entitlement Current	97.2% Entitlement Current	HB 251	
Adak	5834	5573	5,483	XXXXX	3,500.6	3,403.7	3289.8	708.5
Alaska Gateway	8472	8238	8,066	XXXXX	3,990.3	3,879.8	3799.1	278.8
Aleutian Region	15538	15100	15,606	XXXXX	2,097.7	2,039.6	2106.8	141.8
Annette Island	5278	5132	4,914	XXXXX	1,783.8	1,734.5	1660.9	573.1
Bering Strait	13138	12774	11,445	XXXXX	12,507.0	12,160.7	10895.6	710.9
Chatham	8542	8297	7,943	XXXXX	2,303.7	2,239.9	2144.6	207.0
Chugach	11352	11038	11,354	XXXXX	1,135.2	1,103.8	1135.4	31.2
Copper River	7093	6897	6,849	XXXXX	4,057.3	3,945.0	3917.6	197.6
Delta Greely	5536	5383	5,453	XXXXX	5,696.3	5,538.6	5611.1	451.5
Iditarod	13984	13597	13,894	XXXXX	4,712.6	4,582.1	4682.3	362.8
Kuspuk	15185	14765	15,059	XXXXX	5,026.3	4,887.1	4984.6	438.9
Lake & Peninsula	16242	15793	14,140	XXXXX	5,424.9	5,274.7	4722.8	499.2
Lower kuskokwim	10722	10424	10,171	XXXXX	26,060.0	25,338.4	24725.7	2,142.5
Lower Yukon	9331	9071	8,614	XXXXX	12,995.4	12,635.6	11999.3	1,790.5
Northwest Arctic	9265	9009	9,325	XXXXX	14,573.7	14,170.1	14668.3	1,639.8
Pribilof	9888	9615	9,954	XXXXX	1,849.1	1,797.9	1861.4	262.9
Railbelt	9623	9357	9,357	XXXXX	3,098.5	3,012.7	3012.9	65.5
Southeast Island	8853	8608	8,720	XXXXX	3,877.4	3,770.1	3819.4	422.2
Southwest Region	12991	12632	11,954	XXXXX	6,898.1	6,707.1	6347.6	739.5
Yukon Flats	14686	14280	14,376	XXXXX	4,758.3	4,626.6	4657.9	364.8
Yukon Koyukuk	12247	11908	11,867	XXXXX	6,540.0	6,358.9	6337.0	757.1
TOTALS	10,066	9787	214,544	XXXXX	132,886.2	129,206.9	126380.1	
STATE TOTAL	4880	4745		XXXXX	448,145.9	435,737.0	430,800.5	12,786.1

Less: PL-874 (Impact Aid Offset) for REAA's

PROJ. CONTROL #
016.00007

REVISED

PRORATA PROJECTION SUMMARY

Final
97.22

DISTRICT NAME	PROJ. ADM	INSTR. UNITS	INSTR. UNIT ALLOTMENT	BASIC NEED	AS 14.17.180	SUPPLEMENTAL EQUALIZATION AID	PL874	PRELIMINARY ENTITLEMENT	PRORATED ENTITLEMENT 0.9723102460	PER ACH
ANCHORAGE	34,797	2,627	42,450	111,516,150	0	6,922,194	0	118,438,344	115,158,815	3,310
BRISTOL BAY	211	28	65,797	1,842,315	0	259,436	0	2,111,752	2,053,278	9,732
CORDOVA	438	46	48,817	2,245,582	0	19,592	0	2,265,174	2,202,452	5,029
CRAIG	153	19	45,846	871,074	0	188,553	0	1,059,627	1,030,286	6,734
DILLINGHAM	378	43	65,797	2,829,271	0	542,188	0	3,371,459	3,278,104	8,673
FAIRBANKS (N.STAR)	9,441	753	47,544	35,800,632	0	0	0	35,800,632	31,809,321	3,888
GALENA	142	19	65,797	1,250,143	0	209,543	0	1,459,686	1,419,268	9,995
HAINES	389	52	48,817	2,538,484	0	0	0	2,538,484	2,468,194	6,345
HOONAH	239	27	47,544	1,283,188	0	246,083	0	1,529,271	1,487,112	6,224
HYDABURG	93	17	45,846	779,382	0	0	0	779,382	852,147	9,163
JUNEAU	4,258	372	42,450	15,791,400	0	0	0	15,858,645	15,419,523	3,622
KAKE	208	29	45,846	1,329,534	0	191,097	0	1,520,631	1,478,525	7,109
KENAI	6,256	591	45,846	27,024,986	0	0	0	27,024,986	26,344,233	3,900
KETCHIKAN GATEWAY	2,368	195	42,450	8,277,750	0	0	0	8,277,750	8,048,541	3,399
KING COVE	121	16	63,675	1,018,800	0	147,916	0	1,166,716	1,134,410	9,376
KLAWOCK	152	23	45,846	1,054,458	0	104,967	0	1,159,425	1,127,321	7,417
KODIAK	2,143	216	49,242	10,636,272	0	1,458,909	0	12,095,181	11,760,268	5,488
HATANUSKA-SUSITNA	5,562	454	44,148	20,043,192	0	0	0	20,043,192	19,488,201	3,504
NENANA	128	23	50,940	1,171,620	0	211,484	0	1,383,104	1,344,806	10,507
NOME	758	73	65,797	4,803,181	0	781,933	0	5,585,114	5,430,464	7,165
NORTH SLOPE	1,022	142	65,797	9,672,159	0	0	0	9,672,159	9,404,339	9,202
PELICAN	52	13	47,544	618,072	0	47,089	0	665,161	646,743	12,438
PETERSBURG	574	50	44,148	2,207,400	0	182,683	0	2,390,083	2,323,902	4,049
SAND POINT	123	14	63,675	891,450	0	156,334	0	1,047,784	1,018,771	8,283
SITKA	1,608	139	44,148	6,136,572	0	0	0	6,136,572	5,966,652	3,711
SKAGWAY	177	18	45,846	825,228	0	153,820	0	979,048	951,938	5,379
ST. MARY'S	112	24	65,797	1,579,128	0	142,425	0	1,721,553	1,673,884	14,946
TANANA	92	17	65,797	1,118,549	0	145,590	0	1,264,139	1,229,135	13,361
UNALASKA	181	24	63,675	1,528,200	0	0	0	1,528,200	1,485,885	8,210
VALDEZ	863	87	48,817	4,247,079	0	0	0	4,247,079	4,129,478	4,786
WRANGELL	485	48	44,148	2,119,104	0	237,835	0	2,356,939	2,291,676	4,726
YAKUTAT	160	22	50,940	1,120,680	0	154,305	0	1,274,985	1,239,681	7,749
ADAK	594	54	59,430	3,209,220	0	842,039	708,163	3,349,628	3,256,878	5,483
ALASKA GATEWAY	473	71	50,940	3,616,740	0	585,628	278,754	3,923,614	3,814,970	8,066
ALEUTIAN	129	32	63,675	2,037,600	0	174,586	141,794	2,070,392	2,013,063	15,606
ANNETTE	336	43	44,148	1,898,364	0	372,695	573,066	1,697,993	1,650,976	4,914
BERING STRAIT	218	161	65,797	10,593,317	0	922,599	710,916	10,805,000	10,505,812	11,445
CHATHAM	272	48	45,846	2,200,608	0	228,348	207,005	2,221,851	2,160,328	7,943
CHUGACH	75	16	50,940	815,040	0	91,887	31,161	875,766	851,516	11,354
COPPER RIVER	582	71	50,940	3,616,740	0	679,966	197,564	4,099,142	3,985,638	6,849
DELTA/GREELEY	949	92	50,940	4,686,480	0	1,086,720	451,513	5,321,687	5,174,331	5,453
IDITAROD	327	69	65,797	4,539,993	0	495,324	362,753	4,672,564	4,543,182	13,894
KUSPUK	324	75	65,797	4,934,775	0	522,226	438,956	5,018,045	4,879,097	15,059
LAKE & PENINSULA	363	80	65,797	5,263,760	0	514,314	499,163	5,278,911	5,132,739	14,140
LOWER KUSKOKWIM	2,416	372	65,292	24,426,484	0	2,932,126	2,142,535	25,271,075	24,571,325	10,171
LOWER YUKON	1,392	186	65,797	12,238,242	0	1,883,179	1,790,533	12,330,888	11,989,449	8,614
NORTHWEST ARCTIC	1,500	208	65,797	13,685,776	0	2,338,940	1,639,750	14,384,966	13,986,650	9,325
FRIDLOF	168	27	63,675	1,719,225	0	263,410	262,897	1,719,738	1,672,119	9,954
RAILBELT	327	55	50,940	2,801,200	0	410,430	65,449	3,146,681	3,059,550	9,357
SOUTHEAST	434	84	45,846	3,851,064	0	463,112	432,156	3,892,020	3,784,251	8,720

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STATE OF ALASKA

22-Feb-83

DEPARTMENT OF EDUCATION

PAGE 2

PROJ. CONTROL #
016.00007

REVISED

PRORATA PROJECTION SUMMARY

DISTRICT NAME	PROJ. ADM	INSTR. UNITS	INSTR. UNIT ALLOTMENT	BASIC NEED	AS 14,17,180	SUPPLEMENTAL EQUALIZATION AID	PLB74	PRELIMINARY ENTITLEMENT	PRORATED		PER ADM
									0.9723102460	102460	
SOUTHWEST	532	99	65,797	4,513,903	0	765,932	239,531	4,540,304	6,359,205		11,954
YUKON FLATS	316	69	65,797	4,539,993	0	496,906	364,798	4,672,101	4,542,732		14,376
YUKON KOYUKUK	556	101	65,797	6,645,497	0	897,279	757,128	6,785,648	6,597,755		11,867
CENTRAL CORRESPOND	790	48	42,450	2,037,600	0	0	0	2,037,600	1,981,179		2,508
CITY/BOR. TOTAL:	74,184	6,226		284,241,536	0	12,678,254	0	296,919,790	288,698,153		3,892
R.E.A.A. TOTAL:	12,983	2,013		123,884,521	0	16,979,546	12,786,053	128,078,014	124,531,566		9,592
CENTRAL CORRES.:	790	48		2,037,600	0	0	0	2,037,600	1,981,179		2,508
GRAND TOTALS:	87,957	8,287		410,163,657	0	29,657,800	12,786,053	427,035,404	415,210,898		4,721

Average Salary Reports

		Special Education		Elementary/Secondary	
		Bachelors	Masters	Bachelors	Masters
REGION 1	1980-81	12,086	12,850	11,885	12,850
	1981-82	12,651	13,750	12,410	13,417
	1982-83	13,275	14,500	13,038	14,250
REGION 2	1980-81	11,612	12,537	11,612	12,537
	1981-82	12,505	13,510	12,505	13,510
	1982-83	13,000	14,922	13,707	14,772
REGION 3	1980-81	13,106	14,854	12,733	14,361
	1981-82	14,157	15,389	13,742	15,475
	1982-83	15,061	16,550	14,421	15,700
REGION 4	1980-81	11,424	13,981	11,224	13,032
	1981-82	13,291	15,438	12,758	14,883
	1982-83	12,789	—	12,051	—
REGION 5	1980-81	11,040	11,688	10,275	10,950
	1981-82	11,792	12,503	11,175	11,725
	1982-83	12,903	13,813	12,642	13,302
REGION 6	1980-81	11,524	12,450	11,014	12,425
	1981-82	12,078	13,396	11,496	12,567
	1982-83	11,750	12,750	12,000	12,750
REGION 7	1980-81	11,896	12,947	11,583	12,930
	1981-82	12,503	13,958	12,090	14,040
	1982-83	13,213	15,477	12,890	15,054
REGION 8	1980-81	11,000	11,750	11,000	11,750
	1981-82	11,875	12,500	11,875	12,500
	1982-83	12,875	13,875	12,875	13,875
REGION 9	1980-81	9,500	10,500	9,354	10,500
	1981-82	10,000	11,100	10,332	11,100
	1982-83	10,500	11,750	10,365	11,000
ALASKA	1980-81	21,000	24,000	21,000	24,000
	1981-82	22,000	25,000	22,000	25,000
	1982-83	22,000	25,000	22,000	25,000
HAWAII	1980-81	—	—	—	—
	1981-82	13,271	14,245	13,271	14,245
	1982-83	14,598	15,669	14,598	15,669

The above average salary reports for beginning teachers are from data furnished by survey respondents. The averages in some cases are based upon limited salary input, thus reliability is not assured.

Regions are coded as follows: Alaska, Hawaii, 1-Northwest, 2-West, 3-Rock; Mountain, 4-Great Plains/Midwest, 5-South Central, 6-Southeast, 7-Great Lakes, 8-Middle Atlantic, 9-Northeast.

— indicates data were not available

SOURCE: Association for School, College and University Staffing—James N. Akin

Field	REGION											Continental United States							
	Alaska	Hawaii	1	2	3	4	5	6	7	8	9	1983	1982	1981	1980	1979	1978	1976	
Agriculture	1.00	4.00	4.00	3.50	4.33	4.00	4.25	4.50	4.66	3.75	3.00	4.02	4.36	4.46	4.73	4.67	4.69	4.06	
Art	1.00	1.00	1.14	1.33	1.85	2.85	2.92	1.80	1.83	1.66	1.60	1.92	1.84	2.00	2.45	2.06	1.72	2.14	
Bilingual Education	3.00	3.00	3.83	4.66	4.00	4.60	4.00	5.00	2.50	3.16	3.00	3.83	4.13	4.10	4.21	4.32	—	—	
Business Education	4.00	4.00	3.33	5.00	3.00	3.16	2.68	3.00	3.16	3.80	3.00	3.24	3.47	3.50	3.80	3.65	3.52	3.10	
Counselor-El.	3.00	4.00	2.83	3.40	3.20	3.60	4.41	3.00	2.50	2.00	2.33	3.03	2.72	3.05	3.38	2.96	3.00	3.15	
Counselor-Sec.	3.00	4.00	2.80	2.83	3.20	3.50	2.81	3.50	2.66	2.00	2.33	2.83	2.79	3.13	3.76	3.03	3.31	2.59	
Data Processing	2.50	—	4.00	4.00	4.50	4.50	4.66	4.40	4.25	4.40	4.50	4.36	3.86	4.35	—	—	—	—	
Driver's Ed.	1.00	3.00	2.50	3.00	2.83	2.60	3.85	3.66	2.60	1.50	3.00	2.94	2.77	2.87	2.98	3.06	2.63	2.44	
Elementary-Primary	1.00	1.00	2.00	2.66	2.11	1.85	3.43	1.60	1.66	1.83	1.33	2.11	2.02	2.24	2.77	2.19	2.84	1.78	
Elementary-Inter.	1.00	1.00	1.79	2.66	2.20	2.28	3.35	1.80	1.83	1.83	1.00	2.11	2.26	2.56	2.84	2.33	1.97	1.90	
English	1.00	3.00	2.36	3.00	2.10	3.71	3.62	2.80	2.66	3.00	2.60	2.90	3.21	3.37	3.51	2.78	2.30	2.05	
Health Ed.	4.00	2.00	1.57	1.25	1.82	2.00	1.91	1.40	1.80	2.16	1.75	1.76	1.90	2.24	2.17	2.16	2.38	2.27	
Home Economics	4.00	2.00	2.50	2.00	2.50	2.60	2.58	2.25	2.33	2.75	2.33	2.44	2.43	2.54	2.85	2.67	2.37	2.62	
Industrial Arts	3.00	4.00	3.50	3.33	4.00	3.60	3.91	4.66	4.00	4.60	4.00	3.96	4.36	4.72	4.77	4.68	4.65	4.22	
Journalism	3.00	1.00	2.50	1.75	2.25	3.16	3.50	2.40	2.66	2.66	1.50	2.63	2.61	2.77	2.98	2.50	2.54	2.86	
Language-French	3.00	2.00	2.28	2.00	2.20	3.00	2.80	3.25	3.33	2.50	2.00	2.59	2.49	2.58	2.68	2.49	2.15	2.15	
Language-German	3.00	2.00	2.14	1.83	2.16	3.14	2.50	3.66	3.16	2.33	1.66	2.51	2.48	2.58	2.70	2.17	2.28	2.03	
Language-Spanish	3.00	2.00	2.85	2.33	2.71	3.00	2.83	3.50	3.16	2.40	2.20	2.77	2.68	2.95	3.34	2.88	2.84	2.47	
Library Science	3.00	3.00	3.00	3.66	2.74	3.33	3.33	3.75	3.20	2.00	2.00	3.09	3.12	3.31	3.58	4.26	—	—	
Mathematics	3.00	4.00	4.42	4.66	4.85	5.00	4.71	5.00	4.83	4.83	4.50	4.75	4.81	4.79	4.80	4.68	4.40	3.86	
Music-Instr.	2.00	2.00	3.18	3.16	3.42	3.71	2.71	2.40	3.33	2.33	2.16	2.97	3.28	3.33	3.65	3.33	3.30	3.03	
Music-Vocal	1.00	—	3.42	2.83	3.28	3.57	2.66	2.40	3.16	2.33	2.00	2.89	2.95	3.06	3.32	2.97	3.03	3.00	
Physical Education	2.00	1.00	1.14	1.33	1.50	1.42	2.00	1.80	1.33	2.00	1.20	1.54	1.72	1.70	1.82	1.67	1.86	1.74	
Psychologist (school)	1.00	—	3.25	3.40	3.60	3.80	2.80	3.00	3.00	3.00	3.00	2.75	3.19	3.56	3.70	3.87	3.43	3.68	3.09
Science-Biology	1.00	5.00	3.14	3.33	2.71	3.57	3.87	3.20	4.16	4.16	3.60	4.10	3.66	3.89	3.50	3.49	3.11	2.97	
Science-Chemistry	1.00	5.00	3.71	3.83	3.85	4.57	4.50	4.00	5.00	4.83	4.40	4.30	4.13	4.42	4.18	4.09	3.97	3.72	
Science-Earth	1.00	5.00	3.37	3.33	3.71	4.00	4.00	3.80	4.00	4.16	4.00	3.80	3.89	4.08	3.64	3.82	3.50	3.44	
Science-Physics	1.00	5.00	3.85	3.83	4.28	5.00	4.42	4.40	5.00	4.83	4.60	4.46	4.41	4.56	4.28	4.36	3.91	4.04	
Social Science	1.00	1.00	1.16	1.40	1.42	2.00	2.87	2.00	2.00	1.50	1.00	1.75	2.11	2.05	1.98	1.83	1.51	1.51	
Social Worker (school)	4.00	—	2.25	1.66	3.00	3.00	2.00	1.50	2.00	2.33	3.00	2.27	2.34	—	—	—	—	—	
Speech	3.00	1.00	2.00	2.50	2.40	2.57	3.14	2.33	2.00	3.20	1.00	2.51	2.76	2.65	2.50	2.47	2.48	2.46	
Special-ED (PSA)	3.00	5.00	3.66	3.60	4.25	4.42	4.42	4.60	4.33	3.50	3.60	4.08	3.98	4.22	4.36	4.22	3.96	3.42	
Special-Gifted	3.00	—	3.33	3.80	4.33	4.00	4.00	4.25	3.75	3.25	3.50	3.80	3.81	4.10	4.33	4.56	3.95	3.85	
Special-LD	3.00	5.00	3.66	3.50	4.67	4.28	4.50	4.80	3.83	3.00	4.50	4.09	4.20	4.47	4.48	4.50	4.45	4.00	
Special-MR	3.00	5.00	3.66	3.63	3.80	3.71	4.37	3.60	3.33	3.50	3.25	3.71	3.84	4.14	4.23	4.39	3.52	2.87	
Special-Multi. Handl.	3.00	5.00	3.50	3.75	3.50	4.33	4.50	4.00	3.60	3.50	3.25	3.82	3.93	4.13	3.87	3.24	—	—	
Special-Reading	3.00	—	3.28	3.33	3.91	3.33	4.14	4.00	2.83	3.16	2.50	3.39	3.73	4.21	4.23	4.27	4.09	3.96	
Speech Path/Audiology	5.00	3.00	2.66	4.20	4.00	4.00	3.50	5.00	4.16	3.20	4.00	3.62	3.95	4.27	4.17	3.83	3.83	3.68	
COMPOSITE	2.36	3.13	2.93	3.02	3.09	3.37	3.52	3.11	3.14	3.01	2.73	3.14	3.20	3.39	—	—	—	—	

Regions are coded as follows: Alaska, Hawaii, 1-Northwest, 2-West, 3-Rocky Mountain, 4-Great Plains/Midwest, 5-South Central, 6-Southeast, 7-Great Lakes, 8-Middle Atlantic, 9-Northeast. Alaska and Hawaii are not included in the Continental United States totals.

5 = Considerable Shortage, 4 = Slight Shortage, 3 = Balanced, 2 = Slight Surplus, 1 = Considerable Surplus

— indicates data were not available

SOURCE: Association for School, College and University Staffing—James N. Akin

March 1, 1983

Rep. Tischer

Attached is the complete composite audit report put out by DOE on all school district audits.

Two sheets are marked relative to fund balances. These need some explaining and I will be happy to do so at your convenience.

CITY AND BOROUGH SCHOOL DISTRICTS
SCHOOL OPERATING FUND BALANCES
FISCAL YEAR 1982 AUDITED

School District	Fiscal Year 1981				Fiscal Year 1982					
	Reserved for Encumbrs	Reserved Other	Designated for School Year Expend	Undesignated	Total FY 81 Op Fund Balance	Reserved for Encumbrs	Reserved Other	Designated for School Year Expend	Undesignated	Total FY 82 Op Fund Balance
Anchorage	1,336,031	-0-	2,884,161	3,313,988	7,534,180	2,219,053	-0-	5,583,988	383,256	8,186,297
Bristol Bay	21,502	-0-	73,477	122,760	217,739	-0-	821	250,000	79,268	330,051
Cordova	-0-	2,706	-0-	128,570	131,276	7,851	-0-	129,232	78,470	215,703
Craig	-0-	-0-	-0-	(9,237)	(9,237)	-0-	-0-	-0-	(168,036)	(168,036)
Dillingham	24,926	24,083	120,678	285,194	454,881	24,926	23,029	-0-	412,996	460,951
Fairbanks	284,723	-0-	-0-	-0-	284,723	425,776	-0-	-0-	-0-	425,776
Galena	-0-	178,448	-0-	471,375	649,823	-0-	478,305	-0-	148,399	626,704
Haines	-0-	200,000	274,994	350,832	825,826	37,240	-0-	270,307	327,070	634,587
Hoonah	-0-	-0-	-0-	75,963	75,963	-0-	-0-	-0-	(19,290)	(19,290)
Hydaburg	-0-	-0-	-0-	36,423	36,423	-0-	-0-	-0-	121,624	121,624
Juneau	-0-	-0-	-0-	(170,661)	(170,661)	-0-	-0-	-0-	(502,222)	(502,222)
Kake	-0-	-0-	-0-	74,068	74,068	-0-	-0-	-0-	24,727	24,727
Kenai	-0-	-0-	1,394,770	-0-	1,394,770	-0-	-0-	302,208	-0-	302,208
Ketchikan	128,971	255,989	-0-	109,631	494,591	63,423	109,631	24,563	-0-	197,617
King Cove	-0-	-0-	188,526	519,793	708,319	-0-	-0-	488,526	370,802	859,331
Klawock	-0-	-0-	-0-	196,993	196,993	-0-	-0-	-0-	297,003	297,003
Kodiak	39,063	-0-	-0-	-0-	39,063	84,822	-0-	-0-	-0-	84,822
Mat-Su	-0-	700	-0-	-0-	700	-0-	700	-0-	-0-	700
Nenana	7,928	40,000	66,206	209,306	323,440	10,233	-0-	148,336	-0-	158,569
Nome	25,686	-0-	295,502	(3,706)	317,482	115,108	22,288	295,502	7,361	440,259
North Slope	-0-	66,500	-0-	(175,545)	(109,045)	-0-	446,398	-0-	-0-	446,398
Pelican	-0-	-0-	-0-	30,566	30,566	-0-	-0-	-0-	40,898	40,898
Petersburg	-0-	-0-	-0-	(103,910)	(103,910)	-0-	-0-	-0-	(170,387)	(170,387)
Sand Point	-0-	2,861	-0-	(13,227)	(10,366)	-0-	-0-	-0-	54,168	54,168
Sitka	-0-	11,933	-0-	286,163	298,096	-0-	6,042	-0-	445,381	451,423
Skagway	12,671	-0-	107,085	-0-	119,756	-0-	-0-	133,000	13,618	146,674
St. Mary's	-0-	163,541	-0-	110,792	274,333	-0-	153,400	500,000	61,243	714,643
Unalaska	8,517	16,181	100,000	201,013	325,711	670	6,533	132,054	185,457	324,664
Valdez	-0-	757,072	590,530	460,619	1,808,221	-0-	828,388	1,051,149	430,233	2,309,770
Wrangell	13,985	18,269	68,000	22,952	123,206	-0-	12,280	68,000	59,938	140,224
Yakutat	-0-	2,876	-0-	1,216	4,092	-0-	1,727	-0-	(56,416)	(56,416)
TOTALS	1,904,003	1,741,159	6,163,929	6,531,931	16,341,022	2,989,102	2,089,542	9,376,865	2,625,561	17,081,009

RURAL EDUCATION ATTENDANCE AREAS REVENUE
SCHOOL OPERATING FUND
FISCAL YEAR 1982 AUDITED

REAA	Earnings on Investm'ts	Other Local Revenue	Regular Foundatn	Voc Ed Foundatn	Spec Ed Foundatn	Correspd Foundatn	811/81c Foundatn	Supplcm'tl Equaliz'tn Aid	State Transp	Other State Revenue	Federal PL 874	Other Federal Revenue	Total Revenue	Final ADN 1981-82	Revenue Per ADN
Adak	280,284	4,600	2,431,164	162,079	216,104	-0-	-0-	795,374	112,786	-0-	204,388	-0-	4,206,779	594	7,082
Alaska Gateway	159,858	5,360	2,500,534	231,540	231,540	185,232	138,924	522,601	244,518	-0-	81,328	-0-	4,301,535	478	8,999
Aleutian Region	8,200	63,344	1,505,010	57,885	115,770	-0-	57,885	151,177	-0-	-0-	41,104	-0-	2,000,303	114	17,547
Annette Island	142,567	979	1,324,422	120,602	160,536	-0-	-0-	338,488	9,033	-0-	165,818	-0-	2,262,245	351	6,445
Bering Strait	147,629	115,928	5,502,980	777,595	358,890	179,445	418,705	616,266	36,373	-0-	205,705	77,827	8,437,343	583	14,472
Chatham	111,241	80,138	1,208,633	83,354	83,354	125,031	-0-	184,741	-0-	-0-	189,384	4,021	2,069,897	207	9,999
Chugach	23,544	2,808	602,720	-0-	-0-	-0-	-0-	58,806	-0-	-0-	4,458	-0-	602,336	75	9,231
Copper River	140,016	21,826	2,546,940	185,232	231,540	277,848	46,308	650,200	425,624	708	64,913	-0-	4,591,155	555	8,272
Delta/Greely	156,451	1,758	2,782,054	185,232	509,388	277,848	-0-	934,246	384,589	-0-	139,928	12,710	5,386,204	887	6,072
Iditarod	121,871	27,090	3,110,380	239,260	119,630	179,445	119,630	444,285	-0-	2,096	105,265	20,676	4,489,628	313	14,344
Kuspuk	81,472	23,874	3,807,975	239,260	119,630	179,445	179,445	503,045	20,861	-0-	127,013	-0-	5,362,020	330	16,248
Lake & Peninsula	95,698	10,552	4,007,605	239,260	179,445	179,445	179,445	470,080	36,647	-0-	151,152	-0-	5,549,329	325	17,075
Lower Kuskokwim	632,578	23,166	12,381,705	1,734,635	1,076,670	-0-	2,153,340	2,558,220	140,793	-0-	635,366	-0-	21,336,473	1,856	11,496
Lower Yukon	434,447	1,147,552	8,100,027	706,365	423,739	-0-	518,001	1,625,222	-0-	-0-	518,095	43,782	13,517,230	1,190	11,359
Northwest Arctic	910,949	681,277	7,568,751	796,711	547,739	199,178	348,561	2,035,111	-0-	-0-	1,898,236	-0-	14,986,513	1,478	10,140
Pribilof	148,108	8,513	1,041,930	57,885	173,655	-0-	115,770	227,459	-0-	-0-	76,070	-0-	1,849,390	172	10,752
Railbelt	120,499	5,365	1,883,221	175,183	131,388	131,388	-0-	363,934	220,207	-0-	133,144	-0-	3,172,329	335	9,470
Southeast Island	156,517	10,931	3,000,744	83,354	166,708	333,416	-0-	412,422	15,671	-0-	82,780	-0-	4,262,543	420	10,119
Southwest Region	552,638	67,319	4,545,940	299,075	299,075	-0-	717,780	643,496	3,398	18,523	167,361	28,586	7,343,191	484	15,172
Yukon Flats	64,703	14,126	3,289,825	179,445	179,445	179,445	179,445	408,455	20,976	13,466	105,902	-0-	4,635,233	314	14,762
Yukon/Koyukuk	114,068	5,776	4,126,235	573,008	286,544	401,162	171,926	844,141	-0-	-0-	108,522	-0-	6,711,522	567	11,837
TOTALS	4,611,346	2,324,282	77,348,895	7,126,840	5,610,790	2,828,328	5,345,165	14,787,769	1,671,476	34,793	5,285,992	187,602	127,163,278	11,620	10,936

RURAL EDUCATION ATTENDANCE AREA EXPENDITURE
SCHOOL OPERATING FUND
FISCAL YEAR 1982 AUDITED

IEAA	Regular Instruct	Voc Ed Instruct	Corresp Instruct	Spec Ed Instruct	Bl/Blg Instruct	Supp Serv Pupils Instruct	Supp Serv Pupils Non Inst	Support Services Instruct	General Support Services	Operation & Maintenance of Plant	Pupil Transport	Community Services	Food Service Fund	Pupil Activity Fund	Special Revenue Funds	Other	Total Expend	Final ADM 1981-82	Expend per ADM	Percent of 553 Expenditure
Adak	1,459,010	165,833	-0-	205,064	-0-	64,313	-0-	75,197	444,774	378,239	116,151	-0-	11,879	70,467	802	876,036	4,011,403	694	4,753	54.04
Alaska Gateway	1,393,549	224,160	102,272	171,133	102,769	33,452	-0-	342,184	711,499	745,485	252,033	-0-	-0-	73,765	-0-	4,172,341	478	8,729	57.27	
Alutian Region	626,326	13,040	-0-	-0-	34,766	88,569	-0-	145,483	414,404	359,264	-0-	-0-	-0-	476	2,009	56,455	1,892,282	314	16,549	50.54
Annette Island	276,266	132,558	-0-	143,309	-0-	42,124	-0-	40,545	3-0,454	422,551	29,438	-0-	50,743	138,002	15,747	(42,704)	2,786,085	351	6,513	58.70
Arctic Slope	1,489,695	497,100	94,244	356,878	295,302	135,933	-0-	270,347	1,003,019	2,034,866	36,373	-0-	154,652	61,392	53,504	-0-	8,192,958	503	14,053	49.41
Barrow	688,185	102,001	24,930	62,328	-0-	74,504	-0-	74,344	740,077	303,340	-0-	-0-	22,023	35,118	-0-	236,940	1,765,747	707	8,670	52.57
Chukchi	331,496	88	-0-	25,304	-0-	65	-0-	29,310	191,177	84,333	-0-	10,816	1,252	3,824	-0-	47,070	725,272	75	2,674	53.74
Copper River	1,572,919	237,794	137,451	135,475	47,547	63,204	-0-	242,541	440,411	899,389	427,006	20,299	-0-	-0-	-0-	-0-	4,247,646	847	6,241	50.50
Delta/Creely	1,380,770	296,676	219,671	244,404	-0-	89,948	-0-	243,347	444,400	1,094,246	384,589	-0-	67,916	73,309	6,164	-0-	3,570,907	847	6,241	50.50
Edisterod	1,417,105	189,423	114,561	114,978	124,118	513	-0-	472,314	770,647	1,001,485	-0-	22,397	-0-	20,082	14,422	10,695	4,314,983	313	13,746	54.50
Egipuk	1,035,392	438,017	153,444	177,167	137,344	-0-	-0-	35,651	646,641	1,006,440	47,810	-0-	115,581	-0-	1,252	-0-	4,645,409	330	14,077	59.74
Lake & Peninsula	1,978,795	240,244	94,121	160,275	175,452	34,949	-0-	303,000	750,441	1,140,256	36,251	-0-	205,417	130,908	774	44,940	5,578,935	325	17,166	54.59
Lower Kuskotim	5,440,857	1,578,919	-0-	1,016,310	1,108,363	385,944	-0-	1,741,655	3,714,739	2,497,696	156,427	-0-	729,393	405,757	7,542	842,173	27,174,627	1,856	11,973	50.44
Lower Yukon	3,560,121	719,888	-0-	491,643	272,345	77,531	-0-	1,341,747	874,144	2,979,795	-0-	-0-	148,644	63,300	-0-	1,747,071	11,442,032	1,190	9,941	54.51
Northwest Arctic	9,186,531	930,635	104,484	429,407	313,946	114,693	-0-	642,387	2,979,440	3,110,931	-0-	-0-	274,042	-0-	20,544	9,211	15,176,415	1,474	18,744	43.41
Prillbill	747,599	110,712	-0-	153,015	37,063	-0-	-0-	175,444	460,314	247,034	-0-	-0-	-0-	34,421	7,076	70,747	1,946,449	177	11,410	61.24
Railwell	1,106,262	278,705	104,249	144,466	-0-	41,395	-0-	134,104	476,494	633,091	214,094	-0-	-0-	73,799	794	-0-	3,702,497	335	4,560	54.74
Southeast Island	1,944,459	46,763	330,293	260,166	-0-	-0-	-0-	181,910	360,154	809,109	70,124	-0-	-0-	-0-	-0-	5,959	4,050,545	420	9,644	64.95
Southeast Region	1,733,121	283,766	-0-	254,151	486,133	183,201	-0-	417,173	495,194	1,720,478	4,157	-0-	109,671	98,314	3,405	430,879	6,589,844	444	13,615	54.54
Tukon Flats	1,435,634	203,835	65,435	257,644	180,058	45,207	-0-	211,822	637,401	1,232,485	66,474	129,416	67,594	15,339	4,771	-0-	4,543,243	314	14,489	52.81
Tukon/Keayuk	2,429,611	543,126	349,749	291,870	323,948	9,270	-0-	142,599	616,837	2,028,740	-0-	-0-	34,645	-0-	31,957	64,922	6,889,444	567	12,141	48.64
TOTALS	39,707,793	7,268,293	1,901,208	6,443,831	3,582,309	1,387,039	-0-	4,446,146	17,250,937	29,338,950	1,042,954	182,728	2,017,509	1,297,011	204,107	3,610,850	123,858,705	11,674	10,457	54.00

RURAL EDUCATION ATTENDANCE AREAS
FOOD SERVICE PUPIL ACTIVITY AND SPECIAL REVENUE FUNDS
FISCAL YEAR 1982 AUDITED

REAA	Food Service Fund						Pupil Activity Fund			Special Revenue Fund			
	School Dist. Subsidy	Food Service Sales	Federal Reimbrsmt	Salaries and Benefits	Food and Milk	Other Expns	School Dist. Subsidy	Generated Revenue	Total Expend	School Dist. Subsidy	State Grants	Federal Grants	Local Revenue
Adak	11,875	50,910	48,701	58,554	47,093	5,839	70,467	98,342	171,748	802	37,904	75,316	-0-
Alaska Gateway	-0-	-0-	-0-	-0-	-0-	-0-	72,765	79,168	148,309	-0-	42,879	291,094	-0-
Aleutian Region	-0-	-0-	-0-	-0-	-0-	-0-	476	465	156	2,009	-0-	107,747	3,216
Annette Island	50,743	10,310	39,762	57,123	26,517	8,175	135,000	44,046	166,480	15,747	18,935	222,471	26,015
Bering Strait	154,052	11,027	206,133	273,699	145,779	1,288	61,392	-0-	87,228	53,904	81,900	609,661	-0-
Chatham	22,021	463	21,042	24,733	14,719	4,076	35,118	38,100	70,442	-0-	80,617	201,819	720
Chugach	1,292	-0-	-0-	712	580	-0-	3,824	-0-	3,824	-0-	-0-	-0-	-0-
Copper River	-0-	-0-	-0-	-0-	-0-	-0-	-0-	106,338	107,960	33,044	37,831	184,735	-0-
Delta/Greely	67,916	65,373	56,303	95,969	80,782	12,841	73,309	50,896	122,154	6,164	144,881	200,889	600
Iditarod	28,359	2,249	32,618	34,565	27,530	1,131	20,082	-0-	20,082	14,422	56,265	392,507	-0-
Yuspuk	115,581	8,609	77,438	114,784	81,554	5,290	-0-	10,440	6,557	1,252	59,405	234,843	-0-
Lake & Peninsula	205,417	15,240	38,765	132,024	75,992	51,406	130,908	1,983	132,891	224	6,818	248,782	-0-
Lower Kuskokwim	729,395	76,369	410,013	618,493	414,214	183,070	405,297	265,146	670,443	7,542	149,797	1,717,921	7,060
Lower Yukon	148,864	267	368,017	365,007	211,008	29,082	63,300	48,932	125,265	-0-	5,350	1,114,709	-0-
Northwest Arctic	274,082	52,055	285,700	386,515	220,809	4,513	-0-	-0-	-0-	20,994	1,840,961	1,428,891	26,987
Pribilof	-0-	-0-	-0-	-0-	-0-	-0-	38,421	10,399	51,256	7,076	55,560	78,729	-0-
Pailbelt	-0-	-0-	-0-	-0-	-0-	-0-	73,799	76,986	163,066	794	-0-	39,701	-0-
Southeast Island	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	26,199	42,790	-0-
Southwest Region	109,671	12,893	88,371	137,816	43,153	33,866	96,314	61,886	166,892	3,405	69,948	472,641	-0-
Yukon Flats	62,594	9,202	57,059	81,674	42,569	4,212	15,539	13,008	24,299	4,771	73,727	360,441	2,823
Yukon/Koyukuk	34,845	2,486	27,871	21,261	43,941	-0-	-0-	79,323	78,230	31,957	189,779	493,050	-0-
TOTALS	2,017,509	317,453	1,748,793	2,402,929	1,476,640	344,789	1,297,011	985,458	2,317,282	204,107	2,997,756	8,519,537	67,361

RURAL EDUCATION ATTENDANCE AREAS
OPERATING FUND BALANCES
FISCAL YEAR 1982 AUDITED

	Fiscal Year 81				Fiscal Year 82					
	Reserved for Encumbrncs	Reserved Other	Designated for School Year Expend	NonDesignatd	Total FY 81 Operatg Fund Balance	Reserved for Encumbrncs	Reserved Other	Designated for School Year Expend	UnDesignatd	Total FY 82 Operatg Fund Balance
	45,826	-0-	82,470	588,566	716,862	31,900	-0-	779,195	101,143	912,238
Alaska Gateway	-0-	-0-	110,613	297,331	407,944	-0-	-0-	110,613	426,525	537,138
Arctic Region	-0-	148,891	-0-	(2,436)	146,455	-0-	154,704	-0-	99,852	254,556
Barrow Island	-0-	-0-	-0-	221,092	221,092	-0-	-0-	-0-	197,252	197,252
Chukotka Strait	-0-	-0-	-0-	384,175	384,175	-0-	-0-	-0-	628,563	628,563
Chukotka	-0-	40,761	-0-	532,559	573,320	-0-	150,425	-0-	727,004	877,430
Chukotka	-0-	200,000	-0-	85,534	285,534	-0-	-0-	200,000	52,598	252,598
Chukotka River	68,123	-0-	101,144	17,549	186,816	27,432	38,520	101,144	328,209	495,305
Chukotka/Greely	-0-	-0-	40,000	199,193	239,193	-0-	-0-	40,000	14,490	54,490
Chukotka	16,092	260,837	-0-	376,413	653,342	162,354	-0-	260,000	405,633	827,987
Chukotka	-0-	110,203	-0-	(34,662)	75,541	58,049	362,834	-0-	371,269	792,152
Chukotka & Peninsula	-0-	369,162	325,000	(111,300)	582,862	-0-	419,646	125,000	8,510	553,256
Chukotka Kuskokwim	-0-	1,432,517	1,945,504	492,727	3,870,748	-0-	1,099,824	-0-	1,978,770	3,078,594
Chukotka Yukon	-0-	-0-	456,975	850,572	1,307,547	25,013	1,332,683	-0-	1,625,049	2,982,745
Chukotka West Arctic	-0-	-0-	2,223,306	40,044	2,263,350	209,677	108,242	1,755,529	-0-	2,073,448
Chukotka	-0-	-0-	-0-	599,009	599,009	-0-	275,000	-0-	176,430	451,430
Chukotka	2,408	219,757	197,685	8,584	428,434	89,052	208,154	101,060	-0-	398,266
Chukotka East Island	113,947	101,441	200,000	50,975	466,363	112,735	30,668	500,000	34,958	678,361
Chukotka West Region	636,874	605,800	-0-	1,016,229	2,258,903	750,846	482,587	-0-	1,778,817	3,012,250
Chukotka Flats	29,556	-0-	-0-	106,276	135,932	154,046	-0-	-0-	73,856	227,902
Chukotka/Koyukuk	213,023	269,948	203,935	88,943	775,849	322,097	-0-	150,000	125,786	597,883
TOTAL	1,125,949	3,759,317	5,886,632	5,807,373	16,579,271	1,943,201	4,663,288	4,122,541	9,154,814	19,803,844

STATE OF ALASKA
DEPARTMENT OF EDUCATION
CITY AND BOROUGH SCHOOL DISTRICTS REVENUES
SCHOOL OPERATING FUND
FISCAL YEAR 1982 AUDITED

City/Borough School District	City/Borough Tax Approprtn	Earnings on Investments	Other Local Revenue	City/Bor in Kind Services	Regular Foundation	Voc Ed Foundation	Spec Ed Foundation	Corres Found	Bit/Bic Foundation	Supplementl Equalztn Aid	State Pupil Transportn	State Tuition	Other State Revenue	Federal PL 874	Other Federal Revenue	Totals	Final ADY 1981-82
Chorage	26,136,177	2,565,013	456,890	-0-	84,319,150	3,489,820	7,949,540	-0-	926,160	3,578,601	6,472,930	3,588,760	691,042	350,558	57,676	140,582,317	35,875*
Col Bay	-0-	13,965	28,619	-0-	1,435,560	119,650	59,815	-0-	-0-	241,383	93,581	2,886	786	92,876	-0-	2,089,101	208
Cova	401,670	54,690	14,060	2,952	1,553,287	221,895	177,518	-0-	-0-	114,606	34,650	68,999	195,508	16,605	-0-	2,856,438	413
g	-0-	8,557	36,869	-0-	708,509	83,354	83,354	125,031	-0-	174,552	41,725	4,592	-0-	77,783	-0-	1,344,326	171
Ingham	30,000	133,280	35,588	-0-	1,854,262	179,446	239,262	-0-	179,445	493,805	61,562	9,676	209	198,025	17,054	3,431,614	372
Banks	12,221,774	-0-	1,547,306	-0-	23,555,445	1,426,293	2,506,818	388,989	216,105	-0-	2,798,430	94,819	-0-	67,306	-0-	44,817,285	8,851
na	2,700	76,675	37,666	-0-	957,040	119,630	119,630	-0-	59,815	200,759	23,056	6,900	-0-	215,127	-0-	1,818,998	135
es	386,653	79,319	35,722	-0-	1,642,023	133,137	221,895	-0-	-0-	-0-	151,298	18,791	-0-	79,044	-0-	2,747,882	371
sh	-0-	7,007	836	10,000	864,420	86,442	129,663	-0-	-0-	215,402	900	8,811	-0-	78,836	-0-	1,402,317	225
burg	-0-	17,368	23,652	-0-	416,770	83,354	83,354	-0-	41,677	83,882	-0-	-0-	-0-	6,171	2,537	758,865	88
au	3,995,200	-0-	27,366	-0-	10,264,940	694,620	1,080,520	154,360	115,770	-0-	731,797	37,070	(706,418)	26,955	(10,786)	16,911,394	3,979
	15,000	1,484	20,611	-0-	1,000,248	-0-	32,509	-0-	-0-	134,935	17,443	20,487	-0-	265,314	-0-	1,508,111	168
i	5,419,965	-0-	244,867	2,161,762	18,171,172	1,041,925	1,500,372	250,062	416,770	-0-	2,656,625	38,477	-0-	250,720	28,923	32,181,640	6,289
hikan	2,381,911	-0-	50,459	-0-	5,823,876	463,080	733,210	270,130	38,590	115,770	454,560	14,907	-0-	55,604	10,567	10,412,664	2,331
Cove	32,500	55,122	6,643	-0-	752,197	115,770	115,770	-0-	-0-	109,358	23,634	6,612	-0-	100,000	-0-	1,317,606	132
rock	-0-	23,498	10,042	-0-	416,770	-0-	83,354	-0-	-0-	100,743	-0-	25,989	-0-	147,986	-0-	808,382	97
ak	672,789	-0-	12,388	138,000	7,207,004	492,404	855,280	179,056	134,292	936,460	261,682	414,473	-0-	524,161	-0-	11,867,999	2,026
-Su	5,535,063	-0-	14,150	-0-	12,682,344	842,814	1,163,886	401,340	40,134	208,538	2,123,729	85,105	-0-	26,554	-0-	23,123,657	4,835
na	30,000	90,446	36,717	-0-	972,464	92,616	138,924	-0-	46,308	183,671	94,623	39,270	-0-	11,512	-0-	1,736,605	202
	200,000	129,840	178,465	-0-	3,170,195	299,075	418,705	-0-	239,260	806,993	132,955	18,300	-0-	157,090	-0-	5,750,878	690
h Slope	6,831,800	-0-	-0-	-0-	6,047,315	897,225	657,965	179,445	837,410	-0-	77,469	-0-	-0-	4,609,887	-0-	20,132,516	1,041
can	10,026	2,440	2,589	-0-	345,768	-0-	-0-	-0-	-0-	32,356	-0-	4,844	-0-	-0-	-0-	2,208,823	51
rsburg	392,000	10,434	19,347	-0-	1,565,226	160,536	240,804	-0-	-0-	132,747	65,616	27,423	5,000	16,513	-0-	2,635,646	556
Point	4,000	14,028	7,400	-0-	694,620	115,770	57,885	-0-	-0-	145,177	-0-	-0-	-0-	-0-	-0-	1,038,880	106
a	1,836,923	163,927	22,200	-0-	4,535,142	321,072	521,742	-0-	120,402	32,154	197,721	15,142	13,020	486,958	-0-	8,266,403	1,634
Way	27,800	25,885	74	-0-	666,832	83,354	83,354	-0-	-0-	124,879	3,124	-0-	-0-	-0-	-0-	1,015,302	190
Mary's	-0-	9,258	175	-0-	837,410	119,630	179,445	-0-	239,260	130,419	-0-	-0-	9,312	168,008	-0-	1,692,917	90
aska	160,000	40,898	26,932	-0-	1,157,697	115,770	115,770	-0-	57,885	-0-	101,872	-0-	1,000	96,863	-0-	1,874,687	177
ez	2,431,465	345,850	2,501	-0-	2,973,336	310,809	576,829	-0-	-0-	-0-	323,122	430,036	17,083	17,083	-0-	7,415,206	830
ngell	200,000	16,850	550	-0-	1,565,226	160,536	160,536	-0-	-0-	189,241	66,754	1,729	-0-	16,276	-0-	2,377,698	485
itat	26,600	7,904	20,261	-0-	787,236	46,308	92,616	-0-	-0-	127,836	35,089	16,291	33,303	36,345	-0-	1,229,889	152
ALLS	69,382,016	3,897,738	2,914,775	2,312,714	198,937,408	12,316,315	20,420,423	1,948,413	3,709,283	8,614,287	17,045,957	5,000,309	743,017	8,196,160	106,071	355,545,046	72,790
Chorage on Base included above.																	2,568*
rbanks on Base	-0-	-0-	238,450	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	11,517,633	-0-	-0-	11,756,083	2,157

CITY AND BOROUGH SCHOOL DISTRICTS
FOOD SERVICE, PUPIL ACTIVITY & SPECIAL REVENUE FUNDS
FISCAL YEAR 1982 AUDITED

School District	Food Service Fund						Pupil Activity Fund			Special Revenue Funds			
	School District Subsidy	Food Service Sales	Federal Reimbursement	Salaries and Benefits	Food and Milk	Other Expense	School District Subsidy	Generated Revenue	Total Expenditure	School District Subsidy	State Grants	Federal Grants	Local Revenue
Anchorage	-0-	3,057,052	2,033,169	2,666,846	2,273,300	458,068	-0-	1,829,565	1,733,713	-0-	1,498,721	3,384,713	37
Bristol Bay	60,184	13,195	6,292	53,938	18,502	7,231	36,834	47,769	95,667	29,696	56,147	47,312	
Cordova	44,311	26,341	17,257	68,594	11,733	7,582	42,486	29,368	69,898	1,404	45,898	50,725	
Craig	10,020	10,594	12,720	21,154	10,812	1,368	56,089	4,839	60,240	-0-	12,602	(1,537)	
Dillingham	-0-	2,921	1,214	-0-	4,453	103	77,215	58,825	138,557	22,312	262,506	293,823	18
Fairbanks	49,239	425,534	194,170	240,009	403,046	25,888	-0-	481,504	471,991	246,214	632,512	1,160,450	120
Galena	53,273	11,300	11,011	38,415	34,187	2,982	169,904	11,637	60,780	10,190	11,583	56,267	12
Haines	-0-	-0-	-0-	-0-	-0-	-0-	47,123	48,363	104,634	20,514	31,273	46,548	29
Hoonah	36,527	7,794	60,655	63,247	38,505	3,224	43,190	39,275	81,777	2,701	20,161	199,402	
Hydaburg	-0-	-0-	-0-	-0-	-0-	-0-	31,225	35,012	62,787	-0-	-0-	135,595	
Juneau	-0-	15,511	7,379	-0-	15,386	-0-	89,347	380,420	469,890	-0-	416,617	666,601	4
Kenai	18,825	3,556	35,761	27,080	28,535	1,719	23,000	-0-	13,950	8,392	30,679	149,038	
Kenai	233,813	520,580	359,974	563,996	431,944	116,427	957,759	667,715	1,582,914	67,441	555,366	794,820	26
Ketchikan	100,976	87,151	113,311	128,156	142,304	39,250	67,000	385,129	440,955	-0-	13,797	492,938	
King Cove	16,977	4,765	6,658	9,623	15,805	2,972	15,779	7,706	21,257	29,020	20,000	87,180	
Klawock	-0-	-0-	-0-	-0-	-0-	-0-	2,673	2,233	4,906	10,000	20,240	77,392	
Kodiak	21,053	84,973	113,106	91,732	99,361	28,039	215,054	181,851	397,696	-0-	114,145	443,711	
Mat-Su	-0-	402,476	252,030	261,467	322,615	64,672	51,918	431,143	455,493	-0-	453,581	805,348	296
Kenana	12,281	7,482	1,382	2,172	9,676	9,298	12,370	53,076	69,513	8,767	20,631	269,886	55
Nome	60,023	22,575	76,441	70,179	87,170	1,690	85,000	101,281	168,748	38,256	97,956	675,115	3
North Slope	670,500	20,818	142,288	525,932	372,033	45,621	410,807	117,145	639,754	8,786	82,583	1,185,703	
Pelican	-0-	-0-	-0-	-0-	-0-	-0-	-0-	2,586	11,885	-0-	44,115	582	
Petersburg	18,281	9,337	7,624	15,017	18,809	616	44,166	34,627	75,884	38,232	33,198	101,313	11
Sand Point	-0-	-0-	-0-	-0-	-0-	-0-	56,293	23,324	89,706	(1,233)	62,651	97,932	2
Sitka	86,625	125,388	64,951	131,113	133,167	12,684	75,607	296,686	348,567	78,423	100,740	314,815	59
Skagway	-0-	-0-	-0-	-0-	-0-	-0-	30,000	60,747	99,339	2,658	20,369	20,844	4
St. Mary's	45,823	-0-	29,475	44,620	77,542	3,136	855	4,634	5,489	370	44,814	133,116	9
Unalaska	53,638	11,685	36,384	22,532	33,528	45,647	68,506	6,758	75,264	-0-	15,602	29,837	
Valdez	137,529	72,234	30,848	130,592	11,546	21,913	185,057	21,106	187,842	484,589	163,864	29,706	
Wrangell	-0-	-0-	-0-	-0-	-0-	-0-	45,000	76,624	123,645	3,500	12,492	120,949	1
Yakutat	30,213	9,825	32,220	24,103	45,115	5,050	34,702	18,565	50,347	13,483	20,000	82,305	4
TOTALS	1,760,131	4,953,087	3,654,320	5,210,125	4,657,074	907,190	2,935,039	5,399,513	8,213,170	1,123,715	4,920,850	11,968,429	698

(full 9 month period)

ADM - Average Daily Membership (based on 9 mo. enrollment)

PTR - Pupil Teacher Ratio

<u>District</u>	<u>SPECIAL EDUCATION</u>		<u>CURRENT ENROLLMENT</u>		<u># per pupil ADM</u>	<u>STAFF</u>	<u>ADMINISTRATION</u>
	<u>\$</u>	<u>ADM</u>	<u>ADM</u>	<u>PTR</u>			
Adak	416,010	<u>100</u>	<u>594</u>	12.91		46	8
Ak Gateway	407,520	106	473	11.81		41	5
Aleutian	127,350	28	129	8.19		15	
Anchorage	16,470,600	4,263	34,797	17.50		2,055	120
Annette	220,740	73	336	9.97		33	6
Bering St.	885,361	189	918	9.80		90	25
Bristol Bay	131,594	18	211	17.18		15	3
Chatham	183,384	53	272	9.47		32	2
Chugach	50,940	8	75	6.71		10	1
Copper River	305,640	88	581	11.84		47	6
Cordova	292,902	79	438	11.89		37	1

per pupil ADM
Teaching?

ADM -- Average Daily Membership (based on 9 mo. enrollment)

PTR - Pupil Teacher Ratio

<u>District</u>	<u>SPECIAL EDUCATION</u>		<u>CURRENT ENROLLMENT</u>		<u>STAFF</u>	<u>ADMINISTRATION</u>
	<u>\$</u>	<u>ADM</u>	<u>ADM</u>	<u>PTR</u>		
Craig	45,846	11	153	18.05	20	2
Delta/Greeley	916,920	257	949	13.77	66	8
Dillingham	236,188	49	378	7.96	50	8
Fairbanks	6,133,176	1,419	9,441	14.32	659	47
<u>Galena</u>	131,594	23	142	<u>8.33</u>	18	9
Haines	390,536	188	389	11.18	42	1
Hoonah	142,632	39	239	11.52	21	2
Hydaburg	137,538	36	93	7.08	12	2
Iditarod	263,188	46	327	8.04	40	12
Juneau	2,886,600	742	4,258	14.30	281	12
Take	183,384	47	208	9.91	22	3

ADM - Average Daily Membership (based on 9 mo. enrollment)

PTR - Pupil Teacher Ratio

<u>District</u>	<u>SPECIAL EDUCATION</u>		<u>CURRENT ENROLLMENT</u>		<u>STAFF</u>	<u>ADMINISTRATION</u>
	<u>\$</u>	<u>ADM</u>	<u>ADM</u>	<u>PTR</u>		
Kenai	4,263,678	1,020	6,755	14.50	479	32
Ketchikan	1,146,150	400	2,368	13.13	174	23
King Cove	127,350	28	121	8.69	13	1
Klawock	137,538	32	152	7.39	18	4
Kodiak	1,428,018	433	2,143	11.93	165	13
Kuspuk	197,391	45	324	7.45	45	11
Lake & Penn.	197,391	45	364	8.63	42	9
L. Kuskokwim	1,842,316	418	2,416	9.09	258	25
Lower Yukon	789,564	176	1,392	9.65	139	14
Mat-Su	2,825,472	704	5,562	16.43	308	36
Nenana	152,820	34	128	4.96	24	2

ADM - Average Daily Membership (based on 9 mo. enrollment)

PTR - Pupil Teacher Ratio

<u>District</u>	<u>SPECIAL EDUCATION</u>		<u>CURRENT ENROLLMENT</u>		<u>STAFF</u>	<u>ADMINISTRATION</u>
	<u>\$</u>	<u>ADM</u>	<u>ADM</u>	<u>PTR</u>		
Nome	526,376	108	758	12.03	61	6
No. Slope	986,955	211	1,022	4.30	136	21
N.W. Arctic	1,447,534	324	1,500	8.88	169	52
Pelican	47,544	12	52	10.60	5	1
Petersburg	353,184	112	574	12.41	49	1
Pribilof	191,025	41	168	11.47	18	1
Railbelt	254,700	65	328	8.55	33	5
Sand Point	63,675	6	123	9.23	13	3
S.E. Island	183,384	47	434	10.77	36	12
Sitka	1,059,552	358	1,608	13.21	123	3
Skagway	91,692	23	177	7.21	24	2

ADM - Average Daily Membership (based on 9 mo. enrollment)

PTR - Pupil Teacher Ratio

<u>District</u>	<u>SPECIAL EDUCATION</u>		<u>CURRENT ENROLLMENT</u>		<u>STAFF</u>	<u>ADMINISTRATION</u>
	<u>\$</u>	<u>ADM</u>	<u>ADM</u>	<u>PTR</u>		
St. Mary's	263,188	53	112	5.45	20	6
S.W. Island	394,782	78	532	8.15	62	12
Tanana	131,594	16	92	8.00	11	1
Unalaska	191,025	39	181	10.28	18	3
Valdez	634,621	<u>187</u>	<u>863</u>	11.45	72	5
Wrangell	220,740	69	485	12.60	40	3
Yakutat	152,820	37	160	9.24	17	4
Yukon Flats	263,188	54	316	10.89	35	10
Yukon Kay	460,579	89	556	9.65	52	21
Central Correspondence			790			

June 16, 1983

The Honorable Paul Fischer
Alaska State Senate
Pouch V
Juneau, Alaska 99811

Dear Senator Fischer:

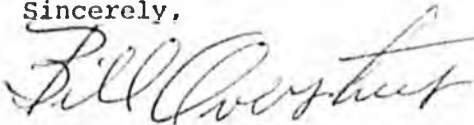
Enclosed is the resolution adopted by representatives of municipalities and school districts who attended a meeting in Fairbanks on June 15, 1983 to discuss education funding.

Attending the meeting were:

Mike Adams - Superintendent, Juneau School District
B.B. "Bill" Allen - Mayor, Fairbanks North Star Borough
Ken Burnley - Superintendent, Fairbanks School District
Walt Chapel - Comptroller, Matanuska-Susitna Borough
Ginny Chitwood - Executive Director, Ak. Municipal League
E.E. "Gene" Davis - Superintendent, Anchorage School District
Bruce Demond - Acting Superintendent, Mat-Su School District
Heather Flynn - Assembly Member, Municipality of Anchorage
Tom Freeman - Assistant Superintendent, Anchorage School District
Bob Greene - Executive Director, Assoc. of Ak. School Boards
Chris Mello - Contracts Administrator, North Slope Borough
W. D. "Bill" Overstreet - Mayor, City & Borough of Juneau
Jim Peotter - Deputy Mayor, Kodiak Island Borough
Fred Pomeroy - Superintendent, Kenai School District
Don Renfro - Superintendent, North Slope School District
Stan Thompson - Mayor, Kenai Peninsula Borough
Bill Zybach - Assistant to the Mayor, Fairbanks North Star Borough

We hope you will consider the concepts expressed in the resolution when acting on the public school foundation program and state aid for the retirement of school construction debt. Please feel free to contact any of the attendees if you have questions or would like further information.

Sincerely,



W. D. Overstreet, Chair
Ad Hoc Education Committee

WHEREAS, the Governor and Legislature have been both generous and conscientious in providing for state educational needs through the school foundation and debt retirement programs; and

WHEREAS, declining revenues have created a need to reassess state funding priorities and gain control of expanding educational expenditures; and

WHEREAS, credibility with the general public and the financial community depends heavily upon predictable and reliable revenue sources; and

WHEREAS, municipalities and school districts recognize their role in the growing school construction debt problem and further recognize their responsibility for finding solutions to those problems; and

WHEREAS, municipalities and school districts desire to cooperate with the Governor and Legislature in developing a fiscally responsible means for controlling the growth of school construction debt;

THEREFORE BE IT RESOLVED, that representatives of municipalities and school districts assembled in Fairbanks Alaska on June 15, 1983 petition the legislature and governor to support the establishment of a committee to study approaches to fiscally responsible management of state aid for retirement of school construction debt,

FURTHER BE IT RESOLVED, that a committee be appointed to accomplish this task; suggested membership to be comprised of:

- Indeterminant*
1. Appointee by the Speaker of the House
 2. Appointee by the President of the Senate
 3. Appointee by the Governor
 4. Appointee by the Alaska Municipal League
 5. Appointee by the Alaska Association of School Boards
 6. Appointee by the Council of School Administrators
 7. Appointee by the State Board of Education
 8. Appointee by the Conference of Mayors

FURTHER BE IT RESOLVED, that the issues to be addressed include but not be limited to:

- SPACED*
1. A shared responsibility to manage state aid for retirement of school construction debt
 2. Refinancing of school construction debt
 3. The establishment of a criteria for project approval and priority setting for school construction projects
- Rev.*

FURTHER BE IT RESOLVED, that the municipalities and school districts encourage the House to concur with the Senate appropriation for FY84 debt retirement,

FURTHER BE IT RESOLVED, that while we prefer and are on record in support of full funding of education, the municipalities and school districts encourage the Senate to at a minimum concur with the House appropriation for FY 84 school foundation funding level,

FURTHER BE IT RESOLVED, that the representatives of municipalities and school districts assembled in Fairbanks Alaska on June 15, 1983 share with the legislature and governor a commitment to excellence in education for all of Alaska's children.



ANCHORAGE SCHOOL DISTRICT

4600 DeBarr Avenue
Pouch 6-614
Anchorage, Alaska 99502
[907] 333-9561

SCHOOL BOARD

PRESIDENT
Lee Gorsuch

VICE-PRESIDENT
Jean Buchanan

CLERK
Alyce Hanley

CLERK PRO TEM
Brent Wadsworth

TREASURER
Vi Scheelenberg

ASST. TREASURER & PAST PRESIDENT
Jim Robinson

PARLIAMENTARIAN
Bettye Davis

SUPERINTENDENT
E.E. (Gen.) Davis, Ed. D.

April 22, 1983

Honorable Joe Hayes
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Representative Hayes:

The Aid for School Construction Program (AS 43.18.100) provides significant revenues to the Anchorage School District to provide funding to pay principle and interest on General Obligation Bonds for school construction purposes.

The available funding is distributed pro-rata to eligible local governments to the extent funds are available.

It is estimated that State-wide claims for this program are in excess of \$95 million.

An appropriation level of \$49 million will provide a short fall in revenues of approximately \$8,938,980 based on a pro-ration of 52.3% on an entitlement of \$18,740,000 for the Anchorage School District.

The Anchorage School District will be required to reduce expenditures for educational programs to meet fixed obligations for long-term debt, such as an individual's house mortgage payment.

We urge your support for full funding of this vital program for school construction purposes.

Sincerely,

E.E. Davis (handwritten signature)
E. E. (Gen.) Davis, Ed.D.
SUPERINTENDENT

EED/LTF/c1

cc: L. T. Freeman
B. Miles

Enclosure

4/24

Sen. Josephson:
The Senate is at
about 60%; the
House is currently
at about 53% -
a tough situation
for the urban
taxpayer. Will
stop by on Monday
to chat about this.
Bellevue

ANCHORAGE SCHOOL DISTRICT
ANCHORAGE, ALASKA

DEBT SERVICE FUND - AID FOR SCHOOL CONSTRUCTION PROGRAM

The State has a debt service reimbursement program to allow eligible School Districts/Municipalities to be reimbursed for their debt service on School Construction Bonds. Recently House Bill 105 provided for an FY 1983-84 appropriation level of only \$59,887,800 for the Aid for School Construction Program. However the statewide claims for this program are now known by the Department of Education to substantially exceed the funds to be appropriated under HB 105. Within the past few weeks, at least six additional boroughs have either sold new school construction debt or have announced plans to do so. As a result, the estimated statewide claims have increased from \$84,000,000 to at least \$95,000,000. And it now appears very probable that the claims will actually exceed \$100,000,000. As set forth in the statute, the available funds would be distributed using a prorata reduction. This means that a percentage proration ranging from 59.833% to 71.295% would be used.

Assuming \$100,000,000 of statewide claims, the projected financial effect on the Anchorage School District would be as follows:

Total ASD Debt Service <u>Expenditures</u>		\$ 20,420,354
<u>(Revenue)</u>		
Local Funds - Projected Fund Balance		(135,000)
ASD		
State Funds - (Entitlement \$18,740,000)		
<u>Debt Service Reimbursement</u>		
Available	\$59,887,800	
Claims	<u>\$100,000,000</u>	
	= X .598878	
		(11,222,974)
Cigarette Tax		<u>(865,000)</u>
TAXES REQUIRED		8,197,380
TAXES PREVIOUSLY APPROVED		<u>(680,354)</u>
ADDITIONAL TAXES NEEDED		<u><u>\$ 7,517,026</u></u>

The following summarizes the tax requirement computation using statewide claims varying from \$84,000,000 to \$100,000,000 and an Anchorage School District entitlement under the established program of \$18,740,000.

Appropriated Funds	<u>\$59,887,800</u>	<u>\$59,887,800</u>	<u>\$59,887,800</u>
Statewide Claims	\$84,000,000	\$95,000,000	\$100,000,000
Pro rata Percentage	71.295%	63.040%	59.888%
ASD			
Debt Service Reimbursement	\$13,361,620	\$11,813,656	\$11,222,974
Cigarette Tax	865,000	865,000	865,000
Fund Balance	135,000	135,000	135,000
Taxes Required	6,058,734	7,606,698	8,197,380
Total Expenditures and Revenues	<u><u>\$20,420,354</u></u>	<u><u>\$20,420,354</u></u>	<u><u>\$20,420,354</u></u>
Taxes Previously Approved	\$41,193,797	\$41,193,797	\$41,193,797
ADDITIONAL TAXES NEEDED	<u>5,378,380</u>	<u>6,926,344</u>	<u>7,517,026</u>
	<u><u>\$46,572,177</u></u>	<u><u>\$48,120,141</u></u>	<u><u>\$48,710,823</u></u>

Mill Rate Previously Approved	3.40	3.40	3.40
Additional Needed	<u>.26</u>	<u>.34</u>	<u>.36</u>
	<u><u>3.66</u></u>	<u><u>3.74</u></u>	<u><u>3.76</u></u>

If Aid for School Construction Funding is reduced to \$49,669,700 the Shortfall for the Anchorage School District will be increased from 8.94 to 9.43 million dollars.

Appropriated Funds	<u>\$49,669,700</u>	<u>\$49,669,700</u>
Statewide Claims	\$95,000,000	\$100,000,000
Pro rata Percentage	52.3%	49.7%
ASD Reimbursement	\$9,801,020	\$9,313,780
ASD SHORTFALL	<u>\$8,938,980</u>	<u>\$9,426,220</u>

Bill may affect tax rate

by Anne Willette
Times Writer

The Anchorage School District will be short \$9.4 million when its construction bills come due if the legislature approves a measure now in the House Finance Committee.

The committee slashed \$10 million Friday from the program that picks up the tab for many school construction projects. The statewide appropriation under the House plan now stands at about \$50 million. School districts say the state's obligation totals \$35 million.

Under the Aid for School Construction Program, legislators promised to reimburse city and borough school districts for up to 90 percent of their building projects. The state already pays for all construction in rural districts.

This year districts received reimbursement for just over 80 percent of their construction. The bill now in the Finance Committee only allows 52.5 percent reimbursement for 1983-84.

And as more districts build more schools, that percentage falls. Ginny Chirwood, executive director of Alaska Municipal League, said five districts plan to sell bonds before July 1. Those sales will raise the state's obligation to \$100 million and drop the reimbursement level to 50 percent.

For the state's cities and boroughs — especially Anchorage, Kenai Peninsula, Matanuska-Susitna and Fairbanks — that means cuts in the classroom,

See Schools, page A-1

Schools

Continued from page A-1

more money from local taxpayers or both.

Last spring, 22 Anchorage legislators supported the district's \$70 million bond issue, said Tom Freeman, assistant superintendent for business. The lawmakers told the public the state would pay back 90 percent of that money, he said.

Last week, Mat-Su voters approved the sale of \$20 million in bonds. They were told the state would pick up 70-90 percent of the cost, said Gary Thurlow, borough manager.

If the bill is approved, Anchorage will have to squeeze money out of its classrooms and Mat-Su will have to squeeze money out of its taxpayers. Thurlow said the tax levy could increase by 3.7 mills.

For Anchorage, the timing of the move is especially bad. The Anchorage Assembly set the district's 1983-84 budget and tax levy on Tuesday.

Assembly members trimmed \$2.35 million from the district's proposal before agreeing on a budget of \$219.4 million. They set the contribution from local taxpayers at \$41.2 million, which put the mill rate at 3.40, or \$340 on a \$100,000 home.

The assembly rejected a plea by the district to increase the local share by \$5.4 million, the amount district officials thought they would need to cover their construction debt. Adding that money to the local tax bill would have raised the mill rate to 3.77.

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Wrangell High School
P.O. Box 651
Wrangell, Alaska 99929
February 23, 1983

The Honorable Joe Josephson
Alaska State Senate
Pouch V
Wrangell, Alaska 99811

Dear Senator Josephson:

Enclosed is a letter which we are sending from the Wrangell Teachers Association to Governor Sheffield and some key legislators such as yourself.

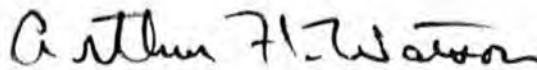
Our association is very concerned about this! These sentiments expressed in the letter to the governor are honest concerns that we would like you and your H.E.S.S. committee to take a good look at. We here in Wrangell are one of the poorer districts that I mention in the letter. A reduction in state contribution to the foundation program would be a disaster for us here.

In addition to the thoughts expressed in the letter, we would like to recommend that the state develop at least a two year foundation funding projection for local school districts, as we have done before. This year we have had serious problems due to the lack of adequate funding, resulting from a cut in the amount that districts were originally expecting. We hopefully do not want to repeat this situation again. To develop progressive, long range programs, we need to have long range foundation funding at adequate levels. Otherwise education relies on-again-off-again, stop-gap funding and the programs that this funding supports will reflect this. We'd like to see this situation improved.

Please keep us advised as to the progress of legislation on foundation funding. If there is anything which we may do here to help in the effort to keep full state funding, please let us know.

Thank you for your consideration of our concerns.

Sincerely yours,



Arthur H. Watson
Vice President
Wrangell Teachers Association

Wrangell Teachers Association

Post Office Box 1134
Wrangell, Alaska 99929-1134

February 23, 1983

Governor Bill Sheffield
Pouch A
Juneau, Alaska 99811

Dear Governor Sheffield:

I am writing this letter representing the Wrangell Teachers Association (an organization whose membership includes 100% of the teachers of Wrangell Public Schools), and some members of the following organizations which we have contacted: the Wrangell School Board, Wrangell City Council, and the Wrangell P.T.A. as well as other private citizens of Wrangell. We are concerned about your stated opinion that local communities should accept a larger share of the basic costs of education in comparison to the State of Alaska's share. We would like you to reconsider your position on this subject for the following reasons:

As it is right now the Alaskan system of education is a well functioning program. We believe that there is a definite cause-and-effect relationship between the secure and adequate state financing system and the fine results that have been evidenced in Alaskan Education. The proof of this fine system is clearly evident. Year after year Alaskan students have scored above the national average on the S.A.T. and A.C.T. tests taken by college bound students. Many of our students have entered and successfully completed programs at top universities across the nation; for example, within the last decade we have had students from our small town of Wrangell attend Harvard, and Stanford Universities as well as the West Point Military Academy. Many of our students from this mill town high school have gone on to become engineers, doctors, dentists, lawyers, etc. We are very proud of the accomplishments of our young people and our school system. Thus it is with alarm that we view any plan which would jeopardize the funding of the program as it operates now.

One needs only to look right next door to the State of Washington to see that systems which rely greatly on local contributions with less state input are a very poor idea. When each district has to individually go to its people every year to plead for funds, the track record is spotty at best. Rich districts have a record of supporting education. Poorer districts often do not spend as much on education and it is always an "iffy" situation whether school taxes will be allocated in sufficient quantity to ensure proper education. I know. I taught in one of the poorer districts of Washington, and believe me - we do not want that to happen here in the State of Alaska!

It means less educational benefits for poorer communities. It's an unfair system. The poorer communities cannot offer educational programs with as many options for their students. They cannot offer stability, because passage of local levies often depends on immediate financial concerns that are

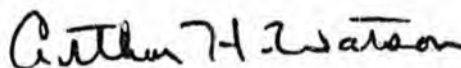
unrelated to education; but school taxes are one of the few taxes that citizens can vote on each year so they are often the first to be cut. In situations such as this the really good teachers do not stay in poorer communities; they do not have to put up with the insecurities of on-again-off-again budgets and low salaries.

The end result is the - more secure financing results in better teachers and broader educational offerings to students. Districts can plan better developmental programs for their students and avoid on-and-off curriculums. Plus it is just more fair. All students in the State of Alaska can presently receive relatively equal educations. This is so greatly to be desired that the State of Washington has tried in the past several years to move from local funding to state funding of basic education. They know from experience the hardships and inequities of local funding.

The way we see it all Alaskan children growing up deserve to have equal opportunities. A return to more local funding will deny that opportunity to some of our young people. We view this as a poor situation. It is hard to justify even a partial return to a system which will provide one Alaskan student with more advantages than another Alaskan student.

The State of Alaska had in recent years assumed the responsibility to provide for the basic education of its people. We encourage continuing this stated goal. The finest investment we can make if our future is in the education of our young people. The Alaskan system of public education has been the model system of the nation in many respects. Better than that it works! Please reconsider your stand and keep our foundation system adequate and fair.

Sincerely



Arthur H. Watson
W.T.A. Vice President

Copies to: Rep. Jack McBride
Rep. Ron Wendte
Rep. Mile Fritz - H.F.S.S. Chairman
Sen. Joe Josephson - H.E.S.S. Chairman

Wrangell Teachers Association

Post Office Box 1134
Wrangell, Alaska 99929-1134

February 16, 1983

The Honorable Joe Josephson
H.E.S.S. Chairman
Pouch V
Juneau, Alaska 99811

Dear Senator Josephson:

I'm writing this letter representing the teachers of Wrangell Public Schools, all of whom belong to the Wrangell Teachers Association. We are writing you urging your support to remedy a desperate need in our school system-replacement of our present high school building.

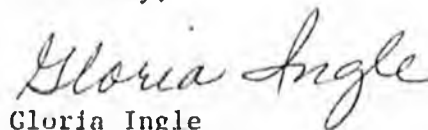
This building need is so serious that the out-going Alaska Board of Education listed it as the number two state-wide priority to receive state grant money for its replacement. We are also very pleased to see that Governor Sheffield is aware of our local needs, for his proposed capitol recommends \$5.6 million for construction of a new high school building.

The present building was built in the mid-1930's. It is, in the opinion of many teachers who work in it every day, deteriorated so seriously that it is hazardous. Some studs have rotted within the walls, several years ago a ceiling collapsed on a class full of students, stucco siding has fallen in large hunks from the buildings exterior, the plumbing pipes have seriously corroded, wiring is inadequate, etc. The list goes on and on. Nine years ago Wrangell Public Schools nearly lost its high school accreditation because of the inadequacies of the building. Next year we will be re-evaluated by the Northwest Accreditation Agency. We must have a replacement building in the works by the 1983-84 school year.

Local bonding, no matter how urgent the need, would pose an extreme hardship on Wrangell at this time. Our lumber and fishing economy has been doubly hurt this past year. Both of our two main industries, the local mill and the cannery, were shut down this winter and people have been out of work. The owners of the mill and cannery lost millions last year and are trying to sell the businesses. These industries face uncertain futures. People confronting this can't vote to raise their taxes. We need help.

It's with these things in mind (the unsafe condition of the present building, the necessity to begin building this year to maintain accreditation, and the hardship on local citizens to bond for the school that we write you asking that you submit a request for a \$5.6 million grant from the state (which the Department of Education has updated to \$6.95 million) to construct a new high school building in Wrangell. We hope you will exert whatever influence you can with the legislature on our behalf. Please keep us advised as to the progress of the allocation. Let us know if there is anything more that we may do to help secure this grant. We would like to keep in touch. Thank you very much.

Sincerely,



Gloria Ingle
W.T.A. President

Concerned Citizens for Adequate School Funding is a coalition of Juneau residents organized around the principle that education of young Alaskans is our best investment. Alaska's commitment to education must not waiver in the face of falling state revenues; our future will be decided more by the products of our school system than by the amount of money we funnel into short term capital projects.

While we recognize there are problems with the existing public school foundation program, our primary goal is to obtain full funding of the crucial program for the 1983-84 school year. School funding should be the highest spending priority during the coming fiscal year. We support this with the knowledge that it might mean cutting back in other areas in the operating and capital budgets.

There is much talk about abuses by some individual school districts, lack of accountability and inequities in the method of distributing the state funds under the current program. Some of these complaints appear to have much validity, and we strongly support the call for a thorough study of the state's Public School Foundation Program.

What we don't agree with is the suspension of the current program and anything less than 100 percent funding while the study is being conducted. Districts with lean budgets will be penalized by the current versions of Senate Bill 178 and House Bill 251, while the districts where the abuses are occurring should have no problems in making it through the 1983-84 academic year.

We are involved in the budgeting process for the Juneau School District and we know there is no fat in the proposed budget for the coming year. We look in our classrooms and see 30 or more children, then we are told that the district will have 180 more students during upcoming school year with only four additional teaching positions to handle increased enrollment.

Tighten the belt? What about the advanced foreign language programs, driver's education, swimming instruction, hot lunches, vocational training like house building courses, and other important programs dropped in recent budget cutting actions? Now we are told that to make ends meet during the 1983-84 school year we might have to cut out music and physical education programs for elementary students, and reduce secondary school student activities, elementary health services and janitorial care, and still raise local property taxes!

We are worried about the quality of education in our classrooms, we are not trying to obtain state funding for frills.

We agree that in a time of significant declines in state revenues some belt tightening is in order, but our educational waistline has been cinched tightly in Juneau and in many other school districts around the state. The City and Borough of Juneau has devoted 28.2 percent of its operating budget over the past five years to support of education. To support less than a maintenance level budget for the school district during the 1983-84 school year, City and Borough of Juneau will have to increase local support of education by 36 percent (from \$4.4 to \$6 million), under 97 percent funding of the Public School Foundation Program. The percentage of local spending on education during 1983-84 would increase to 33.9.

Many other local governments and school districts are facing similar situations. The state should not exacerbate the financial problems of local municipalities because of shortcomings in a state program.

Let's build safeguards into the foundation program to prevent abuse, force accountability and insure equitable distribution of the state's funding of local education, but until the legislature is prepared to act on policy changes the existing program should be fully supported.

To guard against frivolous spending in the interim, the legislature and state board of education should audit local school districts suspected of abusing the program. Audits combined with stronger oversight will force accountability.

Concerned Citizens for Adequate School Funding strongly favors a return to forward funding of education where local school districts and municipalities can safely plan programs to fit anticipated revenues. This should be done as soon as possible.

We are attempting to work with groups from other areas of the state on the foundation program funding issue. Education must remain the State of Alaska's top spending priority; Alaska's future is at stake in the classrooms of our schools.

In summary, Concerned Citizens for Adequate School Funding recommends:

- Public School Foundation Program be funded for school year 1983-84 at 100 percent of the amount authorized by current statute, an action that would cost the state an estimated \$448 million;
- the legislature study the foundation program;
- individual school districts be forced into accountability for spending through state audits; and
- a return to forward funding of education by the state at the earliest possible time.

WHILE YOU WERE AWAY

FOR Nancy DATE 5/24 TIME 2:20 P.M.
E.D.A.

M Lisa -

OF Jim Middleton etc.

PHONE 276-6401

AREA CODE

NUMBER

EXTENSION

MESSAGE cc: HB 251 latest copy

Can we telecopy it?

276-5093

SIGNED

TELEPHONED

RETURNED
YOUR CALL

PLEASE CALL

WILL CALL AGAIN

CAME
TO SEE YOU

WANTS
TO SEE YOU

TOPS  FORM 4002

WHILE YOU WERE AWAY

FOR	<u>Nancy</u>	DATE	<u>5/23</u>	T	<u>E</u>	<u>1045</u>	<u>A.M.</u> <u>P.M.</u>	
M	<u>Ginny Chitwood</u>							
OF								
PHONE	<u>586-1325</u>	AREA CODE	NUMBER	EXTENSION				
MESSAGE								
	<u>Handwritten</u>	<u>Broughtis</u>					<input checked="" type="checkbox"/>	TELEPHONED
	<u>Handwritten</u>						<input checked="" type="checkbox"/>	RETURNED YOUR CALL
	<u>Handwritten</u>						<input checked="" type="checkbox"/>	PLEASE CALL
	<u>Handwritten</u>						<input type="checkbox"/>	WILL CALL AGAIN
	<u>Handwritten</u>						<input type="checkbox"/>	CAME TO SEE YOU
	<u>Handwritten</u>						<input type="checkbox"/>	WANTS TO SEE YOU
SIGNED	<u>Handwritten Signature</u>							

wants to grandfather the Election
(approval by the voters).

— sometimes puts it on the
market in increments over
several months to get better
interest rates.

Asa Brown - attny.
225-9401

non codified section to
grandfather in Ketchikan
only on voter approval.

→ on the date the bonds are
authorized by the voters

FY 84 Entitlement

	Entitlement on Debt Issued before 12/31/81	Entitlement on Debt Issued after 12/31/81	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 13,054,513	15,298,199 19,141,688
Ketchikan Gate. B.	980,388		980,388
Kodiak I. Bor.	1,683,285	1,512,900	3,196,185
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		3,179,975
Wrangell	111,516		111,516
Yakutat	49,423		49,423
totals	\$50, ,977	\$44,157,020 40,213,529	\$95,127,997 3943 91,184 90,804,506

*5.16.83
Ken Hilman
is checking
for correct
amounts*

School Debt Retirement, page 3

	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	36,892	0.738 mills
Fbks N. Star Bor.	11,024,267	4,078,979	1.361 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.	19,141,688	7,082,424	2.362 mills
Ketchikan Gate. B.	980,388	362,744	0.632 mills
Kodiak I. Bor.	3,196,185	1,182,588	2.7 mills
Lat-Su Borough	10,198,686	3,773,514	3.25 mills
Nenana	9,956	3,684	0.411 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.)

Preliminary
estimates prepared 5/2/83

Alaska State Legislature

CO-CHAIR
HEALTH, EDUCATION & SOCIAL SERVICES
VICE-CHAIR
COMMUNITY & REGIONAL AFFAIRS
FINANCE SUBCOMMITTEES
HEALTH & SOCIAL SERVICES
RURAL EDUCATION BUDGET/ OVERSIGHT
CORRECTIONS
MEMBER
RULES



DISTRICT 11
3305 OREGON DRIVE
ANCHORAGE, ALASKA 99503

WHILE IN JUNEAU
POUCH V
JUNEAU, ALASKA 99811
(907) 465-3759

Representative Mae Tischer

MEMORANDUM

TO: Senator Joe Josephson
Senator Vic Fischer
Senator Frank Ferguson
Representative Jerry Ward
Representative Ron Larson

FROM: Representative Mae Tischer, Conference Co-Chair *MT*

DATE: June 15, 1983

RE: Conference Committee on House Bill 251

The Conference Committee on House Bill 251 will meet at 2:00 p.m. on Thursday, June 16, 1983, in Capitol Room 112.

MMT:wtl

Alaska State Legislature

House of Representatives

Al Adams

Chairman

Committee on Finance



Official Business

June 14, 1983

WHILE IN SESSION

Fouch V

State Capitol

Juneau, Alaska 99511

(907) 465-3706

OUT OF SESSION

P.O. Box 333

Kotzebue, Alaska 99752

(907) 442-3320

1024 W. 6th

Anchorage, Alaska 99501

(907) 274-0615

MEMORANDUM

TO: Representative Ward
Representative Tischer
Representative Larson
Members, Conference Committee on HB 251

FROM: Al Adams, Chair *AAK*
House Finance Committee

SUBJ: HB 251

I request that you consider the following revisions to HB 251, relating to state support for education, in your conference committee deliberations. I believe that these changes are necessary to provide for truly strict controls on the school construction debt program. The changes are listed in order of priority.

Suggested Revisions

1. P. 1, lines 14-16: Delete "and authorized by the qualified voters of the municipality". Add the language ", and" in front of "before July 1, 1983,".

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

The purpose of this change is to insure that municipal school districts do not rush for voter approval of bonded projects before July 1, 1983, but do not actually go to the bond market until later. The state would be obligated to pay "up to 90%" of these bond payments, when the legislature's intent is to only pick up 50% of future bond payments. It is my understanding

that both Ketchikan and Fairbanks will be selling their new bond issues before June 30, and thus would not be adversely affected by this amendment.

2. P. 1, line 28: Between "year" and "for" add the phrase "two years earlier". The section would then read: "(A) payments made by the municipality during the fiscal year two years earlier for the retirement of principal and interest on outstanding bonds, notes or other indebtedness authorized by the qualified voters of the municipality after June 30, 1983 . . .".

My research on this subject has brought out the fact that reimbursing debt in the same year that it is incurred encourages the municipality to bond for school projects because they do not have to find a local source of funding (such as increased taxes) to pay those first two years of payments. This is less important when the state is only reimbursing 50% than it would be if the state continues to reimburse at 90%. However, I still feel that it would be a further layer of control to place on municipal school districts that is in order.

3. Add language to the bill to cap the amount that the legislature may appropriate annually for retirement of school construction debt. If a \$10 million cap is deemed appropriate, for example, the language could read: "No more than \$10,000,000 may be appropriated to retire school construction and rehabilitation debt in a single fiscal year." Capping the amount the statute authorizes to be appropriated each year would be a clear signal to communities that the legislature does not intend the program to continue to expand dramatically in the future. Of course, no legislature can bind a future one, so the actual amount of the annual appropriation would be determined in the annual budget process. However, such capping authorization is allowable, and from my point of view, desirable.

Procedural Note

In order to make any of the above changes, it would be necessary to request limited powers of conference committee since none of this language presently exists in either body's version of the bill.

If the Senate is not amenable to any of these amendments, it would be necessary to form a free conference committee in order to include them in the bill.

*Just only my conservative ideas! Just
do your best!!*
ge

Thank you for your consideration of my views as you
deliberate on this important matter.

From: Ginny Clitwood :
 AK Municipal League

4127183

SCHOOL DEBT RETIREMENT

	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.	11,237,345	1,817,173	13,054,518
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	\$32,086,982	\$12,070,038	\$44,157,020

* * * * *

Estimated Entitlement on Debt Issued after 12/31/81	\$44,157,020
Entitlement on Debt Issued before 12/31/81 (2 year lag)	50,970,977
Total FY 84 Entitlement for School Debt Retirement	\$95,127,997

School Debt Retirement, page 2

	Entitlement on Debt Issued before 12/31/81	Entitlement on Debt Issued after 12/31/81	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,	6,054,075	11,024,267
Galena	45,998		45,998
Haines Borough	93,668		93,668
C. & B. Juneau	1,377,557	5,872,993	7,250,550
Kenai Pen. Bor.	6,087,170	13,054,518	19,141,688
Ketchikan Gate. E.	980,388		980,388
Kodiak I. Bor.	1,683,285	1,512,900	3,196,185
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		3,179,975
Wrangell	111,516		111,516
Yakutat	49,423		49,423
	-----	-----	-----
totals	\$50,970,977	\$44,157,020	\$95,127,997

Legislative Digest

A Forecast and Review

May 7, 1983
No. 16/83

A Kenai Suit Over Debt Issue:

NANCY - FYI.

SCHOOL DEBT UNDERFUNDING

The legal challenge approved by the Kenai Borough, and threatened by several other boroughs, over state payments for local school bond debt, has caused some uneasiness in the House and Senate Finance Committees, and caused a search for contingent sources of cash. Boroughs and school districts across the state are upset over plans to only partially fund (at 62%) state payments for local school construction bond debt, which is presently authorized under state statute at a level of 90%.

Many boroughs recently undertook sizable school bond issues with the understanding, and public advocacy, that the state would fully fund the 90% school debt support program. If the state does not fully fund the the school debt service support program, the local districts will have to come up with local taxes to pay for the debt. Since the debt obligation cannot be trimmed, the local districts are left with the decision of either increasing local tax rates, or crossing over into their operating budgets and cutting educational services to free money for the bond payments. The Kenai Borough would receive \$9 million under the 62% funding, while under full (90%) funding they would be eligible for about \$15 million, which could translate into a 356% increase in property taxes over the next two years. Juneau, the Mat-Su Borough, and Anchorage have all approved sizable bond issues in the past year.

AHFC Bond Flap, Over For Now !!!

An agreement between the House and Senate this week cleared the way for the Alaska Housing Finance Corporation to proceed with planned bond sales to finance Alaska residential mortgages. The program ran into legal problems in the manner in which it had been handling interest. Hence, the remedial emergency legislation was required before new housing bonds could go on the market. The Senate tacked on a \$25 million amendment to force additional low-interest loans, and it was the removal of that amendment that cleared the bills way for passage.

However, shortly after the bill was signed AHFC announced it had found \$60 million in unused funds, an oversight which did not settle well with many Finance Committee members. The flap over the AHFC issue provides some indication that the popular housing programs, under state revenue reduction, are not going to be exempt from close scrutiny and pruning.

... Inside ...

Status of Bills.....	4/5
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