

HB

126

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

REQUEST: _____

Bill Version: CS HB 126 (Fin)
Publish Date: _____

Revision Date: 4/17/87

Agency Affected: Education

Title: An Act relating to the Public
School Foundation Program

BRU: K-12 Support

Sponsor: Rules by request of the Governor

Components: Foundation

Requestor: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS		10599.3	10599.3	10599.3	10599.3	10599.3
MISCELLANEOUS						
TOTAL OPERATING		10599.3	10599.3	10599.3	10599.3	10599.3

CAPITAL						
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REVENUE						
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FUNDING: (Thousands of Dollars)

GENERAL FUND		10599.3	10599.3	10599.3	10599.3	10599.3
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

1) Fully fund Governor's original bill with revised enrollment	4899.3
2) Phase-in local contribution	1500.0
3) Amend area differential based on revised department calculation	4200.0
TOTAL	<u>10599.3</u>

Prepared by: Al Adams, Chair *APA* Phone: _____
Division: House Finance Committee Date: 4/17/87

Approved by Commissioner: _____ Date: _____

Agency: _____

Distribution (by preparer):

Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)
Senate Secretary

CS HB 126 (FINANCE)

FISCAL NOTE

ANALYSIS

I. FULL FUND GOVERNOR'S ORIGINAL BILL WITH INCREASED ENROLLMENT ESTIMATES

432,385.8 - HB 126

600.0 - Valdez/Harborview

432,985.8 - Total Foundation Need

428,086.5 - Governor's Revised Budget Request (Foundation Component)

(4,899.3) - Needed to Restore Governor's Underfunding

II. PHASE IN LCCAL CONTRIBUTION (2 MIL MINIMUM FY 88, 3 MIL FY 89 AND 4 MIL FY 90)

1,500.0 - Phase in local contribution

III. ADJUST AREA DIFFERENTIAL PER DEPARTMENT OF EDUCATION REQUEST

4,200.0 - Revised area differential

TOTALS

4,899.3 - Full fund

1,500.0 - Phase in local contribution

4,200.0 - Revised area differential

10,599.3 - Total Fiscal Note

Original sponsor: Rules/Governor

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 126 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the public school foundation
7 program, employer contributions to the Teachers'
8 Retirement System, and community school programs; and
9 providing for an effective date."

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

11 * Section 1. AS 14.17.010 is amended to read:

12 Sec. 14.17.010. PUBLIC SCHOOL FOUNDATION ACCOUNT. (a) The
13 public school foundation account is established. The account consists
14 of appropriations for distribution to districts and [OR] for central-
15 ized correspondence study programs under this chapter.

16 (b) The money of the account may be used only in aid of public
17 schools, including community school programs, and [OR] for centralized
18 correspondence study programs as provided by this chapter.

19 * Sec. 2. AS 14.17.021 is repealed and reenacted to read:

20 Sec. 14.17.021. STATE FOUNDATION AID. (a) The amount of state
21 foundation aid for which a school district may qualify in a fiscal
22 year is calculated by subtracting from the basic need defined in (b)
23 of this section the required local contributions under AS 14.17.025(a)
24 and 90 percent of eligible federal impact aid for that fiscal year.

25 (b) The basic need of a school district is determined by multi-
26 plying the area cost differential of the district under AS 14.17.051
27 by the number of instructional units in the district under AS 14.17.-
28 031 and then multiplying that product by the instructional unit value
29 in AS 14.17.056.

1 * Sec. 3. AS 14.17.022 is amended to read:

2 Sec. 14.17.022. MONEY [FUNDS] FOR CENTRALIZED CORRESPONDENCE
3 STUDY. Money [FUNDS] for providing centralized correspondence study
4 programs for students not enrolled in an approved school district
5 correspondence study program includes [SHALL INCLUDE] an allocation
6 [APPROPRIATION] from the public school foundation account in an amount
7 calculated by multiplying the [BASE] instructional unit value in
8 AS 14.17.056 by the total number of instructional units, as determined
9 by applying the number of correspondence students to the formula for
10 elementary schools in AS 14.17.041(b)(1), then multiplying that prod-
11 uct by 65 percent [AS 14.17.041(a)].

12 * Sec. 4. AS 14.17 is amended by adding a new section to read:

13 Sec. 14.17.025. LOCAL CONTRIBUTIONS. (a) Local contributions
14 to a city or borough school district shall include at least the lesser
15 of

16 (1) the equivalent of a four mill tax levy on the full and
17 true value of the taxable real and personal property in the district
18 as of January 1 of the second preceding fiscal year, as determined by
19 the Department of Community and Regional Affairs under AS 14.17.140
20 and AS 29.45.110; or

21 (2) 35 percent of the district's basic need for the preced-
22 ing fiscal year, as determined under AS 14.17.021(b).

23 (b) In addition to the local contributions required under (a) of
24 this section, local contributions to a city or borough school district
25 in a fiscal year may include no more than the greater of

26 (1) the equivalent of a two mill tax levy on the full and
27 true value of the taxable real and personal property in the district
28 as of January 1 of the second preceding fiscal year, as determined by
29 the Department of Community and Regional Affairs under AS 14.17.140

1 and AS 29.45.110; or

2 (2) the product obtained by multiplying

3 (A) 21 percent of the instructional unit value in
4 AS 14.17.056;

5 (B) the number of instructional units approved for the
6 district for the fiscal year; and

7 (C) the area cost differential of the district under
8 AS 14.17.051.

9 (c) The department may by regulation reduce the maximum local
10 contribution specified in (b) of this section if necessary to keep
11 revenue or expenditure disparities among school districts in the state
12 in compliance with federal equalization requirements under sec. 5(d)-
13 (2) of P.L. 81 - 874 (20 U.S.C. 240(d)(2)), as amended, and regula-
14 tions adopted under it.

15 (d) Local contributions are not required in a regional educa-
16 tional attendance area. Interest earnings and other local revenue in
17 a regional educational attendance area are not considered local reve-
18 nue for current operating expenditures, and are subject to regulation
19 and disposition by the department.

20 (e) A state foundation aid payment may not be made to a city or
21 borough school district in which the requirements of (a) of this
22 section have not been met.

23 (f) For the first two fiscal years in which a district is sub-
24 ject to this section, local contributions may be less than the amount
25 that would otherwise be required under (a) of this section. However,
26 local contributions must be at least the greater of

27 (1) the local contributions, excluding any federal impact
28 aid, for the previous fiscal year; or

29 (2) the sum of 10 percent of the district's eligible

1 federal impact aid for that year and, for the first year, the
2 equivalent of a two mill tax levy and for the second year, the
3 equivalent of a three mill tax levy, on the full and true value of the
4 taxable real and personal property in the district as of January 1 of
5 the second preceding fiscal year, as determined by the Department of
6 Community and Regional Affairs under AS 14.17.140 and AS 29.45.110.

7 (g) A school district is eligible for additional state aid in
8 the amount by which the local contributions that would otherwise have
9 been required under (a) of this section exceed the district's actual
10 local contributions under (f) of this section.

11 * Sec. 5. AS 14.17.031 is repealed and reenacted to read:

12 Sec. 14.17.031. ALLOWABLE INSTRUCTIONAL UNITS. (a) The depart-
13 ment shall adopt regulations defining funding communities within each
14 district which reflect geographic and attendance area factors. For
15 the purpose of determining instructional units, students are counted
16 in the district and the funding community from which they receive
17 educational services. The total number of instructional units in a
18 school district is the sum of the following units for each funding
19 community within the district, as determined by the department:

20 (1) the number of units for elementary and secondary stu-
21 dents determined under AS 14.17.041(a) or (b);

22 (2) the number of units for vocational education determined
23 under AS 14.17.043;

24 (3) the number of units for special education determined
25 under AS 14.17.045; and

26 (4) the number of units for bilingual education determined
27 under AS 14.17.047.

28 (b) For purposes of (a)(1) of this section, in fiscal years
29 beginning after July 1, 1987, 90 percent of the district's total

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1 elementary and secondary instructional units for the preceding fiscal
2 year is used if that number is greater than the district's total under
3 (a)(1) of this section for the current fiscal year.

4 * Sec. 6. AS 14.17.041 is repealed and reenacted to read:

5 Sec. 14.17.041. ELEMENTARY AND SECONDARY INSTRUCTIONAL UNITS.

6 (a) For funding communities that have an average daily membership of
7 less than 200 in grades K-6 or less than 200 in grades 7-12, combined
8 elementary and secondary instructional units are determined under the
9 following table:

ADM	Units
1 - 10	2
11 - 20	$2 + ((ADM-10)/5)$
21 - 60	$4 + ((ADM-20)/8)$
61 - 120	$9 + ((ADM-60)/12)$
121 - 525	$14 + ((ADM-120)/15)$

16 (b) For funding communities that are not included under (a) of
17 this section,

18 (1) instructional units for elementary students are de-
19 termined by the formula:

20 $units = 15 + ((ADM-200)/17)$, where ADM is the number of
21 students in average daily membership in grades kindergarten through 6;

22 (2) instructional units for secondary students are de-
23 termined by the formula:

24 $units = 18 + ((ADM-200)/13)$, where ADM is the number of
25 students in average daily membership in grades 7 through 12.

26 (c) Kindergarten students who attend school less than four hours
27 a day are counted as 0.5 ADM under (a) and (b) of this section.

28 (d) District correspondence or other students who do not regu-
29 larly attend school on a daily basis are counted in the appropriate

1 grade level of the funding community with the highest ADM in the
2 district.

3 * Sec. 7. AS 14.17 is amended by adding new sections to read:

4 Sec. 14.17.043. VOCATIONAL EDUCATION INSTRUCTIONAL UNITS. Voca-
5 tional education instructional units for vocational education courses
6 approved by the department are calculated as the sum, for all of those
7 courses in the funding community, of the products obtained by multi-
8 plying 0.05 by the ADM full-time equivalent of the course, and then by
9 the cost weighting factor for the course determined under department
10 regulations. A funding community in which a vocational education
11 course approved by the department is operated receives a minimum of
12 0.10 instructional units for vocational education, or each district in
13 which a vocational education course is operated receives a minimum of
14 1.00 instructional units, whichever is greater.

15 Sec. 14.17.045. SPECIAL EDUCATION INSTRUCTIONAL UNITS. (a) An
16 exceptional child, as defined in AS 14.30.350, who is enrolled in a
17 special education program, approved by the department, on the last day
18 of the counting period for which a determination is being made, gener-
19 ates 0.025 instructional units if the child receives gifted services,
20 0.056 instructional units if the child receives resource services, 0.1
21 instructional units if the child receives self-contained services, or
22 0.333 instructional units if the child receives intensive or hospi-
23 tal/homebound services, as those categories of service are defined by
24 the department by regulation, in the funding community in which the
25 child is served. A child may be counted in one special education
26 category only.

27 (b) Notwithstanding (a) of this section, in a district that
28 offers a special education program each funding community receives a
29 minimum of 0.25 instructional units for special education for each

1 funding community in which a child is served or the district receives
2 a minimum of 1.00 instructional units for special education, whichever
3 is greater.

4 Sec. 14.17.047. BILINGUAL EDUCATION INSTRUCTIONAL UNITS. A
5 student for whom an appropriate bilingual program must be provided
6 under regulations adopted by the department, and who is enrolled in a
7 bilingual program, approved by the department, as of the last day of
8 the counting period for which a determination is being made, gener-
9 ates, in the funding community in which the student is served, the
10 number of bilingual education instructional units that is the product
11 obtained by multiplying 0.042 by the student's language dominance
12 category weight under department regulations. A funding community in
13 which a bilingual program approved by the department is operated
14 receives a minimum of 0.10 instructional units for bilingual educa-
15 tion, or a district in which a bilingual program is operated receives
16 a minimum of 1.00 instructional units, whichever is greater.

17 * Sec. 8. AS 14.17.051 is repealed and reenacted to read:

18 Sec. 14.17.051. AREA COST DIFFERENTIAL. The area cost differen-
19 tial for a school district is as follows:

School District	Area Cost Differential
Adak	1.27
Alaska Gateway	1.19
Aleutian Region	1.31
Anchorage	1.00
Annette Island	1.03
Bering Strait	1.39
Bristol Bay	1.27
Chatham	1.03
Chugach	1.14



Alaska State Legislature

HOUSE OF REPRESENTATIVES

Committee on Finance

Official Business

P.O. Box V
State Capitol
Juneau, Alaska 99811

HOUSE FINANCE COMMITTEE
LETTER OF INTENT
FOR
CS HB 126 (FINANCE)

The Legislature recognizes the additional financial burden placed on school districts by the requirement that the full cost of the employer's share of the Teacher's Retirement System (TRS) Match be born by the individual school districts. It is the intent of the Legislature that the Department of Education evaluate along with each individual school district the impact of this change on all school districts and report back to the Legislature by the 10th day of the First Session of the Sixteenth Alaska State Legislature any statutory changes deemed appropriate.

A handwritten signature in cursive script, appearing to read "Al Adams".

Rep. Al Adams, Chair
House Finance Committee

1	Copper River	1.14
2	Cordova	1.11
3	Craig	1.03
4	Delta/Greely	1.16
5	Dillingham	1.27
6	Fairbanks	1.04
7	Galena	1.30
8	Haines	1.05
9	Hoonah	1.08
10	Hydaburg	1.03
11	Iditarod	1.33
12	Juneau	1.00
13	Kake	1.03
14	Kashunamiut	1.33
15	Kenai	1.00
16	Ketchikan	1.00
17	King Cove	1.27
18	Klawock	1.03
19	Kodiak	1.09
20	Kuspuk	1.33
21	Lake & Peninsula	1.31
22	Lower Kuskokwim	1.42
23	Lower Yukon	1.35
24	Matanuska-Susitna	1.00
25	Nenana	1.20
26	Nome	1.34
27	North Slope	1.45
28	Northwest Arctic	1.45
29	Pelican	1.08

1	Petersburg	1.00
2	Pribilof	1.30
3	Railbelt	1.23
4	Sand Point	1.27
5	Sitka	1.00
6	Skagway	1.05
7	Southeast Island	1.04
8	Southwest Region	1.31
9	St. Mary's	1.30
10	Tanana	1.30
11	Unalaska	1.27
12	Valdez	1.11
13	Wrangell	1.00
14	Yakutat	1.08
15	Yukon Flats	1.46
16	Yukon-Koyukuk	1.34
17	Yupiit	1.41

18 * Sec. 9. AS 14.17.056 is amended to read:

19 Sec. 14.17.056. [BASE] INSTRUCTIONAL UNIT VALUE. The [BASE]
 20 instructional unit value [FOR FISCAL YEARS BEGINNING ON OR AFTER
 21 JULY 1, 1986,] is \$60,000 [\$42,184].

22 * Sec. 10. AS 14.17.080 is repealed and reenacted to read:

23 Sec. 14.17.080. STUDENT COUNT ESTIMATES. Each district shall
 24 prepare and submit to the department, by October 15 of each fiscal
 25 year, in the manner and on forms prescribed by the department, an
 26 estimate of its average daily membership and other student count data
 27 for the succeeding fiscal year, upon which computations can be made of
 28 the amount of estimated state foundation aid for which the district
 29 will be eligible under AS 14.17.021 in that fiscal year. In making

1 this estimate, the district shall consider its average daily member-
2 ship, other student count data, the pattern of growth or decline in
3 preceding years, and other pertinent information available to the
4 district. The preliminary reports required by this section are the
5 basis for estimating the need for state foundation aid for the next
6 fiscal year.

7 * Sec. 11. AS 14.17.082 is repealed and reenacted to read:

8 Sec. 14.17.082. FUND BALANCE IN SCHOOL OPERATING FUND. (a) A
9 district may not accumulate in a fiscal year an unreserved portion of
10 its year-end fund balance in its school operating fund, as defined by
11 department regulations, that is greater than 10 percent of its expen-
12 ditures for that fiscal year.

13 (b) The department shall review the annual audit of each dis-
14 trict for the preceding fiscal year to ascertain its year-end operat-
15 ing fund balance. The amount by which the unreserved portion of that
16 balance exceeds the amount permitted in (a) of this section shall be
17 deducted from the state foundation aid that would otherwise be paid to
18 the district in the current fiscal year.

19 * Sec. 12. AS 14.17.140 is amended to read:

20 Sec. 14.17.140. DETERMINATION OF FULL AND TRUE VALUE BY DEPART-
21 MENT OF COMMUNITY AND REGIONAL AFFAIRS. (a) To determine the amount
22 of local effort under AS 14.17.025 and to aid the department and the
23 legislature in planning, [EQUALIZED PERCENTAGE TO BE APPLIED TO BASIC
24 NEED UNDER AS 14.17.021] the Department of Community and Regional
25 Affairs, in consultation with the assessor for each district, shall
26 determine the full value of the taxable real and personal property in
27 each city or borough district. [EXEMPTIONS GRANTED UNDER CH. 129, SLA
28 1957, KNOWN AS THE ALASKA INDUSTRIAL INCENTIVE ACT (AS 43.25), SHALL
29 BE HONORED.] If there is no local assessor or current local assess-

1 ment for a district, then the Department of Community and Regional
2 Affairs shall make the determination of full value from information
3 available. In making the determination, the Department of Community
4 and Regional Affairs shall be guided by AS 29.45.110. The determina-
5 tion of full value shall be made by [BEFORE] October 1 and sent by
6 certified mail, return receipt requested, on or before that date to
7 the president of the school board in each district. Duplicate copies
8 shall be sent to the commissioner. The governing body of a [THE]
9 borough or city that [WHICH] is a school [THE] district may obtain
10 judicial review of the determination. The superior court may modify
11 the determination of the Department of Community and Regional Affairs
12 only upon a finding of abuse of [OR] discretion or upon a finding that
13 there is no substantial evidence to support the determination.

14 (b) Motor vehicles subject to the motor vehicle registration tax
15 under AS 28.10.431 [AS 28.10.255] shall be treated as taxable property
16 under [FOR PURPOSES OF (a) OF] this section.

17 * Sec. 13. AS 14.17.160 is repealed and reenacted to read:

18 Sec. 14.17.160. STUDENT COUNTING PERIODS. (a) Within two weeks
19 after the end of the 20-school-day period ending the fourth Friday in
20 October, each district shall transmit a report to the department that,
21 under regulations adopted by the department, reports its average daily
22 membership for that counting period, and other student count informa-
23 tion that will aid the department in making a determination of its
24 state foundation aid. If it makes the district eligible for more
25 state foundation aid, a district may transmit, within two weeks after
26 the 20-school-day period ending the second Friday in February, a
27 similar report for that counting period. For centralized correspon-
28 dence study, the October report shall be based on the period from
29 July 1 through the fourth Friday in October, except that summer school

1 students shall be counted as a proportionate fraction as determined by
2 the department. The department may make necessary corrections in the
3 report submitted, and shall notify the district of changes made. The
4 commissioner shall notify the governor of additional appropriations
5 the commissioner estimates to be necessary to fully fund the public
6 school foundation program for the current fiscal year.

7 (b) Upon written request and for good cause shown, the commis-
8 sioner may permit a district to use a 20-school-day counting period
9 other than the periods set out in (a) of this section. However, the
10 counting period must be 20 consecutive school days.

11 * Sec. 14. AS 14.17.170 is repealed and reenacted to read:

12 Sec. 14.17.170. DISTRIBUTION OF STATE FOUNDATION AID. (a) The
13 department shall determine the state foundation aid for each school
14 district in a fiscal year on the basis of the district's data reported
15 under AS 14.17.160 for the counting period that makes the district
16 eligible for the greatest number of instructional units. On or before
17 the 15th day of each of the first nine months of each fiscal year,
18 1/12 of each district's state foundation aid shall be distributed on
19 the basis of the data reported for the preceding fiscal year. On or
20 before the 15th day of each of the last three months of each fiscal
21 year, 1/3 of the balance of each district's state foundation aid shall
22 be distributed, after the balance has been recomputed on the basis of
23 student count and other data reported for the current fiscal year.

24 (b) If a district receives more state aid money than it is
25 entitled to receive under this chapter, it shall immediately remit the
26 amount of overpayment to the commissioner, to be returned to the
27 public school foundation account. Upon an adequate showing of a cash
28 flow shortfall, and in the discretion of the commissioner, the depart-
29 ment may make advance payments to a school district. The total of

1 advance payments may not exceed the amount of state foundation aid for
2 which the district is eligible for the fiscal year.

3 * Sec. 15. AS 14.17.190(b) is amended to read:

4 (b) Each district shall maintain complete financial records of
5 the receipt and disbursement of public school foundation money, [AND]
6 money acquired from local effort, and other money received by the
7 district. The records must be in the form required by the department
8 [COMMISSIONER] and are subject to audit by the department [COMMIS-
9 SIONER OR THE BOARD] at any time.

10 * Sec. 16. AS 14.17.220 is amended to read:

11 Sec. 14.17.220. PURPOSE. It is the intention of the legisla-
12 ture, in enacting this public school foundation program, to assure an
13 equitable [ADEQUATE] level of educational opportunities for those in
14 attendance in the public schools of the state. Except for the limita-
15 tions of AS 14.17.025, this [THIS] chapter may [SHALL] not be inter-
16 preted as preventing a public school district from providing educa-
17 tional services and facilities beyond those assured by the foundation
18 program.

19 * Sec. 17. AS 14.17.225 is repealed and reenacted to read:

20 Sec. 14.17.225. CONSTRUCTION AND IMPLEMENTATION OF CHAPTER. (a)
21 This chapter does not create a debt of the state. Each district shall
22 establish, maintain, and operate under a balanced budget. The state
23 is not responsible for the debts of a school district.

24 (b) Money to carry out the provisions of AS 14.17.010 - 14.-
25 17.190 may be appropriated annually by the legislature into the public
26 school foundation account. If amounts in the account are insufficient
27 to meet the allocations authorized under AS 14.17.010 - 14.17.190 for
28 a fiscal year, each district's basic need shall be reduced pro rata as
29 necessary to make the funds available sufficient to meet the alloca-

1 tions for that fiscal year.

2 * Sec. 18. AS 14.17.250(1) is amended to read:

3 (1) "ADM full-time equivalent" means the [QUOTIENT OF THE]
4 aggregate class periods of pupil membership [PER DAY] in specified
5 classes for the student counting period for which a determination is
6 being made, divided by the total number of all class periods in the
7 student counting period [SCHOOL DAY];

8 * Sec. 19. AS 14.17.250(2) is amended to read:

9 (2) "average daily membership" or "ADM" means the aggregate
10 days of membership of pupils divided by the actual number of days in
11 session for the counting period for which a determination is being
12 made [SCHOOL TERM];

13 * Sec. 20. AS 14.17.250(11) is amended to read:

14 (11) "taxable real and personal property" means all real and
15 personal property taxable under the laws of the state [, BUT DOES NOT
16 INCLUDE HOUSEHOLD GOODS AND PERSONAL EFFECTS];

17 * Sec. 21. AS 14.17.250 is amended by adding new paragraphs to read:

18 (13) "eligible federal impact aid" for a fiscal year means
19 the amount of federal aid received by the district as of March 1 of
20 the fiscal year as payment for its entitlement for the application
21 submitted during the preceding fiscal year, including advance
22 payments, and adjustments received since March 1 of the preceding
23 fiscal year from prior year applications, under secs. 2, 3, and 4 of
24 P.L. 81 - 874 (20 U.S.C. 237 - 239), as amended, except payments
25 received under sec. 3(d)(3)(B)(ii) of that Act 20 U.S.C. 238(d)(3)(B)-
26 (ii)), to the extent the state may consider that aid as local
27 resources under that Act and the regulations adopted under it;

28 (14) "local contributions" means appropriations to the
29 school operating fund by the city or borough, interest earnings that a

1 district is allowed to keep and spend on school operations, state
2 tuition payments, the value of in-kind services performed by the city
3 or borough, and 10 percent of the district's eligible federal impact
4 aid.

5 * Sec. 22. AS 14.25.070 is amended to read:

6 Sec. 14.25.070. CONTRIBUTIONS BY EMPLOYER. An employer shall
7 contribute to the retirement fund an amount equal to [ONE-HALF] the
8 percentage, as certified by the administrator, of the sum total of the
9 base salaries of all teachers that is required in addition to teacher
10 contributions to provide the benefits of this chapter times the sum
11 total of the base salaries paid to teachers by the employer.

12 * Sec. 23. AS 14.36.030 is amended by adding a new subsection to read:

13 (d) If appropriations in a fiscal year are insufficient to fund
14 the grants authorized under (a) of this section, the department shall
15 award the grants to eligible districts on a pro rata basis.

16 * Sec. 24. TRANSITION. (a) For the purpose of calculating the re-
17 quired local contributions under AS 14.17.025(a)(2) for fiscal year 1988,
18 and for the purpose of (d)(2) of this section, each district's basic need
19 for the preceding fiscal year is as determined by the department based on
20 its projections of student count data for fiscal year 1988 and the allow-
21 able instructional units and instructional unit value as contained in this
22 Act.

23 (b) In fiscal years 1988, 1989, and 1990, a district may receive
24 state aid, in addition to its state foundation aid under AS 14.17.021(a),
25 in the lesser amount of

26 (1) $(p \times \text{sum87} \times \text{current ADM/ADM87}) - \text{current need}$; or

27 (2) $(p \times \text{state87} \times \text{current ADM/ADM87}) - \text{current state}$.

28 (c) In (b) of this section

29 (1) "ADM87" means the average daily membership of the district

1 in the student counting period used for funding for fiscal year 1987;

2 (2) "current ADM" means the average daily membership of the
3 district in the student counting period used for funding for the current
4 fiscal year;

5 (3) "current need" means the basic need of the district under
6 AS 14.17.021(b), as amended by sec. 2 of this Act, for the current fiscal
7 year;

8 (4) "current state" means the state foundation aid to the dis-
9 trict under AS 14.17.021(a), as amended by sec. 2 of this Act, for the
10 current fiscal year;

11 (5) "p" means the transition percentage, which is 90 percent in
12 fiscal year 1988, 80 percent in fiscal year 1989, and 70 percent in fiscal
13 year 1990;

14 (6) "state87" means the state aid received by the district for
15 fiscal year 1987 under AS 14.17.021, as it read before July 1, 1987;

16 (7) "sum87" means the sum of

17 (A) state aid received by the district under AS 14.17.021,
18 as it read before July 1, 1987, for fiscal year 1987;

19 (B) 90 percent of that portion of the federal impact aid
20 received by the district from the application submitted in fiscal year
21 1986 under secs. 2 - 4 of P.L. 81-874 (20 U.S.C. 237 - 239), as amend-
22 ed, to the extent that that money could be considered as local re-
23 sources under that Act and the regulations adopted under it; and

24 (C) for city or borough school districts, the total of

25 (i) the district's revenue from earnings in the dis-
26 trict's operating fund in fiscal year 1987;

27 (ii) state tuition payments to the district in fiscal
28 year 1987; and

29 (iii) city or borough appropriations or in-kind contri-

1 butions for fiscal year 1987.

2 (d) The amount determined under (c)(7)(C) of this section may not
3 exceed the lesser of

4 (1) the equivalent of a four-mill tax levy on the full and true
5 value of taxable real and personal property in the district as of January
6 1, 1986, as determined by the Department of Community and Regional Affairs
7 under AS 14.17.170; or

8 (2) 35 percent of the district's basic need as determined under
9 (a) of this section.

10 (e) Notwithstanding AS 14.17.021(a), in fiscal year 1988 amounts
11 received by a district under P.L. 81-874 (20 U.S.C. 237 - 239), as amended,
12 between March 1, 1987, and July 1, 1987, based upon applications submitted
13 before or during fiscal year 1986 may not be subtracted from the district's
14 basic need under AS 14.17.021(b).

15 * Sec. 25. AS 14.17.023, 14.17.027, 14.17.061, 14.17.090, 14.17.150,
16 14.17.180, 14.17.205, 14.17.250(5), 14.17.250(7), 14.17.250(10), 14.-
17 17.250(12); and AS 14.25.080 are repealed.

18 * Sec. 26. Sections 4 and 24 of this Act take effect immediately under
19 AS 01.10.070(c).

20 * Sec. 27. Sections 1 - 3, 5 - 23, and 25 of this Act take effect July
21 1, 1987.

**STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE**

REQUEST: _____

Bill Version: CSHB 126 (Fin)
Publish Date: _____

Revision Date: April 12, 1987
Title: An Act Relating to the Public
School Foundation Program
Sponsor: House Finance
Requestor: HB126 Finance Subcommittee

Agency Affected: Education
BRU: K-12 Support
Components: Foundation

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS		4,899.3				
MISCELLANEOUS						
TOTAL OPERATING						
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND		4,899.3				
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

432,385,796 - CSHB126 (HESS)
600,000 - Valdez - Harborview
 432,985,796 - Total Foundation Need
 428,086,500 - Governor's FY88 Revised Request
 <4,899,296> - Difference needed to fund CSHB126 (HESS)

Prepared by: Ronald J. [Signature] Phone: _____
 Division: _____ Date: 4/12/87

Approved by Commissioner: _____ Date: _____
 Agency: _____

Distribution (by preparer):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)
- Senate Secretary

HOUSE BILL 126

I COMPARISON - GOVERNOR'S REVISED AND CSHB126 (HESS)

432,385,796 - CSHB126 (HESS) - see Footnote (1) below
 600,000 - Valdez - Harborview
 432,985,796 - Total Foundation Need
 428,086,500 - Governor's FY88 Revised Request
 <4,899,296> - Difference needed to fund CSHB126 (HESS)

Action of Sub Committee II AMENDMENTS - FISCAL, POLICY AND TECHNICAL BEFORE HB126 SUBCOMMITTEE

F	1,000,000	#1(a)	Community School - funding source?
		or	
F	2,200,000	#1(b)	Community School - funding source?
P	0	#2	PL81-874 Special Fund (No. Slope Bor. S.D.)
P	400,000	#3	Secondary Student Cost, State Corresp. Study
P	0	#4(a)	Local Effort Cap - 6 mills or 21% of Inst. Unit value (DOE)
		or	
N/A	0	#4(b)	Local Effort Cap - reduce to 5.5 mills
-	0	#5	Pulled - see #18
P	0	#6	Adjust Special Education - funding whether students or not (return to original bill)
F	700,000	#7(a)	Bilingual Count - increase funding to present level (with Hold Harmless impact) - funding source?
F	4,200,000	#7(b)	Revised area differential cost (DOE) - funding source?
P	22,146,700	#8	Teachers Retirement System employer match removed from Foundation or leave as is in CSHB126
F	0	#9	Fund balance allowed - from 5% to 10%
P	0	#10	State Correspondence Study Summer School - allow students to be part time (similar to HB77)
P	0	#11	Drafting error correction
P	0	#12	Instructional Unit prorata language
-	0	#13	Pulled - see #18
P	0	#14	Fund balance effective data
P	0	#15	Language on vocational education
F	2,000,000	#16	Gifted and Talented - increase funding - funding source?
F	2,000,000	#17	Grants to small single site school districts with enrollment between 100-500 (Rep. Herrmann) funding source?
P / Amended	2,100,000	#18	Phase in on Local Contribution with State Subsidy (include impact of using PL81-874) funding source?
-	?	#19	Rep. Hoffman - use of PL874 as Local Effort

*P = passed
F = failed*

(1) FOOTNOTE:

CSHB126 (HESS) - What the Cost Factors are without Amendments.
 426,826,928 - Basic State Aid (with original area differential and February enrollment projection)
 3,333,528 - Hold Harmless
 2,225,340 - State Correspondence Study
 432,385,796 - Total as proposed in CSHB126 (HESS)

4/10/87 (revised)

**STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE**

REQUEST: _____

Bill Version: CSHB 126 (Fin)
Publish Date: _____

Revision Date: April 12, 1987
Title: An Act Relating to the Public
School Foundation Program
Sponsor: House Finance
Requestor: HBI26 Finance Subcommittee

Agency Affected: Education
BRU: K-12 Support
Components: Foundation

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS		1,500.0				
MISCELLANEOUS						
TOTAL OPERATING						

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND		1,500.0				
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Funds required to fund Amendment #18 - phase in on local contribution with state assistance.

Prepared by: Ron L. Larson *Ronald J. Larson* Phone: _____
Division: _____ Date: 4/12/87

Approved by Commissioner: _____ Date: _____
Agency: _____

Distribution (by preparer) :

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)
- Senate Secretary

HOUSE BILL 126

I COMPARISON - GOVERNOR'S REVISED AND CSHB126 (HESS)

432,385,796 - CSHB126 (HESS) - see Footnote (1) below
600,000 - Valdez - Harborview
 432,985,796 - Total Foundation Need
428,086,500 - Governor's FY88 Revised Request
 <4,899,296> - Difference needed to fund CSHB126(HESS)

Action II AMENDMENTS - FISCAL, POLICY AND TECHNICAL BEFORE HB126 SUBCOMMITTEE
Subcommittee

F	1,000,000	#1(a)	Community School - funding source?
		or	
F	2,200,000	#1(b)	Community School - funding source?
P	0	#2	PL81-874 Special Fund (No. Slope Bor. S.D.)
F	400,000	#3	Secondary Student Cost, State Corresp. Study
P	0	#4(a)	Local Effort Cap - 6 mills or 21% of Inst. Unit value (DOE)
		or	
N/A	0	#4(b)	Local Effort Cap - reduce to 5.5 mills
-	0	#5	Pulled - see #18
P	0	#6	Adjust Special Education - funding whether students or not (return to original bill)
F	700,000	#7(a)	Bilingual Count - increase funding to present level (with Hold Harmless impact) - funding source?
F	4,200,000	#7(b)	Revised area differential cost (DOE) - funding source?
P	22,146,700	#8	Teachers Retirement System employer match removed from Foundation or leave as is in CSHB126
F	0	#9	Fund balance allowed - from 5% to 10%
P	0	#10	State Correspondence Study Summer School - allow students to be part time (similar to HB77)
P	0	#11	Drafting error correction
P	0	#12	Instructional Unit prorata language
-	0	#13	Pulled - see #18
P	0	#14	Fund balance effective data
P	0	#15	Language on vocational education
F	2,000,000	#16	Gifted and Talented - increase funding - funding source?
F	2,000,000	#17	Grants to small single site school districts with enrollment between 100-500 (Rep. Herrmann) funding source?
P / Amended	2,100,000	#18	Phase in on Local Contribution with State Subsidy (include impact of using PL81-874) funding source?
-	?	#19	Rep. Hoffman - use of PL874 as Local Effort

P = passed
 F = failed

(1) FOOTNOTE:

CSHB126 (HESS) - What the Cost Factors are without Amendments.
 426,826,928 - Basic State Aid (with original area differential and February enrollment projection)
 3,333,528 - Hold Harmless
2,225,340 - State Correspondence Study
 432,385,796 - Total as proposed in CSHB126 (HESS)

4/10/87 (revised)

AMENDMENT

CSHB 126 (Fin.)

page 2, line 19
(2) [35] 36.4

NOTE:

- (1) This amendment will keep the local contribution at the level in the three districts that meet their requirement by contributing 35 percent instead of 4 mills.

STATE OF ALASKA 1987 LEGISLATIVE SESSION FISCAL NOTE

Revision Date: April 15, 198

REQUEST

Bill/Resolution No.: CSHB 126 (Fin)
 Title: An Act Relating to the Public School Foundation Program

Sponsor: House Finance
 Requestor: HR126 Finance Subcommittee
 Date of Request: _____

FISCAL DETAIL

Agency Affected: Education
 BRU: K-12 Support

Components: Foundation

EXPENDITURES/REVENUES : (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS		1,000,000				
MISCELLANEOUS						
TOTAL OPERATING						

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

FUNDING : (Thousands of Dollars)

GENERAL FUND		1,000,000				
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS :

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : Attach a separate page if necessary

Hold Harmless
 @90% with I.U. @ \$57,700 4,346,793
 @90% with I.U. @ 60,000 3,333,528
 <1,013,265>

NOTE:
 Additional cost associated with removing TRS match from foundation. This represents cost if the local contribution requirement is amended to 36.4%.

Prepared by: *Richard J. ...* Phone: 463 3727
 Division: _____ Date: 4/14/87

Approved by Commissioner: _____ Date: _____
 Agency: _____

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

DEPARTMENT OF EDUCATION
GOVERNOR'S PUBLIC SCHOOL FOUNDATION FUNDING PROPOSAL
58119/HB126 REVISED APRIL 14, 1987

Handwritten: 21 = 57700
N.H. @ 90%

SCHOOL DISTRICT	FY87 ADM FINAL	FY88 PROJECTED ADM	FY87 TOTAL REV. HARMLESS	FY88 BASIC NEED/FY 87 TOTAL REV.	FY87 90% BASIC COMPARISON	SUM FY87 HOLD HARMLESS	FY87 STATE 1 INCLUDES BOR SFACCOUNT	FY88 STATE/ FY87 STATE	FY87 90% STATE COMPARISON	STATE FY87 HOLD HARMLESS	FY88 HOLD HARMLESS
ADAK	601.7	600	83,787,818	101.5	83,399,405	(8435,914)	81,995,186	102.7	81,790,594	(252,093)	10
ALASKA GATEWAY	510.6	523	84,254,162	107.0	83,921,727	(8742,164)	83,627,611	108.7	83,344,137	(8693,203)	10
ALEUTIAN REGION	90.5	90	81,533,676	100.6	81,374,472	(8159,194)	81,261,025	100.4	81,110,751	(8128,264)	10
ANCHORAGE	39752.1	38874	8179,071,815	101.4	8157,608,604	(820,045,618)	8116,576,863	101.0	8102,601,575	(812,553,693)	10
ANNETTE ISLAND	421.1	432	82,815,876	81.9	82,599,887	8233,610	81,409,040	66.4	81,300,962	8311,521	8233,610
BERING STRAIT	1223.8	1251	814,497,905	95.7	813,338,120	(8843,963)	810,298,596	94.8	819,474,742	(8508,032)	90
BRISTOL BAY	233	231	82,212,932	92.3	81,974,543	(849,573)	81,851,146	74.0	81,651,730	8293,033	10
CHATYAH	351.6	310	82,883,168	103.9	82,287,838	(8352,516)	82,100,196	100.3	81,666,538	(8190,843)	10
CHUGACH	130	132	81,424,957	106.4	81,302,191	(8237,822)	81,261,025	107.6	81,134,106	(8221,975)	10
COPPER RIVER	560.7	561	83,926,442	116.5	83,535,689	(81,042,806)	83,528,329	118.4	83,177,195	(81,003,187)	10
CORDOVA	432.2	431	82,548,477	99.8	82,287,261	(8248,654)	82,036,945	99.7	81,828,161	(8196,222)	10
CRAIG	231	219	81,515,733	94.1	81,293,294	(8159,194)	81,454,025	84.9	81,240,643	870,347	10
DELTA GREELY	1018.7	1027	85,126,212	109.5	84,651,181	(81,007,458)	84,083,926	112.1	83,705,480	(81910,872)	10
DILLINGHAM	461.5	469	83,944,771	78.4	83,607,991	8466,803	83,395,120	68.3	83,105,266	8748,792	8466,803
FAIRBANKS	13116.8	13158	862,081,027	101.0	856,048,422	(86,857,849)	843,161,244	101.6	838,949,076	(85,017,412)	10
GALENA	166.5	172	81,935,035	73.6	81,799,060	8328,287	81,611,591	65.0	81,312,398	8366,069	8328,287
HAINES	351.7	360	82,375,613	94.5	82,188,509	(8108,528)	81,938,963	93.7	81,786,249	(876,138)	10
HOONAH	234.3	235	81,730,262	88.9	81,561,888	819,567	81,444,679	85.2	81,304,096	869,533	819,567
HYDABURG	107	108	8330,740	116.6	8754,654	(8206,051)	8828,540	108.5	8752,655	(8154,379)	10
IDITAROD	383.8	392	85,386,074	84.8	84,951,034	8284,258	84,536,423	82.4	84,170,010	8352,886	8284,258
JUNEAU	4599.4	4244	821,444,712	100.9	817,808,893	(82,147,806)	814,661,846	97.4	812,176,020	(8997,813)	10
KAKE	196	178	81,537,036	91.9	81,256,292	(826,956)	81,278,887	88.3	81,045,294	820,195	10
KASHOUMIUT	172	189	81,835,395	90.7	81,815,120	(815,126)	81,336,488	90.7	81,321,725	(89,613)	10
KENAI	8143.6	8414	845,280,206	91.9	842,105,320	(8905,991)	829,475,621	91.2	827,408,896	(8365,238)	10
KETCHIKAN	2435.4	2450	811,126,948	102.1	810,074,288	(81,356,082)	87,503,207	103.4	86,793,369	(81,013,260)	10
KING COVE	132.7	133	81,315,893	101.7	81,186,981	(8154,544)	81,164,887	94.7	81,050,769	(855,184)	10
KLAWOCK	162	168	81,343,439	88.1	81,253,876	826,597	81,109,877	86.3	81,035,885	842,168	826,597
KODIAK	2221.6	2319	813,534,997	100.6	812,715,562	(81,503,449)	811,194,652	101.5	810,516,906	(81,345,566)	10
KUSLUK	350.85	371	85,184,290	81.7	84,933,831	8452,272	83,971,279	77.8	83,779,422	8510,874	8452,272
LAKE & PENINSULA	354.4	369	85,610,983	88.8	85,070,506	870,224	84,374,135	87.0	84,098,900	8335,466	870,224
LOMER KUSKOKWIM	2564.39	2682	827,181,406	105.1	825,585,218	(84,288,957)	821,248,253	107.7	820,000,481	(83,940,542)	10
LOMER YUKON	1314.1	1343	812,240,228	105.6	811,258,476	(81,946,746)	87,606,527	110.3	86,996,430	(81,575,090)	10
MAT-SU	8680.9	8940	838,186,588	105.1	835,393,713	(85,920,641)	827,300,538	108.2	825,303,843	(85,124,461)	10
MEMANA	123	208	81,168,235	84.3	81,777,997	8112,198	81,113,668	84.3	81,694,949	8108,114	8108,114
NOPE	781.8	759	85,479,829	93.4	84,788,016	(8181,108)	85,097,450	86.5	84,453,912	8174,052	10
NORTH SLOPE	1151.3	1231	813,210,130	79.2	812,712,154	81,524,124	88,296,919	70.7	87,984,154	81,709,335	81,524,124
NORTHWEST ARCTIC	1530	1637	816,239,358	103.8	813,534,739	(82,080,612)	811,008,844	100.2	810,464,084	(81,190,572)	10
PELICAN	54.4	54	8562,367	111.2	8502,409	(8118,443)	8538,261	105.0	8480,855	(880,047)	10
PETERSBURG	601	597	83,096,954	101.2	82,768,708	(8345,361)	82,547,377	101.3	82,277,381	(8287,111)	10
PRIBILOF	155.6	152	81,444,739	122.0	81,270,182	(8451,009)	8441,968	136.0	8740,256	(8378,183)	10
RAILBELT	365.8	346	83,390,864	92.3	82,886,591	(875,150)	83,274,396	91.9	82,787,444	(857,830)	10
SAND POINT	118.3	135	8957,425	117.6	8983,323	(8301,079)	8451,916	101.4	8474,960	(8110,878)	10
SITKA	1610	1637	87,478,524	101.7	86,843,546	(8887,100)	85,629,812	102.8	85,151,802	(8730,132)	10
SKAGWAY	137	136	8498,163	149.2	8623,760	(8410,224)	8627,163	128.1	8560,327	(8237,512)	10
SOUTHEAST ISLAND	619.4	635	84,435,135	96.1	84,140,094	(8278,572)	83,670,378	96.0	83,426,212	(8227,698)	10
SOUTHWEST REGION	472.1	491	85,751,835	99.5	85,383,893	(8566,708)	84,009,665	100.9	83,752,981	(8455,250)	10
ST. MARY'S	101.2	125	81,451,953	73.0	81,614,078	8305,442	81,371,535	72.5	81,324,680	8296,463	8296,463
TANANA	81	86	81,241,893	80.6	81,186,698	8123,864	81,008,079	77.5	8063,275	8134,255	8123,864
UNALASKA	159	170	81,387,667	100.9	81,335,302	(8161,436)	81,111,194	80.9	81,069,263	8109,255	10
VALDEZ	695	697	84,441,194	84.8	84,008,577	8229,804	83,109,492	78.5	82,806,597	8359,526	8229,804
WRANGELL	494	497	82,543,130	104.7	82,302,717	(8375,140)	82,106,411	105.8	81,907,283	(8333,855)	10
YAKUTAT	157	147	81,246,559	96.2	81,050,444	(871,821)	81,134,896	93.5	80956,348	(836,983)	10
YUKON FLATS	372	390	85,303,295	95.8	85,003,915	(8320,064)	84,599,429	95.8	84,339,783	(8280,329)	10
YUKON-KOYUKUK	612.6	556	87,269,553	97.4	85,938,107	(8487,942)	85,785,085	94.1	84,725,525	(8216,057)	10
YUPIIT	294.6	281	84,433,987	85.7	83,806,364	8162,806	83,390,861	79.8	82,910,892	8330,458	8162,806

TOTALS	102,212.0	102,162	8580,739,805		8525,401,444		8411,491,267		8372,787,265		84,346,793
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DEPARTMENT OF EDUCATION
GOVERNOR'S PUBLIC SCHOOL FOUNDATION FUNDING PROPOSAL
SB119/MB126 MARCH 26, 1987

*D. N. = \$60,000
N. N. @ 90%*

SCHOOL DISTRICT	FY87 ADM FINAL	FY88 PROJECTED ADM	FY87 TOTAL FOR HOLD HARMLESS	FY88 BASIC NEED/FY 87 TOTAL REV.	FY87 90% BASIC COMPARISON	SUM FY87 HOLD HARMLESS	FY87 STATE 1 INCLUDES SR ACCOUNT	FY88 STATE/ FY87 STATE	FY87 90% STATE COMPARISON	STATE FY87 HOLD HARMLESS	FY88 HOLD HARMLESS
ADAK	501.7	600	43,787,818	105.6	13,399,405	1588,7951	11,995,156	110.6	11,790,594	1404,9761	
ALASKA GATEWAY	510.6	523	34,254,162	111.3	13,921,727	1928,0731	13,627,611	113.7	13,344,137	1489,1121	
ALUTTIAN REGION	90.5	90	11,535,676	104.6	11,374,472	1220,3281	11,241,025	105.3	11,110,751	1189,3981	
ANCHORAGE	39752.1	38174	1181,562,951	104.0	1159,797,101	1824,934,4991	1116,576,863	105.0	1102,601,575	117,143,9371	
ANNETTE ISLAND	421.1	432	12,815,876	45.2	12,599,887	1139,287	11,409,040	72.9	11,300,962	1217,198	1139.21
BERING STRAIT	1223.8	1251	114,497,905	99.5	113,338,120	11,409,2801	110,298,596	100.2	109,676,742	11,073,3491	
BRISTOL BAY	233	231	12,212,932	95.9	11,974,543	1130,2571	11,331,146	79.4	11,651,730	1212,348	
CHATHAM	351.6	310	12,883,168	108.0	12,287,838	1457,7621	12,100,196	106.0	11,966,538	1296,0901	
CHUGACH	130	132	11,424,957	110.7	11,302,191	1299,2091	11,241,025	112.5	11,134,106	1283,3621	
COPPER RIVER	560.7	561	13,926,442	121.2	13,535,689	11,225,3111	13,528,329	123.6	13,177,195	11,185,6921	
CORDOVA	432.2	431	12,551,675	103.6	12,290,131	1346,8491	12,036,945	104.5	11,928,161	1294,1291	
CRAIG	231	219	11,515,733	97.9	11,293,294	1113,1061	11,454,025	58.8	11,240,643	116,435	
DELTA GREELY	1018.7	1027	15,125,212	113.9	14,651,181	11,233,0191	14,083,926	117.6	13,705,480	11,136,4341	
DILLINGHAM	461.5	469	13,944,771	81.5	13,607,991	1341,591	13,395,120	71.9	13,105,266	1623,580	1341.59
FAIRBANKS	13116.8	13158	142,081,091	105.0	136,048,479	189,349,3211	143,161,244	107.4	138,949,076	17,524,8771	
GALENA	166.5	172	11,935,035	76.5	11,799,060	1269,640	11,411,591	69.0	11,312,396	1306,442	1269.66
HAINES	351.7	360	12,375,613	98.2	12,188,509	1220,0911	11,938,963	78.3	11,786,249	1165,7011	
HOONAH	234.3	-235	11,730,262	92.4	11,561,848	141,9121	11,444,679	89.4	11,304,096	18,054	
HYDABURG	107	108	1430,740	119.1	1754,654	1244,3461	1428,540	113.0	1752,655	1192,6741	
IOITAROD	343.8	392	15,346,074	88.2	14,951,034	198,234	14,536,423	86.4	14,170,010	1166,861	198.23
JUNEAU	4599.4	4244	121,444,712	104.9	117,808,893	12,943,3071	116,661,846	103.3	112,176,020	11,793,3141	
KAKE	196	178	11,595,345	92.1	11,303,950	130,4501	11,278,887	87.6	11,045,294	127,352	
KASHUNARUT	172	189	11,833,395	94.6	11,815,120	148,0801	11,336,488	95.6	11,321,725	1482,5681	
KENAI	1143.6	1114	145,287,112	95.6	142,111,742	12,414,0581	129,475,621	74.9	127,629,896	11,505,6131	
KETCHIKAN	2435.4	2450	111,127,549	106.2	110,074,850	11,811,1501	17,503,207	109.5	16,793,249	11,468,2691	
KING COVE	132.7	133	11,315,893	105.8	11,186,981	1208,0191	11,164,887	99.3	11,050,769	1108,6591	
KLADOK	162	168	11,343,439	91.6	11,253,876	122,3241	11,109,877	70.6	11,035,865	146,7531	
KOOTAK	2221.6	2319	113,534,997	104.7	112,715,562	12,070,2381	111,194,652	106.4	110,516,906	11,912,3531	
KUSPUK	350.85	371	15,184,290	85.0	14,933,831	1273,631	13,971,279	32.1	13,779,422	1332,233	1273.63
LAKE & PENINSULA	354.4	369	15,410,983	92.3	15,070,506	1129,0941	14,374,135	91.6	14,098,900	1163,6521	
LOWER KUSKOKWIM	2564.39	2682	127,181,406	109.3	125,585,218	15,479,7821	121,248,233	113.1	120,000,481	15,131,3661	
LOWER YUKON	1314.1	1343	112,240,228	109.8	111,258,476	12,473,1241	17,606,527	117.0	16,996,430	12,101,4691	
NAI-TSU	8680.9	8940	138,191,246	109.2	135,398,031	17,565,1691	127,300,538	114.1	125,303,243	16,765,6491	
NEENAH	123	208	11,164,235	87.7	11,777,997	145,797	11,113,668	97.8	11,694,949	141,713	141.71
NOPE	781.8	759	15,479,829	97.1	14,788,016	1379,1841	15,097,450	70.5	14,453,912	124,0241	
NORTH SLOPE	1151.3	1231	113,405,981	81.2	112,900,622	11,266,6221	14,296,919	73.6	17,984,154	11,459,216	11,266.62
NORTHWEST ARCTIC	1550	1637	114,239,358	108.0	113,534,739	12,703,0611	111,008,844	105.6	110,664,084	11,813,0211	
PELICAN	54.4	54	1562,347	115.7	1502,409	1143,1911	1538,261	109.6	1480,855	1104,7951	
PETERSBURG	601	597	13,096,954	105.3	12,768,708	1449,4921	12,547,377	106.3	12,277,381	1411,2421	
PRIBILOF	155.6	152	11,444,739	126.8	11,270,182	11519,6181	1441,988	114.3	1740,256	1444,7931	
RAILBELT	345.8	346	13,390,864	96.0	12,886,591	1193,2091	13,274,396	95.7	12,787,444	1175,5881	
SAND POINT	118.3	135	1997,425	122.2	1983,323	1352,2771	1451,916	104.7	1474,960	1162,0761	
SITKA	1610	1637	17,500,694	105.6	16,863,834	11,174,9641	15,629,812	107.8	15,151,802	11,016,1161	
SKAGWAY	137	136	1498,163	155.1	1423,760	1451,4401	1427,163	134.8	1560,327	1278,7271	
SOUTHEAST ISLAND	419.4	435	14,435,133	99.9	14,140,094	1454,7061	13,670,378	100.6	13,426,212	1403,8311	
SOUTHWEST REGION	672.1	691	15,751,833	103.4	15,383,893	1483,9071	14,009,445	106.6	13,752,981	1469,4491	
ST. MARY'S	101.2	125	11,645,092	87.0	11,828,783	1447,983	11,371,535	64.2	11,526,680	1437,437	1437.43
TANANA	81	86	11,241,893	83.8	11,186,696	141,498	11,008,079	81.4	1063,275	191,489	181.49
UNALASKA	159	170	11,387,667	104.9	11,335,302	1221,0981	11,111,194	85.8	11,049,263	149,594	
VALDEZ	695	697	14,494,277	87.2	14,056,489	1127,0891	13,109,692	81.6	12,806,597	1261,982	1127.08
WRANGELL	494	497	12,543,130	108.8	12,302,717	1441,8831	12,106,611	110.8	11,907,283	1440,5981	
YAKUTAT	157	147	11,244,559	100.0	11,050,444	1116,5561	11,134,896	97.7	1056,348	1181,7191	
YUKON FLATS	372	390	15,303,295	99.6	15,003,915	1532,2851	14,599,429	100.2	14,339,783	1492,5511	
YUKON-KOTLIK	612.6	556	17,269,553	101.3	15,938,107	1741,0931	15,785,085	99.0	14,725,525	1472,7071	
YUPIIT	294.6	281	14,433,987	83.9	13,804,366	1256,766	13,390,861	77.5	12,910,892	1404,618	1256.76

TOTALS 102,212.0 102,142 1583,768,740 1928,127,222 1411,491,247 1372,787,265 13,333.52

STATE OF ALASKA 1987 LEGISLATIVE SESSION FISCAL NOTE

Revision Date: April 15, 1987

REQUEST

Bill/Resolution No.: CSHB 126 (Fin)
 Title: An Act Relating to the Public School Foundation Program
 Sponsor: House Finance
 Requestor: HR126 Finance Subcommittee
 Date of Request: _____

FISCAL DETAIL

Agency Affected: Education
 BRU: K-12 Support
 Components: Foundation

EXPENDITURES/REVENUES : (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS		4,500,000				
MISCELLANEOUS						
TOTAL OPERATING						

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

FUNDING : (Thousands of Dollars)

GENERAL FUND		4,500,000				
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS :

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : Attach a separate page if necessary

Additional funds required with I.U. @ \$57,700; Hold Harmless @ 90% and required local effort @ 35%.

*Hold Harmless - difference between I.U. @ \$60,000 and \$57,700	\$1,013,265
*Additional State Aid to districts contributing 35% instead of 4 mills	3,500,000
	4,513,265

Prepared by: *Ronald J. [Signature]*
 Division: _____

Approved by Commissioner: _____
 Agency: _____

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

DEPARTMENT OF EDUCATION
GOVERNOR'S PUBLIC SCHOOL FOUNDATION FUNDING PROPOSAL
SB119/MB126
APRIL 13, 1987

SCHOOL DISTRICT	A	B	C	D	E	F	G	H
	FY87 BUDGETED LOCAL REVENUES	ONE HUNDRED PERCENT ASSESSED VALUE	COLUMN B AT 2 HILLS	AMOUNT REQUIRED TO REACH 4 HILLS	AMOUNT REQUIRED TO REACH 2 HILLS	COLUMN D MINUS COLUMN E	10% OF ELIGIBLE PL876	COLUMN G MINUS COLUMN F
ADAK	1229,600		10	10	10	10	10	10
ALASKA GATEWAY	10		10	10	10	10	10	10
ALEUTIANS REGION	116,500		10	10	10	10	10	10
ANCHORAGE	171,812,316	119,343,356,800	138,636,716	10	10	10	10	10
ANNETTE ISLAND	175,321		10	10	10	10	10	10
BERING STRAIT	1180,000		10	10	10	10	10	10
BRISTOL BAY	1102,532	1101,541,000	1203,082	1303,152	1100,550	1203,082	128,206	1174,276
CHATHAM	130,000		10	10	10	10	10	10
CHUGACH	115,000		10	10	10	10	10	10
COPPER RIVER	119,090		10	10	10	10	10	10
CORDOVA	1321,642	1123,782,300	1247,965	10	10	10	10	10
ORALG	128,735	117,304,700	1374,609	1120,434	115,274	174,610	15,564	170,946
DELTA GREELY	1103,454		10	10	10	10	10	10
DILLINGHAM	1195,000	1107,515,700	1215,031	1235,063	120,331	1215,032	129,406	1175,626
FALREMARKS	126,049,962	14,726,918,900	19,453,828	10	10	10	10	10
GALENA	128,224	120,106,700	113,214	10	10	10	10	10
HAINES	1401,474	197,621,600	1195,213	10	10	10	10	10
HODANAH	194,775	129,237,500	156,475	122,175	10	122,175	121,201	1974
HYDABURG	12,200	113,417,500	126,836	151,471	124,536	125,835	10	126,835
IDITAROD	1155,000		10	10	10	10	10	10
JUNEAU	19,255,132	11,688,992,300	13,377,965	10	10	10	10	10
KAKE	145,703	112,188,400	124,377	10	10	10	10	10
KASHMARIUT	10		10	10	10	10	10	10
KENAI	118,258,125	13,905,341,700	17,210,683	10	10	10	10	10
PETCHIKAN	15,472,063	1904,324,100	11,208,768	10	10	10	10	10
KING COVE	113,000	124,391,400	148,763	124,596	135,783	148,783	115,254	133,449
KLAGACK	129,428	15,841,100	111,682	10	10	10	10	10
KODIAK	12,193,536	1552,447,400	11,104,895	116,194	10	116,194	116,205	10
KUSKUPUK	1163,496		10	10	10	10	10	10
LAKE & PENINSULA	1160,000		10	10	10	10	10	10
LOWER KUSKOKWIM	1395,598		10	10	10	10	10	10
LOWER YUKON	1600,000		10	10	10	10	10	10
NAT-SU	119,147,502	12,716,755,900	15,433,512	10	10	10	10	10
NEENAH	148,001	118,099,500	136,179	124,397	10	124,397	1720	123,667
NOPE	1299,655	1151,635,000	1303,270	1306,865	13,515	1303,270	19,192	1294,078
NORTH SLOPE	113,962,700	113,570,786,300	127,141,573	10	10	10	10	10
NORTHWEST ARCTIC	1210,000	1235,045,250	1470,391	1750,181	1260,091	1470,040	1335,613	1134,477
PELICAN	124,126	114,987,400	129,975	135,324	15,849	129,975	10	129,975
PETERSBURG	1490,323	1135,355,400	1270,711	10	10	10	10	10
PRIBILOF	120,000		10	10	10	10	10	10
RAZLBELT	150,000		10	10	10	10	10	10
SAND POINT	1105,509	174,641,100	1149,282	1193,055	143,773	1149,282	10	1149,282
SITKA	13,064,801	1441,175,000	1482,350	10	10	10	10	10
SKAGWAY	171,000	159,036,600	1118,073	1165,146	147,073	1118,073	10	1118,073
SOUTHEAST ISLAND	1100,000		10	10	10	10	10	10
SOUTHWEST REGION	1250,000		10	10	10	10	10	10
ST. MARY'S	1100,000	14,451,200	18,902	10	10	10	10	10
TAPSNA	152,350	111,755,200	123,510	10	10	10	10	10
UNALASKA	1122,000	195,564,500	1191,129	1260,258	149,129	1191,129	117,164	1173,965
VALDEZ	14,468,037	11,693,326,700	13,386,653	10	10	10	10	10
WASSELL	1569,192	1108,670,500	1217,341	10	10	10	10	10
YAKUTAT	155,277	118,136,700	136,273	117,270	10	117,270	16,265	111,005
YUKON FLATS	130,000		10	10	10	10	10	10
YUKON-KOYUKUK	1105,000		10	10	10	10	10	10
YUPIIT	152,466		10	10	10	10	10	10

TOTALS 1180,634,903 151,044,006,850 1102,088,016 12,566,601 1656,604 11,910,197 1492,610 11,416,628

NOTE: ANCHORAGE, NORTH SLOPE AND VALDEZ HAVE BEEN EXCLUDED FROM THESE CALCULATIONS BECAUSE THEY MEET THE 35% REQUIREMENT OF BASIC NEED.

A M E N D M E N T

Offered in the FINANCE COMMITTEE

By Pourchot

TO: CSHB 126(Finance)

Page 1, line 7, following "program":

Insert "and community school programs"

Page 15, following line 5:

Insert a new bill section to read:

"* Sec. 22. AS 14.36.030(a) is amended to read:

(a) A district operating a community school program under an approved plan of operation may receive an annual grant from the state of one-half of one percent of its public school foundation support. If appropriations in a fiscal year are insufficient to fund the grants authorized under this subsection, the department shall award the grants to eligible districts on a pro rata basis [OR \$10,000, WHICH- EVER IS GREATER]."

Renumber remaining bill sections accordingly.

Page 17, line 8:

Delete "22"

Insert "23"

Page 17, line 10:

Delete "5 - 21, and 23"

Insert "5 - 22, and 24"

STEVE COWPER, GOVERNOR

DEPARTMENT OF EDUCATION

OFFICE OF THE COMMISSIONER

April 22, 1987

GOLDBELT PLACE
801 WEST 10th STREET
POUCH F
JUNEAU, ALASKA 99811

The Honorable Pat Pourchot
Alaska State Legislature
PO Box V, Mail Stop 3100
Juneau, Alaska 99811

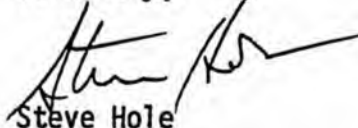
Dear Representative Pourchot:

At your request, the Department has reviewed the statutes regarding distribution of funds for the Community Schools program. As specified under AS 14.36.030, a district operating an approved program may receive a grant of one-half of one percent of its foundation support or \$10,000, whichever is greater. Under that statutory language, each eligible district would receive \$10,000 as the initial allocation determination. Any amount remaining after that allocation would be distributed on a prorata basis to those districts whose entitlements exceed the \$10,000 minimum.

In FY 87, 51 school districts received community schools grants. To meet the minimum basic grant requirement of \$10,000, a total of \$510,000 would be necessary. For FY 88, any funds appropriated in excess of this sum would be allocated on a prorata basis, as a percentage of entitlement of each district's foundation support.

If the legislature wishes to allocate funds in a manner different from that specified in existing statutes, repeat or revision of these statutes is necessary. If AS 14.36.030(a) and (b) were repealed, and funds were appropriated for the community schools program, sufficient intent language would be necessary to direct the Department in the distribution approach desired by the Legislature.

Sincerely,



Steve Hole
Deputy Commissioner

Attachment



Official Business

Alaska State Legislature

HOUSE OF REPRESENTATIVES

Committee on Finance

P.O. Box V
State Capitol
Juneau, Alaska 99811

HOUSE FINANCE COMMITTEE
LETTER OF INTENT
FOR
CS HB 126 (FINANCE)

The Legislature recognizes the additional financial burden placed on school districts by the requirement that the full cost of the employer's share of the Teacher's Retirement System (TRS) Match be born by the individual school districts. It is the intent of the Legislature that the Department of Education evaluate the impact of this change on all school districts and report back to the Legislature by the 10th day of the First Session of the Sixteenth Alaska State Legislature any statutory changes deemed appropriate.

Rep. Al Adams, Chairman
House Finance Committee

A M E N D M E N T

Offered in the FINANCE COMMITTEE

TO: CSHB 126(Fin)

Page 1, line 7, following "program":

Insert "and employer contributions to the Teachers' Retirement System"

Page 15, following line 5:

Insert a new bill section to read:

"* Sec. 22. AS 14.25.070 is amended to read:

Sec. 14.25.070. CONTRIBUTIONS BY EMPLOYER. An employer shall contribute to the retirement fund an amount equal to [ONE-HALF] the percentage, as certified by the administrator, of the sum total of the base salaries of all teachers that is required in addition to teacher contributions to provide the benefits of this chapter times the sum total of the base salaries paid to teachers by the employer."

Renumber remaining bill sections accordingly.

Page 17, line 6:

Delete "and"

Page 17, line 7, following "14.17.250(12)":

Insert "; and AS 14.25.080"

Page 17, line 8:

Delete "22"

Insert "23"

Page 17, line 10:

Delete "5 - 21, and 23"

Insert "5 - 22, and 24"

STATE OF ALASKA. 1987 LEGISLATIVE SESSION
FISCAL NOTE

Bill version: HF: 126
Publish date: 2/11/87

REQUEST:
Revision Date: _____
Title: ... Public School Foundation
Program ...
Sponsor: Governor
Requestor: Governor

Agency Affected: Education
BRU: K - 12 Support
Components: Foundation

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		-0-	-0-	-0-	-0-	-0-

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND		-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

This bill has no additional cost under the Governor's FY-88 Operating Budget request.

Prepared by: Steve Hole
Division: Commissioner's Office

Phone: 2800
Date: 2-10-87

Approved by Commissioner: Marshall L. Lind
Agency: Education

Date: 2-10-87

- Distribution (by preparer):
- Legislative Finance
 - Legislative Sponsor
 - Requestor
 - Office of Management and Budget
 - Impacted Agency(ies)
 - Senate Secretary

Governor's Public School Foundation Funding Proposal

CSHB 126 (Finance)

April 22, 1987

Column explanations for attached data packet:

Data sheets

Page 1 Projected FY88 average daily membership (ADM), instructional units, and area cost differential
Total adjusted units = total units x area cost differential

Page 2 State, Local, and Federal Shares of Basic Need

<u>Column</u>	<u>Description</u>
B	Basic Need = Columns E + I + K
E	Required Local Effort = Lessor of Column D (35% of Basic Need) or production of 4 mill tax levy (.004 times Column S, page 5)
I	Deductible PL 874 = 90% times Column H times Column G
K	State Aid = Basic Need (B) minus Required Local Effort (E) minus Deductible PL 874 (I)
L	Basic Need per unit. This column is equal to \$60,000 for each district since every unit is worth \$60,000. Column L = (Columns M + N + O)
M	Required Local Effort per unit
N	Deductible PL 874 per unit
O	State Aid per unit

Page 3 Calculation of State Aid

<u>Column</u>	<u>Description</u>
B	Total Adjusted Units (Page 1) x \$60,000 Column B = (Columns E + I + K)
C	65% of Column B
D	35% of Column B
E	Production of 4 mill tax levy or 35% of Basic Need (from Column D), whichever is less
F	Column D minus Column E; Column F represents State Aid required in addition to Required Local Effort to make up 35% of Basic Need
G	FY 86 PL 81-874 revenue excluding amount received for special education students
H	Percentage of eligibility of PL 81-874 revenue which legally can be deducted in State Funding Plan (Column E/Column Q)
I	90% times Column H times Column G
J	Column C minus Column I; Column J represents State Aid required in addition to deductible PL 874 to make up 65% of Basic Need
K	Total State Aid Column K = (Columns F + J)

Page 4 Hold Harmless Calculations

<u>Column</u>	<u>Description</u>
AA	FY 87 average daily membership (ADM)
BB	FY 88 projected ADM submitted by districts
CC	FY 87 Total Revenue for Hold Harmless is equal to sum of 1) FY 87 state foundation aid including 80% distribution of Secondary Formula Account to city/borough school districts (Column GG), 2) deductible PL 874 revenue (Column I), and 3) FY 87 local contribution limited to amount of 35% of Basic Need or 4 mill levy, whichever is lessor (Column P, p.5).
DD	Percentage figure equal to FY 88 Basic Need (Column B) divided by Column CC adjusted for ADM (Column BB/Column AA)

Page 4 Hold Harmless Calculations (Continued)

- EE 90% of Column CC adjusted for ADM. FY 88 Basic Need is compared to this figure
- FF Column EE minus Column B. Positive numbers indicate amounts where there is possible eligibility for Hold Harmless assistance
- GG FY 87 State foundation aid including 80% distribution of Secondary Formula Account for cities/boroughs
- HH Percentage figure equal to FY 88 State Aid (Column K) divided by Column GG adjusted for ADM (Column BB/Column AA)
- II 90% of Column GG adjusted for ADM. FY 88 State Aid is compared to this figure
- JJ Column II minus Column K. Positive numbers indicate amounts where there is possible eligibility for Hold Harmless assistance
- KK Hold Harmless amounts equal to lessor of amounts in Column FF or Column JJ. Only positive amounts are listed

Page 5 Disparity Information

<u>Column</u>	<u>Description</u>
P	FY 87 local contribution (including "in-kind," earnings on investments, and state tuition payments) capped at 35% of Basic Need or 4 mill levy, whichever is lessor
Q	Estimated FY 88 local revenue (including "in-kind," earnings on investments, and state tuition payments) with a minimum value of 35% of Basic Need or 4 mill levy, whichever is lessor, and maximum value of 2 mills or \$12,600 per unit, whichever is greater, over the Required Local Effort
E	Required Local Effort (See uescription on p.2)
S	100% full and true value of assessed property prepared by DCRA
T	Production of 1 mill per unit
U	Production of 1.5 mills per unit
V	Production of 2.0 mills per unit

Local Property Wealth and Fiscal Equalization

Columns, T, U, and V provide relevant data for calculating disparity percentages under PL 81-874 requirements. With the proposed foundation funding plan equalized at \$60,000 per unit, a maximum of \$15,000 disparity (25%; 15,000/60,000) is permitted under Federal PL 874 requirements between the districts at the 5th and 95th percentiles. Anchorage is at one extreme with \$12,565 per unit with a 2 mill maximum leeway. An amendment will be proposed to revise the maximum contribution to the equivalent of a 2 mill tax levy or 21% of the unit value (12,600), whichever is greater, in addition to the required local effort.

	<u>Equalized Per Unit</u>	<u>1.5 Mills Per Unit</u>	<u>2.0 Mills Per Unit</u>
North Slope	60,000	162,814	197,086
Valdez	60,000	98,784	111,713
Anchorage	60,000	69,424	72,565
...
...
...
REAA	60,000	60,000	60,000

188-EFSS

SCHOOL DISTRICT	FY88 PROJECTED ADM	K - 12	BI/BI	SPECIAL EDUCATION	VOC ED	TOTAL UNITS	AREA COST DIFF.	ADJUSTED UNITS
ADAK	600	45.51	1.00	4.83	1.00	52.34	1.27	66.47
ALASKA GATEWAY	523	62.14	1.00	5.54	1.00	69.68	1.19	82.92
ALEUTIAN REGION	90	18.93	0.00	1.00	1.00	20.93	1.31	27.42
ANCHORAGE	38874	2,609.66	40.24	396.22	32.94	3,078.86	1.00	3,078.86
ANNETTE ISLAND	432	34.80	1.00	4.21	1.00	41.01	1.03	42.24
BERING STRAIT	1251	156.81	11.69	12.74	2.19	183.43	1.39	254.96
BRISTOL BAY	231	23.40	1.00	2.22	1.00	27.62	1.27	35.08
CHATHAM	310	41.29	0.00	3.47	1.00	45.76	1.03	47.13
CHUGACH	132	22.04	0.00	1.00	1.00	24.04	1.14	27.41
COPPER RIVER	561	63.77	1.00	5.71	1.00	71.48	1.14	81.49
CORDOVA	431	34.73	0.00	3.86	1.00	39.59	1.11	43.95
CRAIG	219	20.60	0.00	1.84	1.00	23.44	1.03	24.16
DELTA GREELY	1027	74.10	0.00	8.91	1.53	84.54	1.16	98.07
DILLINGHAM	469	37.27	1.00	3.60	1.00	42.87	1.27	54.44
FAIRBANKS	13158	905.98	5.90	123.81	12.61	1,048.30	1.04	1,090.23
GALENA	172	17.47	0.00	1.14	1.00	19.61	1.30	25.49
HAINES	360	32.96	1.00	2.96	1.00	37.92	1.05	39.81
HOONAH	235	21.67	0.00	2.79	1.00	25.46	1.08	27.49
HYDABURG	108	13.00	1.00	1.65	1.00	16.65	1.03	17.15
IDITAROD	392	56.26	1.00	3.97	1.00	62.21	1.33	82.74
JUNEAU	4244	287.24	1.26	52.23	5.14	345.87	1.00	345.87
KAKE	178	17.87	0.00	3.37	1.00	22.24	1.03	22.90
KASHUNMIUT	189	18.60	2.27	2.53	1.00	24.40	1.33	32.45
KENAI	2416	645.39	10.03	77.16	12.85	745.43	1.00	745.43
KETCHIKAN	2450	170.54	1.00	23.42	3.10	198.10	1.00	198.10
KING COVE	133	14.87	0.00	2.44	1.00	18.31	1.27	23.25
KLAMOCK	168	17.20	0.00	3.07	1.00	21.27	1.03	21.91
KODIAK	2319	192.25	1.93	29.55	2.35	226.08	1.09	266.43
KUSPUK	371	53.53	1.50	3.67	1.04	59.74	1.33	79.46
LAKE & PENINSULA	369	62.62	1.00	3.52	1.10	68.24	1.31	89.39
LOWER KUSKOKWIM	2682	288.96	54.95	28.21	3.06	375.18	1.42	532.76
LOWER YUKON	1343	148.81	6.80	17.98	2.44	176.05	1.35	237.66
MAT-SU	8940	639.69	1.10	65.40	9.83	716.02	1.00	716.02
MEMANA	208	19.87	1.00	2.19	1.00	24.06	1.20	28.87
NOPE	759	56.47	1.00	5.80	1.00	64.27	1.34	86.12
NORTH SLOPE	1231	120.05	5.30	9.20	2.00	136.55	1.45	197.99
NORTHWEST ARCTIC	1637	166.49	7.14	15.23	1.73	190.59	1.45	276.35
PELICAN	54	8.25	0.00	1.00	1.00	10.25	1.08	11.07
PETERSBURG	597	45.80	1.00	6.17	1.00	53.97	1.00	53.97
PRIIBILOF	152	19.44	1.08	2.05	1.00	23.49	1.30	30.54
RATLBELT	346	39.66	0.00	2.12	1.00	42.78	1.23	52.62
SAND POINT	135	15.00	0.00	1.53	1.00	17.53	1.27	22.26
SITKA	1637	113.77	1.00	17.59	1.62	133.98	1.00	133.98
SKAGWAY	136	15.07	0.00	1.00	1.00	17.07	1.05	17.92
SOUTHEAST ISLAND	435	72.42	0.00	3.16	1.00	76.58	1.04	79.64
SOUTHWEST REGION	491	67.47	9.08	3.66	1.00	81.21	1.31	106.38
ST. MARY'S	125	14.33	1.00	1.11	1.00	17.44	1.30	22.68
TANANA	86	11.17	1.00	1.00	1.00	14.17	1.30	18.42
UNALASKA	170	17.33	1.00	1.09	1.00	20.42	1.27	25.94
VALDEZ	697	52.62	0.00	5.32	1.06	59.00	1.11	65.49
WRANGELL	497	38.89	0.00	6.52	1.00	46.41	1.00	46.41
YAKUTAT	147	15.80	0.00	-1.72	1.00	18.52	1.08	20.00
YUKON FLATS	390	58.76	1.00	4.22	1.00	64.98	1.44	94.87
YUKON-KOYUKUK	556	77.95	1.00	5.57	1.15	85.67	1.34	114.80
YUPIIT	281	35.32	6.61	2.58	1.00	45.51	1.41	64.16
TOTALS	102,162	7,931.69	186.80	1,003.85	134.76	9,297.10		10,109.60

DEPARTMENT OF EDUCATION
GOVERNOR'S PUBLIC SCHOOL FOUNDATION FUNDING PROPOSAL
CSFB 126 (FINANCE) REVISED APRIL 22, 1987

SCHOOL DISTRICT	FY88 PROJECTED BASIC NEED 160,000	REQUIRED LOCAL EFFORT	DEDUCTIBLE PL874	FY88 PROPOSED STATE AID	BASIC NEED PER UNIT	REQ. LOCAL EFFORT PER UNIT	PL874 DEDUCTIBLE PER UNIT	FY 88 STATE AID PER UNIT
ADAK	13,988,200	10	11,792,632	12,195,568	160,000	10	126,969	133,031
ALASKA GATEWAY	16,975,200	10	1626,551	14,348,649	160,000	10	17,556	152,444
ALEUTIAN REGION	11,645,200	10	1294,651	11,350,549	160,000	10	110,746	149,254
ANCHORAGE	1184,731,600	164,656,060	1330,028	1119,745,512	160,000	121,000	1107	138,893
ANNETTE ISLAND	12,536,400	10	11,406,836	11,127,564	160,000	10	133,306	126,694
BERING STRAIT	115,297,600	10	16,199,309	111,098,291	160,000	10	116,470	143,530
BRISTOL BAY	12,104,800	1406,164	1259,254	11,439,382	160,000	111,578	17,390	141,031
CHATHAM	12,827,800	10	1782,972	12,044,828	160,000	10	116,613	143,387
CHUGACH	11,644,600	10	1183,932	11,460,668	160,000	10	16,710	153,290
COPPER RIVER	14,889,400	10	1398,113	14,491,287	160,000	10	14,885	155,115
CORDOVA	12,637,000	1495,929	115,603	12,125,468	160,000	111,284	1355	148,361
CRAIG	11,448,400	1149,219	132,973	11,266,208	160,000	16,181	11,366	152,433
DELTA GREELY	15,884,200	10	11,042,286	14,841,914	160,000	10	110,628	149,372
DILLINGHAM	13,266,400	1430,063	1354,651	12,481,686	160,000	17,900	16,515	145,586
FAIRBANKS	165,413,800	118,907,656	132,127	146,474,017	160,000	117,343	129	142,628
GALENA	11,529,400	180,428	1443,016	11,005,956	160,000	13,155	117,380	139,465
HAINES	12,388,600	1390,466	146,184	11,951,950	160,000	19,809	11,160	149,032
HOONAH	11,649,400	1116,950	1190,808	11,341,642	160,000	14,254	16,941	148,805
HYDABURG	11,029,000	153,671	10	1075,329	160,000	13,130	10	156,870
IDITAROD	14,964,400	10	1849,651	14,114,749	160,000	10	110,269	149,731
JUNEAU	120,752,200	16,755,969	126,897	113,969,334	160,000	119,533	178	140,389
KAKE	11,374,000	148,754	1209,395	11,115,851	160,000	12,129	19,164	148,727
KASHUNAMIUT	11,947,000	10	1498,907	11,448,093	160,000	10	115,375	146,625
KENAI	144,725,800	115,621,367	1190,124	128,914,309	160,000	120,966	1255	138,789
KETCHIKAN	111,886,000	13,617,536	16,205	18,262,259	160,000	118,261	131	141,708
KING COVE	11,395,000	197,566	1138,006	11,159,428	160,000	14,196	15,936	149,866
KLAMUCK	11,314,600	123,364	1210,198	11,081,038	160,000	11,066	19,594	149,340
KODIAK	114,785,800	12,209,790	1146,749	112,429,261	160,000	14,967	1596	150,437
KUSPUK	14,767,600	10	11,213,011	13,554,589	160,000	10	115,266	144,734
LAKE & PENINSULA	15,363,400	10	11,036,848	14,326,552	160,000	10	111,599	148,401
LOWER KUSKOKWIM	131,965,600	10	15,933,153	126,032,447	160,000	10	111,137	148,863
LOWER YUKON	114,259,600	10	14,633,701	109,625,899	160,000	10	119,497	140,503
MAT-SU	142,961,200	110,867,024	119,026	132,075,150	160,000	115,177	127	144,796
MEMANA	11,732,200	172,398	16,566	11,653,236	160,000	12,508	1227	157,265
NOPE	15,167,200	1606,540	182,724	14,477,936	160,000	17,043	1961	151,996
NORTH SLOPE	111,879,400	14,157,790	11,059,034	16,662,576	160,000	121,000	15,349	133,651
NORTHWEST ARCTIC	116,581,000	1940,181	13,020,514	112,620,305	160,000	13,402	110,930	145,668
PELICAN	1664,200	159,950	10	1604,250	160,000	15,416	10	154,584
PETERSBURG	13,238,200	1541,422	18,155	12,688,623	160,000	110,032	1151	149,817
PRIBILOF	11,832,400	10	1602,751	11,229,649	160,000	10	119,736	140,264
RAILBELT	13,157,200	10	1116,468	13,040,732	160,000	10	12,213	157,787
SAND POINT	11,335,600	1298,564	10	11,037,036	160,000	113,413	10	146,587
SITKA	18,038,800	11,764,700	184,012	16,190,088	160,000	113,171	1627	146,202
SKAGWAY	11,075,200	1236,146	10	1839,054	160,000	113,178	10	146,822
SOUTHEAST ISLAND	14,778,400	10	1784,757	14,013,643	160,000	10	19,603	150,397
SOUTHWEST REGION	16,382,800	10	11,742,370	14,640,430	160,000	10	116,379	143,621
ST. MARY'S	11,360,800	117,805	162,613	11,280,382	160,000	1785	12,761	156,654
TANANA	11,105,200	147,021	1186,793	1871,386	160,000	12,553	110,141	147,307
UNALASKA	11,556,400	1382,258	1154,473	11,019,669	160,000	114,736	15,955	139,309
VALDEZ	13,929,400	11,375,290	19,695	12,544,615	160,000	121,000	1145	138,855
WAMBELL	12,784,600	1434,682	12,037	12,347,881	160,000	19,366	144	150,590
YAKUTAT	11,200,000	172,547	156,386	11,071,067	160,000	13,627	12,819	153,553
YUKON FLATS	15,692,200	10	1703,866	14,988,334	160,000	10	17,419	152,581
YUKON-KOYUKUK	16,838,000	10	11,484,468	15,403,532	160,000	10	112,931	147,069
YUPIIT	13,849,600	10	11,043,126	12,806,474	160,000	10	116,258	143,742

TOTALS	1606,576,000	1135,935,290	138,734,385	1431,906,325	STATEWIDE			
					AVERAGE	113,446.2	13,831.6	142,722.6
					PERCENTAGE	22.6%	6.6%	71.2%

STATE CORR STUDY -----))	12,225,340
VALDEZ CONTRACT -----))	1600,000
HOLD HARMLESS -----))	12,462,489
TOTAL STATE AID -----))	14,287,829

A	B	C	D	E	F	G	H	I	J	K
SCHOOL DISTRICT	FY88 PROJECTED BASIC NEED \$60,000	65% OF BASIC NEED	35% OF BASIC NEED	REQUIRED LOCAL EFFORT	35% BASIC NEED MINUS REQ. LOC. EFF	FY86 PL87A LESS SP. ED. PERCENTAGE	PL87A	DEDUCTIBLE PL87A	65% BASIC NEED LESS DEDUC. PL87A	FY88 PROPOSED STATE AID
ADAK	\$3,988,200	\$2,592,330	\$1,395,870	\$0	\$1,395,870	\$1,991,814	100.00%	\$1,792,632	\$179,698	\$2,195,568
ALASKA GATEWAY	\$4,975,200	\$3,233,880	\$1,741,320	\$0	\$1,741,320	\$496,167	100.00%	\$626,551	\$2,607,329	\$4,348,649
ALEUTIAN REGION	\$1,645,200	\$1,069,380	\$575,820	\$0	\$575,820	\$327,390	100.00%	\$294,651	\$774,729	\$1,350,549
ANCHORAGE	\$184,731,600	\$120,075,540	\$64,656,060	\$64,656,060	\$0	\$407,283	90.04%	\$350,028	\$119,745,512	\$119,745,512
ANNETTE ISLAND	\$2,534,400	\$1,647,360	\$887,040	\$0	\$887,040	\$1,563,151	100.00%	\$1,406,836	\$240,524	\$1,127,564
BERING STRAIT	\$15,297,600	\$9,943,440	\$5,354,160	\$0	\$5,354,160	\$4,665,899	100.00%	\$4,199,309	\$5,744,131	\$11,098,291
BRISTOL BAY	\$2,104,800	\$1,368,120	\$736,680	\$406,164	\$330,516	\$288,060	100.00%	\$259,254	\$1,108,866	\$1,439,382
CHATHAM	\$2,827,800	\$1,838,070	\$989,730	\$0	\$989,730	\$869,969	100.00%	\$722,972	\$1,055,098	\$2,044,828
CHUGACH	\$1,644,600	\$1,068,990	\$575,610	\$0	\$575,610	\$204,369	100.00%	\$183,932	\$885,058	\$1,460,668
COPPER RIVER	\$4,989,400	\$3,178,110	\$1,711,290	\$0	\$1,711,290	\$442,347	100.00%	\$398,113	\$2,779,997	\$4,491,287
CORDOVA	\$2,637,000	\$1,714,050	\$922,950	\$495,929	\$427,021	\$28,723	60.34%	\$15,603	\$1,698,447	\$2,125,468
CRAIG	\$1,448,400	\$941,460	\$506,940	\$149,219	\$357,721	\$36,636	100.00%	\$32,973	\$908,487	\$1,266,208
DELTA GREELY	\$5,884,200	\$3,824,730	\$2,059,470	\$0	\$2,059,470	\$1,158,096	100.00%	\$1,042,286	\$2,782,444	\$4,841,914
DILLINGHAM	\$3,266,400	\$2,123,160	\$1,143,240	\$430,063	\$713,177	\$394,056	100.00%	\$354,651	\$1,768,509	\$2,481,686
FAIRBANKS	\$65,413,800	\$42,518,970	\$22,894,830	\$18,907,656	\$3,987,174	\$49,181	72.58%	\$32,127	\$42,486,843	\$46,474,017
GALENA	\$1,529,400	\$994,110	\$535,290	\$80,428	\$454,862	\$539,956	91.16%	\$443,016	\$551,094	\$1,005,956
HAINES	\$2,388,600	\$1,552,590	\$836,010	\$390,486	\$445,524	\$52,737	97.26%	\$46,164	\$1,506,426	\$1,951,950
HOONAH	\$1,649,400	\$1,072,110	\$577,290	\$116,950	\$460,340	\$212,009	100.00%	\$190,808	\$881,302	\$1,341,642
HYDABURG	\$1,029,000	\$668,850	\$360,150	\$53,671	\$306,479	\$0	100.00%	\$0	\$668,850	\$975,329
IDITAROD	\$4,964,400	\$3,226,860	\$1,737,540	\$0	\$1,737,540	\$944,056	100.00%	\$849,651	\$2,377,209	\$4,114,749
JUNEAU	\$20,752,200	\$13,488,930	\$7,263,270	\$6,755,969	\$507,301	\$40,941	73.00%	\$26,897	\$13,462,033	\$13,969,334
KAKE	\$1,374,000	\$893,100	\$480,900	\$48,754	\$432,146	\$408,988	56.89%	\$209,395	\$683,705	\$1,115,851
KASHUANIUT	\$1,947,000	\$1,265,550	\$681,450	\$0	\$681,450	\$554,341	100.00%	\$498,907	\$766,643	\$1,448,093
KENAI	\$44,725,800	\$29,071,770	\$15,654,030	\$15,621,367	\$32,663	\$247,448	85.37%	\$190,124	\$28,881,646	\$28,914,309
KETCHIKAN	\$11,886,000	\$7,725,900	\$4,160,100	\$3,617,536	\$542,564	\$10,429	66.11%	\$6,205	\$7,719,695	\$8,262,259
KING COVE	\$1,395,000	\$906,750	\$488,250	\$97,566	\$390,684	\$153,339	100.00%	\$138,006	\$768,744	\$1,159,428
KLADOCK	\$1,314,600	\$854,490	\$460,110	\$23,364	\$436,746	\$294,169	79.39%	\$210,198	\$644,292	\$1,081,038
KODIAK	\$14,785,800	\$9,610,770	\$5,175,030	\$2,209,790	\$2,965,240	\$163,055	100.00%	\$146,749	\$9,464,021	\$12,429,261
KUSLUK	\$4,767,600	\$3,098,940	\$1,668,660	\$0	\$1,668,660	\$1,347,790	100.00%	\$1,213,011	\$1,885,929	\$3,554,589
LAKE & PENINSULA	\$5,363,400	\$3,486,210	\$1,877,190	\$0	\$1,877,190	\$1,152,053	100.00%	\$1,036,848	\$2,449,362	\$4,326,552
LOWER KUSKOKWIM	\$31,965,600	\$20,777,640	\$11,187,960	\$0	\$11,187,960	\$6,592,392	100.00%	\$5,933,153	\$16,844,487	\$26,032,447
LOWER YUKON	\$14,259,600	\$9,268,740	\$4,990,860	\$0	\$4,990,860	\$5,148,557	100.00%	\$4,633,701	\$4,635,039	\$9,625,899
MAT-SU	\$42,961,200	\$27,924,780	\$15,036,420	\$10,867,024	\$4,169,396	\$36,183	58.43%	\$19,026	\$27,905,754	\$32,075,150
MEMANA	\$1,732,200	\$1,125,930	\$606,270	\$72,398	\$533,872	\$7,295	100.00%	\$6,566	\$1,119,364	\$1,653,236
NOME	\$5,167,200	\$3,358,680	\$1,808,590	\$606,540	\$1,201,980	\$91,915	100.00%	\$82,724	\$3,275,956	\$4,477,936
NORTH SLOPE	\$11,879,400	\$7,721,610	\$4,157,790	\$4,157,790	\$0	\$3,951,590	29.78%	\$1,059,034	\$6,662,576	\$16,662,576
NORTHWEST ARCTIC	\$16,581,000	\$10,777,650	\$5,803,350	\$940,181	\$4,863,169	\$3,356,126	100.00%	\$3,020,514	\$7,757,136	\$12,620,305
PELICAN	\$664,200	\$431,730	\$232,470	\$59,950	\$172,520	\$0	100.00%	\$0	\$431,730	\$604,250
PETERSBURG	\$3,238,200	\$2,104,830	\$1,133,370	\$541,422	\$591,948	\$11,386	79.58%	\$8,155	\$2,096,675	\$2,688,623
PRIBILOF	\$1,832,400	\$1,191,060	\$641,340	\$0	\$641,340	\$669,724	100.00%	\$602,751	\$588,309	\$1,229,649
RAILBELT	\$3,157,200	\$2,052,180	\$1,105,020	\$0	\$1,105,020	\$129,409	100.00%	\$116,468	\$1,935,712	\$3,040,732
SAND POINT	\$1,335,600	\$868,140	\$467,460	\$298,564	\$168,896	\$0	100.00%	\$0	\$868,140	\$1,037,036
SITKA	\$8,038,800	\$5,225,220	\$2,813,580	\$1,764,700	\$1,048,880	\$162,224	57.54%	\$84,012	\$5,141,208	\$6,190,088
SKAGWAY	\$1,075,200	\$698,880	\$376,320	\$236,146	\$140,174	\$0	100.00%	\$0	\$698,880	\$839,054
SOUTHEAST ISLAND	\$6,778,400	\$4,405,960	\$2,312,440	\$0	\$2,312,440	\$849,730	100.00%	\$764,757	\$2,341,203	\$4,013,643
SOUTHWEST REGION	\$6,382,800	\$4,148,820	\$2,233,980	\$0	\$2,233,980	\$1,935,966	100.00%	\$1,742,370	\$2,406,450	\$4,640,430
ST. MARY'S	\$1,360,800	\$884,520	\$476,280	\$17,805	\$458,475	\$390,733	17.81%	\$42,613	\$821,907	\$1,280,382
TANANA	\$1,105,200	\$718,380	\$386,820	\$47,021	\$339,799	\$231,071	89.82%	\$186,793	\$531,587	\$871,386
UNALASKA	\$1,556,400	\$1,011,660	\$544,740	\$382,258	\$162,482	\$171,636	100.00%	\$154,673	\$857,187	\$1,019,669
VALDEZ	\$3,929,400	\$2,554,110	\$1,375,290	\$1,375,290	\$0	\$34,275	30.78%	\$19,495	\$2,544,615	\$2,544,615
WRANGELL	\$2,784,600	\$1,809,990	\$974,610	\$434,682	\$539,928	\$2,964	76.37%	\$2,037	\$1,807,953	\$2,347,881
YAKUTAT	\$1,200,000	\$780,000	\$420,000	\$72,547	\$347,453	\$42,652	100.00%	\$56,386	\$723,614	\$1,071,067
YUKON FLATS	\$5,692,200	\$3,699,930	\$1,992,270	\$0	\$1,992,270	\$782,074	100.00%	\$703,866	\$2,996,064	\$4,988,334
YUKON-KOYUKUK	\$6,888,000	\$4,477,200	\$2,419,800	\$0	\$2,419,800	\$1,649,409	100.00%	\$1,484,468	\$2,992,732	\$5,403,532
YUPIIT	\$3,849,600	\$2,502,240	\$1,347,360	\$0	\$1,347,360	\$1,159,029	100.00%	\$1,043,126	\$1,459,114	\$2,806,474
TOTALS	\$606,576,000	\$394,274,400	\$212,301,600	\$135,935,290	\$76,366,310	\$44,670,793		\$38,734,385	\$355,540,015	\$431,906,325

	A	AA	BB	CC	DD	EE	FF	GG	HH	II	JJ	KK
SCHOOL DISTRICT	FY87 ADM FINAL	FY88 PROJECTED ADM	FY87 TOTAL REV. HARMLESS	FY88 BASIC NEED/FY 87 TOTAL REV.	FY87 90% BASIC COMPARISON	SUM FY87 HOLD HARMLESS	FY87 STATE & 80% SF ACCOUNT INCLUDES	FY88 STATE/ FY87 STATE	FY87 90% STATE COMPARISON	STATE FY87 HOLD HARMLESS	FY88 HOLD HARMLESS	
ADAK	601.7	600	\$3,787,818	105.6	\$3,399,405	(1568,795)	\$1,995,186		110.4	\$1,790,594	(\$404,974)	10
ALASKA GATEWAY	510.6	523	\$4,254,162	114.2	\$3,921,727	(\$1,053,673)	\$3,627,611		117.0	\$3,344,137	(\$1,036,512)	10
ALEUTIAN REGION	90.5	90	\$1,535,676	107.7	\$1,374,472	(1270,728)	\$1,261,025		109.4	\$1,110,751	(\$239,798)	10
ANCHORAGE	39752.1	38874	\$181,562,951	104.0	\$159,797,101	(\$24,934,699)	\$116,576,863		105.0	\$102,601,375	(\$17,143,937)	10
ANNETTE ISLAND	421.1	432	\$2,815,876	87.7	\$2,599,887	865,687	\$1,409,040		78.0	\$1,300,962	\$173,398	\$65,687
BERING STRAIT	1223.8	1251	\$16,497,905	103.2	\$13,338,120	(\$1,959,480)	\$10,298,596		105.4	\$9,474,742	(\$1,623,549)	10
BRISTOL BAY	233	231	\$2,212,932	95.9	\$1,974,543	(\$130,257)	\$1,851,146		78.4	\$1,651,730	\$212,348	10
CHATHAM	351.6	310	\$2,883,168	111.2	\$2,287,838	(\$539,962)	\$2,100,196		110.4	\$1,666,538	(\$378,290)	10
CHUGACH	130	132	\$1,424,957	113.7	\$1,302,191	(\$342,409)	\$1,241,025		115.9	\$1,134,106	(\$326,562)	10
COPPER RIVER	560.7	561	\$3,926,442	124.5	\$3,535,689	(\$1,383,711)	\$3,528,329		127.2	\$3,177,195	(\$1,314,092)	10
CORDOVA	432.2	431	\$2,548,477	103.8	\$2,287,261	(\$349,739)	\$2,036,945		104.6	\$1,828,161	(\$297,307)	10
CRAIG	231	219	\$1,515,733	100.8	\$1,293,294	(\$155,106)	\$1,454,025		91.9	\$1,240,643	(\$25,565)	10
DELTA GREELY	1018.7	1027	\$5,126,212	113.9	\$4,651,181	(\$1,233,019)	\$4,083,926		117.6	\$3,705,480	(\$1,136,434)	10
DILLINGHAM	461.5	469	\$3,944,771	81.5	\$3,607,991	\$341,591	\$3,395,120		71.9	\$3,105,266	\$623,500	\$341,591
FAIRBANKS	13116.8	13158	\$62,081,027	105.0	\$56,048,422	(\$9,365,378)	\$43,161,244		107.4	\$38,949,076	(\$7,524,941)	10
GALENA	166.5	172	\$1,935,035	76.5	\$1,799,060	\$269,660	\$1,411,591		69.0	\$1,312,398	\$306,442	\$269,660
HAINES	351.7	350	\$2,375,613	98.2	\$2,186,509	(\$210,091)	\$1,938,963		98.3	\$1,786,249	(\$165,701)	10
HOONAH	234.3	235	\$1,730,262	95.0	\$1,561,868	(\$87,512)	\$1,444,679		92.6	\$1,304,096	(\$37,566)	10
HYDABURG	107	108	\$830,740	122.7	\$754,654	(\$274,346)	\$428,540		116.6	\$752,655	(\$222,674)	10
IDITAROD	383.8	392	\$5,386,074	90.2	\$4,951,034	(\$13,366)	\$4,536,423		88.8	\$4,170,010	\$55,261	10
JUNEAU	4599.4	4244	\$21,444,712	104.9	\$17,808,893	(\$2,943,307)	\$16,661,846		103.3	\$12,176,020	(\$1,793,314)	10
KAKE	196	178	\$1,537,036	98.4	\$1,256,292	(\$117,708)	\$1,278,887		96.1	\$1,045,294	(\$70,557)	10
KASHUNAMIUT	172	189	\$1,835,395	96.5	\$1,815,120	(\$131,880)	\$1,336,488		98.6	\$1,321,725	(\$126,368)	10
KENAI	8143.6	8414	\$45,287,112	95.6	\$42,111,742	(\$2,616,058)	\$29,475,621		94.9	\$27,408,896	(\$1,505,413)	10
KETCHIKAN	2435.4	2450	\$11,126,948	106.2	\$10,074,288	(\$1,811,712)	\$7,503,207		109.5	\$6,793,369	(\$1,468,890)	10
KING COVE	132.7	133	\$1,315,893	105.8	\$1,186,981	(\$278,019)	\$1,164,887		99.3	\$1,050,769	(\$108,659)	10
KLAMOCK	162	168	\$1,343,439	94.6	\$1,253,876	(\$60,724)	\$1,109,877		93.9	\$1,035,885	(\$45,153)	10
KODIAK	2221.6	2319	\$13,534,997	104.7	\$12,715,562	(\$2,070,238)	\$11,194,682		106.4	\$10,516,906	(\$1,912,356)	10
KUSLUK	350.85	371	\$5,184,290	87.0	\$4,933,831	\$166,231	\$3,971,279		84.6	\$3,779,422	\$224,833	\$166,231
LAKE & PENINSULA	354.4	369	\$5,410,983	95.2	\$5,070,506	(\$292,894)	\$4,378,155		95.0	\$4,098,900	(\$227,652)	10
LOMER KUSKOKWIM	2564.39	2682	\$27,181,406	112.4	\$25,585,218	(\$6,380,382)	\$21,248,253		117.1	\$20,000,481	(\$6,031,966)	10
LOMER YUKON	1314.1	1343	\$12,240,228	114.0	\$11,258,476	(\$3,001,124)	\$7,606,527		123.8	\$6,996,430	(\$2,629,469)	10
MAT-SU	8680.9	8940	\$38,186,588	109.2	\$35,393,713	(\$7,567,487)	\$27,300,538		114.1	\$25,303,843	(\$6,771,307)	10
MEMNA	123	208	\$1,168,235	87.7	\$1,777,997	\$45,797	\$1,113,668		87.8	\$1,694,949	\$41,713	\$41,713
NOME	781.8	759	\$5,479,829	97.1	\$4,788,016	(\$379,184)	\$5,097,480		90.5	\$4,453,912	(\$24,024)	10
NORTH SLOPE	1151.3	1231	\$13,513,743	82.2	\$13,004,322	\$1,124,922	\$8,296,919		75.1	\$7,984,154	\$1,321,578	\$1,124,922
NORTHWEST ARCTIC	1550	1637	\$14,239,358	110.3	\$13,534,739	(\$3,046,261)	\$11,008,844		108.5	\$10,464,084	(\$2,156,221)	10
PELLICAN	54.4	54	\$562,367	119.0	\$502,409	(\$161,791)	\$538,241		113.1	\$480,855	(\$123,395)	10
PETERSBURG	601	597	\$3,096,954	105.3	\$2,768,708	(\$469,492)	\$2,547,377		106.3	\$2,277,381	(\$111,242)	10
PRIBILOF	155.6	152	\$1,444,739	129.8	\$1,270,182	(\$562,218)	\$861,988		149.5	\$740,256	(\$489,393)	10
RAILBELT	365.8	346	\$3,390,864	98.4	\$2,886,591	(\$270,609)	\$3,274,396		98.2	\$2,787,444	(\$253,288)	10
SAND POINT	118.3	135	\$957,425	122.2	\$983,323	(\$352,277)	\$851,916		106.7	\$874,960	(\$162,076)	10
SITKA	1610	1637	\$7,478,524	105.7	\$6,843,566	(\$1,195,254)	\$5,629,812		108.1	\$5,151,802	(\$1,038,286)	10
SKAGWAY	137	136	\$698,163	155.1	\$623,760	(\$451,440)	\$627,163		134.8	\$560,327	(\$278,727)	10
SOUTHEAST ISLAND	419.4	435	\$4,435,135	103.9	\$4,140,094	(\$638,306)	\$3,670,378		105.4	\$3,426,212	(\$587,431)	10
SOUTHWEST REGION	472.1	491	\$5,751,835	106.7	\$5,383,893	(\$998,907)	\$4,009,465		111.3	\$3,752,981	(\$887,449)	10
ST. MARY'S	101.2	125	\$1,451,953	75.9	\$1,614,078	\$253,278	\$1,371,535		75.6	\$1,524,680	\$244,298	\$244,298
TANANA	81	86	\$1,241,893	83.8	\$1,186,698	\$81,498	\$1,008,079		81.4	\$963,275	\$91,889	\$81,498
UNALASKA	159	170	\$1,387,667	104.9	\$1,335,302	(\$221,098)	\$1,111,194		85.8	\$1,069,263	\$49,594	10
VALDEZ	695	697	\$4,494,277	87.2	\$4,056,489	\$127,089	\$3,109,492		81.6	\$2,806,597	\$261,982	\$127,089
WRANGELL	494	497	\$2,543,130	108.8	\$2,302,714	(\$481,883)	\$2,106,411		110.8	\$1,907,283	(\$440,598)	10
YAKUTAT	157	147	\$1,246,559	102.8	\$1,050,444	(\$169,556)	\$1,134,896		100.8	\$956,348	(\$114,719)	10
YUKON FLATS	372	390	\$5,303,295	102.4	\$5,003,915	(\$688,285)	\$4,599,629		103.4	\$4,339,783	(\$648,551)	10
YUKON-KOYUKUK	612.6	556	\$7,269,553	104.4	\$5,938,107	(\$949,893)	\$5,785,085		102.9	\$4,725,525	(\$678,007)	10
YUPIIT	294.6	281	\$4,433,987	91.0	\$3,805,366	(\$43,234)	\$3,390,861		86.8	\$2,910,892	\$104,418	10
TOTALS	102,212.0	102,142	\$583,594,343		\$527,940,463		\$411,491,267			\$372,787,265		\$2,462,489

DEPARTMENT OF EDUCATION
 GOVERNOR'S PUBLIC SCHOOL FOUNDATION FUNDING PROPOSAL
 CSHB 126 (FINANCE) REVISED APRIL 22, 1987

	A	P	Q	E	S	T	U	V
SCHOOL DISTRICT	FY87 LOCAL LIMITED TO 35% OR 4 HILLS	ESTIMATED FY88 LOCAL REV	REQUIRED LOCAL EFFORT	ONE HUNDRED PERCENT ASSESSED VALUE	1 MILL / UNIT	1.5 MILLS / UNIT	2 MILLS / UNIT	
ALASKA GATEWAY			\$0	\$0				
ALEUTIAN REGION			\$0	\$0				
ANCHORAGE	\$64,656,060	\$71,812,316	\$64,656,060	\$19,343,356,800	6,283	9,424	12,565	
AMETTE ISLAND			\$0	\$0	0	0	0	
BERING STRAIT			\$0	\$0	0	0	0	
BRISTOL BAY	\$102,532	\$406,164	\$406,164	\$101,541,000	2,895	4,342	5,789	
CHATHAM			\$0	\$0	0	0	0	
CHUGACH			\$0	\$0	0	0	0	
COPPER RIVER			\$0	\$0	0	0	0	
CORDOVA	\$495,929	\$821,642	\$495,929	\$123,982,300	2,821	4,231	5,642	
CRAIG	\$28,735	\$169,219	\$169,219	\$37,304,700	1,545	2,318	3,091	
DELTA GREELY			\$0	\$0	0	0	0	
DILLINGHAM	\$195,000	\$430,063	\$430,063	\$107,515,700	1,975	2,962	3,950	
FAIRBANKS	\$18,907,656	\$26,049,962	\$18,907,656	\$4,726,913,900	4,336	6,504	8,671	
GALENA	\$80,428	\$88,224	\$80,428	\$20,106,900	789	1,183	1,578	
HAINES	\$390,486	\$401,474	\$390,486	\$97,621,600	2,452	3,678	4,904	
HOONAH	\$94,775	\$116,950	\$116,950	\$29,237,500	1,064	1,595	2,127	
HYDABURG	\$2,200	\$53,671	\$53,671	\$13,417,800	782	1,174	1,565	
IDITAROD			\$0	\$0	0	0	0	
JUNEAU	\$6,755,969	\$9,255,132	\$6,755,969	\$1,688,992,300	4,883	7,325	9,767	
KAKE	\$48,754	\$85,703	\$48,754	\$12,188,400	532	798	1,064	
KASHUNAHUT			\$0	\$0	0	0	0	
KENAI	\$15,621,367	\$18,298,125	\$15,621,367	\$3,905,341,700	5,239	7,859	10,478	
KETCHIKAN	\$3,617,536	\$5,472,063	\$3,617,536	\$904,384,100	4,565	6,848	9,131	
KING COVE	\$13,000	\$97,566	\$97,566	\$24,391,400	1,049	1,574	2,098	
KLADOCK	\$23,364	\$29,428	\$23,364	\$5,841,100	267	400	533	
KODIAK	\$2,193,596	\$2,209,790	\$2,209,790	\$552,447,400	2,242	3,363	4,484	
KUSPUK			\$0	\$0	0	0	0	
LAKE & PENINSULA			\$0	\$0	0	0	0	
LOWER KUSKOKWIM			\$0	\$0	0	0	0	
LOWER YUKON			\$0	\$0	0	0	0	
MAT-SU	\$10,867,024	\$18,600,040	\$10,867,024	\$2,716,755,900	3,794	5,691	7,588	
NEENAH	\$48,001	\$72,398	\$72,398	\$18,099,500	627	940	1,254	
HOME	\$299,655	\$606,540	\$606,540	\$151,635,000	1,761	2,641	3,521	
NORTH SLOPE	\$4,157,790	\$13,962,700	\$4,157,790	\$13,570,786,300	68,543	102,814	137,086	
NORTHEAST ARCTIC	\$210,000	\$940,181	\$940,181	\$235,045,250	851	1,276	1,701	
PELICAN	\$24,126	\$59,950	\$59,950	\$14,987,400	1,354	2,031	2,708	
PETERSBURG	\$541,422	\$680,325	\$541,422	\$135,355,400	2,508	3,762	5,016	
PRIBILOF			\$0	\$0	0	0	0	
RAILBELT			\$0	\$0	0	0	0	
SAND POINT	\$105,509	\$298,564	\$298,564	\$74,641,100	3,353	5,030	6,706	
SITKA	\$1,764,700	\$3,066,801	\$1,764,700	\$441,175,000	3,293	4,939	6,586	
SKAGWAY	\$71,000	\$236,146	\$236,146	\$59,036,600	3,294	4,942	6,589	
SOUTHEAST ISLAND			\$0	\$0	0	0	0	
SOUTHWEST REGION			\$0	\$0	0	0	0	
ST. MARY'S	\$17,805	\$100,000	\$17,805	\$4,451,200	196	294	393	
TANANA	\$47,021	\$52,350	\$47,021	\$11,755,200	638	957	1,276	
UNALASKA	\$122,000	\$382,258	\$382,258	\$95,564,500	3,684	5,526	7,368	
VALDEZ	\$1,375,290	\$4,468,037	\$1,375,290	\$1,693,326,700	25,856	38,784	51,713	
WRANGELL	\$434,682	\$569,192	\$434,682	\$108,670,500	2,342	3,512	4,683	
YAKUTAT	\$55,277	\$72,547	\$72,547	\$18,136,700	907	1,360	1,814	
YUKON FLATS			\$0	\$0	0	0	0	
YUKON-KOYUKUK			\$0	\$0	0	0	0	
YUPIIT			\$0	\$0	0	0	0	
TOTALS	\$133,368,689	\$179,945,517	\$133,935,290	\$51,044,006,850				

DEPARTMENT OF EDUCATION
GOVERNOR'S PUBLIC SCHOOL FOUNDATION FUNDING PROPOSAL
(CSHB 126 (FINANCE) PHASE IN OF A MILL REQUIREMENT
APRIL 22, 1987

PROJECTED
STATE
SUBSIDY
H

SCHOOL DISTRICT	FY87 BUDGETED LOCAL REVENUES	ONE HUNDRED PERCENT ASSESSED VALUE	COLUMN B AT 2 MILLS	AMOUNT REQUIRED TO REACH 4 MILLS	AMOUNT REQUIRED TO REACH 2 MILLS	COLUMN D MINUS COLUMN E	10% OF ELIGIBLE PL874	COLUMN G MINUS COLUMN F
ADAK	\$229,600		\$0	\$0	\$0	\$0	\$0	\$0
ALASKA GATEWAY	\$0		\$0	\$0	\$0	\$0	\$0	\$0
ALEUTIAN REGION	\$14,500		\$0	\$0	\$0	\$0	\$0	\$0
ANCHORAGE	\$71,812,316	\$19,343,356,800	\$38,686,714	\$0	\$0	\$0	\$0	\$0
ANNETTE ISLAND	\$75,321		\$0	\$0	\$0	\$0	\$0	\$0
BERING STRAIT	\$180,000		\$0	\$0	\$0	\$0	\$0	\$0
BRISTOL BAY	\$102,532	\$101,541,000	\$203,082	\$303,632	\$100,550	\$203,082	\$28,806	\$174,276
CHATHAM	\$30,000		\$0	\$0	\$0	\$0	\$0	\$0
CHUGACH	\$15,000		\$0	\$0	\$0	\$0	\$0	\$0
COPPER RIVER	\$19,090		\$0	\$0	\$0	\$0	\$0	\$0
CORDOVA	\$821,642	\$123,982,300	\$247,965	\$0	\$0	\$0	\$0	\$0
CRAIG	\$28,735	\$37,304,700	\$74,609	\$120,484	\$45,874	\$74,610	\$3,664	\$70,946
DELTA GREELY	\$103,454		\$0	\$0	\$0	\$0	\$0	\$0
DILLINGHAM	\$195,000	\$107,515,700	\$215,031	\$235,063	\$20,031	\$215,032	\$39,426	\$175,626
FAIRBANKS	\$26,049,962	\$4,726,913,900	\$9,453,828	\$0	\$0	\$0	\$0	\$0
GALENA	\$88,224	\$20,106,900	\$40,214	\$0	\$0	\$0	\$0	\$0
HAINES	\$401,474	\$97,621,600	\$195,243	\$0	\$0	\$0	\$0	\$0
HOONAH	\$94,775	\$29,237,500	\$58,475	\$22,175	\$0	\$22,175	\$21,201	\$974
HYDABURG	\$2,200	\$13,417,800	\$26,836	\$51,471	\$24,636	\$26,835	\$0	\$26,835
IDITAROD	\$135,000		\$0	\$0	\$0	\$0	\$0	\$0
JUNEAU	\$9,255,132	\$1,688,992,300	\$3,377,985	\$0	\$0	\$0	\$0	\$0
KAKE	\$85,703	\$12,188,400	\$24,377	\$0	\$0	\$0	\$0	\$0
KASHUNAMZUT	\$0		\$0	\$0	\$0	\$0	\$0	\$0
KENAI	\$18,298,125	\$3,905,341,700	\$7,810,683	\$0	\$0	\$0	\$0	\$0
KETCHIKAN	\$5,472,063	\$904,384,100	\$1,808,768	\$0	\$0	\$0	\$0	\$0
KING COVE	\$13,000	\$24,391,400	\$48,783	\$84,566	\$35,783	\$48,783	\$15,334	\$33,449
KLAMOCK	\$29,428	\$5,841,100	\$11,682	\$0	\$0	\$0	\$0	\$0
KODIAK	\$2,193,596	\$552,447,400	\$1,104,895	\$16,194	\$0	\$16,194	\$16,305	\$0
KUSPUK	\$163,496		\$0	\$0	\$0	\$0	\$0	\$0
LAKE & PENINSULA	\$140,000		\$0	\$0	\$0	\$0	\$0	\$0
LOMER KUSKOKWIM	\$395,598		\$0	\$0	\$0	\$0	\$0	\$0
LOMER YUKON	\$600,000		\$0	\$0	\$0	\$0	\$0	\$0
MAT-SU	\$19,147,502	\$2,716,755,900	\$5,433,512	\$0	\$0	\$0	\$0	\$0
MEMANA	\$48,001	\$18,099,500	\$36,199	\$24,397	\$0	\$24,397	\$730	\$23,667
HOME	\$299,655	\$151,635,000	\$303,270	\$306,885	\$3,615	\$303,270	\$9,192	\$294,078
NORTH SLOPE	\$13,962,700	\$13,570,786,300	\$27,141,573	\$0	\$0	\$0	\$0	\$0
NORTHWEST ARCTIC	\$210,000	\$235,045,250	\$470,091	\$730,181	\$260,091	\$470,090	\$335,613	\$134,477
PELICAN	\$24,126	\$14,987,400	\$29,975	\$35,824	\$5,849	\$29,975	\$0	\$29,975
PETERSBURG	\$680,323	\$135,355,400	\$270,711	\$0	\$0	\$0	\$0	\$0
PRIBILOF	\$20,000		\$0	\$0	\$0	\$0	\$0	\$0
RAILBELT	\$50,000		\$0	\$0	\$0	\$0	\$0	\$0
SAND POINT	\$105,509	\$74,641,100	\$149,282	\$193,055	\$43,773	\$149,282	\$0	\$149,282
SITKA	\$3,066,801	\$441,175,000	\$882,350	\$0	\$0	\$0	\$0	\$0
SKAGWAY	\$71,000	\$59,036,600	\$118,073	\$165,146	\$47,073	\$118,073	\$0	\$118,073
SOUTHEAST ISLAND	\$100,000		\$0	\$0	\$0	\$0	\$0	\$0
SOUTHWEST REGION	\$250,000		\$0	\$0	\$0	\$0	\$0	\$0
ST. MARY'S	\$100,000	\$4,651,200	\$9,302	\$0	\$0	\$0	\$0	\$0
TANANA	\$52,350	\$11,755,200	\$23,510	\$0	\$0	\$0	\$0	\$0
UNALASKA	\$122,000	\$95,564,500	\$191,129	\$260,258	\$69,129	\$191,129	\$17,164	\$173,965
VALDEZ	\$4,468,037	\$1,693,326,700	\$3,386,653	\$0	\$0	\$0	\$0	\$0
WRANGELL	\$569,192	\$108,670,500	\$217,341	\$0	\$0	\$0	\$0	\$0
YAKUTAT	\$55,277	\$18,136,700	\$36,273	\$17,270	\$0	\$17,270	\$6,265	\$11,005
YUKON FLATS	\$30,000		\$0	\$0	\$0	\$0	\$0	\$0
YUKON-KOYUKUK	\$105,000		\$0	\$0	\$0	\$0	\$0	\$0
YUPIIT	\$52,466		\$0	\$0	\$0	\$0	\$0	\$0

TOTALS \$180,634,903 \$51,044,006,850 \$102,088,014 \$2,566,601 \$656,404 \$1,910,197 \$493,680 \$1,416,628

NOTE: ANCHORAGE, NORTH SLOPE AND VALDEZ HAVE BEEN EXCLUDED FROM THESE CALCULATIONS BECAUSE THEY MEET THE 3% REQUIREMENT OF BASIC NEED.

Taking the TRS match out of the Foundation Program does the following:

1. Reduces state aid to districts by reducing the I.U. amount.
2. Reduces the local contribution required of those districts contributing a percent (%) instead of at a mill rate.
3. Reduces 23,000,000 from the Foundation but does not in fact leave available 23,000,000 to fund TRS. In order to have 23,000,000 available we would have to reduce the I. U. amount further; thus, increasing all the spin off effects described above.
4. Requires an additional 1,013,300 for hold harmless to be received by 14 or 15 districts instead of the original 11.

STEVE COWPER
GOVERNOR

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

February 10, 1987

The Honorable Ben Grussendorf
Speaker of the House
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Representative Grussendorf:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to the public school foundation program. The primary purpose of this bill is to provide for an equalization program in Alaska's public school foundation program which will ensure that the disparities in per pupil spending between districts are sufficiently small that school districts in the state may continue to qualify for federal impact aid, and that the state may continue to take that impact aid into account when distributing state aid under the guidelines of P.L. 81-874 (20 U.S.C. 236, et seq.), as amended, and the regulations adopted under it. Alaska currently receives approximately \$65 million in federal impact aid, and all or part of that funding may be jeopardized if the funding formula considers the level of federal aid when setting state aid, but does not keep the disparities in per pupil spending below federal guidelines.

Timely enactment of this bill, substantially as written, is important if the equalization program embodied in this bill is to work correctly in fiscal year 1988. Under AS 14.14.060 -- 14.14.065, the local contributions for the following fiscal year must be appropriated by each city or borough which is a school district by May 31 of each fiscal year. For that reason, sec. 4 of this bill has an immediate effective date. If the bill takes effect by May 31, 1987, the municipal contributions for fiscal year 1988 will be covered by the local effort requirements of this bill. Under AS 14.17.025(c), interest earnings that the school district is allowed to keep and spend, and in-kind contributions by the municipality, may later be counted toward the local effort requirement under department regulations. However, the required appropriation must include any estimated in-kind contributions and interest earnings and must be made by May 31 of the "pre-fiscal year."

The bill also addresses several other problem areas in the current foundation program, as discussed in the following section-by-section analysis.

Section 1 of the bill amends AS 14.17.010 to make it clear that public school foundation aid received by school districts may be used for community school programs, regardless of whether funds are separately appropriated to the community schools program under AS 14.26.

Section 2 repeals and reenacts AS 14.17.021 to provide a new basis for calculating state aid, now to be called state foundation aid. Basic need is calculated under subsec. (b) for each school district by multiplying the district's area cost differential in AS 14.17.051 by the number of instructional units for which the district is eligible under AS 14.17.031, and then multiplying that product by the instructional unit value in AS 14.17.056. State foundation aid is then calculated under subsec. (a) by subtracting from the district's basic need its required local effort under AS 14.17.025(a) and 90 percent of the federal impact aid the district received in the preceding fiscal year.

Section 3 provides the basis for funding centralized correspondence study. The total number of state correspondence students is used to calculate instructional units under the formula for elementary schools in AS 14.17.041(b)(1). Each unit is then funded at 65 percent of the instructional unit value in AS 14.17.056. No area cost differential is applied.

Section 4 provides the basis for calculating the required and permissive local effort of each school district. Each municipal school district's operations must be funded by its local municipality by at least the equivalent of a four mill tax levy on the full and true value of the taxable property in the district under AS 14.17.140, or 35 percent of the district's basic need for the preceding fiscal year, whichever is less. No municipality is permitted to contribute more than the equivalent of a 5.5 mill tax levy to its associated school district, a feature designed to prevent excessive disparities from arising in the amount being spent per student on a statewide basis.

In PFAA school districts (regional educational attendance areas) no local contribution is required. However, to prevent excessive disparities from arising in those districts, interest earnings and other local revenues are not to be considered local revenues for current expenditures within the meaning of federal law and regulation, and are subject to regulation and disposition by the

department. The department may require, for instance, that interest earnings and other local revenue be placed in the district's capital projects fund rather than being placed in the district's operating fund.

Section 5 amends AS 14.17.031, which itemizes the instructional units each district may receive. Units are generated in funding communities within each district, to be determined by the department on the basis of geographic and attendance area factors. Separate units are generated in each funding community on the basis of K-12 average daily membership, high-cost vocational course ADM full-time equivalent, special education, and bilingual education student counts in various categories of service. Although units are generated based on student counts in each of the programs mentioned, there is no requirement that a district actually spend its foundation aid in each program in proportion to the units generated by that program. A "hold harmless" provision appears in AS 14.17.031(b), so that a district whose K-12 units decline by more than 10 percent in a given year is treated as if the drop were only 10 percent. Provisions for the actual calculations of instructional units are in AS 14.17.041 -- 14.17.047.

Section 6 repeals and reenacts AS 14.17.041 to provide for the calculation of the instructional units based on K-12 average daily membership. Kindergarten students attending programs less than four hours a day are weighted by 0.5. Students in district correspondence or other alternative programs who do not regularly attend school on a daily basis are counted in the appropriate grade level of the funding community with the largest ADM in the district. Instructional unit calculations are not rounded upward to the next whole unit, as was done under previous funding formulas, so that the addition or loss of a single student does not result in major funding discontinuities. Smaller funding communities that do not have at least 200 ADM in both K-6 and 7-12 populations are funded in subsec. (a) under a separate table that presumes inherent inefficiencies of small scale. Other funding communities are funded under separate formulas in AS 14.17.041(b) for K-6 and 7-12 students, which generate greater funding for the 7-12 students.

Section 7 adds AS 14.17.043, which provides for the calculation of vocational education instructional units. Only high-cost vocational education courses approved by the department will generate units. Units are based on the average daily membership full-time equivalent of each course, with the units weighted by a cost factor set by the department for each course. A minimum number of units is guaranteed for funding communities and districts that operate such approved high-cost programs.

Section 8 adds AS 14.17.045, which provides for the calculation of special education instructional units, based upon identified children enrolled in approved special education programs on the last day of the counting period being used. The number of units generated is weighted by the category of service each identified child receives. A minimum number of units is guaranteed for funding communities and districts that operate approved special education programs.

Section 9 adds AS 14.17.047, which provides for the calculation of bilingual education instructional units based upon identified children, who are required by department regulations to be served by bilingual programs, and who are enrolled in approved bilingual education programs on the last day of the counting period being used. Units generated are weighted, based upon the language dominance category of each such student, under regulations adopted by the department.

Section 10 repeals and reenacts AS 14.17.051 to provide for a multiplier, called the area cost differential, which is based on the cost differences in the various districts, and which is used to determine basic need under AS 14.17.021(b). The area cost differentials in this bill are based upon an arbitrator's decision, dated October 24, 1986, setting area differentials in salaries of Alaska Public Employees Association employees working in various regions of the state.

Section 11 of the bill amends AS 14.17.056, setting the instructional unit value at \$60,000.

Section 12 of the bill repeals and reenacts AS 14.17.080. Under the proposed new language, that section would require each district to submit an estimate of its average daily membership and other student count data for the succeeding fiscal year by September 20 of each fiscal year. Those estimates will serve as the basis for the department's request to the governor for legislative appropriations for the succeeding fiscal year, but will not be the basis of payments to the districts. Payments will be based, for the first nine months of each fiscal year, on the actual student data for the previous fiscal year, and, for the last three months of the fiscal year, will be adjusted based on actual student data for that fiscal year, as provided in the amendment to AS 14.17.170 in sec. 16 of the bill.

Section 13 repeals and reenacts AS 14.17.082 to limit, to five percent of the year's expenditures, the unreserved portion of the balance in each district's school operating fund which may be carried over at the end of a fiscal year to the next fiscal year. State aid in the next fiscal year is reduced by any amount by which that limit is exceeded. This section also has an immediate effective date, so that operating fund balance at the end of fiscal year 1987 will be governed by this limit.

Section 14 of the bill amends AS 14.17.140(a) to make it clear that the Department of Community and Regional Affairs is to provide an assessment of the full value of taxable property in all school districts, not just the city and borough school districts. That provision is to aid the legislature in planning for the future of the unorganized borough by providing a more accurate estimate of the tax base that would be available in the rural areas.

Section 14 also makes a technical amendment to AS 14.17.140(b), which provides that motor vehicles subject to the motor vehicle registration tax are to be included in the assessment, by correcting the statutory reference.

Section 15 of the bill repeals and reenacts AS 14.17.160, which provides for two student counting periods that serve as the basis for funding school districts. It requires that the district reports be submitted to the department within two weeks after the close of the counting periods in an effort to speed up the department's data handling ability.

Section 16 repeals and reenacts AS 14.17.170 to provide that the October report, or the February report if it results in the district being eligible for more instructional units, is used to adjust the district's state foundation aid for the fiscal year in which the report is made, by adjusting the payments during the last three months. The applicable report also serves as the basis for calculating the state foundation aid payments for the first nine months of the next fiscal year, until that year's balance is recomputed based on that year's student count period data. Preliminary funding based on actual student counts from the preceding fiscal year provides a better system than current law, which provides preliminary payments based on school district estimates rather than actual count period data, because districts have sometimes estimated far too high. This section also requires districts to immediately remit any overpayments in their state aid to the commissioner. It permits the commissioner, upon an appropriate showing, to make advance payments to districts experiencing cash flow shortfalls, so long as no district's state aid entitlement for the fiscal year is exceeded.

Section 17 makes technical amendments to AS 14.17.190, and makes it clear that a school district must maintain complete financial records of any money received by the district and that all school district financial records are subject to state audit at any time.

Section 18 makes a technical correction to AS 14.17.200. Under Alaska's Administrative Procedure Act, agency regulations are "adopted" rather than "promulgated" by the department. "Promulgation" is completed by the lieutenant governor's publishing the regulations in the Alaska Administrative Code. Consistent use of "adopt" helps simplify the matter.

Section 19 amends AS 14.17.220 to make it clear that the local effort limitation in AS 14.17.025 does prevent local school districts from providing educational funding beyond a certain extent. The purpose of that limitation is to prevent the disparities in per pupil spending from exceeding the limitations of the federal impact aid program.

Section 20 repeals and reenacts AS 14.17.225. New language in subsec. (a) requires each district to establish, maintain, and operate under a balanced budget. Thus if a district's revenue outlook changes for some reason, the district must adjust its budget and its spending pattern accordingly. Subsection (a) also clarifies that the state is not responsible or liable for any debts incurred by school districts. New language in subsec. (b) clarifies that if a proration is necessary to keep aid to districts within the amount appropriated for that purpose, the proration will be accomplished by reducing the instructional unit value in AS 14.17.056 as required.

Section 21 amends the definition of "ADM full-time equivalent" in AS 14.17.250(1) to make the counting period for which a determination is being made the basis for calculation.

Section 22 amends the definition of "average daily membership" in AS 14.17.250(2) to make the counting period for which a determination is being made the basis for calculation.

Section 23 amends the definition of "taxable real and personal property in AS 14.17.250(11) to delete the exception for "household goods and personal effects." The amendment is technical in nature, because AS 29.45.030(a)(2) currently requires exemption from taxation for "household furniture and personal effects of members of a household." AS 29, rather than AS 14, is the proper place for the exception.

Section 24 is a transition section applying only to fiscal years 1988, 1989, and 1990. Subsection (a) is a special provision for the calculation of each district's required local effort for fiscal year 1988. For that purpose, each district's basic need for the preceding fiscal year will be determined by the department on the basis of projected data for fiscal year 1988, and on the allowable instructional units and instructional unit value as contained in the bill. This section is also given an immediate effective date so that the municipal appropriations in the spring of 1987 for FY 1988 can be determined accordingly.

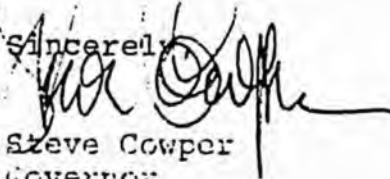
Subsection (b) of the transition section provides for "hold harmless" aid in fiscal years 1988, 1989, and 1990. If both (1) the district's basic need, per ADM, for the year is less than 90 percent, 80 percent, or 70 percent, respectively, of a comparable figure for FY 1987 (the sum of the district's state aid under former AS 14.17.021, 90 percent of its federal impact aid received during that year, and, for city and borough districts, its interest earnings and municipal contributions for that year), and (2) the district's state foundation aid, per ADM, for the year under AS 14.17.021(a) is less than either 90 percent, 80 percent, or 70 percent for one of those years, respectively, of the state aid, per ADM, it received for FY 1987; then the district will be brought up to the appropriate transition level that costs the state the least amount. In simple terms, if the number arrived at under either (1) or (2) of subsec. (b) is a negative number, or is zero, the district is not eligible for additional aid. If both numbers are positive, the district is eligible for additional aid in the amount of the smaller number.

Section 25 is a repealer section, repealing several sections of the existing foundation program statutes that are no longer applicable.

Section 26 makes secs. 4, 13, and 24 of the bill effective immediately. Section 27 makes the remaining sections effective July 1, 1987.

I believe that this bill, if enacted, will provide a fair and equitable formula for funding our public schools for years to come. I also believe that it will allow Alaska's program to meet the equalization requirements of the federal impact aid program. It is one of my highest priorities in this legislative session. I hope that you will give it your prompt and careful consideration, and will pass it substantially as presented.

Sincerely,


Steve Cowper
Governor

News briefs

Increasing numbers of school districts are meeting and exceeding the high standards for curriculum set by State Board of Education regulations in 1984. According to this year's annual Department of Education Status Report on Curriculum, Instruction and Assessment in Alaska School Districts:

- 98 percent of districts have curriculums that serve as guides for planning instruction,
- in 95 percent of districts, curriculums include a statement of goals, and the content of the curriculums reflects those goals,
- 98 percent of districts assess student progress annually, and
- 75 percent of districts have established procedures to use student assessment scores for improving educational programs and student achievement.

This year's report gives new information about social studies and science teaching, the two areas of curriculum targeted for review and special study this year. Charts in the report indicate time allotted, courses taught and textbooks used in these two areas.

Additional information about model programs and resource people that school districts might be able to share is available from the Instructional Materials Center, Department of Education, phone 465-2841.

Three school districts received Awards for Excellence in School Lunch and Nutrition at the Alaska School Food Service Conference in Anchorage March 12.

The awards recognized comprehensive program excellence in areas including management, nutrition, use of commodity foods, nutrition education and student involvement. Award recipients were Kenai Peninsula Borough, Ketchikan Gateway Borough and Lower Yukon School Districts. The awards were presented by the School Lunch Task Force.

The Task Force also presented nine Achievement Awards for excellent ideas and program components to Anchorage School District, Nenana Schools, Kenai School District, Ketchikan Schools, and Lower Yukon Schools.

Sanna Green, a retired Anchorage School District teacher and counselor, has been named executive secretary of the Professional Teaching Practices Commission. She replaces Charles Craig who retired.

Green has been an educator for 23 years, including 20 years in Anchorage. She is a past president of the National Education Association—Alaska, and is a partner in The Learning Tree, an educational consulting firm.

Sue Paulsen, Petersburg High School librarian, has been named 1987 Alaska School Librarian of the Year.

Paulsen, a lifelong Alaskan, worked as a school librarian in Haines and Juneau before moving to Petersburg, where she has been librarian for the past 5 years.

Superintendents from 20 Alaska school districts submitted 101 school activities and classroom projects for MERITS awards in the annual Department of Education search for "Many Educational Resource Ideas To Share."

Participating schools and teachers will receive certificates and blue ribbons by the end of April. This year's MERITS awards range from math and science projects to self-esteem and classroom management activities.

A team of 6 students from Kenai Peninsula Borough School District took first place in the second annual, Department of Education-sponsored Alaska Academic Decathlon held February 26-28 in Fairbanks.

Teams from 27 school districts competed in 10 academic events, culminating in a "Super Quiz" team competition before an audience. Decathlon teams consist of 2 students with "A" averages, 2 'B' students, and 2 'C' students. This year 3 'C' students placed in the top 12 in individual competition.

ALASKA EDUCATION NEWS

Vol. 11 No. 6

"PROMOTING EXCELLENCE IN EDUCATION"

March 1987

Japanese interns available

Alaska schools are invited to host non-paid Japanese interns in their schools and classrooms starting in early fall—at virtually no cost.

The interns are Japanese teachers and teacher trainees interested in serving as "cultural ambassadors." They can visit American schools for three, six- or nine-month stays through international Internship Programs (IIP) of Seattle and Tokyo.

Interns pay their own transportation to and from the United States and pay \$150 per month for room and board. Host schools are asked to arrange for friendly, responsible host families with whom the visitors can live during their stay.

The "cultural ambassadors" participate in host school activities and share Japan's culture through such activities as flower arrangement (ikebana), paper folding (origami), tea ceremony, cooking and other traditional activities.

To apply for an intern, write: International Internship Programs, 401 Coleman Bldg., 811 First Ave., Seattle, WA 98104, phone (206) 623-5539

Anchorage Center To Open

The Northwest Regional Educational Laboratory (NWREL) of Portland will open a resource center in Anchorage to help improve bilingual education in Alaska.

The center is made possible through a grant from the U.S. Department of Education. The Alaska Multifunctional Resource Center (MRC) will provide inservice training and technical assistance to parents and educators of limited-English-proficient (LEP) students. Part of a network of regional centers across the country, the center will be funded for three years with annual grants of approximately \$350,000. Funding can be used only to supplement state-funded bilingual activities.

Demmert named Commissioner

The State Board of Education has selected William Demmert for Commissioner of Education. The board's choice has been approved by Gov. Steve Cowper.

Demmert, 53, will take on his new position April 2. He will replace Marshall Lind, who will return to his post as Dean of Extended and Graduate Studies at the University of Alaska—Juneau. Lind has been "on loan" from the university since March 1986, when he was asked to temporarily replace former Commissioner Harold Reynolds, who resigned.

Demmert is Dean of the School of Education and Liberal Arts at the University of Alaska—Juneau. He has extensive administrative and classroom experience as well.

Demmert's employment history:

- Director, Center for Teacher Education, University of Alaska—Juneau, 1982-83
- Deputy Commissioner, Alaska Department of Fish and Game, 1980-82
- Affiliate Professor, Public Affairs and In-

dian Studies, University of Washington, 1978-80

- Director, Office of Indian Education Programs, U.S. Bureau of Indian Affairs, 1976-1978
- Special Assistant and Program Manager, U.S. Office of Education/Director of Education Programs, U.S. Bureau of Indian Affairs, 1972-76
- Director, American Indian Program and Instructor, Harvard University, 1971-72
- Chief Administrator, Klawock Public School, 1968-1970
- Teacher, North Star Borough School District, 1965-1968
- Teacher, Forks (Washington) Public Schools, 1960-1964

Demmert's educational background:

- B.A., Social Studies/PE, Seattle Pacific College, 1961
- Ed.M., University of Alaska, 1968
- Ed.D., Administrative Career Program, Harvard University, 1973

Governor Creates Children's Commission

Gov. Steve Cowper will form a Governor's Commission on Children and Youth to focus statewide attention on the problems facing Alaska's young people.

The commission, to number no more than 15 members, will include legislators, child care and health professionals, parents, educators, and business and labor leaders. Five members will represent the Departments of Health and Social Services, Education, Community and Regional Affairs, Law, and Public Safety.

Several sources of funds are available to the commission including a \$125,000 grant from the National Association of State Boards of Education and federal drug abuse funds.

The commission will:

- develop a plan for a first class child care system
- review state programs serving children and offer suggestions for improvement
- conduct a children's census to assess the needs of Alaska's youth
- produce a comprehensive plan to address problems such as drug and alcohol abuse,

suicide, unemployment and health concerns.

The commission will report its recommendations to the governor and the legislature by January 1988.

The governor has called for nominations for commission members. Candidates can be nominated by sponsors or by themselves. Send a letter of nomination and a resume to Sheila Gottherer, Director of Boards and Commissions, Office of the Governor, P.O. Box A, Juneau 99811.

Talkback features stress

"Coping With Adolescent Stress" is the topic of this year's second Talkback program on the Rural Alaska Television Network. Scheduled Thursday, March 26, from 11 a.m. to noon, the program will feature a panel of experts discussing stresses that young people face in Alaska and today's society.

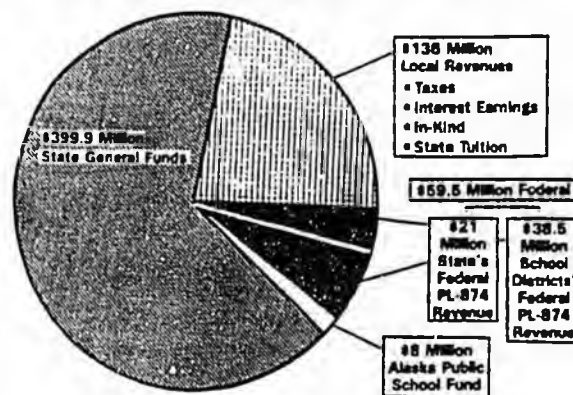
Teacher materials and pre-viewing activities have been sent to building principals and head teachers, and students are encouraged to call in with questions and comments during the program. The number to call is 561-4109.

Alaska Department of Education
P.O. Box F
Juneau, AK 99811
(ISSN 0516-4842)

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AT
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FY 88 Foundation Revenue Sources



About \$603.4 million in state, local and federal funds go into the computations to figure school district funding under the Governor's Public School Foundation bill, SB 119 / HB 126. A special insert explaining how the Governor's bill works is included in this issue of Alaska Education News. It begins on page 4.

Education needs united front, says Board president

All groups concerned about education must pull together to make it the state's number one priority, said William Eubank of Sand Point. Eubank was elected president by fellow State Board of Education members at a March 13 meeting in Juneau.

Eubank, a teacher and principal in Alaska from 1968 to 1977, was chairman of the Sand Point board of education from 1977-82 and has served on the state board since December 1982.

Eubank said he supports continued efforts, with the state board as a focal point, to establish a united front for education in Alaska. He emphasized a need to work cooperatively to secure the funding needed and an appropriate delivery system for education in the state.

Eubank suggested three areas of focus for supporting education during this time of declining revenues:

- **Communication**—We must draw together all the groups that have an interest in our common goal: the best possible education for students.

- **Salesmanship**—Educators sell ideas, skills and knowledge to children every day in the classroom. We need to use that talent to persuade parents and the public that education is Alaska's number one priority. Then parents and the public must reach decision makers to assure that education remains the number one priority from a monetary standpoint.

- **Thinking the unthinkable**—We must look outside our traditional patterns of thought and begin to take advantage of fiscal and human resources we have not tapped yet. We may need to look back to what we did before the influx of oil money and resources to find creative ways of solving our current problems.

Eubank said he expected Gov. Steve Cowper's goal of reaching at-risk students to be a major priority area for the state board this year. "The middle and upper thirds of students seem to do well with the present system," Eubank said, "but we need to find some creative ways of reaching the bottom third."



William Eubank

State Board takes action

Here is the action of the State Board of Education, which met in Juneau March 13:

- elected William Eubank of Sand Point as president of the State Board of Education.
- unanimously selected William Demmert commissioner of education.
- approved a resolution recognizing Ernestine Griffin's four-year service as president of the State Board of Education. Griffin's term of office has expired.
- sent the following proposed regulations to go to public comment:
 - 4 AAC 12, dealing with certification requirements for superintendents
 - 4 AAC 09, establishing funding communities and school attendance centers by district.
- 4AAC 09, enrollment requirements and tuition for Centralized Correspondence Study.
- heard a management report on the Division of Vocational Rehabilitation and adopted two goals for the Division of Vocational Rehabilitation to recognize special needs populations served by the division and other related Department of Education programs.
- heard a report on the FY 88 Department of Education operating budget.
- altered a proposed new elementary school in Seward from number 67 to number 6 on the Department of Education's priority list for school construction projects to meet unhousehold students criteria.

- opposed HB 98, a supplemental appropriations bill in the legislature for various school districts.
- supported the following bills now before the legislature:
 - HB 126 and SB 119, companion bills for the governor's foundation bill; HB 113, supplemental appropriations bill for pupil transportation and tuition payments for FY 87; SB 135, which limits teacher recruitment to state residents; HB 128, which establishes Alaska Education Trust Fund from voluntary contributions from permanent fund dividends; HB 144, which allows State Libraries and Museums to set fees for services; Section 1 of HB 170, which includes provision for either the right to strike or binding arbitration as the final step in the negotiation process; SB 150, which would permit school districts and municipalities to refinance bonds for school construction; SB 173, which establishes trust fund for community schools from contributions from permanent fund dividends.
- scheduled a meeting with the Teacher Certification Advisory Council in conjunction with the April State Board of Education meeting.
- endorsed Sue Hull as State Board of Education representative to Governor's Task Force on Youth.
- voted to urge Alaska's congressional delegation to support continuation of federal Chapter II appropriations.

Wall Chart traces progress

Alaska student scores on the ACT improved but remained slightly below the national average this year. That is just one "key indicator" of the status of education in the state and the nation, according to the U.S. Department of Education Fourth Annual Wall Chart (Report Card) of State Education Statistics.

✓ ACT, SAT scores

In 1986 Alaska seniors scored 18.1 on the ACT vs. 18.8 for students nationwide. That ranks Alaska 20th out of 28 states. About 37 percent of graduating seniors the the 49th state took the test.

A greater percentage—41 percent—of Alaska seniors took the 1986 SAT, and they continued to score above the national average. Alaska seniors scored 479 on math vs. 475 for students nationally; and they scored 445 on verbal vs. 431 for students nationally.

Though not listed on the wall chart, Alaska's combined SAT score would be 924, ranking the state third among 22 states.

✓ Expenditures per pupil, and teacher salaries

Alaska again ranked first in the nation in expenditures per pupil and in teacher salaries. In 1985 the Alaska spent an average \$7,843 per pupil compared to a national average of \$3,449. Alaska teacher salaries in 1986 averaged \$41,480 compared to a national average of \$25,313. Many interpreters consider these figures closely related to the state's highest-in-the-nation costs of living.

✓ Graduation rate

The percentage of students graduating from high school in Alaska decreased from 74.7 percent in 1984 to 67.1 percent in 1985, ranking the state 38th in the nation in 1985. That figure is a long-range increase from 64.3 percent that ranked the state 41st in the nation in 1982.

✓ Education Funding

As percentages of funding for education, state dollars are showing a steady decline in Alaska, while local and federal dollars are accounting for increased percentages. State funds have declined from a high of 76.2 percent in 1982 to 71.5 percent in 1985. Percent of local funds increased to 20.3 percent in 1985, from a low of 10.2 percent in 1972. Percent of federal funds increased to 8.2 percent, still below the 9.3 percent of 1980 and 25 percent in 1972.

Compared to her sister states, Alaska ranks 4th in percent of state funding going to education, 17th in percent of federal funding,

and 48th in percent of local funding.

✓ Progress, but not enough

U.S. Secretary of Education William Bennett drew several conclusions from the Wall Chart statistics. "When we look back at 1982, the baseline year for the wall chart, we can see how far we've come in pursuit of excellence and equity. Since 1982, test scores have improved in virtually all States, and the graduation rate has improved substantially. But we had lost a lot of ground in the 1960s and 70s, and we still have far to go. We must make progress each and every year."

Bennett said "The education reform movement is addressing the right issues:

- raising standards for promotion and graduation
- attracting the most qualified teachers into the profession
- increasing the accountability of students, teachers and school systems, and
- providing a more challenging, comprehensive curriculum."

Principles of successful schools

U.S. Secretary of Education William Bennett outlined the following "principles which make for successful schools" in his recent "Wall Chart" report card on schools and students:

- ✓ They have outstanding principals who lead and inspire and bring out the best from dedicated, motivated teaching staffs
- ✓ They reach out to parents and establish an alliance with them
- ✓ They concentrate on the basics—the basics of good behavior and the basics of academic achievement.
- ✓ They set rigorous standards for children.
- ✓ They nurture character and transmit clear standards of right and wrong.
- ✓ They operate on the principle that all children can learn.
- ✓ They reward all forms of achievement, and
- ✓ They provide regular assessments of progress.

Successful schools "focus on success, and they usually get success," Bennett said.

Course prepares rural teachers

Thirteen University of Alaska students will graduate next June from a program that should qualify them to teach effectively in rural Alaska.

The 13, who held bachelors degrees in various fields when they enrolled in the program, have spent a year studying and working with master teachers on basic educational problems of rural, cross-cultural teaching. They will have earned teacher certification by June and may complete master's degrees in education in the summer or following year.

Better yet, these "Teachers for Rural Alaska" should carry with them a rare perspective and understanding of rural cultural settings and their dynamics.

TRA coursework centers around five fundamental "problems" rural teachers experience, and more than half of the coursework is taught by master teachers known for their expertise in teaching in rural Alaska. Students have examined questions of:

- reading and language among culturally diverse students;
- social studies and localized curriculum for culturally diverse students;
- developing an understanding of mathematics and science among culturally diverse students;
- managing instruction in a multi-grade, multi-ability classroom; and
- managing the different cultures of school, community and central office.

During the second semester students teach in rural Alaska under supervision of master teachers nominated by their colleagues as outstanding.

"Teachers for Rural Alaska is an unusual approach to teacher training in that it is planned primarily by master teachers, principals, school boards, superintendents and community members, rather than university professors," said Judith Kleinfeld, University of Alaska—Fairbanks instructor who researched and designed much of the pilot project. TRA candidates are also carefully selected for practical and political skills as well as broad academic background, Kleinfeld said.

The program will begin accepting applications for next year's course in April. "We are particularly interested in attracting rural people," Kleinfeld said.

The University also is working to develop a small, personal undergraduate program that focuses on rural elementary education, Kleinfeld said.

Both programs are based on current research on teacher training and the recommendations of the Holmes Group and other national commissions concerned with improving teacher education.

For applications or more information contact Meredith Ottenheimer, Center for Cross-Cultural Studies, College of Human and Rural Development, University of Alaska, Fairbanks 99701.

ALASKA EDUCATION NEWS

Statement of Purpose: To keep Alaska educators and concerned citizens informed about activities and trends affecting the quality and conduct of public education in the state.

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TERMS AND CONCEPTS:

■ **ADM—AVERAGE DAILY MEMBERSHIP.** The average of the number of students enrolled in a school district or specific school program (vocational education, bilingual education, special education) over a specified fall or spring reporting period. The more students a district has in Average Daily Membership, the more funding it receives through the foundation program.

■ **BASIC NEED—**An amount of money determined by multiplying the area cost differential by the number of a school district's allowable instructional units times the instructional unit value, set annually by the legislature. The proposed foundation program sets the instructional unit value at \$60,000 for the 1987-88 school year.

■ **INSTRUCTIONAL UNIT—**A number composed of a group of students identified by grade levels and whether the students are enrolled in vocational, special or bilingual education programs.

■ **AREA COST DIFFERENTIAL—**A factor multiplied by a school district's instructional units to adjust for costs—primarily personnel costs—in various school districts. Factors vary between 1.0 and 1.42, depending usually on remoteness of the district. Area Cost Differentials are based on an October 1986 arbitrator's decision that sets area differentials in salaries of the state employees working in various regions across the state.

■ **INSTRUCTIONAL UNIT VALUE—**The amount of money each instructional unit is valued. The proposed amount under the new foundation formula is \$60,000 per instructional unit. That amount is calculated by dividing the total statewide basic need by the total statewide number of adjusted instructional units. Mathematically it works this way: \$603,392,400 total statewide basic need divided by 10,056.54 total adjusted instructional units equals \$60,000 per instructional unit.

Required Local Effort—Under the bill, city and borough school districts would be required to contribute the lesser amount of:

- (1) the equivalent of funds generated by a four mill tax levy based on the full and true value of the taxable real and personal property in the school district; or
- (2) 35 percent of a school district's basic need for the preceding school year.

School districts would not be allowed to contribute more than the equivalent of 5.5 mills in order to hold disparities in funding per instructional unit among school districts to no more than 25 percent. The amount of local effort, either in the 4 mill equivalent or 35 percent of basic need, is subtracted from a school district's basic need. Since Regional Educational Attendance Areas do not have authority to collect taxes, there is no deduction for the local contribution portion of basic need in these districts.

■ **PL-874—FEDERAL LAW PL-874,** impact aid to education, provides federal funds to school districts for children of parents living and/or working on federal property as an "in lieu of local tax" revenue. Alaska is expecting a total of approximately \$65 million in PL-874 aid for the 1986-87 school year, about \$60 million of which is used in the foundation plan. Under the foundation proposal, 90 percent of each school district's eligible PL-874 receipts will be subtracted from the district's basic need.

■ **STATE FOUNDATION AID—**The amount of state money school districts are entitled to receive under the Public School Foundation Program, after local and federal shares are deducted.

OTHER ISSUES IN SB 119/HB 126 :

■ **HOLD HARMLESS—**The bill contains language that protects districts from losing more than 10 percent of the prior year's K-12 instructional units.

■ **COMMUNITY SCHOOLS—**The bill states that foundation funds may be spent on community schools programs.

■ **CENTRALIZED CORRESPONDENCE STUDY—**The bill provides a formula for computing funds for the states' Centralized Correspondence Study program. Instructional units are computed under the same formula used by elementary schools with more than 200 students and multiplied by 0.65.

■ **GATHERING/REPORTING STUDENT DATA—**The bill requires districts to report to the Department of Education by September 20 of each school year an estimate of its student population for the next school year. The Department of Education will use the estimates to determine the amount of state foundation aid to seek from the Legislature for the following school year.

■ **FUND BALANCE LIMITATION—**The bill disallows districts from accumulating an unreserved fund balance of more than five percent of its operating expenditures for the year. The Department of Education will deduct the amount exceeding five percent from the school district's succeeding year's foundation entitlement.

■ **FULL AND TRUE VALUE—**The Department of Community and Regional Affairs will determine the full value of the taxable real and personal property in each school district for the purpose of calculating a school district's required local effort.

■ **DISTRIBUTION PROCEDURES—**The Department of Education will make payment of foundation aid through monthly payments to school districts. The payments for the first nine months of each fiscal year will be based on actual student counts for the prior school year. Payments for the last three months will be adjusted by actual year student counts. Any overpayments or underpayments made during the first nine months will be adjusted for in the final three payments of the fiscal year. The first counting period will be during a 20-day period ending on the fourth Friday in each October. A subsequent reporting period, a 20-day period ending the second Friday of each February, may be used to calculate foundation funding, if the February counting period yields more instructional units.

■ **TRANSITION MEASURES—** The bill provides hold harmless provisions that protect districts from losing an excessive amount of funding for three years after enactment of the bill.



TABLE OF INSTRUCTIONAL UNITS

COMBINED ELEMENTARY & SECONDARY INSTRUCTIONAL UNITS:

■ Instructional units for communities with fewer than 200 students in grades K-6 or fewer than 200 students in grades 7-12 are determined by the formula:

ADM	UNITS
1-10	2
11-20	$2 + \frac{(ADM - 10)}{5}$
21-60	$4 + \frac{(ADM - 20)}{8}$
61-120	$9 + \frac{(ADM - 60)}{12}$
121-525	$14 + \frac{(ADM - 120)}{15}$

■ Elementary instructional units for communities with more than 200 students in grades K-6 are determined by the formula:

$$UNITS = 15 + \frac{(ADM - 200)}{17}$$

■ Secondary instructional units for communities with more than 200 students in grades 7-12 are determined by the formula:

$$UNITS = 18 + \frac{(ADM - 200)}{13}$$

■ Kindergarten students who attend school less than four hours a day are counted as 0.5 ADM.

■ District correspondence or other students who do not regularly attend school on a daily basis are counted in the appropriate grade level of the funding community with the highest ADM in the district.

VOCATIONAL EDUCATION

FTE* X WEIGHTING FACTOR X .05 = VOCATIONAL EDUCATION FUNDING

MINIMUM FUNDING: Any funding community in which a high-cost vocational education course, approved by the Department of Education, is operated receives a minimum of 0.10 instructional units for vocational education, and each school district in which such a course is operated receives a minimum of 1.00 such units.

FACTOR	PROGRAM	FACTOR	PROGRAM
.2	CATEGORY 1 contains 16 programs: health, consumer and homemaking, horticulture, commercial art, clothing and textiles, general marketing, food production, renewable and natural resources, forestry, agriculture services and supplies, transportation and travel, wildlife management, business management, child care management and surveying. The extra costs for these programs average 25 percent of those programs in Category 4.	.6	CATEGORY 3 contains 9 programs: agricultural production, welding, industrial education, woodworking, automobile mechanics, electrical technician, drafting, fisheries and diesel engine mechanics. The extra costs for these programs average 75 percent of those programs in Category 4.
.4	CATEGORY 2 contains 7 programs: aircraft mechanics, communication technologies, commercial photography, agriculture mechanics, accounting and related, small engine mechanic and automotive body repair. The extra costs for these programs average 50 percent of those programs in Category 4.	.8	CATEGORY 4 contains 3 programs: graphics, secretarial and word processing, and construction trades. Equipment, utilities, maintenance, student supplies and instructional materials make these the most costly vocational programs to operate.

* Full time equivalent
NOTE: The extra costs for the vocational programs were taken from the raw data collected for the Resource Cost Model. An amortization schedule of 7 years was used for the equipment.

SPECIAL EDUCATION

NUMBER OF STUDENTS X WEIGHTING FACTOR = SPECIAL EDUCATION FUNDING

MINIMUM FUNDING: Any funding community in which a special education program, approved by the Department of Education, is operated receives a minimum of 0.25 instructional units for special education, and any school district in which such a program is operated receives a minimum of 1.00 such units.

FACTOR	PROGRAM	FACTOR	PROGRAM
.025	GIFTED AND TALENTED RESOURCES	.1	SELF-CONTAINED
.056		.333	INTENSIVE/HOSPITAL HOMEBOUND

BILINGUAL EDUCATION

WEIGHTING FACTOR X STUDENT COUNT X .042 = BILINGUAL EDUCATION

MINIMUM FUNDING: Any funding community in which a bilingual program, approved by the Department of Education, is operated receives a minimum of 0.10 instructional units for bilingual education, and each school district in which such a program is operated receives a minimum of 1.00 such units.

FACTOR	PROGRAM	FACTOR	PROGRAM
.1	CATEGORY A: Students who speak a language other than English exclusively.	.2	CATEGORY D: Students who speak mostly English but also speak a language other than English.
.1	CATEGORY B: Students who speak mostly a language other than English, but also speak some English.	.1	CATEGORY E: Students who speak English exclusively but whose manner of speaking reflects the grammatical structure of another language.
.2	CATEGORY C: Students who speak a language other than English and English with equal ease.		

* Language dominance category weighting factor

GOVERNOR'S PUBLIC SCHOOL FOUNDATION FUNDING PROPOSAL
PREPARED 3/3/87 SB119/HB126

A Special Insert to Alaska Education News
March 1987

Governor's Public School Foundation Funding Program
SB 119 / HB 126

SCHOOL DISTRICT	FY88 PROJECTED ADM	TOTAL UNITS	AREA COST DIFF.	ADJUSTED UNITS	FY88 PROJECTED BASIC NEED \$60,000	REQUIRED LOCAL EFFORT	DEDUCTIBLE PL-874	FY88 PROPOSED STATE AID
ADAK	600	52.34	1.27	66.47	\$3,988,200		\$1,792,633	\$2,195,567
ALASKA GATEWAY	523	69.68	1.16	80.83	\$4,849,800		\$626,475	\$4,223,325
ALEUTIAN REGION	90	20.93	1.27	26.58	\$1,594,800		\$294,602	\$1,300,198
ANCHORAGE	38,874	3,078.86	1.00	3,078.86	\$184,731,600	\$64,656,060	\$254,290	\$119,821,250
ANNETTE ISLAND	432	41.01	1.00	41.01	\$2,460,600		\$1,406,836	\$1,053,764
BERING STRAIT	1,251	183.43	1.34	245.79	\$14,747,400		\$4,199,309	\$10,548,091
BRISTOL BAY	231	27.62	1.27	35.08	\$2,104,800	\$406,164	\$258,914	\$1,439,722
CHATHAM	310	45.76	1.00	45.76	\$2,745,600		\$782,848	\$1,962,752
CHUGACH	132	24.04	1.11	26.69	\$1,601,400		\$182,156	\$1,419,244
COPPER RIVER	561	71.48	1.11	79.35	\$4,761,000		\$397,942	\$4,363,058
CORDOVA	431	39.59	1.11	43.95	\$2,637,000	\$495,929	\$13,925	\$2,127,146
CRAIG	219	23.44	1.00	23.44	\$1,406,400	\$149,219	\$24,325	\$1,232,856
DELTA GREELY	1,027	84.54	1.16	98.07	\$5,884,200		\$1,042,286	\$4,841,914
DILLINGHAM	469	42.87	1.27	54.44	\$3,266,400	\$430,063	\$298,915	\$2,537,422
FATBANKS	13,158	1,048.30	1.04	1,090.23	\$65,413,800	\$18,907,656	\$0	\$46,506,144
GALENA	172	19.61	1.30	25.49	\$1,529,400	\$80,428	\$443,016	\$1,005,956
HAINES	360	37.92	1.05	39.81	\$2,388,600	\$390,486	\$34,061	\$1,964,053
HOONAH	235	25.46	1.05	26.73	\$1,603,800	\$116,950	\$190,808	\$1,296,042
HYDABURG	108	16.65	1.00	16.65	\$999,000	\$53,671	\$0	\$945,329
IDITAROD	392	62.21	1.30	80.88	\$4,852,800		\$849,587	\$4,003,213
JUNEAU	4,244	345.87	1.00	345.87	\$20,752,200	\$6,755,969	\$20,603	\$13,975,628
KAKE	178	22.24	1.00	22.24	\$1,334,400	\$48,754	\$267,515	\$1,018,131
KASHUMAMUT	189	24.40	1.30	31.72	\$1,903,200		\$498,907	\$1,404,293
KENAI	8,414	745.43	1.00	745.43	\$44,725,800	\$15,621,367	\$112,953	\$28,991,480
KETCHIKAN	2,450	198.10	1.00	198.10	\$11,886,000	\$3,617,536	\$5,272	\$8,263,192
KING COVE	133	18.31	1.27	23.25	\$1,395,000	\$97,566	\$138,005	\$1,159,429
KLAMOCK	168	21.27	1.00	21.27	\$1,276,200	\$23,364	\$210,197	\$1,042,639
KODIAK	2,319	226.08	1.09	246.43	\$14,785,800	\$2,209,790	\$137,297	\$12,438,713
KUSPUK	371	59.74	1.30	77.67	\$4,660,200		\$1,212,998	\$3,447,202
LAKE & PENINSULA	369	68.24	1.27	86.66	\$5,199,600		\$1,036,848	\$4,162,752
LOWER KUSKOKWIM	2,682	375.18	1.38	517.75	\$31,065,000		\$5,930,988	\$25,134,012
LOWER YUKON	1,343	176.05	1.30	228.86	\$13,731,600		\$4,633,701	\$9,097,899
MAT-SU	8,940	716.02	1.00	716.02	\$42,961,200	\$10,867,024	\$18,221	\$32,075,955
MEMANA	208	24.06	1.20	28.87	\$1,732,200	\$72,398	\$4,884	\$1,654,918
MOHE	759	64.27	1.34	86.12	\$5,167,200	\$606,540	\$73,912	\$4,486,748
NORTH SLOPE	1,231	136.55	1.42	193.90	\$11,634,000	\$4,071,900	\$1,037,162	\$6,524,938
NORTHWEST ARCTIC	1,637	190.59	1.42	270.63	\$16,237,800	\$940,181	\$3,018,789	\$12,278,830
PELICAN	54	10.25	1.05	10.76	\$645,600	\$59,950	\$0	\$585,650
PETERSBURG	597	53.97	1.00	53.97	\$3,238,200	\$541,422	\$6,094	\$2,690,684
PRIBILOF	152	23.49	1.27	29.83	\$1,789,800		\$402,752	\$1,387,048
RATBELT	346	42.78	1.20	51.33	\$3,079,800		\$0	\$3,079,800
SAND POINT	135	17.53	1.27	22.26	\$1,335,600	\$298,564	\$0	\$1,037,036
SITKA	1,637	133.98	1.00	133.98	\$8,038,800	\$1,764,700	\$78,601	\$6,195,499
SKAGWAY	136	17.07	1.05	17.92	\$1,075,200	\$236,146	\$0	\$839,054
SOUTHEAST ISLAND	435	76.58	1.00	76.58	\$4,594,800		\$764,212	\$3,830,588
SOUTHWEST REGION	491	81.21	1.27	103.13	\$6,187,800		\$1,645,217	\$4,542,583
ST. MARY'S	125	17.44	1.30	22.68	\$1,360,800	\$17,805	\$255,752	\$1,087,243
TANANA	86	14.17	1.30	18.42	\$1,105,200	\$47,021	\$186,392	\$871,787
UNALASKA	170	20.42	1.27	25.94	\$1,556,400	\$382,258	\$168,433	\$1,005,709
VALDEZ	760	84.95	1.11	94.18	\$5,650,800	\$1,977,780	\$10,080	\$3,662,940
WRANGELL	497	46.41	1.00	46.41	\$2,784,600	\$434,682	\$1,573	\$2,348,345
YAKUTAT	147	18.52	1.05	19.45	\$1,167,000	\$72,547	\$56,387	\$1,038,066
YUKON FLATS	390	54.98	1.42	92.27	\$5,536,200		\$703,867	\$4,832,333
YUKON-KOYUKUK	556	85.67	1.30	111.37	\$6,682,200		\$1,454,300	\$5,227,900
YUPIIT	281	45.51	1.30	59.16	\$3,549,600		\$1,343,126	\$2,206,474
TOTALS	102,205	9,282.95		10,056.54	\$603,392,400	\$136,451,890	\$38,427,966	\$428,512,544

MOLD HARMLESS \$2,380,663
STATE GOV. CORRES. STUDY \$2,225,340
\$433,618,547

■ **SENATE BILL 119/HOUSE BILL 126**, Governor Steve Cowper's proposed Public School Foundation Program, is designed to enable the state to meet fiscal equalization criteria outlined in the federal PL-874 "disparity test." Alaska must meet the guidelines in order to utilize approximately \$60 million in PL-874 funds within the state foundation plan as general revenues. In addition, the Matanuska-Susitna Borough School District has filed suit against the State of Alaska for similar disparities in state funding distribution.

■ **PL 81-874 DISPARITY TEST**—The federal PL-874 disparity test measures the disparity in local student expenditures by instructional unit among school districts. The test takes into consideration how many dollars and equivalents in dollars are used as local revenues from local taxes, in kind services, interest earnings and state tuition payments. Under guidelines of the disparity test, the range of local revenues may not vary more than 25 percent between the school district that raises the lowest amount of local revenues per instructional unit and the district that raises the most per instructional unit. Since federal regulations allow states to eliminate five percent of the students at the top of the scale and five percent at the bottom, Alaska eliminates both of its oil rich school districts, Valdez and North Slope Borough, which contribute considerably more than 25 percent beyond the lowest amount. Since REAAs are not authorized to raise local taxes, five percent of the students at the bottom of the scale can be from any REAA. The disparity test uses \$60,000 per instructional unit as the base. Therefore, school districts able to raise revenue must keep local revenues at or below

\$15,000 per instructional unit, which represents a 25 percent disparity. This keeps maximum expenditures at or below \$75,000 per instructional unit, which is within 25 percent of \$60,000 base.

■ **THE PROPOSED FOUNDATION** program is based on the "instructional unit" method of funding. This is similar to the present foundation law, but SB 119/HB 126 proposes to simplify many other aspects of the program.

■ **SB 119/HB 126** requires city and borough school districts to pay up to 35 percent of "basic need," as determined under the bill, with the equivalent of what a 4 mill property tax would raise in their district. Since REAAs do not have tax raising authority, the state would pay for 100 percent of basic need, less the amount of deductible PL-874 funds.

The bill provides area cost differentials for school districts based on a 1986 arbitrator's decision that sets state employees' salary differentials for various regions of Alaska.

■ **THE DEFINITIONS** printed on the back of this page, when used with the two mathematical formulas below and the attached chart, provide a basis for understanding the terms and concepts in the governor's bill. The figures used in the chart on page 4 are based on current data gathered and computed by the Department of Education to estimate the amount of funds generated by each of the 55 school districts under the bill.

THE FORMULA USED TO CALCULATE BASIC NEED:

BASIC NEED = (Instructional Units) X (Area Cost Differential) X (\$60,000)

THE FORMULA USED TO CALCULATE STATE FOUNDATION AID:

STATE FOUNDATION AID = (Basic Need) - (Local Effort) - (90% Eligible PL-874)

wol157hL
Levy
4/16/87

Original sponsor: Rules/Governor

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 126 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

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

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

9 * Section 1. AS 14.17.010 is amended to read:

10 Sec. 14.17.010. PUBLIC SCHOOL FOUNDATION ACCOUNT. (a) The
11 public school foundation account is established. The account consists
12 of appropriations for distribution to districts and [OR] for central-
13 ized correspondence study programs under this chapter.

14 (b) The money of the account may be used only in aid of public
15 schools, including community school programs, and [OR] for centralized
16 correspondence study programs as provided by this chapter.

17 * Sec. 2. AS 14.17.021 is repealed and reenacted to read:

18 Sec. 14.17.021. STATE FOUNDATION AID. (a) The amount of state
19 foundation aid for which a school district may qualify in a fiscal
20 year is calculated by subtracting from the basic need defined in (b)
21 of this section the required local contributions under AS 14.17.025(a)
22 and 90 percent of eligible federal impact aid for that fiscal year.

23 (b) The basic need of a school district is determined by multi-
24 plying the area cost differential of the district under AS 14.17.051
25 by the number of instructional units in the district under AS 14.17.-
26 031 and then multiplying that product by the instructional unit value
27 in AS 14.17.056.

28 * Sec. 3. AS 14.17.022 is amended to read:

29 Sec. 14.17.022. MONEY [FUNDS] FOR CENTRALIZED CORRESPONDENCE

1 STUDY. Money [FUNDS] for providing centralized correspondence study
2 programs for students not enrolled in an approved school district
3 correspondence study program includes [SHALL INCLUDE] an allocation
4 [APPROPRIATION] from the public school foundation account in an amount
5 calculated by multiplying the [BASE] instructional unit value in
6 AS 14.17.056 by the total number of instructional units, as determined
7 by applying the number of correspondence students to the formula for
8 elementary schools in AS 14.17.041(b)(1), then multiplying that prod-
9 uct by 65 percent [AS 14.17.041(a)].

10 * Sec. 4. AS 14.17 is amended by adding a new section to read:

11 Sec. 14.17.025. LOCAL CONTRIBUTIONS. (a) Local contributions
12 to a city or borough school district shall include at least the lesser
13 of

14 (1) the equivalent of a four mill tax levy on the full and
15 true value of the taxable real and personal property in the district
16 as of January 1 of the second preceding fiscal year, as determined by
17 the Department of Community and Regional Affairs under AS 14.17.140
18 and AS 29.45.110; or

19 (2) 35 percent of the district's basic need for the preced-
20 ing fiscal year, as determined under AS 14.17.021(b).

21 (b) In addition to the local contributions required under (a) of
22 this section, local contributions to a city or borough school district
23 in a fiscal year may include no more than the greater of

24 (1) the equivalent of a two mill tax levy on the full and
25 true value of the taxable real and personal property in the district
26 as of January 1 of the second preceding fiscal year, as determined by
27 the Department of Community and Regional Affairs under AS 14.17.140
28 and AS 29.45.110; or

29 (2) the product obtained by multiplying

1 (A) 21 percent of the instructional unit value in
2 AS 14.17.056;

3 (B) the number of instructional units approved for the
4 district for the fiscal year; and

5 (C) the area cost differential of the district under
6 AS 14.17.051.

7 (c) The department may by regulation reduce the maximum local
8 contribution specified in (b) of this section if necessary to keep
9 revenue or expenditure disparities among school districts in the state
10 in compliance with federal equalization requirements under sec. 5(d)-
11 (2) of P.L. 81 - 874 (20 U.S.C. 240(d)(2)), as amended, and regula-
12 tions adopted under it.

13 (d) Local contributions are not required in a regional educa-
14 tional attendance area. Interest earnings and other local revenue in
15 a regional educational attendance area are not considered local reve-
16 nue for current operating expenditures, and are subject to regulation
17 and disposition by the department.

18 (e) A state foundation aid payment may not be made to a city or
19 borough school district in which the requirements of (a) of this
20 section have not been met.

21 (f) For the first two fiscal years in which a district is sub-
22 ject to this section, local contributions may be less than the amount
23 that would otherwise be required under (a) of this section. However,
24 local contributions must be at least the greater of

25 (1) the local contributions, excluding any federal impact
26 aid, for the previous fiscal year; or

27 (2) the sum of 10 percent of the district's eligible feder-
28 al impact aid for that year and, for the first year, the equivalent of
29 a two mill tax levy and for the second year, the equivalent of a three

1 mill tax levy, on the full and true value of the taxable real and
2 personal property in the district as of January 1 of the second pre-
3 ceding fiscal year, as determined by the Department of Community and
4 Regional Affairs under AS 14.17.140 and AS 29.45.110.

5 (g) A school district is eligible for additional state aid in
6 the amount by which the local contributions that would otherwise have
7 been required under (a) of this section exceed the district's actual
8 local contributions under (f) of this section.

9 * Sec. 5. AS 14.17.031 is repealed and reenacted to read:

10 Sec. 14.17.031. ALLOWABLE INSTRUCTIONAL UNITS. (a) The depart-
11 ment shall adopt regulations defining funding communities within each
12 district which reflect geographic and attendance area factors. For
13 the purpose of determining instructional units, students are counted
14 in the district and the funding community from which they receive
15 educational services. The total number of instructional units in a
16 school district is the sum of the following units for each funding
17 community within the district, as determined by the department:

18 (1) the number of units for elementary and secondary stu-
19 dents determined under AS 14.17.041(a) or (b);

20 (2) the number of units for vocational education determined
21 under AS 14.17.043;

22 (3) the number of units for special education determined
23 under AS 14.17.045; and

24 (4) the number of units for bilingual education determined
25 under AS 14.17.047.

26 (b) For purposes of (a)(1) of this section, in fiscal years
27 beginning after July 1, 1987, 90 percent of the district's total
28 elementary and secondary instructional units for the preceding fiscal
29 year is used if that number is greater than the district's total under

(a)(1) of this section for the current fiscal year.

* Sec. 6. AS 14.17.041 is repealed and reenacted to read:

Sec. 14.17.041. ELEMENTARY AND SECONDARY INSTRUCTIONAL UNITS.

(a) For funding communities that have an average daily membership of less than 200 in grades K-6 or less than 200 in grades 7-12, combined elementary and secondary instructional units are determined under the following table:

ADM	Units
1 - 10	2
11 - 20	$2 + ((ADM-10)/5)$
21 - 60	$4 + ((ADM-20)/8)$
61 - 120	$9 + ((ADM-60)/12)$
121 - 525	$14 + ((ADM-120)/15)$

(b) For funding communities that are not included under (a) of this section,

(1) instructional units for elementary students are determined by the formula:

units = $15 + ((ADM-200)/17)$, where ADM is the number of students in average daily membership in grades kindergarten through 6;

(2) instructional units for secondary students are determined by the formula:

units = $18 + ((ADM-200)/13)$, where ADM is the number of students in average daily membership in grades 7 through 12.

(c) Kindergarten students who attend school less than four hours a day are counted as 0.5 ADM under (a) and (b) of this section.

(d) District correspondence or other students who do not

regularly attend school on a daily basis are counted in the appropriate grade level of the funding community with the highest ADM in the district.

* Sec. 7. AS 14.17 is amended by adding new sections to read:

Sec. 14.17.043. VOCATIONAL EDUCATION INSTRUCTIONAL UNITS. Vocational education instructional units for vocational education courses approved by the department are calculated as the sum, for all of those courses in the funding community, of the products obtained by multiplying 0.05 by the ADM full-time equivalent of the course, and then by the cost weighting factor for the course determined under department regulations. A funding community in which a vocational education course approved by the department is operated receives a minimum of 0.10 instructional units for vocational education, or each district in which a vocational education course is operated receives a minimum of 1.00 instructional units, whichever is greater.

Sec. 14.17.045. SPECIAL EDUCATION INSTRUCTIONAL UNITS. (a) An exceptional child, as defined in AS 14.30.350, who is enrolled in a special education program, approved by the department, on the last day of the counting period for which a determination is being made, generates 0.025 instructional units if the child receives gifted services, 0.056 instructional units if the child receives resource services, 0.1 instructional units if the child receives self-contained services, or 0.333 instructional units if the child receives intensive or hospital/homebound services, as those categories of service are defined by the department by regulation, in the funding community in which the child is served. A child may be counted in one special education category only.

(b) Notwithstanding (a) of this section, in a district that offers a special education program each funding community receives a

1 minimum of 0.25 instructional units for special education for each
 2 funding community in which a child is served or the district receives
 3 a minimum of 1.00 instructional units for special education, whichever
 4 is greater.

5 Sec. 14.17.047. BILINGUAL EDUCATION INSTRUCTIONAL UNITS. A
 6 student for whom an appropriate bilingual program must be provided
 7 under regulations adopted by the department, and who is enrolled in a
 8 bilingual program, approved by the department, as of the last day of
 9 the counting period for which a determination is being made, gener-
 10 ates, in the funding community in which the student is served, the
 11 number of bilingual education instructional units that is the product
 12 obtained by multiplying 0.042 by the student's language dominance
 13 category weight under department regulations. A funding community in
 14 which a bilingual program approved by the department is operated
 15 receives a minimum of 0.10 instructional units for bilingual educa-
 16 tion, or a district in which a bilingual program is operated receives
 17 a minimum of 1.00 instructional units, whichever is greater.

18 * Sec. 8. AS 14.17.051 is repealed and reenacted to read:

19 Sec. 14.17.051. AREA COST DIFFERENTIAL. The area cost differen-
 20 tial for a school district is as follows:

School District	Area Cost Differential
Adak	1.27
Alaska Gateway	1.19
Aleutian Region	1.31
Anchorage	1.00
Annette Island	1.03
Bering Strait	1.39
Bristol Bay	1.27
Chatham	1.03

1	Chugach	1.14
2	Copper River	1.14
3	Cordova	1.11
4	Craig	1.03
5	Delta/Greely	1.16
6	Dillingham	1.27
7	Fairbanks	1.04
8	Galena	1.30
9	Haines	1.05
10	Hoonah	1.08
11	Hydaburg	1.03
12	Iditarod	1.33
13	Juneau	1.00
14	Kake	1.03
15	Kashunamiut	1.33
16	Kenai	1.00
17	Ketchikan	1.00
18	King Cove	1.27
19	Klawock	1.03
20	Kodiak	1.09
21	Kuspuk	1.33
22	Lake & Peninsula	1.31
23	Lower Kuskokwim	1.42
24	Lower Yukon	1.35
25	Matanuska-Susitna	1.00
26	Nenana	1.20
27	Nome	1.34
28	North Slope	1.45
29	Northwest Arctic	1.45

1	Pelican	1.08
2	Petersburg	1.00
3	Pribilof	1.30
4	Railbelt	1.23
5	Sand Point	1.27
6	Sitka	1.00
7	Skagway	1.05
8	Southeast Island	1.04
9	Southwest Region	1.31
10	St. Mary's	1.30
11	Tanana	1.30
12	Unalaska	1.27
13	Valdez	1.11
14	Wrangell	1.00
15	Yakutat	1.08
16	Yukon Flats	1.46
17	Yukon-Koyukuk	1.34
18	Yupiit	1.41

19 * Sec. 9. AS 14.17.056 is amended to read:

20 Sec. 14.17.056. [BASE] INSTRUCTIONAL UNIT VALUE. The [BASE]
21 instructional unit value [FOR FISCAL YEARS BEGINNING ON OR AFTER
22 JULY 1, 1986,] is \$60,000 [\$42,184].

23 * Sec. 10. AS 14.17.080 is repealed and reenacted to read:

24 Sec. 14.17.080. STUDENT COUNT ESTIMATES. Each district shall
25 prepare and submit to the department, by October 15 of each fiscal
26 year, in the manner and on forms prescribed by the department, an
27 estimate of its average daily membership and other student count data
28 for the succeeding fiscal year, upon which computations can be made of
29 the amount of estimated state foundation aid for which the district

1 will be eligible under AS 14.17.021 in that fiscal year. In making
2 this estimate, the district shall consider its average daily member-
3 ship, other student count data, the pattern of growth or decline in
4 preceding years, and other pertinent information available to the
5 district. The preliminary reports required by this section are the
6 basis for estimating the need for state foundation aid for the next
7 fiscal year.

8 * Sec. 11. AS 14.17.082 is repealed and reenacted to read:

9 Sec. 14.17.082. FUND BALANCE IN SCHOOL OPERATING FUND. (a) A
10 district may not accumulate in a fiscal year an unreserved portion of
11 its year-end fund balance in its school operating fund, as defined by
12 department regulations, that is greater than five percent of its
13 expenditures for that fiscal year.

14 (b) The department shall review the annual audit of each dis-
15 trict for the preceding fiscal year to ascertain its year-end operat-
16 ing fund balance. The amount by which the unreserved portion of that
17 balance exceeds the amount permitted in (a) of this section shall be
18 deducted from the state foundation aid that would otherwise be paid to
19 the district in the current fiscal year.

20 * Sec. 12. AS 14.17.140 is amended to read:

21 Sec. 14.17.140. DETERMINATION OF FULL AND TRUE VALUE BY DEPART-
22 MENT OF COMMUNITY AND REGIONAL AFFAIRS. (a) To determine the amount
23 of local effort under AS 14.17.025 and to aid the department and the
24 legislature in planning, [EQUALIZED PERCENTAGE TO BE APPLIED TO BASIC
25 NEED UNDER AS 14.17.021] the Department of Community and Regional
26 Affairs, in consultation with the assessor for each district, shall
27 determine the full value of the taxable real and personal property in
28 each city or borough district. [EXEMPTIONS GRANTED UNDER CH. 129, SLA
29 1957, KNOWN AS THE ALASKA INDUSTRIAL INCENTIVE ACT (AS 43.25), SHALL

1 BE HONORED.] If there is no local assessor or current local assess-
2 ment for a district, then the Department of Community and Regional
3 Affairs shall make the determination of full value from information
4 available. In making the determination, the Department of Community
5 and Regional Affairs shall be guided by AS 29.45.110. The determina-
6 tion of full value shall be made by [BEFORE] October 1 and sent by
7 certified mail, return receipt requested, on or before that date to
8 the president of the school board in each district. Duplicate copies
9 shall be sent to the commissioner. The governing body of a [THE]
10 borough or city that [WHICH] is a school [THE] district may obtain
11 judicial review of the determination. The superior court may modify
12 the determination of the Department of Community and Regional Affairs
3 only upon a finding of abuse of [OR] discretion or upon a finding that
4 there is no substantial evidence to support the determination.

5 (b) Motor vehicles subject to the motor vehicle registration tax
6 under AS 28.10.431 [AS 28.10.255] shall be treated as taxable property
7 under [FOR PURPOSES OF (a) OF] this section.

8 * Sec. 13. AS 14.17.160 is repealed and reenacted to read:

9 Sec. 14.17.160. STUDENT COUNTING PERIODS. (a) Within two weeks
0 after the end of the 20-school-day period ending the fourth Friday in
1 October, each district shall transmit a report to the department that,
2 under regulations adopted by the department, reports its average daily
3 membership for that counting period, and other student count informa-
4 tion that will aid the department in making a determination of its
5 state foundation aid. If it makes the district eligible for more
6 state foundation aid, a district may transmit, within two weeks after
7 the 20-school-day period ending the second Friday in February, a
8 similar report for that counting period. For centralized correspon-
9 dence study, the October report shall be based on the period from

1 July 1 through the fourth Friday in October, except that summer school
2 students shall be counted as a proportionate fraction as determined by
3 the department. The department may make necessary corrections in the
4 report submitted, and shall notify the district of changes made. The
5 commissioner shall notify the governor of additional appropriations
6 the commissioner estimates to be necessary to fully fund the public
7 school foundation program for the current fiscal year.

8 (b) Upon written request and for good cause shown, the commis-
9 sioner may permit a district to use a 20-school-day counting period
10 other than the periods set out in (a) of this section. However, the
11 counting period must be 20 consecutive school days.

12 * Sec. 14. AS 14.17.170 is repealed and reenacted to read:

13 Sec. 14.17.170. DISTRIBUTION OF STATE FOUNDATION AID. (a) The
14 department shall determine the state foundation aid for each school
15 district in a fiscal year on the basis of the district's data reported
16 under AS 14.17.160 for the counting period that makes the district
17 eligible for the greatest number of instructional units. On or before
18 the 15th day of each of the first nine months of each fiscal year,
19 1/12 of each district's state foundation aid shall be distributed on
20 the basis of the data reported for the preceding fiscal year. On or
21 before the 15th day of each of the last three months of each fiscal
22 year, 1/3 of the balance of each district's state foundation aid shall
23 be distributed, after the balance has been recomputed on the basis of
24 student count and other data reported for the current fiscal year.

25 (b) If a district receives more state aid money than it is
26 entitled to receive under this chapter, it shall immediately remit the
27 amount of overpayment to the commissioner, to be returned to the
28 public school foundation account. Upon an adequate showing of a cash
29 flow shortfall, and in the discretion of the commissioner, the

1 department may make advance payments to a school district. The total
2 of advance payments may not exceed the amount of state foundation aid
3 for which the district is eligible for the fiscal year.

4 * Sec. 15. AS 14.17.190(b) is amended to read:

5 (b) Each district shall maintain complete financial records of
6 the receipt and disbursement of public school foundation money, [AND]
7 money acquired from local effort, and other money received by the
8 district. The records must be in the form required by the department
9 [COMMISSIONER] and are subject to audit by the department [COMMIS-
10 SIONER OR THE BOARD] at any time.

11 * Sec. 16. AS 14.17.220 is amended to read:

12 Sec. 14.17.220. PURPOSE. It is the intention of the legisla-
13 ture, in enacting this public school foundation program, to assure an
14 equitable [ADEQUATE] level of educational opportunities for those in
15 attendance in the public schools of the state. Except for the limita-
16 tions of AS 14.17.025, this [THIS] chapter may [SHALL] not be inter-
17 preted as preventing a public school district from providing educa-
18 tional services and facilities beyond those assured by the foundation
19 program.

20 * Sec. 17. AS 14.17.225 is repealed and reenacted to read:

21 Sec. 14.17.225. CONSTRUCTION AND IMPLEMENTATION OF CHAPTER. (a)
22 This chapter does not create a debt of the state. Each district shall
23 establish, maintain, and operate under a balanced budget. The state
24 is not responsible for the debts of a school district.

25 (b) Money to carry out the provisions of AS 14.17.010 - 14.-
26 17.190 may be appropriated annually by the legislature into the public
27 school foundation account. If amounts in the account are insufficient
28 to meet the allocations authorized under AS 14.17.010 - 14.17.190 for
29 a fiscal year, each district's basic need shall be reduced pro rata as

1 necessary to make the funds available sufficient to meet the alloca-
2 tions for that fiscal year.

3 * Sec. 18. AS 14.17.250(1) is amended to read:

4 (1) "ADM full-time equivalent" means the [QUOTIENT OF THE]
5 aggregate class periods of pupil membership [PER DAY] in specified
6 classes for the student counting period for which a determination is
7 being made, divided by the total number of all class periods in the
8 student counting period [SCHOOL DAY];

9 * Sec. 19. AS 14.17.250(2) is amended to read:

10 (2) "average daily membership" or "ADM" means the aggregate
11 days of membership of pupils divided by the actual number of days in
12 session for the counting period for which a determination is being
13 made [SCHOOL TERM];

14 * Sec. 20. AS 14.17.250(11) is amended to read:

15 (11) "taxable real and personal property" means all real and
16 personal property taxable under the laws of the state [, BUT DOES NOT
17 INCLUDE HOUSEHOLD GOODS AND PERSONAL EFFECTS];

18 * Sec. 21. AS 14.17.250 is amended by adding new paragraphs to read:

19 (13) "eligible federal impact aid" for a fiscal year means
20 the amount of federal aid received by the district as of March 1 of
21 the fiscal year as payment for its entitlement for the application
22 submitted during the preceding fiscal year, including advance
23 payments, and adjustments received since March 1 of the preceding
24 fiscal year from prior year applications, under secs. 2, 3, and 4 of
25 P.L. 81 - 874 (20 U.S.C. 237 - 239), as amended, except payments
26 received under sec. 3(d)(3)(B)(ii) of that Act 20 U.S.C. 238(d)(3)(B)-
27 (ii)), to the extent the state may consider that aid as local re-
28 sources under that Act and the regulations adopted under it;

29 (14) "local contributions" means appropriations to the

1 school operating fund by the city or borough, interest earnings that a
2 district is allowed to keep and spend on school operations, state
3 tuition payments, the value of in-kind services performed by the city
4 or borough, and 10 percent of the district's eligible federal impact
5 aid.

6 * Sec. 22. TRANSITION. (a) For the purpose of calculating the re-
7 quired local contributions under AS 14.17.025(a)(2) for fiscal year 1988,
8 and for the purpose of (d)(2) of this section, each district's basic need
9 for the preceding fiscal year is as determined by the department based on
0 its projections of student count data for fiscal year 1988 and the allow-
1 able instructional units and instructional unit value as contained in this
2 Act.

3 (b) In fiscal years 1988, 1989, and 1990, a district may receive
4 state aid, in addition to its state foundation aid under AS 14.17.021(a),
5 in the lesser amount of

(1) $(p \times \text{sum87} \times \text{current ADM/ADM87}) - \text{current need}$; or

(2) $(p \times \text{state87} \times \text{current ADM/ADM87}) - \text{current state}$.

(c) In (b) of this section

(1) "ADM87" means the average daily membership of the district
in the student counting period used for funding for fiscal year 1987;

(2) "current ADM" means the average daily membership of the
district in the student counting period used for funding for the current
fiscal year;

(3) "current need" means the basic need of the district under
AS 14.17.021(b), as amended by sec. 2 of this Act, for the current fiscal
year;

(4) "current state" means the state foundation aid to the dis-
trict under AS 14.17.021(a), as amended by sec. 2 of this Act, for the
current fiscal year;

1 (5) "p" means the transition percentage, which is 90 percent in
2 fiscal year 1988, 80 percent in fiscal year 1989, and 70 percent in fiscal
3 year 1990;

4 (6) "state87" means the state aid received by the district for
5 fiscal year 1987 under AS 14.17.021, as it read before July 1, 1987;

6 (7) "sum87" means the sum of

7 (A) state aid received by the district under AS 14.17.021,
8 as it read before July 1, 1987, for fiscal year 1987;

9 (B) 90 percent of that portion of the federal impact aid
10 received by the district from the application submitted in fiscal year
11 1986 under secs. 2 - 4 of P.L. 81-874 (20 U.S.C. 237 - 239), as amend-
12 ed, to the extent that that money could be considered as local re-
13 sources under that Act and the regulations adopted under it; and

14 (C) for city or borough school districts, the total of

15 (i) the district's revenue from earnings in the dis-
16 trict's operating fund in fiscal year 1987;

17 (ii) state tuition payments to the district in fiscal
18 year 1987; and

19 (iii) city or borough appropriations or in-kind contri-
20 butions for fiscal year 1987.

21 (d) The amount determined under (c)(7)(C) of this section may not
22 exceed the lesser of

23 (1) the equivalent of a four-mill tax levy on the full and true
24 value of taxable real and personal property in the district as of January
25 1, 1986, as determined by the Department of Community and Regional Affairs
26 under AS 14.17.170; or

27 (2) 35 percent of the district's basic need as determined under
28 (a) of this section.

29 (e) Notwithstanding AS 14.17.021(a), in fiscal year 1988 amounts

1 received by a district under P.L. 81-874 (20 U.S.C. 237 - 239), as amended,
2 between March 1, 1987, and July 1, 1987, based upon applications submitted
3 before or during fiscal year 1986 may not be subtracted from the district's
4 basic need under AS 14.17.021(b).

5 * Sec. 23. AS 14.17.023, 14.17.027, 14.17.061, 14.17.090, 14.17.150,
6 14.17.180, 14.17.205, 14.17.250(5), 14.17.250(7), 14.17.250(10), and 14.-
7 17.250(12) are repealed.

8 * Sec. 24. Sections 4 and 22 of this Act take effect immediately under
9 AS 01.10.070(c).

10 * Sec. 25. Sections 1 - 3, 5 - 21, and 23 of this Act take effect July
11 1, 1987.
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STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

REQUEST: _____

Bill Version: CS HB 126 (Fin)
Publish Date: _____

Revision Date: 4/17/87

Agency Affected: Education
BRU: K-12 Support

Title: An Act relating to the Public
School Foundation Program

Sponsor: Rules by request of the Governor
Requestor: _____

Components: Foundation

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS		10599.3	10599.3	10599.3	10599.3	10599.3
MISCELLANEOUS						
TOTAL OPERATING		10599.3	10599.3	10599.3	10599.3	10599.3

CAPITAL	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92

REVENUE	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92

FUNDING: (Thousands of Dollars)

GENERAL FUND		10599.3	10599.3	10599.3	10599.3	10599.3
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

1) Fully fund Governor's original bill with revised enrollment	4899.3
2) Phase-in local contribution	1500.0
3) Amend area differential based on revised department calculation	4200.0
TOTAL	10599.3

Prepared by: Al Adams, Chair Phone: _____
Division: House Finance Committee Date: 4/17/87

Approved by Commissioner: _____ Date: _____
Agency: _____

Distribution (by preparer):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)
- Senate Secretary

CS HB 126 (FINANCE)
FISCAL NOTE
ANALYSIS

I. FULL FUND GOVERNOR'S ORIGINAL BILL WITH INCREASED ENROLLMENT ESTIMATES

432,385.8 - HB 126
600.0 - Valdez/Harborview

432,985.8 - Total Foundation Need
428,086.5 - Governor's Revised Budget Request (Foundation Component)

(4,899.3) - Needed to Restore Governor's Underfunding

II. PHASE IN LOCAL CONTRIBUTION (2 MIL MINIMUM FY 88, 3 MIL FY 89 AND 4 MIL FY 90)

1,500.0 - Phase in local contribution

III. ADJUST AREA DIFFERENTIAL PER DEPARTMENT OF EDUCATION REQUEST

4,200.0 - Revised area differential

TOTALS

4,899.3 - Full fund
1,500.0 - Phase in local contribution
4,200.0 - Revised area differential

10,599.3 - Total Fiscal Note

w01157hL
Levy
4/13/87

Original sponsor: Rules/Governor

 New Language
[] *deleted*
Language

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 126 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

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

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

9 * Section 1. AS 14.17.010 is amended to read:

10 Sec. 14.17.010. PUBLIC SCHOOL FOUNDATION ACCOUNT. (a) The
11 public school foundation account is established. The account consists
12 of appropriations for distribution to districts and [OR] for central-
13 ized correspondence study programs under this chapter.

14 (b) The money of the account may be used only in aid of public
15 schools, including community school programs, and [OR] for centralized
16 correspondence study programs as provided by this chapter.

17 * Sec. 2. AS 14.17.021 is repealed and reenacted to read:

18 Sec. 14.17.021. STATE FOUNDATION AID. (a) The amount of state
19 foundation aid for which a school district may qualify in a fiscal
20 year is calculated by subtracting from the basic need defined in (b)
21 of this section the required local ^[effort] contributions under AS 14.17.025(a)
22 and 90 percent of eligible federal impact aid ^{[received by the district AS} for that fiscal year.

23 *of 3/1 of that fiscal year AS PAYMENT for its entitlement for the*
24 *Application submitted during the preceding fiscal yr. including federal*
25 *payments & adjustments received since 3/1 of the preceding*
26 *fiscal year from prior yr. Applications under Sec 2.3 & 4 of*
27 *P.L. 91-374, as amended, to the extent permitted by that*
28 *in AS 14.17.056. Act & Regulations Adopted under it.*

28 * Sec. 3. AS 14.17.022 is amended to read:

29 Sec. 14.17.022. MONEY [FUNDS] FOR CENTRALIZED CORRESPONDENCE

1 STUDY. Money [FUNDS] for providing centralized correspondence study
 2 programs for students not enrolled in an approved school district
 3 correspondence study program includes [SHALL INCLUDE] an allocation
 4 [APPROPRIATION] from the public school foundation account in an amount
 5 calculated by multiplying the [BASE] instructional unit value in
 6 AS 14.17.056 by the total number of instructional units, as determined
 7 by applying the number of correspondence students to the formula for
 8 elementary schools in AS 14.17.041(b)(1), then multiplying that prod-
 9 uct by 65 percent [AS 14.17.041(a)].

10 * Sec. 4. AS 14.17 is amended by adding a new section to read:

11 Sec. 14.17.025. LOCAL CONTRIBUTIONS. (a) Local contributions
 12 to a city or borough school district shall include at least the lesser
 13 of AS 14.14.060 & 14.14.065 school operating fund of the dist. for each fiscal yr under
 14 of AS 14.14.060 & 14.14.065]

15 (1) the equivalent of a four mill tax levy on the full and
 16 true value of the taxable real and personal property in the district
 17 as of January 1 of the second preceding fiscal year, as determined by
 18 the Department of Community and Regional Affairs under AS 14.17.140
 19 and AS 29.45.110; or

20 (2) 35 percent of the district's basic need for the preced-
 21 ing fiscal year, as determined under AS 14.17.021(b).

22 (b) In addition to the local contributions required under (a) of
 23 this section, local contributions to a city or borough school district
 24 school operating fund of the district in it fiscal yr,
 25 in a fiscal year may include no more than the greater of
 26 than]

27 (1) the equivalent of a [six] mill tax levy on the full and
 28 true value of the taxable real and personal property in the district
 29 as of January 1 of the second preceding fiscal year, as determined by
 the Department of Community and Regional Affairs under AS 14.17.140
 and AS 29.45.110; or

(2) the product obtained by multiplying

[Interest earnings that are used to keep & spend on school operations, state tuition, and in kind contributions by the city or borough may be counted toward the effort requirement in (a) of this section, and may be counted under the contribution limit in (b) of this section, under regulations adopted by the dept. Payments received under P.L. 81-874 (20 U.S.C. 240(d)(2)) as amended may not be counted under (a) or (b) of this section.]

AS 14.17.056;

(B) the number of instructional units approved for the district for the fiscal year; and

(C) the area cost differential of the district under AS 14.17.051.

(c) The department may be regulation reduce the maximum local contribution specified in (b) of this section if necessary to keep revenue or expenditure disparities among school districts in the state in compliance with federal equalization requirements under sec. 5(d)-(2) of P.L. 81 - 874 (20 U.S.C. 240(d)(2)), as amended, and regulations adopted under it.

(d) Local contributions are not required in a regional educational attendance area. Interest earnings and other local revenue in a regional educational attendance area are not considered local revenue for current operating expenditures, and are subject to regulation and disposition by the department.

(e) A state foundation aid payment may not be made to a city or borough school district in which the requirements of (a) of this section have not been met.

(f) For the first two fiscal years in which a district is subject to this section, local contributions may be less than the amount that would otherwise be required under (a) of this section. However, local contributions must be at least the greater of

(1) the local contributions, excluding any federal impact aid, for the previous fiscal year; or

(2) the sum of 10 percent of the district's eligible federal impact aid for that year and, for the first year, the equivalent of a two mill tax levy and for the second year, the equivalent of a three

1 mill tax levy, on the full and true value of the taxable real and
2 personal property in the district as of January 1 of the second pre-
3 ceding fiscal year, as determined by the Department of Community and
4 Regional Affairs under AS 14.17.140 and AS 29.45.110.

5 (g) A school district is eligible for additional state aid in
6 the amount by which the local contributions that would otherwise have
7 been required under (a) of this section exceed the district's actual
8 local contributions under (f) of this section.

9 * Sec. 5. AS 14.17.031 is repealed and reenacted to read:

10 Sec. 14.17.031. ALLOWABLE INSTRUCTIONAL UNITS. (a) The depart-
11 ment shall adopt regulations defining funding communities within each
12 district which reflect geographic and attendance area factors. For
13 the purpose of determining instructional units, students are counted
14 in the district and the funding community from which they receive
15 educational services. The total number of instructional units in a
16 school district is the sum of the following units for each funding
17 community within the district, as determined by the department:

18 (1) the number of units for elementary and secondary stu-
19 dents determined under AS 14.17.041(a) or (b);

20 (2) the number of units for vocational education determined
21 under AS 14.17.043;

22 (3) the number of units for special education determined
23 under AS 14.17.045; and

24 (4) the number of units for bilingual education determined
25 under AS 14.17.047.

26 (b) For purposes of (a)(1) of this section, in fiscal years
27 beginning after July 1, 1987, 90 percent of the district's total
28 elementary and secondary instructional units for the preceding fiscal
29 year is used if that number is greater than the district's total under

(a)(1) of this section for the current fiscal year.

* Sec. 6. AS 14.17.041 is repealed and reenacted to read:

Sec. 14.17.041. ELEMENTARY AND SECONDARY INSTRUCTIONAL UNITS.

(a) For funding communities that have an average daily membership of less than 200 in grades K-6 or less than 200 in grades 7-12, combined elementary and secondary instructional units are determined under the following table:

ADM	Units
1 - 10	2
11 - 20	$2 + ((ADM-10)/5)$
21 - 60	$4 + ((ADM-20)/8)$
61 - 120	$9 + ((ADM-60)/12)$
121 - 525	$14 + ((ADM-120)/15)$

(b) For funding communities that are not included under (a) of this section,

(1) instructional units for elementary students are determined by the formula:

units = $15 + ((ADM-200)/17)$, where ADM is the number of students in average daily membership in grades kindergarten through 6;

(2) instructional units for secondary students are determined by the formula:

units = $18 + ((ADM-200)/13)$, where ADM is the number of students in average daily membership in grades 7 through 12.

(c) Kindergarten students who attend school less than four hours a day are counted as 0.5 ADM under (a) and (b) of this section.

(d) District correspondence or other students who do not

1 regularly attend school on a daily basis are counted in the
2 appropriate grade level of the funding community with the highest ADM
3 in the district.

4 * Sec. 7. AS 14.17 is amended by adding new sections to read:

5 Sec. 14.17.043. VOCATIONAL EDUCATION INSTRUCTIONAL UNITS. Voca-
6 tional education instructional units for ^[high cost] vocational education courses
7 approved by the department are calculated as the sum, for all of those
8 courses in the funding community, of the products obtained by multi-
9 plying 0.05 by the ADM full-time equivalent of the course, and then by
10 the cost weighting factor for the course determined under department
11 regulations. A funding community in which a ^[high cost] vocational education
12 course approved by the department is operated receives a minimum of
13 0.10 instructional units for vocational education, ^[and] or each district in
14 which a ^[high cost] vocational education course is operated receives a minimum of
15 1.00 instructional units, whichever is greater.

16 Sec. 14.17.045. SPECIAL EDUCATION INSTRUCTIONAL UNITS. (a) An
17 exceptional child, as defined in AS 14.30.350, who is enrolled in a
18 special education program, approved by the department, on the last day
19 of the counting period for which a determination is being made, gener-
20 ates 0.025 instructional units if the child receives gifted services,
21 0.056 instructional units if the child receives resource services, 0.1
22 instructional units if the child receives self-contained services, or
23 0.333 instructional units if the child receives intensive or hospi-
24 tal/homebound services, as those categories of service are defined by
25 the department by regulation, in the funding community in which the
26 child is served. A child may be counted in one special education
27 category only.

28 (b) Notwithstanding (a) of this section, in a district that
29 offers a special education program each funding community receives a

1 minimum of 0.25 instructional units for special education ^[and] for each
 2 funding community in which a child is served or the district receives
 3 a minimum of 1.00 instructional units for special education, whichever
 4 is greater.

5 Sec. 14.17.047. BILINGUAL EDUCATION INSTRUCTIONAL UNITS. A
 6 student for whom an appropriate bilingual program must be provided
 7 under regulations adopted by the department, and who is enrolled in a
 8 bilingual program, approved by the department, as of the last day of
 9 the counting period for which a determination is being made, gener-
 10 ates, in the funding community in which the student is served, the
 11 number of bilingual education instructional units that is the product
 12 obtained by multiplying 0.042 by the student's language dominance
 13 category weight under department regulations. A funding community in
 14 which a bilingual program approved by the department is operated
 15 receives a minimum of 0.10 instructional units for bilingual educa-
 16 tion, ^[and] or a district in which a bilingual program is operated receives
 17 a minimum of 1.00 instructional units, whichever is greater.

18 * Sec. 8. AS 14.17.051 is repealed and reenacted to read:

19 Sec. 14.17.051. AREA COST DIFFERENTIAL. The area cost differen-
 20 tial for a school district is as follows:

School District	Area Cost Differential
Adak	1.27
Alaska Gateway	1.16
Aleutian Region	1.27
Anchorage	1.00
Annette Island	1.00
Bering Strait	1.34
Bristol Bay	1.27
Chatham	1.00

1	Chugach	1.11
2	Copper River	1.11
3	Cordova	1.11
4	Craig	1.00
5	Delta/Greely	1.16
6	Dillingham	1.27
7	Fairbanks	1.04
8	Galena	1.30
9	Haines	1.05
10	Hoonah	1.05
11	Hydaburg	1.00
12	Iditarod	1.30
13	Juneau	1.00
14	Kake	1.00
15	Kashunamiut	1.30
16	Kenai	1.00
17	Ketchikan	1.00
18	King Cove	1.27
19	Klawock	1.00
20	Kodiak	1.09
21	Kuspuk	1.30
22	Lake & Peninsula	1.27
23	Lower Kuskokwim	1.38
24	Lower Yukon	1.30
25	Matanuska-Susitna	1.00
26	Nenana	1.20
27	Nome	1.34
28	North Slope	1.42
29	Northwest Arctic	1.42

1	Pelican	1.05
2	Petersburg	1.00
3	Pribilof	1.27
4	Railbelt	1.20
5	Sand Point	1.27
6	Sitka	1.00
7	Skagway	1.05
8	Southeast Island	1.00
9	Southwest Region	1.27
10	St. Mary's	1.30
11	Tanana	1.30
12	Unalaska	1.27
13	Valdez	1.11
14	Wrangell	1.00
15	Yakutat	1.05
16	Yukon Flats	1.42
17	Yukon-Koyukuk	1.30
18	Yupiit	1.30

19 * Sec. 9. AS 14.17.056 is amended to read:

20 Sec. 14.17.056. [BASE] INSTRUCTIONAL UNIT VALUE. The [BASE]
21 instructional unit value [FOR FISCAL YEARS BEGINNING ON OR AFTER
22 JULY 1, 1986,] is \$57,700 [\$42,184].

23 * Sec. 10. AS 14.17.080 is repealed and reenacted to read:

24 Sec. 14.17.080. STUDENT COUNT ESTIMATES. Each district shall
25 prepare and submit to the department, by October 15 of each fiscal
26 year, in the manner and on forms prescribed by the department, an
27 estimate of its average daily membership and other student count data
28 for the succeeding fiscal year, upon which computations can be made of
29 the amount of estimated state foundation aid for which the district

1 will be eligible under AS 14.17.021 in that fiscal year. In making
2 this estimate, the district shall consider its average daily member-
3 ship, other student count data, the pattern of growth or decline in
4 preceding years, and other pertinent information available to the
5 district. The preliminary reports required by this section are the
6 basis for estimating the need for state foundation aid for the next
7 fiscal year.

8 * Sec. 11. AS 14.17.082 is repealed and reenacted to read:

9 Sec. 14.17.082. FUND BALANCE IN SCHOOL OPERATING FUND. (a) A
10 district may not accumulate in a fiscal year an unreserved portion of
11 its year-end fund balance in its school operating fund, as defined by
12 department regulations, that is greater than five percent of its
13 expenditures for that fiscal year.

14 (b) The department shall review the annual audit of each dis-
15 trict for the preceding fiscal year to ascertain its year-end operat-
16 ing fund balance. The amount by which the unreserved portion of that
17 balance exceeds the amount permitted in (a) of this section shall be
18 deducted from the state foundation aid that would otherwise be paid to
19 the district in the current fiscal year.

20 * Sec. 12. AS 14.17.140 is amended to read:

21 Sec. 14.17.140. DETERMINATION OF FULL AND TRUE VALUE BY DEPART-
22 MENT OF COMMUNITY AND REGIONAL AFFAIRS. (a) To determine the amount
23 of local effort under AS 14.17.025 and to aid the department and the
24 legislature in planning, [EQUALIZED PERCENTAGE TO BE APPLIED TO BASIC
25 NEED UNDER AS 14.17.021] the Department of Community and Regional
26 Affairs, in consultation with the assessor for each district, shall
27 determine the full value of the taxable real and personal property in
28 each city or borough district. [EXEMPTIONS GRANTED UNDER CH. 129, SLA
29 1957, KNOWN AS THE ALASKA INDUSTRIAL INCENTIVE ACT (AS 43.25), SHALL

1 BE HONORED.] If there is no local assessor or current local assess-
2 ment for a district, then the Department of Community and Regional
3 Affairs shall make the determination of full value from information
4 available. In making the determination, the Department of Community
5 and Regional Affairs shall be guided by AS 29.45.110. The determina-
6 tion of full value shall be made by [BEFORE] October 1 and sent by
7 certified mail, return receipt requested, on or before that date to
8 the president of the school board in each district. Duplicate copies
9 shall be sent to the commissioner. The governing body of a [THE]
10 borough or city that [WHICH] is a school [THE] district may obtain
11 judicial review of the determination. The superior court may modify
12 the determination of the Department of Community and Regional Affairs
13 only upon a finding of abuse of [OR] discretion or upon a finding that
14 there is no substantial evidence to support the determination.

15 (b) Motor vehicles subject to the motor vehicle registration tax
16 under AS 28.10.431 [AS 28.10.255] shall be treated as taxable property
17 under [FOR PURPOSES OF (a) OF] this section.

18 * Sec. 13. AS 14.17.160 is repealed and reenacted to read:

19 Sec. 14.17.160. STUDENT COUNTING PERIODS. (a) Within two weeks
20 after the end of the 20-school-day period ending the fourth Friday in
21 October, each district shall transmit a report to the department that,
22 under regulations adopted by the department, reports its average daily
23 membership for that counting period, and other student count informa-
24 tion that will aid the department in making a determination of its
25 state foundation aid. If it makes the district eligible for more
26 state foundation aid, a district may transmit, within two weeks after
27 the 20-school-day period ending the second Friday in February, a
28 similar report for that counting period. For centralized correspon-
29 dence study, the October report shall be based on the period from

1 July 1 through the fourth Friday in October, except that summer school
2 students shall be counted as a proportionate fraction as determined by
3 the department. The department may make necessary corrections in the
4 report submitted, and shall notify the district of changes made. The
5 commissioner shall notify the governor of additional appropriations
6 the commissioner estimates to be necessary to fully fund the public
7 school foundation program for the current fiscal year.

8 (b) Upon written request and for good cause shown, the commis-
9 sioner may permit a district to use a 20-school-day counting period
10 other than the periods set out in (a) of this section. However, the
11 counting period must be 20 consecutive school days.

12 * Sec. 14. AS 14.17.170 is repealed and reenacted to read:

13 Sec. 14.17.170. DISTRIBUTION OF STATE FOUNDATION AID. (a) The
14 department shall determine the state foundation aid for each school
15 district in a fiscal year on the basis of the district's data reported
16 under AS 14.17.160 for the counting period that makes the district
17 eligible for the greatest number of instructional units. On or before
18 the 15th day of each of the first nine months of each fiscal year,
19 ^[1/3]
1/12 of each district's state foundation aid shall be distributed on
20 the basis of the data reported for the preceding fiscal year. On or
21 before the 15th day of each of the last three months of each fiscal
22 year, 1/3 of the balance of each district's state foundation aid shall
23 be distributed, after the balance has been recomputed on the basis of
24 student count and other data reported for the current fiscal year.

25 (b) If a district receives more state aid money than it is
26 entitled to receive under this chapter, it shall immediately remit the
27 amount of overpayment to the commissioner, to be returned to the
28 public school foundation account. Upon an adequate showing of a cash
29 flow shortfall, and in the discretion of the commissioner, the

1 department may make advance payments to a school district. The total
2 of advance payments may not exceed the amount of state foundation aid
3 for which the district is eligible for the fiscal year.

4 * Sec. 15. AS 14.17.190(b) is amended to read:

5 (b) Each district shall maintain complete financial records of
6 the receipt and disbursement of public school foundation money, [AND]
7 money acquired from local effort, and other money received by the
8 district. The records must be in the form required by the department
9 [COMMISSIONER] and are subject to audit by the department [COMMIS-
10 SIONER OR THE BOARD] at any time.

11 * Sec. 16. AS 14.17.220 is amended to read:

12 Sec. 14.17.220. PURPOSE. It is the intention of the legisla-
13 ture, in enacting this public school foundation program, to assure an
14 equitable [ADEQUATE] level of educational opportunities for those in
15 attendance in the public schools of the state. Except for the limita-
16 tions of AS 14.17.025, this [THIS] chapter may [SHALL] not be inter-
17 preted as preventing a public school district from providing educa-
18 tional services and facilities beyond those assured by the foundation
19 program.

20 * Sec. 17. AS 14.17.225 is repealed and reenacted to read:

21 Sec. 14.17.225. CONSTRUCTION AND IMPLEMENTATION OF CHAPTER. (a)
22 This chapter does not create a debt of the state. Each district shall
23 establish, maintain, and operate under a balanced budget. The state
24 is not responsible for the debts of a school district.

25 (b) Money to carry out the provisions of AS 14.17.010 - 14.-
26 17.190 may be appropriated annually by the legislature into the public
27 school foundation account. If amounts in the account are insufficient
28 to meet the allocations authorized under AS 14.17.010 - 14.17.190 for
29 a fiscal year, [by Regulation AS] each district's allocation shall be reduced pro rata as

1 necessary to make the funds available sufficient to meet the alloca-
2 tions for that fiscal year.

3 * Sec. 18. AS 14.17.250(1) is amended to read:

4 (1) "ADM full-time equivalent" means the [QUOTIENT OF THE]
5 aggregate class periods of pupil membership [PER DAY] in specified
6 classes for the student counting period for which a determination is
7 being made, divided by the total number of all class periods in the
8 student counting period [SCHOOL DAY];

9 * Sec. 19. AS 14.17.250(2) is amended to read:

10 (2) "average daily membership" or "ADM" means the aggregate
11 days of membership of pupils divided by the actual number of days in
12 session for the counting period for which a determination is being
13 made [SCHOOL TERM];

14 * Sec. 20. AS 14.17.250(11) is amended to read:

15 (11) "taxable real and personal property" means all real and
16 personal property taxable under the laws of the state [, BUT DOES NOT
17 INCLUDE HOUSEHOLD GOODS AND PERSONAL EFFECTS];

18 * Sec. 21. AS 14.17.250 is amended by adding new paragraphs to read:

19 (13) "eligible federal impact aid" for a fiscal year means
20 the amount of federal aid received by the district as of March 1 of
21 the fiscal year as payment for its entitlement for the application
22 submitted during the preceding fiscal year, including advance
23 payments, and adjustments received since March 1 of the preceding
24 fiscal year from prior year applications, under secs. 2, 3, and 4 of
25 P.L. 81 - 874 (20 U.S.C. 237 - 239), as amended, except payments
26 received under sec. 3(d)(3)(B)(ii) of that Act 20 U.S.C. 238(d)(3)(B)-
27 (ii)), to the extent the state may consider that aid as local re-
28 sources under that Act and the regulations adopted under it;

29 (14) "local contributions" means appropriations to the

1 school operating fund by the city or borough, interest earnings that a
 2 district is allowed to keep and spend on school operations, state
 3 tuition payments, the value of in-kind services performed by the city
 4 or borough, and 10 percent of the district's eligible federal impact
 5 aid.

6 * Sec. 22. ^[21] TRANSITION. (a) For the purpose of calculating the re-
 7 quired local ^[effort] contributions under AS 14.17.025(a)(2) for fiscal year 1988,
 8 and for the purpose of (d)(2) of this section, each district's basic need
 9 for the preceding fiscal year is as determined by the department based on
 10 its projections of student count data for fiscal year 1988 and the allow-
 11 able instructional units and instructional unit value as contained in this
 12 Act.

13 (b) In fiscal years 1988, 1989, and 1990, a district may receive
 14 state aid, in addition to its state foundation aid under AS 14.17.021(a),
 15 in the lesser amount of

16 (1) $(p \times \text{sum87} \times \text{current ADM/ADM87})$ - current need; or

17 (2) $(p \times \text{state87} \times \text{current ADM/ADM87})$ - current state.

18 (c) In (b) of this section

19 (1) "ADM87" means the average daily membership of the district
 20 in the student counting period used for funding for fiscal year 1987;

21 (2) "current ADM" means the average daily membership of the
 22 district in the student counting period used for funding for the current
 23 fiscal year;

24 (3) "current need" means the basic need of the district under
 25 AS 14.17.021(b), as amended by sec. 2 of this Act, for the current fiscal
 26 year;

27 (4) "current state" means the state foundation aid to the dis-
 28 trict under AS 14.17.021(a), as amended by sec. 2 of this Act, for the
 29 current fiscal year;

1 (5) "p" means the transition percentage, which is 90 percent in
2 fiscal year 1988, 80 percent in fiscal year 1989, and 70 percent in fiscal
3 year 1990;

4 (6) "state87" means the state aid received by the district for
5 fiscal year 1987 under AS 14.17.021, as it read before July 1, 1987;

6 (7) "sum87" means the sum of

7 (A) state aid received by the district under AS 14.17.021,
8 as it read before July 1, 1987, for fiscal year 1987;

9 (B) 90 percent of that portion of the federal impact aid
10 received by the district from the application submitted in fiscal year
11 1986 under secs. 2 - 4 of P.L. 81-874 (20 U.S.C. 237 - 239), as amend-
12 ed, to the extent that that money could be considered as local re-
13 sources under that Act and the regulations adopted under it; and

14 (C) for city or borough school districts, the total of

15 (i) the district's revenue from earnings in the dis-
16 trict's operating fund in fiscal year 1987;

17 (ii) state tuition payments to the district in fiscal
18 year 1987; and

19 (iii) city or borough appropriations or in-kind contri-
20 butions for fiscal year 1987.

21 (d) The amount determined under (c)(7)(C) of this section may not
22 exceed the lesser of

23 (1) the equivalent of a four-mill tax levy on the full and true
24 value of taxable real and personal property in the district as of January
25 1, 1986, as determined by the Department of Community and Regional Affairs
26 under AS 14.17.170; or

27 (2) 35 percent of the district's basic need as determined under
28 (a) of this section.

29 (e) Notwithstanding AS 14.17.021(a), in fiscal year 1988 amounts
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1 received by a district under P.L. 81-874 (20 U.S.C. 237 - 239), as amended,
 2 between March 1, 1987, and July 1, 1987, based upon applications submitted
 3 before or during fiscal year 1986 may not be subtracted from the district's
 4 basic need under AS 14.17.021(b).

5 * Sec. ^[22]23. AS 14.17.023, 14.17.027, 14.17.061, 14.17.090, 14.17.150,
 6 14.17.180, 14.17.205, 14.17.250(5), 14.17.250(7), 14.17.250(10), and 14.-
 7 17.250(12) are repealed.

8 * Sec. ^[23]24. Sections 4 and 22 of this Act take effect immediately under
 9 AS 01.10.070(c).

10 * Sec. ^[24]25. Sections 1 - 3, ^[5-10 12-20 + 22]5 - 21, and 23 of this Act take effect July
 11 1, 1987.

[Sec. 11 of this Act takes effect July
 1, 1988.]

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5-0906A

Levy
3/28/87

1 IN THE HOUSE

BY HOFFMAN

2 HOUSE BILL NO.

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

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

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

9 * Section 1. AS 14.17.010 is amended to read:

10 Sec. 14.17.010. PUBLIC SCHOOL FOUNDATION ACCOUNT. (a) The
11 public school foundation account is established. The account consists
12 of appropriations for distribution to districts and [OR] for central-
13 ized correspondence study programs under this chapter.

14 (b) The money of the account may be used only in aid of public
15 schools, including community school programs, and [OR] for centralized
16 correspondence study programs as provided by this chapter.

17 * Sec. 2. AS 14.17.021 is repealed and reenacted to read:

18 Sec. 14.17.021. STATE FOUNDATION AID. (a) The amount of state
19 foundation aid for which a school district may qualify in a fiscal
20 year is calculated by subtracting from the basic need defined in (b)
21 of this section the required local effort under AS 14.17.025(a) and
22 90 percent of the amount of federal aid received by the district
23 during the preceding fiscal year under secs. 2, 3, and 4 of P.L. 81-
24 874 (20 U.S.C. 237 - 239), as amended, to the extent permitted by that
25 Act and regulations adopted under it.

26 (b) The basic need of a school district is determined by multi-
27 plying the area cost differential of the district under AS 14.17.051
28 by the number of instructional units in the district under AS 14.17.-
29 031 and then multiplying that product by the instructional unit value

1 in AS 14.17.056.

2 * Sec. 3. AS 14.17.022 is amended to read:

3 Sec. 14.17.022. MONEY [FUNDS] FOR CENTRALIZED CORRESPONDENCE
4 STUDY. Money [FUNDS] for providing centralized correspondence study
5 programs for students not enrolled in an approved school district
6 correspondence study program includes [SHALL INCLUDE] an allocation
7 [APPROPRIATION] from the public school foundation account in an amount
8 calculated by multiplying the [BASE] instructional unit value in
9 AS 14.17.056 by the total number of instructional units, as determined
10 by applying the number of correspondence students to the formula for
11 elementary schools in AS 14.17.041(b)(1), then multiplying that prod-
12 uct by 65 percent [AS 14.17.041(a)].

13 * Sec. 4. AS 14.17 is amended by adding a new section to read:

14 Sec. 14.17.025. LOCAL EFFORT. (a) A city or borough that is a
15 school district shall appropriate and contribute to the school op-
16 erating fund of the district for each fiscal year, under AS 14.14.060
17 and 14.14.065, at least the lesser of

18 (1) the equivalent of a four mill tax levy on the full and
19 true value of the taxable real and personal property in the district
20 as of January 1 of the second preceding fiscal year, as determined by
21 the Department of Community and Regional Affairs under AS 14.17.140
22 and AS 29.45.110; or

23 (2) 35 percent of the district's basic need for the preced-
24 ing fiscal year, as determined under AS 14.17.021(b).

25 (b) A city or borough may not contribute more to the school
26 operating fund of the district in a fiscal year than the equivalent of
27 a 5.5 mill tax levy on the full and true value of the taxable real and
28 personal property in the district as of January 1 of the second pre-
29 ceding fiscal year, as determined by the Department of Community and

1 Regional Affairs under AS 14.17.140 and AS 29.45.110.

2 (c) Interest earnings that a district is allowed to keep and
3 spend on school operations, state tuition payments, up to 75 percent
4 of the amount of federal aid received by the district during the
5 preceding fiscal year under P.L. 81-874 (20 U.S.C. 237 - 239), as
6 amended, and in-kind contributions by the city or borough may be
7 counted toward the local effort requirement in (a) of this section,
8 and shall be counted under the contribution limit in (b) of this
9 section, under regulations adopted by the department.

10 (d) A local contribution is not required in a regional educa-
11 tional attendance area. Interest earnings and other local revenue in
12 a regional educational attendance area are not considered local reve-
13 nue for current operating expenditures, and are subject to regulation
14 and disposition by the department.

15 (e) A state foundation aid payment may not be made to a city or
16 borough school district in which the requirements of (a) of this
17 section have not been met.

18 * Sec. 5. AS 14.17.031 is repealed and reenacted to read:

19 Sec. 14.17.031. ALLOWABLE INSTRUCTIONAL UNITS. (a) The depart-
20 ment shall adopt regulations defining funding communities within each
21 district which reflect geographic and attendance area factors. For
22 the purpose of determining instructional units, students are counted
23 in the district and the funding community from which they receive
24 educational services. The total number of instructional units in a
25 school district is the sum of the following units for each funding
26 community within the district, as determined by the department:

27 (1) the number of units for elementary and secondary stu-
28 dents determined under AS 14.17.041(a) or (b);

29 (2) the number of units for vocational education determined

1 under AS 14.17.043;

2 (3) the number of units for special education determined
3 under AS 14.17.045; and

4 (4) the number of units for bilingual education determined
5 under AS 14.17.047.

6 (b) For purposes of (a)(1) of this section, in fiscal years
7 beginning after July 1, 1987, 90 percent of the district's total
8 elementary and secondary instructional units for the preceding fiscal
9 year is used if that number is greater than the district's total under
10 (a)(1) of this section for the current fiscal year.

11 * Sec. 6. AS 14.17.041 is repealed and reenacted to read:

12 Sec. 14.17.041. ELEMENTARY AND SECONDARY INSTRUCTIONAL UNITS.

13 (a) For funding communities that do not have an average daily mem-
14 bership of at least 200 in grades K-6 and at least 200 in grades 7-12,
15 combined elementary and secondary instructional units are determined
16 under the following table:

ADM	Units
1 - 10	2
11 - 20	2 + ((ADM-10)/5)
21 - 60	4 + ((ADM-20)/8)
61 - 120	9 + ((ADM-60)/12)
121 - 525	14 + ((ADM-120)/15)

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27 (b) For funding communities that are not included under (a) of
28 this section,

29 (1) instructional units for elementary students are

1 determined by the formula:

2 units = $15 + ((ADM-200)/17)$, where ADM is the number of
3 students in average daily membership in grades kindergarten through 6;

4 (2) instructional units for secondary students are de-
5 termined by the formula:

6 units = $18 + ((ADM-200)/13)$, where ADM is the number of
7 students in average daily membership in grades 7 through 12.

8 (c) Kindergarten students who attend school less than four hours
9 a day are counted as 0.5 ADM under (a) and (b) of this section.

10 (d) District correspondence or other students who do not regu-
11 larly attend school on a daily basis are counted in the appropriate
12 grade level of the funding community with the highest ADM in the
13 district.

14 * Sec. 7. AS 14.17 is amended by adding new sections to read:

15 Sec. 14.17.043. VOCATIONAL EDUCATION INSTRUCTIONAL UNITS. Voca-
16 tional education instructional units for high-cost vocational educa-
17 tion courses approved by the department are calculated as the sum, for
18 all of those courses in the funding community, of the products ob-
19 tained by multiplying 0.05 by the ADM full-time equivalent of the
20 course, and then by the cost weighting factor for the course deter-
21 mined under department regulations. A funding community in which a
22 high-cost vocational education course approved by the department is
23 operated receives a minimum of 0.10 instructional units for vocational
24 education, and each district in which a high-cost vocational education
25 course is operated receives a minimum of 1.00 instructional units.

26 Sec. 14.17.045. SPECIAL EDUCATION INSTRUCTIONAL UNITS. An
27 exceptional child, as defined in AS 14.30 350, who is enrolled in a
28 special education program, approved by the department, on the last day
29 of the counting period for which a determination is being made,

1 generates 0.025 instructional units if the child receives gifted
 2 services, 0.056 instructional units if the child receives resource
 3 services, 0.1 instructional units if the child receives self-contained
 4 services, or 0.333 instructional units if the child receives intensive
 5 or hospital/homebound services, as those categories of service are
 6 defined by the department by regulation, in the funding community in
 7 which the child is served. A child may be counted in one special
 8 education category only. A funding community in which a special
 9 education program approved by the department is operated receives a
 10 minimum of 0.25 instructional units for special education, and a
 11 district in which a special education program is operated receives a
 12 minimum of 1.00 instructional units.

13 Sec. 14.17.047. BILINGUAL EDUCATION INSTRUCTIONAL UNITS. A
 14 student for whom an appropriate bilingual program must be provided
 15 under regulations adopted by the department, and who is enrolled in a
 16 bilingual program, approved by the department, as of the last day of
 17 the counting period for which a determination is being made, gener-
 18 ates, in the funding community in which the student is served, the
 19 number of bilingual education instructional units that is the product
 20 obtained by multiplying 0.042 by the student's language dominance
 21 category weight under department regulations. A funding community in
 22 which a bilingual program approved by the department is operated
 23 receives a minimum of 0.10 instructional units for bilingual educa-
 24 tion, and a district in which a bilingual program is operated receives
 25 a minimum of 1.00 instructional units.

26 * Sec. 8. AS 14.17.051 is repealed and reenacted to read:

27 Sec. 14.17.051. AREA COST DIFFERENTIAL. The area cost differen-
 28 tial for a school district is as follows:

29 School District Area Cost Differential

1	Adak	1.27
2	Alaska Gateway	1.16
3	Aleutian Region	1.27
4	Anchorage	1.00
5	Annette Island	1.00
6	Bering Strait	1.34
7	Bristol Bay	1.27
8	Chatham	1.00
9	Chugach	1.11
10	Copper River	1.11
11	Cordova	1.11
12	Craig	1.00
13	Delta/Greely	1.16
14	Dillingham	1.27
15	Fairbanks	1.04
16	Galena	1.30
17	Haines	1.05
18	Hoonah	1.05
19	Hydaburg	1.00
20	Iditarod	1.30
21	Juneau	1.00
22	Kake	1.00
23	Kashunamiut	1.30
24	Kenai	1.00
25	Ketchikan	1.00
26	King Cove	1.27
27	Klawock	1.00
28	Kodiak	1.09
29	Kuspuk	1.30

1	Lake & Peninsula	1.27
2	Lower Kuskokwim	1.38
3	Lower Yukon	1.30
4	Matanuska-Susitna	1.00
5	Nenana	1.20
6	Nome	1.34
7	North Slope	1.42
8	Northwest Arctic	1.42
9	Pelican	1.05
10	Petersburg	1.00
11	Pribilof	1.27
12	Railbelt	1.20
13	Sand Point	1.27
14	Sitka	1.00
15	Skagway	1.05
16	Southeast Island	1.00
17	Southwest Region	1.27
18	St. Mary's	1.30
19	Tanana	1.30
20	Unalaska	1.27
21	Valdez	1.11
22	Wrangell	1.00
23	Yakutat	1.05
24	Yukon Flats	1.42
25	Yukon-Koyukuk	1.30
26	Yupiit	1.30

* Sec. 9. AS 14.17.056 is amended to read:

Sec. 14.17.056. [BASE] INSTRUCTIONAL UNIT VALUE. The [BASE] instructional unit value [FOR FISCAL YEARS BEGINNING ON OR AFTER

JULY 1, 1986,] is \$60,000 [\$42,184].

* Sec. 10. AS 14.17.080 is repealed and reenacted to read:

Sec. 14.17.080. STUDENT COUNT ESTIMATES. Each district shall prepare and submit to the department, by September 20 of each fiscal year, in the manner and on forms prescribed by the department, an estimate of its average daily membership and other student count data for the succeeding fiscal year, upon which computations can be made of the amount of estimated state foundation aid for which the district will be eligible under AS 14.17.021 in that fiscal year. In making this estimate, the district shall consider its average daily membership, other student count data, the pattern of growth or decline in preceding years, and other pertinent information available to the district. The preliminary reports required by this section are the basis for estimating the need for state foundation aid for the next fiscal year.

* Sec. 11. AS 14.17.082 is repealed and reenacted to read:

Sec. 14.17.082. FUND BALANCE IN SCHOOL OPERATING FUND. (a) A district may not accumulate in a fiscal year an unreserved portion of its year-end fund balance in its school operating fund, as defined by department regulations, that is greater than five percent of its expenditures for that fiscal year.

(b) The department shall review the annual audit of each district for the preceding fiscal year to ascertain its year-end operating fund balance. The amount by which the unreserved portion of that balance exceeds the amount permitted in (a) of this section shall be deducted from the state foundation aid that would otherwise be paid to the district in the current fiscal year.

* Sec. 12. AS 14.17.140 is amended to read:

Sec. 14.17.140. DETERMINATION OF FULL AND TRUE VALUE BY

1 DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS. (a) To determine the
2 amount of local effort under AS 14.17.025 and to aid the department
3 and the legislature in planning, [EQUALIZED PERCENTAGE TO BE APPLIED
4 TO BASIC NEED UNDER AS 14.17.021] the Department of Community and
5 Regional Affairs, in consultation with the assessor for each district,
6 shall determine the full value of the taxable real and personal prop-
7 erty in each district, as defined in AS 14.17.250. [EXEMPTIONS GRAN-
8 TED UNDER CH. 129, SLA 1957, KNOWN AS THE ALASKA INDUSTRIAL INCENTIVE
9 ACT (AS 43.25), SHALL BE HONORED.] If there is no local assessor or
10 current local assessment for a district, then the Department of Commu-
11 nity and Regional Affairs shall make the determination of full value
12 from information available. In making the determination, the Depart-
13 ment of Community and Regional Affairs shall be guided by AS 29.45.-
14 110. The determination of full value shall be made by [BEFORE] Octo-
15 ber 1 and sent by certified mail, return receipt requested, on or
16 before that date to the president of the school board in each dis-
17 trict. Duplicate copies shall be sent to the commissioner. The gov-
18 erning body of a [THE] borough or city that [WHICH] is a school [THE]
19 district may obtain judicial review of the determination. The superior
20 court may modify the determination of the Department of Community and
21 Regional Affairs only upon a finding of abuse of [OR] discretion or
22 upon a finding that there is no substantial evidence to support the
23 determination.

24 (b) Motor vehicles subject to the motor vehicle registration tax
25 under AS 28.10.431 [AS 28.10.255] shall be treated as taxable property
26 under [FOR PURPOSES OF (a) OF] this section.

27 * Sec. 13. AS 14.17.160 is repealed and reenacted to read:

28 Sec. 14.17.160. STUDENT COUNTING PERIODS. Within two weeks
29 after the end of the 20-school-day period ending the fourth Friday in

1 October, each district shall transmit a report to the department that,
 2 under regulations adopted by the department, reports its average daily
 3 membership for that counting period, and other student count informa-
 4 tion that will aid the department in making a determination of its
 5 state foundation aid. If it makes the district eligible for more
 6 state foundation aid, a district may transmit, within two weeks after
 7 the 20-school-day period ending the second Friday in February, a
 8 similar report for that counting period. The department may make
 9 necessary corrections in the report submitted, and shall notify the
 10 district of changes made. The commissioner shall notify the governor
 11 of additional appropriations the commissioner estimates to be neces-
 12 sary to fully fund the public school foundation program for the cur-
 13 rent fiscal year.

14 * Sec. 14. AS 14.17.170 is repealed and reenacted to read:

15 Sec. 14.17.170. DISTRIBUTION OF STATE FOUNDATION AID. (a) The
 16 department shall determine the state foundation aid for each school
 17 district in a fiscal year on the basis of the district's data reported
 18 under AS 14.17.160 for the counting period that makes the district
 19 eligible for the greatest number of instructional units. On or before
 20 the 15th day of each of the first nine months of each fiscal year,
 21 1/12 of each district's state foundation aid shall be distributed on
 22 the basis of the data reported for the preceding fiscal year. On or
 23 before the 15th day of each of the last three months of each fiscal
 24 year, 1/12 of the balance of each district's state foundation aid
 25 shall be distributed, after the balance has been recomputed on the
 26 basis of student count and other data reported for the current fiscal
 27 year.

28 (b) If a district receives more state aid money than it is
 29 entitled to receive under this chapter, it shall immediately remit the

amount of overpayment to the commissioner, to be returned to the public school foundation account. Upon an adequate showing of a cash flow shortfall, and in the discretion of the commissioner, the department may make advance payments to a school district. The total of advance payments may not exceed the amount of state foundation aid for which the district is eligible for the fiscal year.

* Sec. 15. AS 14.17.190(b) is amended to read:

(b) Each district shall maintain complete financial records of the receipt and disbursement of public school foundation money, [AND] money acquired from local effort, and other money received by the district. The records must be in the form required by the department [COMMISSIONER] and are subject to audit by the department [COMMISSIONER OR THE BOARD] at any time.

* Sec. 16. AS 14.17.220 is amended to read:

Sec. 14.17.220. PURPOSE. It is the intention of the legislature, in enacting this public school foundation program, to assure an adequate level of educational opportunities for those in attendance in the public schools of the state. Except for the limitations of AS 14.17.025, this [THIS] chapter may [SHALL] not be interpreted as preventing a public school district from providing educational services and facilities beyond those assured by the foundation program.

* Sec. 17. AS 14.17.225 is repealed and reenacted to read:

Sec. 14.17.225. CONSTRUCTION AND IMPLEMENTATION OF CHAPTER. (a) This chapter does not create a debt of the state. Each district shall establish, maintain, and operate under a balanced budget. The state is not responsible for the debts of a school district.

(b) Money to carry out the provisions of AS 14.17.010 - 14.17.190 may be appropriated annually by the legislature into the public school foundation account. If amounts in the account are insufficient

1 to meet the allocations authorized under AS 14.17.010 - 14.17.190 for
2 a fiscal year, the instructional unit value in AS 14.17.056 shall be
3 reduced by the department as necessary to make the funds available
4 sufficient to meet the allocations for that fiscal year.

5 * Sec. 18. AS 14.17.250(1) is amended to read:

6 (1) "ADM full-time equivalent" means the [QUOTIENT OF THE]
7 aggregate class periods of pupil membership [PER DAY] in specified
8 classes for the student counting period for which a determination is
9 being made, divided by the total number of all class periods in the
10 student counting period [SCHOOL DAY];

11 * Sec. 19. AS 14.17.250(2) is amended to read:

12 (2) "average daily membership" or "ADM" means the aggregate
13 days of membership of pupils divided by the actual number of days in
14 session for the counting period for which a determination is being
15 made [SCHOOL TERM];

16 * Sec. 20. AS 14.17.250(11) is amended to read:

17 (11) "taxable real and personal property" means all real and
18 personal property taxable under the laws of the state [, BUT DOES NOT
19 INCLUDE HOUSEHOLD GOODS AND PERSONAL EFFECTS];

20 * Sec. 21. TRANSITION. (a) For the purpose of calculating the re-
21 quired local effort under AS 14.17.025(a)(2) for fiscal year 1988, and for
22 the purpose of (c)(7) of this section, each district's basic need for the
23 preceding fiscal year is as determined by the department based on its
24 projections of student count data for fiscal year 1988 and the allowable
25 instructional units and instructional unit value as contained in this Act.

26 (b) In fiscal years 1988, 1989, and 1990, a district may receive
27 state aid, in addition to its state foundation aid under AS 14.17.021(a),
28 in the lesser amount of

29 (1) (p x sum87 x current ADM/ADM87) - current need; or

1 (2) (p x state87 x current ADM/ADM87) - current state.

2 (c) In (b) of this section

3 (1) "ADM87" means the average daily membership of the district
4 in the student counting period used for funding for fiscal year 1987;

5 (2) "current ADM" means the average daily membership of the
6 district in the student counting period used for funding for the current
7 fiscal year;

8 (3) "current need" means the basic need of the district under
9 AS 14.17.021(b), as amended by sec. 2 of this Act, for the current fiscal
10 year;

11 (4) "current state" means the state foundation aid to the dis-
12 trict under AS 14.17.021 (a), as amended by sec. 2 of this Act, for the
13 current fiscal year;

14 (5) "p" means the transition percentage, which is 90 percent in
15 fiscal year 1988, 80 percent in fiscal year 1989, and 70 percent in fiscal
16 year 1990;

17 (6) "state87" means the state aid received by the district for
18 fiscal year 1987 under AS 14.17.021, as it read before July 1, 1987;

19 (7) "sum87" means the sum of

20 (A) state aid received by the district under AS 14.17.021,
21 as it read before July 1, 1987, for fiscal year 1987;

22 (B) 90 percent of that portion of the federal impact aid
23 received by the district in fiscal year 1987 under secs. 2 - 4 of P.L.
24 81-874 (20 U.S.C. 237 - 239), as amended, to the extent that that
25 money could be considered as local resources under that Act and the
26 regulations adopted under it; and

27 (C) for city or borough school districts, the total of

28 (i) the district's revenue from earnings in the dis-
29 trict's operating fund in fiscal year 1987;

1 (ii) state tuition payments to the district in fiscal
2 year 1987; and

3 (iii) city or borough appropriations or in-kind contri-
4 butions for fiscal year 1987.

5 (d) The amount determined under (c)(7)(C) of this section may not
6 exceed the lesser of

7 (1) the equivalent of a four-mill tax levy on the full and true
8 value of taxable real and personal property in the district as of January
9 1, 1986, as determined by the Department of Community and Regional Affairs
10 under AS 14.17.170; or

11 (2) 35 percent of the district's basic need as determined under
12 (a) of this section.

13 * Sec. 22. AS 14.17.023, 14.17.027, 14.17.061, 14.17.090, 14.17.150,
14 14.17.180; 14.17.205, 14.17.250(5), 14.17.250(7), 14.17.250(10), and 14.-
15 17.250(12) are repealed.

16 * Sec. 23. Sections 4 and 21 of this Act take effect immediately under
17 AS 01.10.070(c).

18 * Sec. 24. Sections 1 - 3, 5 - 10, 12 - 20, and 22 of this Act take
19 effect July 1, 1987.

20 * Sec. 25. Section 11 of this Act takes effect July 1, 1988.
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**STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE**

Bill Version: CSHB 126 (Fin)
Publish Date: _____

REQUEST: _____

Revision Date: April 12, 1987
Title: An Act Relating to the Public
School Foundation Program
Sponsor: House Finance
Requestor: HB126 Finance Subcommittee

Agency Affected: Education
BRU: K-12 Support
Components: Foundation

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS		1,500.0				
MISCELLANEOUS						
TOTAL OPERATING						
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND		1,500.0				
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Funds required to fund Amendment #18 - phase in on local contribution with state assistance.

Prepared by: Ron L. Larson *Ronald J. Larson* Phone: _____
Division: _____ Date: 4/12/87

Approved by Commissioner: _____ Date: _____
Agency: _____

Distribution (by preparer):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)
- Senate Secretary

HOUSE BILL 126

I COMPARISON - GOVERNOR'S REVISED AND CSHB126 (HESS)

432,385,796 - CSHB126 (HESS) - see Footnote (1) below
600,000 - Valdez - Harborview
 432,985,796 - Total Foundation Need
428,086,500 - Governor's FY88 Revised Request
 <4,899,296> - Difference needed to fund CSHB126(HESS)

Action II AMENDMENTS - FISCAL, POLICY AND TECHNICAL BEFORE HB126 SUBCOMMITTEE
Sub Committee

F	1,000,000	#1(a)	Community School - funding source?
		or	
F	2,200,000	#1(b)	Community School - funding source?
P	0	#2	PL81-874 Special Fund (No. Slope Bor. S.D.)
F	400,000	#3	Secondary Student Cost, State Corresp. Study
P	0	#4(a)	Local Effort Cap - 6 mills or 21% of Inst. Unit value (DOE)
		or	
N/A	0	#4(b)	Local Effort Cap - reduce to 5.5 mills
-	0	#5	Pulled - see #18
P	0	#6	Adjust Special Education - funding whether students or not (return to original bill)
F	700,000	#7(a)	Bilingual Count - increase funding to present level (with Hold Harmless impact) - funding source?
F	4,200,000	#7(b)	Revised area differential cost (DOE) - funding source?
P	22,146,700	#8	Teachers Retirement System employer match removed from Foundation or leave as is in CSHB126
F	0	#9	Fund balance allowed - from 5% to 10%
P	0	#10	State Correspondence Study Summer School - allow students to be part time (similar to HB77)
P	0	#11	Drafting error correction
P	0	#12	Instructional Unit prorata language
-	0	#13	Pulled - see #18
P	0	#14	Fund balance effective data
P	0	#15	Language on vocational education
F	2,000,000	#16	Gifted and Talented - increase funding - funding source?
F	2,000,000	#17	Grants to small single site school districts with enrollment between 100-500 (Rep. Herrmann) funding source?
P / Amended	2,100,000	#18	Phase in on Local Contribution with State Subsidy (include impact of using PL81-874) funding source?
-	?	#19	Rep. Hoffman - use of PL874 as Local Effort

P = passed
F = failed

(1) FOOTNOTE:

CSHB126 (HESS) - What the Cost Factors are without Amendments.
 426,826,928 - Basic State Aid (with original area differential and February enrollment projection)
 3,333,528 - Hold Harmless
2,225,340 - State Correspondence Study
 432,385,796 - Total as proposed in CSHB126 (HESS)

4/10/87 (revised)

Original sponsor: Rules/Governor

1 IN THE HOUSE BY THE HEALTH, EDUCATION AND
2 CS FOR HOUSE BILL NO. 126 (HESS) SOCIAL SERVICES COMMITTEE
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 FIFTEENTH LEGISLATURE - FIRST SESSION
5 A BILL
6 For an Act entitled: "An Act relating to the public school foundation
7 program; and providing for an effective date."
8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:
9 * Section 1. AS 14.17.010 is amended to read:
10 Sec. 14.17.010. PUBLIC SCHOOL FOUNDATION ACCOUNT. (a) The
11 public school foundation account is established. The account consists
12 of appropriations for distribution to districts and [OR] for central-
13 ized correspondence study programs under this chapter.
14 (b) The money of the account may be used only in aid of public
15 schools, including community school programs, and [OR] for centralized
16 correspondence study programs as provided by this chapter.
17 * Sec. 2. AS 14.17.021 is repealed and reenacted to read:
18 Sec. 14.17.021. STATE FOUNDATION AID. (a) The amount of state
19 foundation aid for which a school district may qualify in a fiscal
20 year is calculated by subtracting from the basic need defined in (b)
21 of this section the required local effort under AS 14.17.025(a) and
22 90 percent of the amount of federal aid received by the district as of
23 March 1 of that fiscal year as payment for its entitlement for the
24 application submitted during the preceding fiscal year, including
25 advance payments and adjustments received since March 1 of the preced-
26 ing fiscal year from prior year applications, under secs. 2, 3, and 4
27 of P.L. 81-874 (20 U.S.C. 237 - 239), as amended, to the extent per-
28 mitted by that Act and regulations adopted under it.
29 (b) The basic need of a school district is determined by

1 multiplying the area cost differential of the district under AS 14.-
2 17.051 by the number of instructional units in the district under
3 AS 14.17.031 and then multiplying that product by the instructional
4 unit value in AS 14.17.056.

5 * Sec. 3. AS 14.17.022 is amended to read:

6 Sec. 14.17.022. MONEY [FUNDS] FOR CENTRALIZED CORRESPONDENCE
7 STUDY. Money [FUNDS] for providing centralized correspondence study
8 programs for students not enrolled in an approved school district
9 correspondence study program includes [SHALL INCLUDE] an allocation
10 [APPROPRIATION] from the public school foundation account in an amount
11 calculated by multiplying the [BASE] instructional unit value in
12 AS 14.17.056 by the total number of instructional units, as determined
13 by applying the number of correspondence students to the formula for
14 elementary schools in AS 14.17.041(b)(1), then multiplying that prod-
15 uct by 65 percent [AS 14.17.041(a)].

16 * Sec. 4. AS 14.17 is amended by adding a new section to read:

17 Sec. 14.17.025. LOCAL EFFORT. (a) A city or borough that is a
18 school district shall appropriate and contribute to the school op-
19 erating fund of the district for each fiscal year, under AS 14.14.060
20 and 14.14.065, at least the lesser of

21 (1) the equivalent of a four mill tax levy on the full and
22 true value of the taxable real and personal property in the district
23 as of January 1 of the second preceding fiscal year, as determined by
24 the Department of Community and Regional Affairs under AS 14.17.140
25 and AS 29.45.110; or

26 (2) 35 percent of the district's basic need for the preced-
27 ing fiscal year, as determined under AS 14.17.021(b).

28 (b) A city or borough may not contribute more to the school
29 operating fund of the district in a fiscal year than the equivalent of

1 a six mill tax levy on the full and true value of the taxable real and
2 personal property in the district as of January 1 of the second pre-
3 ceding fiscal year, as determined by the Department of Community and
4 Regional Affairs under AS 14.17.140 and AS 29.45.110.

5 (c) Interest earnings that a district is allowed to keep and
6 spend on school operations, state tuition payments, and in-kind con-
7 tributions by the city or borough may be counted toward the local
8 effort requirement in (a) of this section, and shall be counted under
9 the contribution limit in (b) of this section, under regulations
10 adopted by the department. Payments received under P.L. 81-874 (20
11 U.S.C. 237-239), as amended, may not be counted under (a) or (b) of
12 this section.

13 (d) A local contribution is not required in a regional educa-
14 tional attendance area. Interest earnings and other local revenue in
15 a regional educational attendance area are not considered local reve-
16 nue for current operating expenditures, and are subject to regulation
17 and disposition by the department.

18 (e) A state foundation aid payment may not be made to a city or
19 borough school district in which the requirements of (a) of this
20 section have not been met.

21 * Sec. 5. AS 14.17.031 is repealed and reenacted to read:

22 Sec. 14.17.031. ALLOWABLE INSTRUCTIONAL UNITS. (a) The depart-
23 ment shall adopt regulations defining funding communities within each
24 district which reflect geographic and attendance area factors. For
25 the purpose of determining instructional units, students are counted
26 in the district and the funding community from which they receive
27 educational services. The total number of instructional units in a
28 school district is the sum of the following units for each funding
29 community within the district, as determined by the department:

1 (1) the number of units for elementary and secondary stu-
2 dents determined under AS 14.17.041(a) or (b);

3 (2) the number of units for vocational education determined
4 under AS 14.17.043;

5 (3) the number of units for special education determined
6 under AS 14.17.045; and

7 (4) the number of units for bilingual education determined
8 under AS 14.17.047.

9 (b) For purposes of (a)(1) of this section, in fiscal years
10 beginning after July 1, 1987, 90 percent of the district's total
11 elementary and secondary instructional units for the preceding fiscal
12 year is used if that number is greater than the district's total under
13 (a)(1) of this section for the current fiscal year.

14 * Sec. 6. AS 14.17.041 is repealed and reenacted to read:

15 Sec. 14.17.041. ELEMENTARY AND SECONDARY INSTRUCTIONAL UNITS.

16 (a) For funding communities that have an average daily membership of
17 less than 200 in grades K-6 or less than 200 in grades 7-12, combined
18 elementary and secondary instructional units are determined under the
19 following table:

ADM	Units
1 - 10	2
11 - 20	$2 + ((ADM-10)/5)$
21 - 60	$4 + ((ADM-20)/8)$
61 - 120	$9 + ((ADM-60)/12)$
121 - 525	$14 + ((ADM-120)/15)$

29 (b) For funding communities that are not included under (a) of

1 this section,

2 (1) instructional units for elementary students are de-
3 termined by the formula:

4 units = $15 + ((ADM-200)/17)$, where ADM is the number of
5 students in average daily membership in grades kindergarten through 6;

6 (2) instructional units for secondary students are de-
7 termined by the formula:

8 units = $18 + ((ADM-200)/13)$, where ADM is the number of
9 students in average daily membership in grades 7 through 12.

10 (c) Kindergarten students who attend school less than four hours
11 a day are counted as 0.5 ADM under (a) and (b) of this section.

12 (d) District correspondence or other students who do not regu-
13 larly attend school on a daily basis are counted in the appropriate
14 grade level of the funding community with the highest ADM in the
15 district.

16 * Sec. 7. AS 14.17 is amended by adding new sections to read:

17 Sec. 14.17.043. VOCATIONAL EDUCATION INSTRUCTIONAL UNITS. Voca-
18 tional education instructional units for high-cost vocational educa-
19 tion courses approved by the department are calculated as the sum, for
20 all of those courses in the funding community, of the products ob-
21 tained by multiplying 0.05 by the ADM full-time equivalent of the
22 course, and then by the cost weighting factor for the course deter-
23 mined under department regulations. A funding community in which a
24 high-cost vocational education course approved by the department is
25 operated receives a minimum of 0.10 instructional units for vocational
26 education, and each district in which a high-cost vocational education
27 course is operated receives a minimum of 1.00 instructional units.

28 Sec. 14.17.045. SPECIAL EDUCATION INSTRUCTIONAL UNITS. (a) An
29 exceptional child, as defined in AS 14.30.350, who is enrolled in a

1 special education program, approved by the department, on the last day
2 of the counting period for which a determination is being made, gener-
3 ates 0.025 instructional units if the child receives gifted services,
4 0.056 instructional units if the child receives resource services, 0.1
5 instructional units if the child receives self-contained services, or
6 0.333 instructional units if the child receives intensive or hospi-
7 tal/homebound services, as those categories of service are defined by
8 the department by regulation, in the funding community in which the
9 child is served. A child may be counted in one special education
10 category only:

11 (b) Notwithstanding (a) of this section, in a district that
12 offers a special education program each funding community receives a
13 minimum of 0.25 instructional units for special education and the
14 district receives a minimum of 1.00 instructional units for special
15 education.

16 Sec. 14.17.047. BILINGUAL EDUCATION INSTRUCTIONAL UNITS. A
17 student for whom an appropriate bilingual program must be provided
18 under regulations adopted by the department, and who is enrolled in a
19 bilingual program, approved by the department, as of the last day of
20 the counting period for which a determination is being made, gener-
21 ates, in the funding community in which the student is served, the
22 number of bilingual education instructional units that is the product
23 obtained by multiplying 0.042 by the student's language dominance
24 category weight under department regulations. A funding community in
25 which a bilingual program approved by the department is operated
26 receives a minimum of 0.10 instructional units for bilingual educa-
27 tion, and a district in which a bilingual program is operated receives
28 a minimum of 1.00 instructional units.

29 * Sec. 8. AS 14.17.051 is repealed and reenacted to read:

1 Sec. 14.17.051. AREA COST DIFFERENTIAL. The area cost differen-
2 tial for a school district is as follows:

3	School District	Area Cost Differential
4	Adak	1.27
5	Alaska Gateway	1.16
6	Aleutian Region	1.27
7	Anchorage	1.00
8	Annette Island	1.00
9	Bering Strait	1.34
10	Bristol Bay	1.27
11	Chatham	1.00
12	Chugach	1.11
13	Copper River	1.11
14	Cordova	1.11
15	Craig	1.00
16	Delta/Greely	1.16
17	Dillingham	1.27
18	Fairbanks	1.04
19	Galena	1.30
20	Haines	1.05
21	Hoonah	1.05
22	Hydaburg	1.00
23	Iditarod	1.30
24	Juneau	1.00
25	Kake	1.00
26	Kashunamiut	1.30
27	Kenai	1.00
28	Ketchikan	1.00
29	King Cove	1.27

1	Klawock	1.00
2	Kodiak	1.09
3	Kuspuk	1.30
4	Lake & Peninsula	1.27
5	Lower Kuskokwim	1.38
6	Lower Yukon	1.30
7	Matanuska-Susitna	1.00
8	Nenana	1.20
9	Nome	1.34
10	North Slope	1.42
11	Northwest Arctic	1.42
12	Pelican	1.05
13	Petersburg	1.00
14	Pribilof	1.27
15	Railbelt	1.20
16	Sand Point	1.27
17	Sitka	1.00
18	Skagway	1.05
19	Southeast Island	1.00
20	Southwest Region	1.27
21	St. Mary's	1.30
22	Tanana	1.30
23	Unalaska	1.27
24	Valdez	1.11
25	Wrangell	1.00
26	Yakutat	1.05
27	Yukon Flats	1.42
28	Yukon-Koyukuk	1.30
29	Yupitit	1.30

1 * Sec. 9. AS 14.17.056 is amended to read:

2 Sec. 14.17.056. [BASE] INSTRUCTIONAL UNIT VALUE. The [BASE]
3 instructional unit value [FOR FISCAL YEARS BEGINNING ON OR AFTER
4 JULY 1, 1986,] is \$60,000 [\$42,184].

5 * Sec. 10. AS 14.17.080 is repealed and reenacted to read:

6 Sec. 14.17.080. STUDENT COUNT ESTIMATES. Each district shall
7 prepare and submit to the department, by October 15 of each fiscal
8 year, in the manner and on forms prescribed by the department, an
9 estimate of its average daily membership and other student count data
10 for the succeeding fiscal year, upon which computations can be made of
11 the amount of estimated state foundation aid for which the district
12 will be eligible under AS 14.17.021 in that fiscal year. In making
13 this estimate, the district shall consider its average daily member-
14 ship, other student count data, the pattern of growth or decline in
15 preceding years, and other pertinent information available to the
16 district. The preliminary reports required by this section are the
17 basis for estimating the need for state foundation aid for the next
18 fiscal year.

19 * Sec. 11. AS 14.17.082 is repealed and reenacted to read:

20 Sec. 14.17.082. FUND BALANCE IN SCHOOL OPERATING FUND. (a) A
21 district may not accumulate in a fiscal year an unreserved portion of
22 its year-end fund balance in its school operating fund, as defined by
23 department regulations, that is greater than five percent of its
24 expenditures for that fiscal year.

25 (b) The department shall review the annual audit of each dis-
26 trict for the preceding fiscal year to ascertain its year-end operat-
27 ing fund balance. The amount by which the unreserved portion of that
28 balance exceeds the amount permitted in (a) of this section shall be
29 deducted from the state foundation aid that would otherwise be paid to

1 the district in the current fiscal year.

2 * Sec. 12. AS 14.17.140 is amended to read:

3 Sec. 14.17.140. DETERMINATION OF FULL AND TRUE VALUE BY DEPART-
4 MENT OF COMMUNITY AND REGIONAL AFFAIRS. (a) To determine the amount
5 of local effort under AS 14.17.025 and to aid the department and the
6 legislature in planning, [EQUALIZED PERCENTAGE TO BE APPLIED TO BASIC
7 NEED UNDER AS 14.17.021] the Department of Community and Regional
8 Affairs, in consultation with the assessor for each district, shall
9 determine the full value of the taxable real and personal property in
10 each district, as defined in AS 14.17.250. [EXEMPTIONS GRANTED UNDER
11 CH. 129, SLA 1957, KNOWN AS THE ALASKA INDUSTRIAL INCENTIVE ACT
12 (AS 43.25), SHALL BE HONORED.] If there is no local assessor or
13 current local assessment for a district, then the Department of Commu-
14 nity and Regional Affairs shall make the determination of full value
15 from information available. In making the determination, the Depart-
16 ment of Community and Regional Affairs shall be guided by AS 29.45.-
17 110. The determination of full value shall be made by [BEFORE] Octo-
18 ber 1 and sent by certified mail, return receipt requested, on or
19 before that date to the president of the school board in each dis-
20 trict. Duplicate copies shall be sent to the commissioner. The gov-
21 erning body of a [THE] borough or city that [WHICH] is a school [THE]
22 district may obtain judicial review of the determination. The superior
23 court may modify the determination of the Department of Community and
24 Regional Affairs only upon a finding of abuse of [OR] discretion or
25 upon a finding that there is no substantial evidence to support the
26 determination.

27 (b) Motor vehicles subject to the motor vehicle registration tax
28 under AS 28.10.431 [AS 28.10.255] shall be treated as taxable property
29 under [FOR PURPOSES OF (a) OF] this section.

1 * Sec. 13. AS 14.17.160 is repealed and reenacted to read:

2 Sec. 14.17.160. STUDENT COUNTING PERIODS. (a) Within two weeks
3 after the end of the 20-school-day period ending the fourth Friday in
4 October, each district shall transmit a report to the department that,
5 under regulations adopted by the department, reports its average daily
6 membership for that counting period, and other student count informa-
7 tion that will aid the department in making a determination of its
8 state foundation aid. If it makes the district eligible for more
9 state foundation aid, a district may transmit, within two weeks after
10 the 20-school-day period ending the second Friday in February, a
11 similar report for that counting period. The department may make
12 necessary corrections in the report submitted, and shall notify the
13 district of changes made. The commissioner shall notify the governor
14 of additional appropriations the commissioner estimates to be neces-
15 sary to fully fund the public school foundation program for the cur-
16 rent fiscal year.

17 (b) Upon written request and for good cause shown, the commis-
18 sioner may permit a district to use a 20-school-day counting period
19 other than the periods set out in (a) of this section. However, the
20 counting period must be 20 consecutive school days.

21 * Sec. 14. AS 14.17.170 is repealed and reenacted to read:

22 Sec. 14.17.170. DISTRIBUTION OF STATE FOUNDATION AID. (a) The
23 department shall determine the state foundation aid for each school
24 district in a fiscal year on the basis of the district's data reported
25 under AS 14.17.160 for the counting period that makes the district
26 eligible for the greatest number of instructional units. On or before
27 the 15th day of each of the first nine months of each fiscal year, 1/3
28 of each district's state foundation aid shall be distributed on the
29 basis of the data reported for the preceding fiscal year. On or

1 before the 15th day of each of the last three months of each fiscal
2 year, 1/3 of the balance of each district's state foundation aid shall
3 be distributed, after the balance has been recomputed on the basis of
4 student count and other data reported for the current fiscal year.

5 (b) If a district receives more state aid money than it is
6 entitled to receive under this chapter, it shall immediately remit the
7 amount of overpayment to the commissioner, to be returned to the
8 public school foundation account. Upon an adequate showing of a cash
9 flow shortfall, and in the discretion of the commissioner, the depart-
10 ment may make advance payments to a school district. The total of
11 advance payments may not exceed the amount of state foundation aid for
12 which the district is eligible for the fiscal year.

13 * Sec. 15. AS 14.17.190(b) is amended to read:

14 (b) Each district shall maintain complete financial records of
15 the receipt and disbursement of public school foundation money, [AND]
16 money acquired from local effort, and other money received by the
17 district. The records must be in the form required by the department
18 [COMMISSIONER] and are subject to audit by the department [COMMIS-
19 SIONER OR THE BOARD] at any time.

20 * Sec. 16. AS 14.17.220 is amended to read:

21 Sec. 14.17.220. PURPOSE. It is the intention of the legisla-
22 ture, in enacting this public school foundation program, to assure an
23 equitable [ADEQUATE] level of educational opportunities for those in
24 attendance in the public schools of the state. Except for the limita-
25 tions of AS 14.17.025, this [THIS] chapter may [SHALL] not be inter-
26 preted as preventing a public school district from providing educa-
27 tional services and facilities beyond those assured by the foundation
28 program.

29 * Sec. 17. AS 14.17.225 is repealed and reenacted to read:

1 Sec. 14.17.225. CONSTRUCTION AND IMPLEMENTATION OF CHAPTER. (a)
2 This chapter does not create a debt of the state. Each district shall
3 establish, maintain, and operate under a balanced budget. The state
4 is not responsible for the debts of a school district.

5 (b) Money to carry out the provisions of AS 14.17.010 - 14.-
6 17.190 may be appropriated annually by the legislature into the public
7 school foundation account. If amounts in the account are insufficient
8 to meet the allocations authorized under AS 14.17.010 - 14.17.190 for
9 a fiscal year, the instructional unit value in AS 14.17.056 shall be
10 reduced by the department by regulation as necessary to make the funds
11 available sufficient to meet the allocations for that fiscal year.

12 * Sec. 18. AS 14.17.250(1) is amended to read:

13 (1) "ADM full-time equivalent" means the [QUOTIENT OF THE]
14 aggregate class periods of pupil membership [PER DAY] in specified
15 classes for the student counting period for which a determination is
16 being made, divided by the total number of all class periods in the
17 student counting period [SCHOOL DAY];

18 * Sec. 19. AS 14.17.250(2) is amended to read:

19 (2) "average daily membership" or "ADM" means the aggregate
20 days of membership of pupils divided by the actual number of days in
21 session for the counting period for which a determination is being
22 made [SCHOOL TERM];

23 * Sec. 20. AS 14.17.250(11) is amended to read:

24 (11) "taxable real and personal property" means all real and
25 personal property taxable under the laws of the state [, BUT DOES NOT
26 INCLUDE HOUSEHOLD GOODS AND PERSONAL EFFECTS];

27 * Sec. 21. TRANSITION. (a) For the purpose of calculating the re-
28 quired local effort under AS 14.17.025(a)(2) for fiscal year 1988, and for
29 the purpose of (d)(2) of this section, each district's basic need for the

1 preceding fiscal year is as determined by the department based on its
2 projections of student count data for fiscal year 1988 and the allowable
3 instructional units and instructional unit value as contained in this Act.

4 (b) In fiscal years 1988, 1989, and 1990, a district may receive
5 state aid, in addition to its state foundation aid under AS 14.17.021(a),
6 in the lesser amount of

7 (1) $(p \times \text{sum87} \times \text{current ADM/ADM87})$ - current need; or

8 (2) $(p \times \text{state87} \times \text{current ADM/ADM87})$ - current state.

9 (c) In (b) of this section

10 (1) "ADM87" means the average daily membership of the district
11 in the student counting period used for funding for fiscal year 1987;

12 (2) "current ADM" means the average daily membership of the
13 district in the student counting period used for funding for the current
14 fiscal year;

15 (3) "current need" means the basic need of the district under
16 AS 14.17.021(b), as amended by sec. 2 of this Act, for the current fiscal
17 year;

18 (4) "current state" means the state foundation aid to the dis-
19 trict under AS 14.17.021(a), as amended by sec. 2 of this Act, for the
20 current fiscal year;

21 (5) "p" means the transition percentage, which is 90 percent in
22 fiscal year 1988, 80 percent in fiscal year 1989, and 70 percent in fiscal
23 year 1990;

24 (6) "state87" means the state aid received by the district for
25 fiscal year 1987 under AS 14.17.021, as it read before July 1, 1987;

26 (7) "sum87" means the sum of

27 (A) state aid received by the district under AS 14.17.021,
28 as it read before July 1, 1987, for fiscal year 1987;

29 (B) 90 percent of that portion of the federal impact aid

1 received by the district in fiscal year 1987 under secs. 2 - 4 of P.L.
2 81-874 (20 U.S.C. 237 - 239), as amended, to the extent that that
3 money could be considered as local resources under that Act and the
4 regulations adopted under it; and

5 (C) for city or borough school districts, the total of

6 (i) the district's revenue from earnings in the dis-
7 trict's operating fund in fiscal year 1987;

8 (ii) state tuition payments to the district in fiscal
9 year 1987; and

10 (iii) city or borough appropriations or in-kind contri-
11 butions for fiscal year 1987.

12 (d) The amount determined under (c)(7)(C) of this section may not
13 exceed the lesser of

14 (1) the equivalent of a four-mill tax levy on the full and true
15 value of taxable real and personal property in the district as of January
16 1, 1986, as determined by the Department of Community and Regional Affairs
17 under AS 14.17.170; or

18 (2) 35 percent of the district's basic need as determined under
19 (a) of this section.

20 (e) Notwithstanding AS 14.17.021(a), in fiscal year 1988 amounts
21 received by a district under P.L. 81-874 (20 U.S.C. 237 - 239), as amended,
22 between March 1, 1987, and July 1, 1987, based upon applications submitted
23 before or during fiscal year 1986 may not be subtracted from the district's
24 basic need under AS 14.17.021(b).

25 * Sec. 22. AS 14.17.023, 14.17.027, 14.17.061, 14.17.090, 14.17.150,
26 14.17.180, 14.17.205, 14.17.250(5), 14.17.250(7), 14.17.250(10), and 14.-
27 17.250(12) are repealed.

28 * Sec. 23. Sections 4 and 21 of this Act take effect immediately under
29 AS 01.10.070(c).

1 * Sec. 24. Sections 1 - 3, 5 - 10, 12 - 20, and 22 of this Act take
2 effect July 1, 1987.

3 * Sec. 25. Section 11 of this Act takes effect July 1, 1988.

1 IN THE HOUSE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2

HOUSE BILL NO. 126

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6

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

8

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

9

* Section 1. AS 14.17.010 is amended to read:

10

Sec. 14.17.010. PUBLIC SCHOOL FOUNDATION ACCOUNT. (a) The public

11

school foundation account is established. The account consists of

12

appropriations for distribution to districts and [OR] for centralized

13

correspondence study programs under this chapter.

14

(b) The money of the account may be used only in aid of public

15

schools, including community school programs, and [OR] for centralized

16

correspondence study programs as provided by this chapter.

17

* Sec. 2. AS 14.17.021 is repealed and reenacted to read:

18

Sec. 14.17.021. STATE FOUNDATION AID. (a) The amount of state

19

foundation aid for which each school district may qualify in any

20

fiscal year is calculated by subtracting from the basic need defined

21

in (b) of this section the required local effort under AS 14.17.025(a)

22

and 90 percent of the amount of federal aid received by the district

23

during the preceding fiscal year under secs. 2, 3, and 4 of P.L. 81-

24

874 (20 U.S.C. 237 -- 239), as amended, to the extent permitted by

25

that Act and regulations adopted under it.

26

(b) The basic need of each school district is determined by

27

multiplying the area cost differential of the district under AS 14.-

28

17.051 by the number of instructional units in the district under

29

AS 14.17.031 and then by the instructional unit value in AS 14.17.056.

1 * Sec. 3. AS 14.17.022 is amended to read:

2 Sec. 14.17.022. MONEY [FUNDS] FOR CENTRALIZED CORRESPONDENCE
3 STUDY. Money [FUNDS] for providing centralized correspondence study
4 programs for students not enrolled in an approved school district
5 correspondence study program includes [SHALL INCLUDE] an allocation
6 [APPROPRIATION] from the public school foundation account in an amount
7 calculated by multiplying the [BASE] instructional unit value in
8 AS 14.17.056 by the total number of instructional units, as determined
9 by applying the number of correspondence students to the formula for
10 elementary schools in AS 14.17.041(b)(1), then multiplying that prod-
11 uct by 65 percent [AS 14.17.041(a)].

12 * Sec. 4. AS 14.17 is amended by adding a new section to read:

13 Sec. 14.17.025. LOCAL EFFORT. (a) Each city or borough that is
14 a school district is required to appropriate and contribute to the
15 school operating fund of the district for each fiscal year, in accor-
16 dance with AS 14.14.060 and AS 14.14.065, at least the lesser of

17 (1) the equivalent of a four mill tax levy on the full and
18 true value of the taxable real and personal property in the district
19 as of January 1 of the second preceding fiscal year, as determined by
20 the Department of Community and Regional Affairs under AS 29.45.110
21 and AS 14.17.140; or

22 (2) 35 percent of the district's basic need for the preced-
23 ing fiscal year, as determined under AS 14.17.021(b).

24 (b) A city or borough may not contribute more to the school
25 operating fund of the district in any fiscal year than the equivalent
26 of a 5.5 mill tax levy on the full and true value of the taxable real
27 and personal property in the district as of January 1 of the second
28 preceding fiscal year, as determined by the Department of Community
29 and Regional Affairs under AS 29.45.110 and AS 14.17.140.

1 (c) Interest earnings that a district is allowed to keep and
2 spend on school operations, state tuition payments, and in-kind con-
3 tributions by the city or borough, may be counted toward the local
4 effort requirement in (a) of this section, and must be counted under
5 the contribution limit in (b) of this section, in accordance with
6 regulations adopted by the department.

7 (d) No local contribution is required in regional educational
8 attendance areas. Interest earnings and other local revenue in such
9 districts are not considered local revenues for current operating
10 expenditures, and are subject to regulation and disposition by the de-
11 partment.

12 (e) No state foundation aid payments may be made to a city or
13 borough school district in which the requirements of (a) of this
14 section have not been met.

15 * Sec. 5. AS 14.17.031 is repealed and reenacted to read:

16 Sec. 14.17.031. ALLOWABLE INSTRUCTIONAL UNITS. (a) The depart-
17 ment shall adopt regulations defining funding communities within each
18 district which reflect geographic and attendance area factors. For
19 the purpose of determining instructional units, students are counted
20 in the district and the funding community from which they receive
21 educational services. The total number of instructional units in each
22 school district is the sum of the following units for each funding
23 community within the district, as determined by the department:

24 (1) the number of units for elementary and secondary stu-
25 dents determined under AS 14.17.041(a) or (b);

26 (2) the number of units for vocational education determined
27 under AS 14.17.043;

28 (3) the number of units for special education determined
29 under AS 14.17.045; and

1 (4) the number of units for bilingual education determined
2 under AS 14.17.047.

3 (b) For purposes of (a)(1) of this section, in fiscal years
4 beginning after July 1, 1987, 90 percent of the district's total
5 elementary and secondary instructional units for the preceding fiscal
6 year is used if that number is greater than the district's total under
7 (a)(1) of this section for the current fiscal year.

8 * Sec. 6. AS 14.17.041 is repealed and reenacted to read:

9 Sec. 14.17.041. ELEMENTARY AND SECONDARY INSTRUCTIONAL UNITS.

10 (a) For funding communities that do not have an average daily mem-
11 bership of at least 200 in grades K-6 and at least 200 in grades 7-12,
12 combined elementary and secondary instructional units are determined
13 under the following table:

<u>ADM</u>	<u>Units</u>
1 - 10	2
11 - 20	2 + <u>(ADM-10)</u>
	5
21 - 60	4 + <u>(ADM-20)</u>
	8
61 - 120	9 + <u>(ADM-60)</u>
	12
121 - 525	14 + <u>(ADM-120)</u>
	15

24 (b) For other funding communities,

25 (1) instructional units for elementary students are de-
26 termined by the formula:

27
$$\text{units} = 15 + \frac{\text{ADM} - 200}{17}$$

28

29 where ADM is the number of students in average daily

1 membership in grades kindergarten through 6;

2 (2) instructional units for secondary students are de-
3 termined by the formula:

4 units = $18 + \frac{(ADM - 200)}{13}$,

5 13

6 where ADM is the number of students in average daily member-
7 ship in grades 7 through 12.

8 (c) Kindergarten students who attend school less than four hours
9 a day are counted as 0.5 ADM under (a) and (b) of this section.

10 (d) District correspondence or other students who do not regu-
11 larly attend school on a daily basis are counted in the appropriate
12 grade level of the funding community with the highest ADM in the
13 district.

14 * Sec. 7. AS 14.17 is amended by adding a new section to read:

15 Sec. 14.17.043. VOCATIONAL EDUCATION INSTRUCTIONAL UNITS.
16 Vocational education instructional units for high-cost vocational
17 education courses, approved by the department, are calculated as the
18 sum, for all such courses in the funding community, of the products
19 obtained by multiplying 0.05 by the ADM full-time equivalent of the
20 course, and then by the cost weighting factor for the course de-
21 termined under department regulations. Any funding community in which
22 a high-cost vocational education course, approved by the department,
23 is operated receives a minimum of 0.10 instructional units for voca-
24 tional education, and each district in which such a course is operated
25 receives a minimum of 1.00 such units.

26 * Sec. 8. AS 14.17 is amended by adding a new section to read:

27 Sec. 14.17.045. SPECIAL EDUCATION INSTRUCTIONAL UNITS. Each
28 exceptional child, as defined in AS 14.30.350, who is enrolled in a
29 special education program, approved by the department, on the last day

1 of the counting period for which a determination is being made, gener-
2 ates 0.025 instructional units if the child receives gifted services,
3 0.056 instructional units if the child receives resource services, 0.1
4 instructional units if the child receives self-contained services, or
5 0.333 instructional units if the child receives intensive or hospi-
6 tal/homebound services, as those categories of service are defined by
7 the department by regulation, in the funding community in which the
8 child is served. A child may be counted in one special education
9 category only. Any funding community in which a special education
10 program, approved by the department, is operated receives a minimum of
11 0.25 instructional units for special education, and any district in
12 which such a program is operated receives a minimum of 1.00 such
13 units.

14 * Sec. 9. AS 14.17 is amended by adding a new section to read:

15 Sec. 14.17.047. BILINGUAL EDUCATION INSTRUCTIONAL UNITS. Each
16 student for whom an appropriate bilingual program must be provided
17 under regulations adopted by the department, and who is enrolled in a
18 bilingual program, approved by the department, as of the last day of
19 the counting period for which a determination is being made, gener-
20 ates, in the funding community in which the student is served, the
21 number of bilingual education instructional units that is the product
22 obtained by multiplying 0.042 by the student's language dominance
23 category weight under department regulations. Any funding community
24 in which a bilingual program, approved by the department, is operated
25 receives a minimum of 0.10 instructional units for bilingual educa-
26 tion, and each district in which such a program is operated receives a
27 minimum of 1.00 such units.

28 * Sec. 10. AS 14.17.051 is repealed and reenacted to read:

29 Sec. 14.17.051. AREA COST DIFFERENTIAL. The area cost

1 differential for each school district is as follows:

2	<u>School District</u>	<u>Area Cost Differential</u>
3	Adak	1.27
4	Alaska Gateway	1.16
5	Aleutian Region	1.27
6	Anchorage	1.00
7	Annette Island	1.00
8	Bering Strait	1.34
9	Bristol Bay	1.27
10	Chatham	1.00
11	Chugach	1.11
12	Copper River	1.11
13	Cordova	1.11
14	Craig	1.00
15	Delta Greely	1.16
16	Dillingham	1.27
17	Fairbanks	1.04
18	Galena	1.30
19	Haines	1.05
20	Hoonah	1.05
21	Hydaburg	1.00
22	Iditarod	1.30
23	Juneau	1.00
24	Kake	1.00
25	Kashunamuit	1.30
26	Kenai	1.00
27	Ketchikan	1.00
28	King Cove	1.27
29	Klawock	1.00

1	Kodiak	1.09
2	Kuspuk	1.30
3	Lake & Peninsula	1.27
4	Lower Kuskokwim	1.38
5	Lower Yukon	1.30
6	Matanuska-Susitna	1.00
7	Nenana	1.20
8	Nome	1.34
9	North Slope	1.42
10	Northwest Arctic	1.42
11	Pelican	1.05
12	Petersburg	1.00
13	Pribilof	1.27
14	Railbelt	1.20
15	Sand Point	1.27
16	Sitka	1.00
17	Skagway	1.05
18	Southeast Island	1.00
19	Southwest Region	1.27
20	St. Mary's	1.30
21	Tanana	1.30
22	Unalaska	1.27
23	Valdez	1.11
24	Wrangell	1.00
25	Yakutat	1.05
26	Yukon Flats	1.42
27	Yukon-Koyukuk	1.30
28	Yupiit	1.30
29	* Sec. 11. AS 14.17.056 is amended to read:	

1 Sec. 14.17.056. [BASE] INSTRUCTIONAL UNIT VALUE. The [BASE]
2 instructional unit value [FOR FISCAL YEARS BEGINNING ON OR AFTER
3 JULY 1, 1986,] is \$60,000 [\$42,184].

4 * Sec. 12. AS 14.17.080 is repealed and reenacted to read:

5 Sec. 14.17.080. STUDENT COUNT ESTIMATES. Each district shall
6 prepare and submit to the department, by September 20 of each fiscal
7 year, in the manner and on forms prescribed by the department, an
8 estimate of its average daily membership and other student count data
9 for the succeeding fiscal year, upon which computations can be made of
10 the amount of estimated state foundation aid for which the district
11 will be eligible under AS 14.17.021 in that fiscal year. In making
12 this estimate, the district shall consider its average daily member-
13 ship, other student count data, the pattern of growth or decline in
14 preceding years, and other pertinent information available to the
15 district. The preliminary reports required by this section are the
16 basis for estimating the need for state foundation aid for the next
17 fiscal year.

18 * Sec. 13. AS 14.17.082 is repealed and reenacted to read:

19 Sec. 14.17.082. FUND BALANCE IN SCHOOL OPERATING FUND. (a) A
20 district may not accumulate in any fiscal year an unreserved portion
21 of its year-end fund balance in its school operating fund, as defined
22 by department regulations, which is greater than five percent of its
23 expenditures for that fiscal year.

24 (b) The department shall review the annual audit of each dis-
25 trict for the preceding fiscal year to ascertain its year-end operat-
26 ing fund balance. Any amount by which the unreserved portion of that
27 balance exceeds the amount permitted in (a) of this section must be
28 deducted from the state foundation aid that would otherwise be paid to
29 the district in the current fiscal year.

1 * Sec. 14. AS 14.17.140 is amended to read:

2 Sec. 14.17.140. DETERMINATION OF FULL AND TRUE VALUE BY DEPART-
3 MENT OF COMMUNITY AND REGIONAL AFFAIRS. (a) To determine the amount
4 of local effort under AS 14.17.025 and to aid the department and the
5 legislature in planning, [EQUALIZED PERCENTAGE TO BE APPLIED TO BASIC
6 NEED UNDER AS 14.17.021,] the Department of Community and Regional
7 Affairs, in consultation with the assessor for each district, shall
8 determine the full value of the taxable real and personal property in
9 each district, as defined in AS 14.17.250. Exemptions granted under
10 ch. 129, SLA 1957, known as the Alaska Industrial Incentive Act
11 (AS 43.25), must [SHALL] be honored. If there is no local assessor or
12 current local assessment for a district, then the Department of Commu-
13 nity and Regional Affairs shall make the determination of full value
14 from information available. In making the determination, the Depart-
15 ment of Community and Regional Affairs shall be guided by AS 29.45.-
16 110. The determination of full value must [SHALL] be made by [BEFORE]
17 October 1 and sent by certified mail, return receipt requested, on or
18 before that date to the president of the school board in each dis-
19 trict. Duplicate copies must [SHALL] be sent to the commissioner.
20 The governing body of a [THE] borough or city that [WHICH] is a school
21 [THE] district may obtain judicial review of the determination. The
22 superior court may modify the determination of the Department of
23 Community and Regional Affairs only upon a finding of abuse of [OR]
24 discretion or upon a finding that there is no substantial evidence to
25 support the determination.

26 (b) Motor vehicles subject to the motor vehicle registration tax
27 under AS 28.10.431 must [AS 28.10.255 SHALL] be treated as taxable
28 property under [FOR PURPOSES OF (A) OF] this section.

29 * Sec. 15. AS 14.17.160 is repealed and reenacted to read:

1 Sec. 14.17.160. STUDENT COUNTING PERIODS. Within two weeks
2 after the end of the 20-school-day period ending the fourth Friday in
3 October, each district shall transmit a report to the department
4 which, in accordance with regulations adopted by the department,
5 reports its average daily membership for that counting period, and
6 other student count information that will aid the department in making
7 a determination of its state foundation aid. If it makes the district
8 eligible for more state foundation aid, a district may transmit,
9 within two weeks after the 20-school-day period ending the second
10 Friday in February, a similar report for that counting period. The
11 department may make any necessary corrections in the report submitted,
12 and shall notify the district of any changes made. The commissioner
13 shall notify the governor of any additional appropriations the commis-
14 sioner estimates to be necessary to fully fund the public school
15 foundation program for the current fiscal year.

16 * Sec. 16. AS 14.17.170 is repealed and reenacted to read:

17 Sec. 14.17.170. DISTRIBUTION OF STATE FOUNDATION AID. (a) The
18 department shall determine the state foundation aid for each school
19 district in any fiscal year on the basis of the district's data re-
20 ported under AS 14.17.160 for the counting period that makes the
21 district eligible for the greatest number of instructional units. On
22 or before the 15th day of each of the first nine months of each fiscal
23 year, one-twelfth of each district's state foundation aid will be
24 distributed on the basis of the data reported for the preceding fiscal
25 year. On or before the 15th day of each of the last three months of
26 each fiscal year, one-twelfth of the balance of each district's state
27 foundation aid will be distributed, after the balance has been recom-
28 puted on the basis of student count and other data reported for the
29 current fiscal year.

1 (b) If a district receives more state aid money than it is
2 entitled to receive under this chapter, it shall immediately remit the
3 amount of overpayment to the commissioner, to be returned to the
4 public school foundation account. Upon an adequate showing of a cash
5 flow shortfall, and in the discretion of the commissioner, the depart-
6 ment may make advance payments to a school district. The total of
7 advance payments is not to exceed the amount of state foundation aid
8 for which the district is eligible for the fiscal year.

9 * Sec. 17. AS 14.17.190 is amended to read:

10 Sec. 14.17.190. RESTRICTIONS GOVERNING RECEIPT AND EXPENDITURE
11 OF MONEY FROM PUBLIC SCHOOL FOUNDATION ACCOUNT. (a) The public
12 school foundation money distributed to a district during a year must
13 [SHALL] be received, held, and expended by the district subject to the
14 provisions of law and regulations of [PROMULGATED BY] the department.

15 (b) Each district shall maintain complete financial records of
16 the receipt and disbursement of public school foundation money, [AND]
17 money acquired from local effort, and any other money received by the
18 district. The records must be in the form required by the department
19 [COMMISSIONER] and are subject to audit by the department [COMMISSION-
20 ER OR THE BOARD] at any time.

21 * Sec. 18. AS 14.17.200 is amended to read:

22 Sec. 14.17.200. REGULATIONS. The department shall adopt [PRO-
23 MULGATE] regulations to implement this chapter.

24 * Sec. 19. AS 14.17.220 is amended to read:

25 Sec. 14.17.220. PURPOSE. It is the intention of the legisla-
26 ture, in enacting this public school foundation program, to assure an
27 adequate level of educational opportunities for those in attendance in
28 the public schools of the state. Except for the limitations of
29 AS 14.17.025, this [THIS] chapter may [SHALL] not be interpreted as

1 preventing a public school district from providing educational ser-
2 vices and facilities beyond those assured by the foundation program.

3 * Sec. 20. AS 14.17.225 is repealed and reenacted to read:

4 Sec. 14.17.225. CONSTRUCTION AND IMPLEMENTATION OF CHAPTER. (a)
5 This chapter does not create a debt of the state. Each district shall
6 establish, maintain, and operate under a balanced budget. The state
7 is not responsible for the debts of any school district.

8 (b) Money to carry out the provisions of AS 14.17.010 -- 14.-
9 17.190 may be appropriated annually by the legislature into the public
10 school foundation account. If amounts in the account are insufficient
11 to meet the allocations authorized under AS 14.17.010 -- 14.17.190,
12 the instructional unit value in AS 14.17.056 must be reduced by the
13 department as required.

14 * Sec. 21. AS 14.17.250(1) is amended to read:

15 (1) "ADM full-time equivalent" means the [QUOTIENT OF THE]
16 aggregate class periods of pupil membership [PER DAY] in specified
17 classes for the student counting period for which a determination is
18 being made, divided by the total number of all class periods in the
19 student counting period [SCHOOL DAY];

20 * Sec. 22. AS 14.17.250(2) is amended to read:

21 (2) "average daily membership" or "ADM" means the aggregate
22 days of membership of pupils divided by the actual number of days in
23 session for the counting period for which a determination is being
24 made [SCHOOL TERM];

25 * Sec. 23. AS 14.17.250(11) is amended to read:

26 (11) "taxable real and personal property" means all real and
27 personal property taxable under the laws of the state[, BUT DOES NOT
28 INCLUDE HOUSEHOLD GOODS AND PERSONAL EFFECTS];

29 * Sec. 24. TRANSITION. (a) For the purpose of calculating the

1 required local effort under AS 14.17.025(a)(2) for fiscal year 1988, and
2 for the purpose of (c)(7) of this section, each district's basic need for
3 the preceding fiscal year is as determined by the department based on its
4 projections of student count data for fiscal year 1988 and the allowable
5 instructional units and instructional unit value as contained in this Act.

6 (b) In fiscal years 1988, 1989, and 1990, a district may receive
7 state aid, in addition to its state foundation aid under AS 14.17.021(a),
8 in the lesser amount of

9 (1) $(p \times \text{sum87} \times \text{current ADM} / \text{ADM87}) - \text{current need}$; or

10 (2) $(p \times \text{state87} \times \text{current ADM} / \text{ADM87}) - \text{current state}$.

11 (c) In (b) of this section

12 (1) "ADM87" means the average daily membership of the district
13 in the student counting period used for funding for fiscal year 1987;

14 (2) "current ADM" means the average daily membership of the
15 district in the student counting period used for funding for the current
16 fiscal year;

17 (3) "current need" means the basic need of the district under
18 AS 14.17.021(b), as amended by sec. 2 of this Act, for the current fiscal
19 year;

20 (4) "current state" means the state foundation aid to the dis-
21 trict under AS 14.17.021(a), as amended by sec. 2 of this Act, for the
22 current fiscal year;

23 (5) "p" means the transition percentage, which is 90 percent in
24 fiscal year 1988, 80 percent in fiscal year 1989, and 70 percent in fiscal
25 year 1990;

26 (6) "state87" means the state aid received by the district for
27 fiscal year 1987 under AS 14.17.021, as it read before July 1, 1987;

28 (7) "sum87" means the sum of

29 (A) state aid received by the district under AS 14.17.021,

1 as it read before July 1, 1987, for fiscal year 1987;

2 (B) 90 percent of that portion of the federal impact aid
3 received by the district in fiscal year 1987 under secs. 2 -- 4 of P.L.
4 81-874 (20 U.S.C. 237 -- 239), as amended, to the extent that that money
5 could be considered as local resources under that Act and the regulations
6 adopted under it; and

7 (C) for city or borough school districts, the total of

8 (i) the district's revenue from earnings in the
9 district's operating fund in fiscal year 1987;

10 (ii) state tuition payments to the district in fiscal
11 year 1987; and

12 (iii) any city or borough appropriations or in-kind
13 contributions for fiscal year 1987.

14 (d) The amount determined under (c)(7)(C) of this section may not
15 exceed the lesser of

16 (1) the equivalent of a four mill tax levy on the full and true
17 value of taxable real and personal property in the district as of January
18 1, 1986, as determined by the Department of Community and Regional Affairs
19 under AS 14.17.170; or

20 (2) 35 percent of the district's basic need as determined under
21 (a) of this section.

22 * Sec. 25. AS 14.17.023, 14.17.027, 14.17.061, 14.17.090, 14.17.150,
23 14.17.180, 14.17.205, 14.17.250(5), 14.17.250(7), 14.17.250(10), and 14.-
24 17.250(12) are repealed.

25 * Sec. 26. Sections 4, 13, and 24 of this Act take effect immediately
26 under AS 01.10.070(c).

27 * Sec. 27. Sections 1 -- 3, 5 -- 12, 14 -- 23, and 25 of this Act take
28 effect July 1, 1987.